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Putting Timber in the Hot Seat:

Discourse, Policy and Contestations over Timber in Nepal

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Abstract

Timber management has received only secondary importance in the national forest policy discourse in recent decades in Nepal, despite the significant share of timber in a forest-based economy and its centrality in everyday management decisions. However, the policies and practices of the forest sector in Nepal has largely been oscillating around timber for the last several centuries. While much of the policy debate prioritises issues other than timber, most of the forest protection directives and orders that actually shape local practices issued in the last two decades relate to ban on tree felling and timber extraction. The ban on tree felling for five years in 1999, limiting the management interventions in Chure and the total ban on timber harvest and transport since July 2010 are some examples of such attempts by the government.

When we look at the recent forest policies, programmes and activities of different actors, there seems to be a shift in focus from strict conservation till mid 1970s to harnessing of benefits of environmental services since mid 2000s. However, as we analyse in this paper, government's decisions and local issues and contestations mostly hover around timber.

This paper draws from public policy, legal and regulatory documents, forest policy deliberations, national debates on forest management and everyday practices of forest management. Analysis shows that since forest policy discourses have departed from timber, local communities and the state have experienced significant losses of foregone income from forest. In addition, illegal logging and encroachment have increased.

1. Introduction

The national forest policy discourses in recent years have gradually shifted from the earlier timber-focused scientific forest management to Non-Timber Forest Products (NTFPs) and environmental services, including carbon. Recent history of forest management shows a fundamental departure from the previous sole emphasis on timber. The dominant discourse during the 1970s centred on strict conservation, followed by ensuring people's participation during the 1980s, handing over forest patches to local people during the 1990s, linking forest with rural livelihoods during the early 2000s and, more recently, harnessing of benefits of environmental services, particularly that of carbon, since the mid-2000s.

In Nepal, NTFPs received major attention from the 1990s to mid 2000s. During the 2008 election to the Constitution Assembly, *Jal, Jamin, Jangal, Jan* and *Jadibuti* (water, land, forest, human resources and NTFPs) was part of a very powerful discourse. Part of this shifting discourse coincides with the shifting programmatic focus of the government, donors and other development agencies, who paid only meagre attention to forest management for timber. In recent years the forest policy discourses are dominated by environmental services. The current approach paper of the government (Three-Year Plan for the period of 2010/11-2012/13) on forestry explicitly prioritises environmental services and seeks to explore policy and institutional arrangements for payment for environmental services (GoN, 2010). Meanwhile, with the commencement of the Forest Carbon Partnership Facility--a World Bank-supported programme--carbon trading, particularly Reducing Emissions from Deforestation and Degradation (REDD), has dominated the forest management debate in the last two years.

The growing emphasis on NTFPs and environmental services has gradually displaced the discourse on timber management. Timber is almost absent in most of the national policy debates and policy documents. Whenever it does come up, it is often done with negative references to illegal timber harvesting, green tree harvesting and the like. In Nepal, majority of people perceive trees only for greenery, something outside the scope of scientific forest management, and apparently advocate for forests to be protected as a sacred resource. Consequently, the potential role of timber in poverty reduction and income generation through sustainable forest management has been seriously undermined.

In this context, we examine the shifting discourses and the rationale used to justify them through the following questions: Has the economic and other values of forests really changed in the last two decades? What can explain this shifting emphasis? Where are the key actors in these shifting discourses? Answers to these questions are also important to define the future of forests and the purposes they serve. This would also provide some idea in relation to prospects of forest for poverty reduction. This paper seeks to answer some of these questions by critically examining the discourses around forestry in a historical context. It also examines who are promoting these discourses and what could be the drivers of these shifts.

Though the content of the discourses and discursive practices at national policy arena have shown significant departure from timber, this has no resonance at the level of everyday practices of government authorities or the forest-dependent people. That is, there are visible discrepancies between the national policy discourses and everyday practices in forest management. Contrary to the national policy discourses that are oriented towards promoting NTFPs, environmental services and, more recently, forest carbon, several key decisions, including government orders and circulars, have been geared towards regulating timber extraction in the last two decades. A few recent decisions of the government substantiate this: the government banned tree felling for five years in 1999; imposed it again in mid 2010 for an unspecified period; and declared 2011 as the year of timber holiday. Similarly, the government's controversial declaration of Chure¹ as a limited-use zone in 2010 aims at restricting timber extraction only from dead and fallen trees.

This paper exposes and explains the contradictions between the forest policy discourses and the key decisions and institutional practices of Nepal by analysing the ongoing discourses, policy processes and everyday practices in the forestry sector. This paper builds on i) an analysis of policy deliberations organized by the Ministry of Forest and Soil Conservation (MoFSC), donors, I/NGOs, and user group federations during the year 2010; ii) an analysis of forest sector government revenue and that of community forest; iii) an analysis of the policy decisions made by the government, including policies, acts, regulations, directives, guidelines, as well as other decisions and circulars; iv) the information received from timber traders regarding the volume of trade and employment generated by the timber industry; v) the review of media coverage in the year 2010; vi) annual reports of the MoFSC, Department of Forest (DoF), different I/NGOs, donors and user federations working in the forestry sector; vii) interviews with Community Forest User Groups (CFUGs), and other stakeholders from meso (district and sub-district) and national level, as well as the meeting minutes of CFUGs and meso-level forums; and viii) review of existing literature on the issue.

2. Significance of timber in Nepalese economy

According to the MoFSC, around 7 million cubic feet of timber is lying in the forest in various parts of the country. 'If it is not sold right now, billions of rupees will be lost in revenue, as the wood will decay. Therefore, the ministry decided to lift the ban', said Bhanubhakta Joshi, Minister, MoFSC.

(The Himalayan Times, 24 May 2011)

The above story indicates the huge economic significance of timber management and the sensitivity of the role of state agency towards shaping timber trade in Nepal. Historically, timber remained in the central focus even before the introduction of the centralized form of government structures on forest protection, which came into effect in 1927. Existence of

¹ The highly fragile hill range of Nepal forming the northern border of the Terai, a plain area stretched from the east to the west of Nepal.

Raniban (literal meaning – queen’s forest) throughout the hills of Nepal even in rural and remote villages, where local people were prohibited from extracting forest products, specifically felling of trees, is an example of state control over timber. An ordinance promulgated way back in 1825 banned tree felling in specified areas. Contrary to this, the government used to grant forest land to the ruling elite until the 1940s with an aim of converting forests into agricultural land. The government distributed forestland in the name of *Jagir* (a form of reward for government employees) or *Birta* (land grant) to the close allies of the rulers. When the British India started to expand the network of railways in the early to mid-twentieth century, they needed hardwood sleepers in large quantities, and Nepal’s Sal (*Shorea robusta*) timber had the requisite strength and weather tolerance. Since 1927 the government of Nepal began to sell timber to the East India Company. To oversee the trade, the government established a separate forestry institution called Kathmahal. With an increased volume of timber export and related transactions, the forest agency expanded fast. Since then timber has become the major source of forest sector revenue in Nepal.

The first five-year plan (1956-61) gave timber management a high priority and proposed establishment of a forest service and enactment of a forest law. After the nationalisation of all forests in 1957, the government established Timber Corporation of Nepal (TCN) – a state-owned (parastatal) company in 1961. The main task for such a forest service was to oversee timber production and trade (NPC, 2008). Maximising state revenue through timber was at the heart of these policies as well as legal and institutional changes.

2.1 Government revenue

Revenue from forests contributed significantly during the early years of development planning in Nepal. For example, the share of forests was almost one-third² during the first five-year plan period (NPC, 2008). Similarly, the revenue from the forest sector reached NRs 93.3 million during the third plan period (1965-70) and to NRs 592.1 million in the fiscal year 2008/09. The timber-based revenue has been increasing significantly since the late 1990s (Figure 1).

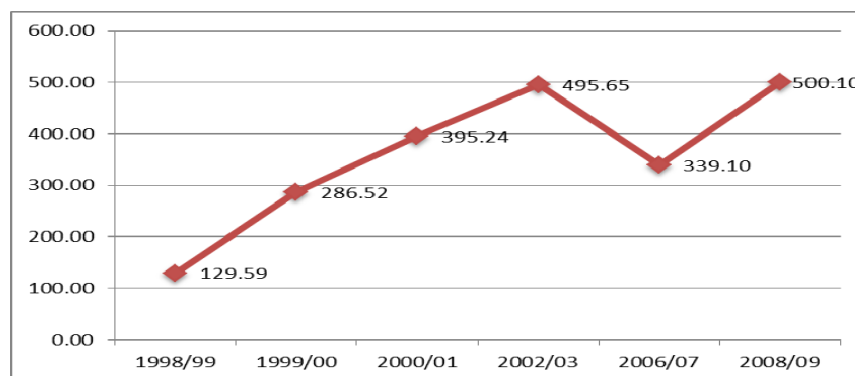


Figure 1: Government revenue from timber (in million rupees)

² Forests provided NRs 5,65,000 during the first development plan period (1956-61).

The share of wood products remained over 90% of the total forest sector revenue in the year 2008/09 (Table 1). It is worth noting that the revenue from Community Forests (CF) and private forests mainly constitutes the revenue from timber (with a very small fraction coming from firewood).

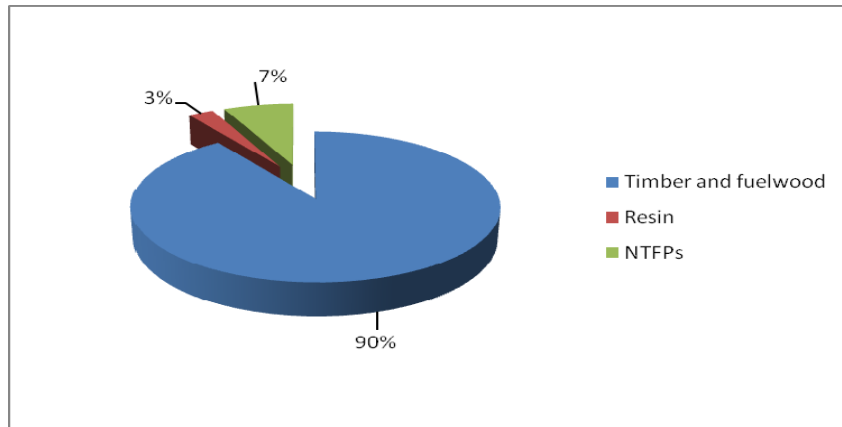


Figure 2: Relative contributions of different forest products to government revenue (excluding non-renewable sources)

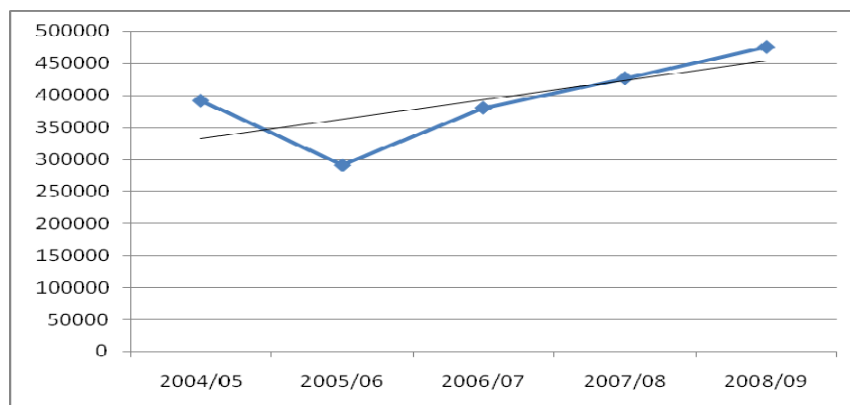


Figure 3: Revenue in different fiscal years (in '000)

Analysis of total revenue generated from the government-managed forest for the period of 2004/05-2008/09 shows gradual increase in the total revenue over the years (Gyawali, 2010). Table 1 shows that while the sources of the forest sector revenue are becoming more diverse in the recent years as compared to the late 1990s, the relative contribution of timber has remained almost the same throughout these years. The calculation includes the combined income estimated based on headings such as timber and fuelwood from government-managed forests as well as revenue from community (15% sales tax) and private forests. The total revenue generated in the year 2008/09 comes from only 38 thousand cubic metres of timber (DoF, 2010), which is far less than the MPFS projected timber harvest of 3.5 million cubic metres for the same year. If needed emphasis and investment were made in timber production, as suggested by the master plan, we could have generated significantly higher revenue from timber than we are doing now.

Table 1: Revenue from various forest products

S.N.	Forest Products	Revenue (NRs)		
		FY 1998/99	FY 2002/03	FY 2008/09
1	Timber and fuelwood	129588236	437386477.5	375914343
2	Khair	NA*	8144269.46	7617863
3	Resin	NA	5358486.8	14336246
4	NTFPs	16647904	67377248	39329364
5	Stone, gravel, sand, etc	NA	NA	38334283
6	CF (15% tax)	NA	50122882	65691093
7	Private VAT	NA	NA	50878865
	Total	146236140	568389363.8	592102057

*Note: *NA denotes data 'not available', or 'not applicable' because of non-existence of that source in the fiscal year.*

2.2 CFUG income

We analysed the annual income of 15 CFUGs in Nawalparasi district in the year 2010 and found that about 90% of their income comes from timber sale alone. The periodic collection of fuelwood by the users is not included in this analysis. A research by Banjade and Paudel (2008b), in a CFUG of Dolakha district, which is considered rich in NTFPs, shows that contribution of timber and fuelwood to the CFUG income is more than 70 per cent. It is noteworthy that the CFUG, surprisingly, could harvest only 30 per cent of timber against the annual harvest prescribed by its Operational Plan³ (OP). The reason for the under-harvest has been attributed to the hassles related to marketing of timber and poor accessibility (Banjade and Paudel, 2008b). Pokhrel (2010) has made similar observations in Tanahu, which shows timber as the most significant product of community forest. It is interesting to note that the revenue from timber is high despite the strict restriction on the trade and transport of timber, often involving various administrative and bureaucratic hassles. It can be argued that the share of timber in total forest-based income would be even higher if the regulatory and institutional practices were supportive of timber management and trade.

2.3 Timber industry and employment

According to the data available from the Federation of Nepal Forest-Based Industries and Trade (FENFIT), wood-based industries provide employment to over 150,000 persons through manufacturing industries such as ply, veneer, *Kattha* (catechu), saw mills and furniture (Bhatta, 2011, referring to the chairperson of FENFIT). It is estimated that about 4,500 wood-based enterprises have invested over NRs 12 billion in these industries in Nepal. Although there is no record of employment generated by timber harvesting, it would certainly surpass the employment generated by the timber industries.⁴ This is because the harvesting and bulk of transportation of logs involve manual labour in Nepal.

³ OP includes details of inventory of forest resources and estimation of annual harvestable amount of forest products from the forest based on the inventory.

⁴ Interview with Mr Dinesh Wagle, General Secretary of FENFIT.

2.4 Timber lies at the crux of forest governance and state-citizen contestations

In Nepal, local communities are managing forests under mutually agreed and officially approved OPs, which include plans for forest management and community development. These management plans usually have broad objectives of managing and enhancing forest conditions, biodiversity, environmental services, NTFPs and other diverse products. However, in practice, the core area of contestation lies around the volume of timber that is harvested, transported and traded. Unfortunately, there is little official or institutional interaction and communication between District Forest Office (DFO) (or warden in the case of protected areas) and Forest User Groups (FUGs) in relation to timber management and development. In fact, there is limited opportunity of communication between government forest authorities and FUGs regarding forest management for timber. Interestingly, officials' eyes are usually on those groups which harvest more timber. In a comparative study of hill and terai districts, Paudel *et al.* (2008) observes that the level of interaction, monitoring and surveillance is significantly high in Terai district.

On the side of the local FUGs, those who harvest more timber tend to engage more frequently with forest officials. Large part of these interactions takes place at personal level, often outside the formal official domain. It is also learnt that the groups with high harvest volume often develop ambitious budget for community infrastructure and other development activities to please their constituencies. They are always under pressure to convince forest officials to get permission for increased harvest. Many group leaders have other corrupt motives, too. Consequently, they tend to adopt informal sub-standard practices to please officials for higher annual allowable harvest. In fact, the communication and interactions around timber harvest and trade shapes the relations between forest officials and community leaders at institutional and personal level.

Most of the cases of corruption and abuse of authority by forest officials and community leaders are about illegal harvesting of and trade in timber. For example, in 2010 alone, over five different investigative (fact-finding) missions, including those from the MoFSC, parliamentary and high-level judicial commissions have investigated massive deforestation in the Terai. Timber harvest and trade became the sole subject of enquiry in almost all of these commission reports, indicating the economic value of timber.

Based on these various commission reports, the government came up with both short- and long-term measures. One of the immediate measures was ban on tree felling and timber trade. The government has banned the trade and transport of timber for the year 2011 despite strong resistance from the timber industry, CFUGs and timber consumers. Consequently, the price of timber in the last nine months since the ban was imposed has skyrocketed three-fold. In addition, as a long-term solution, the government has proposed amendment to the existing forest law and regulations to gain increased supervision and monitoring role in relation to CFUGs. An analysis of these proposals shows that most of these amendments are focused on timber harvesting and trade. For example, suggested

amendments include provisions for additional surveillance by government officials during timber harvesting, distribution, sale and transport by CFUGs, and pricing of and taxing on timber. FECOFUN⁵, a CFUG network, strongly rejected the proposal and is continuing its resistance movement against the proposal. Here, both from the government side and also on the part of communities timber appears to be the key contentious issue in forest management.

3. Undermining timber within larger environmental narratives

Since the emergence of crisis narratives such as the ‘Theory of Himalayan Degradation’, popularised by Eckholm (1976), timber management eventually disappeared from the national policy discourses. The alarming rate of deforestation, highlighted by some researchers during the 1970s and 1980s, received attention of donors, followed by their support in massive afforestation schemes throughout the country. With the changing discourses on environmental conservation, debate on timber has gradually been replaced by the discourse on biodiversity conservation, ecological sustainability and ecosystem restoration. The Rio Summit on environment and development in 1992 and the consequent change in donor priority towards environmental sustainability also partly contributed to these shifting priorities on national forest discourses and policies.

3.1 Government policies and decisions

Analysis of government policies and legal documents provides critical understanding of the official priorities of forestry. We analysed 66 government policies, acts, guidelines and directives issued since 1993, the year when the present Forest Act was promulgated. Surprisingly, a large chunk of the policies and legal documents are developed around the issues of biodiversity, environmental services, NTFPs, soil conservation, protected areas, leasehold forestry and broader governance issues, including aid policy, gender mainstreaming and involvement of NGOs. Eighteen of them, mainly the general acts and regulations, have some implications for timber-related issues, among other aspects. Only three policy decisions out of 66 exclusively deal with timber (Figure 5).

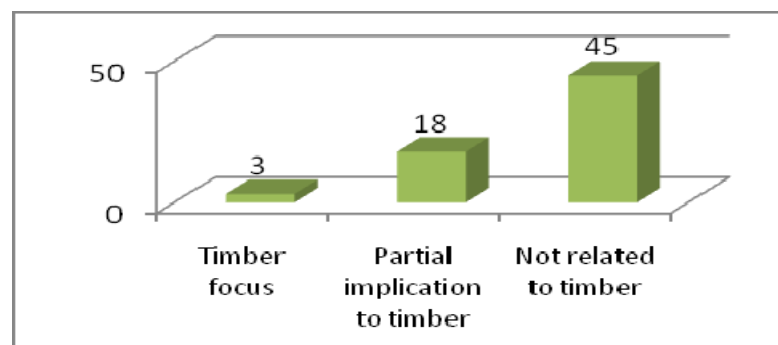


Figure 5: Government policy decisions and their focus in relation to timber

⁵ Federation of Community Forest Users, Nepal.

3.2 Spending on timber

We also analysed the government's relative spending on timber development. We observed that the major chunk of the government funds goes to cover regular costs such as staff salaries. Within the development budget⁶ only 3 per cent is allocated to timber-related activities (see Table 4). Besides, part of the budget is allocated to the community forestry programme; the government provides some training support in forest management. Though there are other related headings such as 'forest management operational plans' and the 'national forest development programme', activities under these headings involve extraction of dead and fallen trees from government-managed forests and forest protection activities aimed mainly at special protection of forests (based on DoF, 2010).

Table 4: Programmes conducted by government alone (FY 2065/66 BS [2009/10 AD])

S.N.	Programme	Focus	Allocation (%)
1	Community Forestry (CF) development	CF handover; monitoring; technical support	26
2	National forest development and management	Forest protection; biodiversity conservation; revenue collection	17
3	Silviculture and tree improvement	Genetic improvement of viable species; seed orchard establishment; training in silvicultural techniques and tree improvement	3
4	Forest extension	Publication	1

Source: Lamsal, 2010

An analysis of the donor-funded projects and programmes conducted in 2009 shows that only one of them supported CFUGs in forest management, seedling production and forest harvesting activities. The total expenditure of this donor on forest development activities was, however, below 10 per cent of its programme budget. Analysis of programmes of seven non-government agencies, including bilateral projects, INGOs and NGOs, showed that virtually none of them supported anything directly related to timber. Donor projects on forestry have promoted the agenda of gender, equity and livelihoods within the community-managed forest, which is normally welcomed by government officials. Donors have chosen to engage in non-traditional forestry issues such as biodiversity conservation, forest certification, environmental services, NTFPs, and recently on climate change mitigation, especially on REDD.

3.3 Negative connotation in media coverage

We analysed the media coverage of forestry, excluding protected areas, in the year 2010. Coverage has been selected from three national dailies, namely *The Kathmandu Post* (in English), *Kantipur* (in Nepali) and *Gorkhapatra* (in Nepali). The reasons for choosing these

⁶ The budget allocated to headings other than salaries and regular office costs is generally categorized under 'development budget' in Nepal. In case of Department of Forest, development budget includes the budget allocated to any programme areas, including training, extension and forest protection.

newspapers are that the former two are the most widely circulated popular dailies from the private sector and the latter is a government-owned daily. A total of 215 news items, including four articles, published in these newspapers in 2010, were related to the forestry sector. About 88 per cent of them were related to timber, while the rest were related to issues such as NTFPs and governance (see Figure 4).

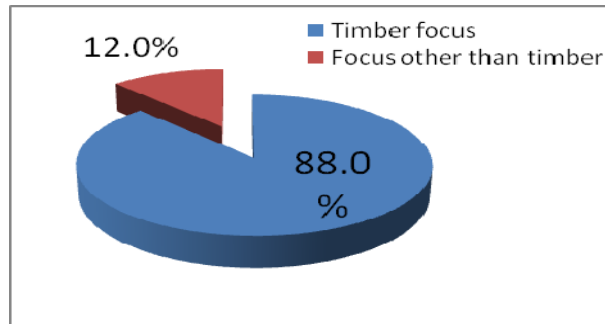


Figure 4: News coverage by major national dailies

Almost all the news and articles which had some focus on timber conveyed the negative side of it; they highlighted the issues of illegal logging, corruption, encroachment, tree felling and confiscation of timber. Moreover, they highlighted the misuse of power by some local leaders, over-harvesting of timber by CFUGs and illegal selling for personal benefit. In most cases, involvement of government staff at local level was reported. The media reports also highlighted the nexus of government forest officials with timber traders and local community leaders (Box 1).

Box 1: Some media reporting on timber

- Timber smuggling in collaboration with forest officials (*Gorkhapatra*, 14/04/2010)
- Timber smuggling in nexus (*Gorkhapatra* 2/06/2010)
- Pine trees destroyed in close nexus (*Kantipur*, 7/07/2010)
- Cash and timber request by government staff from community forest (*Gorkhapatra*, 15/07/2010)
- Government staff and users collude in forest clearing (*Kantipur*, 25/02/2010)
- Timber smuggling intensifies with the involvement of police and forest officials (*Gorkhapatra*, 12/09/2010)
- Forest destruction in collusion (*The Kathmandu Post*, 16/06/2010)
- Forest destruction accelerates in nexus (*Gorkhapatra*, 29/12/2010)

Public perception in Nepal is largely shaped by the dominant discourse of ‘felling of live trees is essentially bad’. Media has generated the rhetoric that tree felling irrespective of its scientific merits is not an acceptable act. Media coverage has mostly been highlighting tree felling or any other subsequent activities related to timber harvesting and trade as negative. For example, *Kantipur* (14/07/2010: p5) reads ‘live and healthy trees are being extracted from... community forest’. Many of such news have resulted in the suspension or transfer of DFO staff and action against forest user group leaders. A DFO expressed his opinion that when journalists see even legitimate harvesting of timber from the forests, they conceive it as essentially bad and highlight it as a case of forest destruction or deforestation.

4. Non-congruence between forest policy discourse and everyday practice

The national forest policy discourses since 1990s are dominated by NTFPs, environmental services, biodiversity and more recently by REDD. As discussed in earlier sections, policy processes, including commissions, task forces, donor projects, workshops, and many policy documents talk of these non-timber goods and services. In contrast, at the other end of everyday practice are rampant corruption and rent-seeking, which have been frequent phenomena in forestry (commission reports). As recent reports indicate, a wide range of stakeholders such as political leaders, government officers, timber traders and local elites are involved in illegal practices, including illegal logging and encroachment. Most of the actors in policy deliberations and everyday practices are different; very few of them have institutional linkages at everyday practices on the ground as well as national policy-making processes. While some senior government officials, donors, NGO professionals and consultants dominate the forums and processes at national policy-making, core forest staff at operational level, timber traders, CFUG leaders and brokers are involved in both legal and illicit timber harvesting and trade at local level.

The general non-congruence between the national forest policy discourse and everyday practices on the ground can be largely attributed to: a) implicit interest of political and bureaucratic leadership in keeping timber in a low profile largely outside the public domain so that the timber business does not come into public scrutiny; and b) donors avoiding socio-politically contested domain and wanting to work in a comfort zone by building a healthy relation with the bureaucracy. As one of the senior government officials shared with us, when two foresters meet in private they never talk about biodiversity or environmental services; most of their chat is rather focused on timber trade, timber smuggling and dealing with traders and related actors. It indicates that timber management and timber business have been largely kept under private domain of forest officials and political leaders that hardly comes to public debate and scrutiny.

Preference formation through discursive practices around the enclave of government officials is not easily accessed by the larger public or other actors such as the media, NGOs and donors. Sometimes the government officials may strategically supplement information with an interest of co-opting the perspectives of public sphere. Similarly, they might also develop alliances with professionals outside the government bureaucracy, who share the similar technocratic perspective. Together they form a technocratic sphere⁷, and develop

⁷ In public sphere, space is created to exchange multiple perspectives by various actors to contribute in shaping the public will (see Habermas 1989). Sunstein (2002) complements the concept of 'enclaved space' where certain interest group can deliberate separately before joining a large heterogeneous group. Our focus here is on broader category of a group that jointly shares the perspectives of technobureaucrats (Ojha et al. 2010) and experts outside the bureaucracy but sharing the similar perspectives of technobureaucrats particularly in forwarding expert superiority over ordinary citizens in governance processes. To combine both of them we would like to subscribe the concept of technocracy from Habermas (1975) [Habermas, J. (1975) *Legitimation Crisis*, Boston, Beacon]. So, we use the concept 'technocratic sphere' to refer to the communication among these experts, though large majority of them are also bureaucrats. This also means that the technocratic sphere is not the same as enclave and technobureaucratic spaces.

strategies to influence other actors. For example, government forest officials often talk within their interactions about assessing the perspectives of the media, NGOs and civil society, including CFUGs, and often develop counter strategies to justify their own preconceived intentions, which are mostly related to retaining control over forest resources rather than increasing productivity. In this way, the dominant discourses, which influence the empowered space, i.e. the decision-making authority (Ministry, Cabinet or Parliament), is unilaterally shaped by grape-vine type spheres, enclaves, or technocratic sphere around the bureaucracy.

Many of the current conflicts are apparently framed around secondary issues while control over timber is the underlying cause of such contestations. This reality explains the calculated attempt to keep timber in low profile despite its economic significance. The debate around community forestry versus Collaborative Forest Management (CFM) in Terai is the case in point. After a decade of introduction of CFM, arguing that community forest could not benefit distant users, there are hardly any satisfying answers whether it has benefited the large mass of the poor in southern Nepal. While the government sought to interpret the CFM as an approach to ensure people's participation in government-managed forests, most of the critics consider it as essentially an extension of government authority in the decorated terms of 'collaborative management'. Control over *Sal* timber, particularly access to and share of revenue, is at the crux of polarization of actors for and against collaborative management of Terai's *Sal* forests. Similarly, control over revenue is at the core of the government's recent attempts to amend the Forest Act 1993. All the debates, including on increasing the tax on the sale of timber, restricting trade in timber, limiting annual allowable cut or banning of timber harvest, indicate that the government aims to maintain its control over timber.

There have been desperate attempts to promote discourses of NTFP management by both the government and donors. Despite the dominant narratives of economic contribution of NTFPs, the field of NTFP-based enterprises is not very convincing, especially its long-term business viability (Bhattarai et al., 2003; Bhattarai and Dhungana, 2008; Subedi, 2006; AEC/FNCCI, 2004). The relative importance of timber may be argued in some high mountain districts, which is certainly not the case for Terai and many hill districts. However, despite the limited scope of NTFPs, aid-funded projects and NGOs are encouraged to prioritise NTFPs, mainly because of the constraints imposed on timber trade by the regulatory and institutional hurdles. Consequently, the development agencies are left only with peripheral products to harness commercial opportunities (Banjade and Paudel, 2008a). The difference between forest users' poor access to the relatively long value chain of NTFP market on one hand and the readily available timber market at their doorstep on the other also makes a case for timber.

5. Implications and way forward

The negative picture promoted by the media and the absence of a supportive policy and investment environment have resulted in missed opportunities of benefiting from timber

management. First, the local communities, traders and government itself are losing millions of dollars in income from timber through sustainable forest management. As the whole sector is criminalised, there is little encouragement for entrepreneurs to enter into timber businesses, which could have substantially replaced import of timber and wooden furniture as well as enhanced export. As there is neither government investment nor an encouraging environment, the capacity of the actors and performance of the sector have remained poor.

The frequent bans on tree felling and timber transport simply encourage import of wood products even illegally from India. If the ban on wood supply continues, as well as the hassles and corruption, these all will pave the road to the ruin of the forest sector. We have seen several *Kattha* industries closed and several others at risk of shutting down due to uncertainty of raw material supply. If we are denied use of our own raw materials, industries have to either stop production or import raw materials from other countries. While we have mature pine forests in many hilly districts, we are importing pine timber from New Zealand. Nepal imported substitutes for wood such as steel and aluminium worth R. 900 million in the last seven months (July 2010 -January 2011). If this continues we will be contributing to carbon emission, wastage of our forest resources and increased trade deficits.

Second, the irrational and unpredictable government decisions on timber, such as the frequent bans on timber extraction and transportation have induced gambling on timber trade. Non-transparent trade or black market has been encouraged throughout the country largely because of the government's policies and bureaucratic hurdles. The bureaucratic hassles have resulted in illegal harvesting, trade and smuggling of timber and timber products. Consequently, the situation is that while timber [*sal*] price at source is NRs 300, it is sold in the retail market of major cities at the rate of NRs 4,000-5,000. It is believed that corruption throughout the market chain of timber and the risks associated with it are responsible for this price discrepancy.

The main purpose of this paper is to draw the attention of the actors and institutions concerned to realign the focus of forest policy discourse around timber so that i) income from forest could be increased significantly, contributing to the local as well as national economy; ii) forest-based trade and enterprises are promoted by minimizing regulatory burdens and bureaucratic hassles; iii) programmes of government and non-government actors are realigned to set the priority towards enhancing the value from the management of forests of Nepal; and iv) corruption and illegal activities around forest are curtailed.

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Acronyms

CFM	Collaborative Forest Management
CFUGs	Community Forest User Groups
DFO	District Forest Office
DoF	Department of Forest
FECOFUN	Federation of Community Forest Users Nepal
FENFIT	Federation of Nepal Forest-Based Industries and Trade
FUGs	Forest User Groups
INGO	International Non-Governmental Organization
MoFSC	Ministry of Forest and Soil Conservation
NGO	Non-Governmental Organization
NPC	Nepal Planning Commission
NTFP	Non-Timber Forest Product
REDD	Reducing Emissions from Deforestation and Forest Degradation