

Forest Accounting

Forests are an important natural asset for Himachal Pradesh, and provide a range of critical goods and services that are important to the state's economy. Goods and services range from provisioning services such as timber, firewood, and a variety of non-timber forest products, to cultural services such as recreation and tourism, to regulating services such as water regulation, soil protection, biodiversity protection, and carbon storage. Yet, policymakers do not have the information they need to manage this important economic asset. This includes information not only about the extent of forest resources and how it is changing, but equally importantly information about the economic contribution of forests and impacts of non-forestry policies on forest resources and services.

Forests are expected to play a key role in the state's economic growth and development plans. Two critical growth sectors for the state---tourism and hydropower generation---depend on the sustainable management of forest resources. Forest management will, in turn, be critical for sound water management. Tourism is another key economic sector for the state given its environmental, climatic, and natural heritage advantages. Finally, forests will play a key role in Himachal Pradesh's commitment to low-carbon growth and a carbon-neutral economy.

Because existing state accounts do not fully capture the economic contribution of forests, total benefits from sustainable forestry are underestimated and other sectors are not fully aware of their dependence on healthy forests. These factors are likely to bias decisions away from sustainable management of forests and prevent policymakers from fully leveraging forest resources to realize their contribution to economic growth.

Forest accounts, compilation of detailed statistics using a framework like the System of National Accounts (SNA), which countries use to assess economic performance, support policy analysis, and inform decision-making, can help fill this information gap.

As part of the technical assistance program of the World Bank's Development Policy Loan – Promoting Inclusive Green Growth and Sustainable Development in Himachal Pradesh – in January 2014, the HP Department of Environment, Science, and Technology and the World Bank co-organized a workshop to assess the feasibility of building forest accounts in Himachal Pradesh. Based on the findings of a scoping study and stakeholder consultations, it has been decided to construct forest accounts in Himachal Pradesh to inform policies to help increase the contribution of forests to GDP sustainably. The workshop participants also identified the need for technical training for officers in Himachal Pradesh on compiling forest accounts.

The January 2014 workshop was followed by visit of a delegation of HP State to annual WAVES meeting and workshop at Washington in May 2014.

To carry forward the process of preparation of Forest accounts another 3-day workshop was held in Shimla from 22nd- 24th September 2014 in which officials from Forest, Statistics, Tourism, Energy, Revenue, Environment, IPH departments participated. In this workshop various tables connected with preparation of asset accounts as also supply-Use tables were discussed and modified. The participants were given training on compilation of data in these tables.

It has been decided that forest accounts will be prepared for one district as a pilot and then the process will be upscaled to cover the entire state. Mandi district has been selected for the pilot phase and the work for preparation for asset accounts has been initiated. As a parallel exercise work on supply-use tables is also being initiated. A further workshop December 2014 has been planned at Mandi for training the concerned officials of Mandi district. It is expected that the forest accounts for Mandi district will be compiled by May 2015.
