

Effects of Fuelwood and Adult Illiteracy on Household Health Expenditure in Rural Nepal

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This study estimates the effects of two factors—the amount of fuelwood used and the number of illiterate adults per household—on the health expenditure of rural households in Nepal. The data was obtained from a household survey conducted in the rural areas of Nepal by the United Nations Development Program in 2008. Using the OLS technique, the study finds that household health expenditure has a positive relationship with the use of fuelwood as well as the number of illiterate adults, suggesting that both contribute to higher health expenditure. The estimated monthly health expenditure of rural households is Rs. 436.49 (\$5.04 at the 2008 exchange rate) and the monthly contribution from fuelwood consumption is estimated to be Rs. 30.72 (\$0.36 at 2008 price). Similarly, an additional illiterate adult in a household increases its health expenditure by Rs. 30.11 (\$0.35 at 2008 price) per month. Possible policies to curb health expenditure at the household level would be to push for more biogas use, and to raise adult literacy.

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