

## **Forest Accounts Workshop – September 22-24, 2014**

### **Workshop Summary**

Forests are an important natural asset for Himachal Pradesh (HP), and provide a range of critical goods and services that are important to the state's economy. Yet, policymakers do not have the information they need to manage this important economic asset, particularly information on the economic contribution of forests and impacts of non-forestry policies on forest resources and services. Forest accounts, compilation of detailed statistics using a framework like the System of National Accounts 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 of 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, the government made a commitment 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 Forest Accounts Training Workshop was organized in Shimla from September 22 to September 24 to provide basic training on forest accounting --- from defining policy questions to identifying the relevant tables to be compiled to discussion on data requirements --- and to help define a draft implementation plan for the government to build forest accounts, starting with the Mandi district.

The workshop began with a keynote address from Prof. T.C.A. Anant, Chief Statistician of India, and Secretary, Ministry of Statistics and Programme Implementation. Prof. Anant began by providing the context for the adoption of the SEEA in 2012, and information about India's efforts to green its national accounts, most recently as led by the Partha Dasgupta Committee. He welcomed the effort in Himachal Pradesh to build forest accounts, including the experimental ecosystem accounts, and suggested that Himachal Pradesh's experience, especially in institutionalizing these accounts, will provide valuable lessons for other states in India, as well as help inform efforts on how to develop standards for such accounts, especially when it comes to valuation. He cautioned that while a lot of data are available to potentially build accounts, to move beyond one-off efforts it is important that these data meet certain standards – be generated using the same definitions, and be produced at a regular, predictable interval. Institutionalizing of the data collection and reporting process will be critical.

In the question and answers that followed the discussion turned to fact that for these efforts to be institutionalized it will be important that there be demand for the data and indicators generated through these accounts. State Domestic Product, for example, became important once it was linked to resource allocations. Prof. Anant suggested that major agencies commit to using this data as a way to institutionalize it.

The keynote address was followed by a panel discussion on why Himachal Pradesh should build forest accounts. Mr. Shridhar, Principal Secretary Department of Forests, began the discussion by noting that forests were important for the two key growth sectors in the state – hydropower and tourism, but also for

agriculture which is an important source of livelihood for rural households. And yet there is little understanding of the impact that forest conversion or loss would have on these sectors. Forest accounts will help inform policy on how these potential impacts on other sectors can be managed. He noted at present the forestry sector is seen as an adversary. Making clear its contribution to key economic sectors in the economy will help change people's perspective. Mr. Baldi, the Principal Secretary of Department of Finance, noted that the accounts would help the state government make a case to the Central government on the cost to the state of not cutting forests, to inform the compensation that the state receives for this purpose. He also noted that if we don't understand the full value of the products and services provided by forests, sufficient resources will not be devoted to their maintenance with a negative impact on the economy. How resources are allocated within the forestry sector, for different programs and projects, could also be informed by the accounts and in particular the accounting for value of different goods and services. Mr. Gupta, the Principal Chief Conservator of Forests, on the other hand, emphasized that a more complete accounting of the contribution of forests to the state domestic product, be it through direct provision of goods, or provision of services to other sectors such as hydropower and tourism, will help improve budget allocations to the forest department. From the perspective of the data provider, Mr. Chauhan, Director of Department of Economics and Statistics, and the person in-charge of the state accounts, that they were interested in building forest accounts for the state because they did not believe the current estimates of the contribution of the forestry sector to the state domestic product. Prof. Anant, in turn, noted that when accounts are built, the underlying data are proceeded regularly, using consistent definitions. Even if the accounts are not used, the underlying data can be useful for management. Furthermore, there are always pressures to divert forests or to change their composition. Accounts can help policymakers understand what the impacts of these changes would be on the state economy.

Other participants raised concerns about the lack of statistical capacity, particularly in the forest department to support the generation of forest accounts, and the need for institutionalization.

After the panel discussion, the open session of the workshop ended and the forest accounts training began.