



Economic Development Report

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A Social Benefit Cost Framework to Analyze the Community Economics of Community Forestry: Summary

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Overview

Community Based Forestry (CBF) implies commitment to the long term ecological, economic and social well being of forest dependent communities. CBF, or community scale sustainable forestry, constitutes a departure from industrial forestry due to this commitment to the preservation of the ecological integrity of the forest ecosystem in perpetuity and to the maintenance or improvement in the quality of life in the host or gateway community in addition to seeking profits from forest products sales. CBF and CFOs present a substantial analytical challenge. Here, we propose analytical framework from which the role of CFOs in the economic development of resource dependent communities might be viewed. We identify the potential sources of economic benefit derived from forest related activities and how they may tend to vary across management alternatives.

This analysis simulates the perspective of a hypothetical forest dependent community facing an uncertain future. It attempts to systematically address the question of the appropriate economic development path for a community to follow when faced with the following potential alternatives: industrial forestry, community based forestry led by a private cooperative or nongovernmental organization, or community scale natural resource based development without attempts at private coordination (i.e., no management). Social benefit cost analysis provides the analytical lens for the study. SBCA helps us to properly frame the economic development question in terms of the forest management alternatives available to forest resource dependent communities.

Social Benefit Cost Analysis

- Standing – For the purpose of community forestry impact analysis, formal standing was ascribed only to the gateway community or jurisdiction (often the county), and the type and likely direction of impacts at the broader state or federal scale were noted.

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- Discount Rate – Given the degree of internal variation in activities and motivations, a weighted average of the private and the public rate can be assumed where the alternative demonstrates both private and public benefits.
- Time Horizon – A 25 yr time horizon across all economic development alternatives is suggested as the ability to make meaningful predictions into the distant future is rather imprecise.

Economic Costs and Benefits Associated with Forest Development Alternatives

- Wood Products – Potential products include wood for construction, paper, furniture, fencing and many others. These are consumptive use values of renewable resources.
- Non-timber Products – These include medicinal products, mushrooms, nuts and berries. These are also consumptive use values of renewable resources.
- Recreational Opportunities – These include hunting, camping, climbing, skiing, horseback riding, wildlife viewing, ATVs, snowmobiles, and many others. These are mostly nonconsumptive use values.
- Wildlife Habitat – The quality and quantity of wildlife habitat may vary by alternative. This will affect both consumptive uses (hunting) and non-consumptive uses (photography).
- Environmental Quality – The degree to which water and soil quality are affected by run off and nutrient deposition will vary across alternatives. Again this will affect both consumptive and non-consumptive uses.
- Fire Risk – Fire risk influences economic impact in at least two ways; through the five variable categories addressed above and through employment impacts.
- Skill Development – Skill development always “counts” in SBCA, as it increases the productivity of labor, thereby increasing the wage rate commanded in the marketplace, and typically, increases the number of hours worked.
- Job Creation – This is considered where there is persistent unemployment because it can be expected that a new job will be taken by someone who has standing and that this job will not cause another job to go unfilled in the community.
- Income Variation – In addition to the absolute size of economic costs and benefits from forest resource use, if the flow of economic benefits and costs is more or less variable over time, there may be social implications of one choice over another.
- Community Welfare Indicators – If one or another alternative can be shown to result in fewer social problems (e.g., alcoholism, suicide) or more social benefits (e.g., volunteerism, altruism), it may imply that individuals and families within the community have a greater sense of hope, responsibility, or connection to the land and the community.

Concluding Remarks³

The intended outcomes of Community Based Forestry may be largely agreed upon by communities who choose to pursue this alternative for economic development. However, the chosen means to the commonly envisaged end vary substantially. Analytically, CBF is not simply an alternative means of producing the same forest products produced by industrial forestry. Rather, it is a distinctly different collection of ways to manage forest lands. These distinct approaches to land management imply different values and objectives of the managers. However, to approach the management of private and public forestlands through the lens of a SBCA does help to highlight the likely differences and tradeoffs evident in adopting one approach over another. We hope that this approach will help communities facing similar choices to make better informed decisions appropriate to their needs and aspirations.

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Resources

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