



Evaluating Nepal's forest management regimes

Background

A majority of rural, agricultural households in Nepal rely on forests for firewood and fodder. Therefore, access to nearby forests for collecting non-timber forest products is crucial to the wellbeing of rural households. A study led by Mani Nepal, Senior Environmental Economist at SANDEE, compared how much rural households value access to government and community forests compared to private forests.¹ The study used the hedonic pricing method applied to data from two rounds of the Nepal Living Standards Survey (2003–04 and 2010–11). This method compares the prices of otherwise similar houses that offer access to private forests, government forests, community forests, and 'Other' forests for collecting firewood to infer how much value rural households put on these forests as compared to the private forests.

Picture 1: Mother trees left for forest regeneration in a collaborative forest after harvesting matured trees



Source: District Forest Office, Nawalparasi

¹ Nepal, M., Karki Nepal, A., and Berrens, R. P. (2017). Where gathering firewood matters: Proximity and forest management effects in hedonic pricing models for rural Nepal. *Journal of Forest Economics*, 27, 28–37.

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Results

Relative to a house using a private forest as its primary firewood source, the value of a similar house using a government forest as firewood source is 10 to 20 percent lower; the respective reduction of value for a similar house with a community forest source is about 7 to 10 percent (Fig 1). Thus, in this setting where households rely on firewood for cooking energy, private forests are valued the most followed by community forests and government forests.

Policy implication

These findings provide cautious support to three initiatives of the government of Nepal that have been in use for managing national forests for the past several years:

- (i) Community forests: Segments of national forests are handed over to local user groups to develop, conserve, use and manage locally, and sell and distribute forest products and revenues independently based on their operational plans.
- (ii) Leasehold Forests: As part of a poverty alleviation program, the government is transferring some parts of the government-controlled, degraded forests to poor rural households through 40-year leases, where households can conserve and use forest products from these forest patches according to their needs; and
- (iii) Collaborative forests: The government is reassigning highly productive government forests in the southern Terai (plains) to local communities as collaborative forests to be managed jointly for timber production and biodiversity conservation.

Individuals can manage leasehold forest patches and use forest products as private forest. However, the pace of transferring the degraded government forests to leasehold forests has been very slow. By 2014, the share of leasehold forestry was less than 0.5% of the total forest area. The collaborative forestry is akin to community forestry with notable differences where the revenue from the productive collaborative forests is shared equally between the local communities and the government, which is not the case in community forestry.

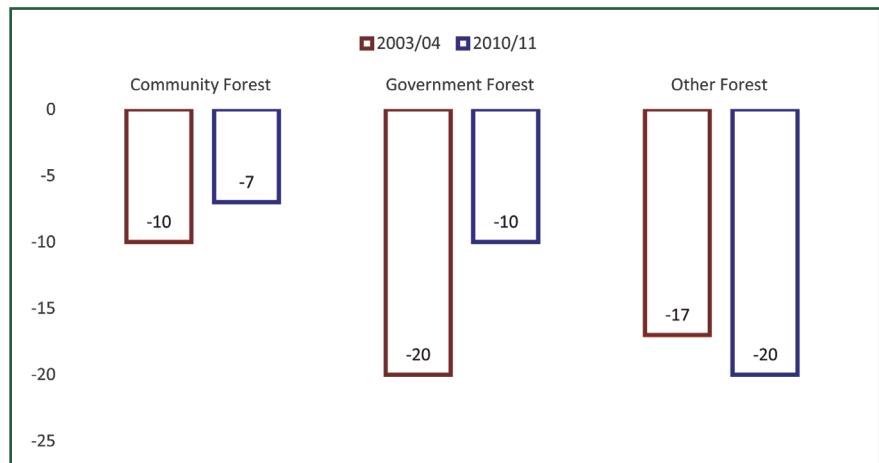


Fig 1: Percentage reduction in house value based on firewood source (relative to private forest)

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