

Forest Act Amendment Proposal 2012

Analysis and Suggestions



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Forest Act Amendment Proposal 2012: Analysis and Suggestions

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Abstract

This paper examines the government's new proposal to amend Forest Act 1993 that seeks to redefine community rights and reassert government control in the management of community forests. We analyse the content of the amendment proposal as well as the reasons given for enacting such changes. Drawing on the experience of community forestry in Nepal, as well as widely accepted principles of community based natural resource management, we assess the assumptions behind the proposed amendment and also predict potential consequences of the changes. We conclude that the proposed changes curtail rights given to the community under community forestry, reduce the autonomy of local communities and in due course negatively affect the incentive to conserve and manage community forests. The proposed increase in roles of the forest officials in community forest management will expand bureaucratic control over community processes, and cultivates upward accountability in forest management groups. The proposal takes the wrong assumption that increased techno-bureaucratic control will fix the emerging cases of over-harvesting of timber in community forests. Overall, the proposed changes are against the action verified lessons from Nepal and abroad that localised control and management of natural resources is more effective and efficient than government control. The proposal however does raise some important points that need to be considered – such as tax, timber marketing and the like, which requires more informed analysis and stakeholder debate before formulating such a legal amendment proposal. Based on good practices from Nepal and beyond, we have also proposed alternatives to address emerging challenges and move towards more democratic and fair governance of forest in Nepal.

1. Introduction

Nepal's Forest Act 1993 is the foundational law for community forestry (CF) and other similar initiatives towards participatory and community-based forest management modalities. The Act and the Forest Regulation 1995 have provided strong legal and institutional basis in which the internationally renowned community forestry has flourished over last three decades in Nepal. Today, almost a quarter of the national forests are managed by local communities through over 18000 community forestry user groups (CFUGs) covering almost 40% of the country's population.

Recently, however, the government of Nepal has sought to amend the Forest Act 1993 aiming to restrict the autonomy given to the local communities and expand government's role in forest management. The key aspects of the amendment proposal include: reducing autonomy of CFUGs, restricting CF handover, expanding government role in forest management and putting special restrictions on Churia² forests.

The stated rationales behind such changes are to ensure sustainable and equitable forest management by addressing the illegal logging and financial mismanagement especially in Terai districts that has been widely reported these days in the media. However, the citizen networks and civil society organisations have resisted the move accusing the government for being non-transparent and exclusionary in the process of Forest Act amendment which is intended to withdraw the rights given to the CFUGs by the Forest Act 1993. Given the depth and width of the proposed changes and its potential long term consequences and the lack of democratic process, the agenda is likely to bring confrontation in the forest policy process.

In this context, ForestAction brings this critical analysis of the proposed changes and potential consequences of the Forest Act amendment proposal 2012. We also advance some proposals for democratic forest governance framework for productive, sustainable and equitable management of community forests. The analysis is focused on the proposed changes, examination of these changes against our working experiences and assessing the potential consequences of the proposed changes.

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² Churia is narrow hilly strip that lies at the foothills of the Mahabharat range in southern Nepal, extending from east to west.

2. Anatomy of the proposed changes

2.1 Community forestry and local autonomy

Amendment proposal

Proposed provisions	Existing provisions
The District Forest Officer (DFO) would approve the amended Operational Plan (OP) only if he/she thinks it would enhance forest condition and does not degrade the environment (Article 26:1, 2).	CFUGs can amend the OP and inform the DFO about the amendment. If DFO feels that the amendment will affect the condition of the forests and environment, s/he can ask the CFUGs not to implement the amendment.
DFO can take action upon CFUG based on complaints from anybody (Article 27:1).	DFO can take action against CFUG based on complaints from CFUG members.
DFO can withdraw the CF, but can re-handover it (Article 28)	But DFO should handover the CF.
CFUGs are identified as public institution (Article 43:1).	No provision about CFUG as a public institution.
DFO can instruct the CFUG based on their annual report submitted to him/her. It is their duty to follow those instructions.	DFO can suggest the CFUG based on their annual report submitted to him/her.

The proposed changes appear to have poor appreciation of the spirit of collective action to manage local commons in the form of CFs. Following the principal of common property resource management, the Forest Act has provided rights to the CFUGs to develop their own rules for protection, conservation and sustainable use in the form of constitution and OP. They have developed their own mechanisms to the compliance of their own rules. The General Assembly, the sovereign authority of CF, operates as the key institution for democratic rule making through a transparent way. In fact, the success of CF in Nepal can be largely attributed to the autonomous space for local communities to develop their own norms, rules and put themselves in the driving seat to ensure compliance of their own rules. Unfortunately, the proposed changes have dragged the accountability away from the general assembly towards DFO – a government bureaucrat. The CFUGs are required to respect the instructions of DFO as if they are his/her staff. Similarly, more discretionary space has been provided to the DFO like instruct CFUGs for forest management, whether or not to renew any CFUG and whether or not to handover forest once it is withdrawn.

Potential consequences

The increased bureaucratic power and weakening of group autonomy as proposed by the amendment may have **four** foreseeable consequences. **First**, empowering DFO to take action against the CFUG executive committee cultivates upward accountability in the CFUG. According to the existing provision, the general assembly is the ultimate powerful body in CFUGs and its executive committee (EC) is accountable towards the assembly for all its decisions. However, when the threats of DFO actions prevail, the EC tend to be accountable more towards DFO than the general assembly. In the long run, it would kill the spirit of collective action which may lead to the degradation of the commons. **Second**, it substantially increases the transaction costs of CFUGs in paper work which the CFUGs with low productive forest cannot afford to comply with all the requirements. Even the existing provision for exhaustive paper work and tedious procedural steps has been discouraging the local community leaders. The proposed changes are likely to further worsen this situation. **Third**, as ‘can’ replaces many ‘should’ from DFO’s role, it substantially increases the discretionary space of the DFO. In the absence of strong check and balance mechanism, huge discretionary power to DFO may lead to an extra legal transaction often through clandestine relations between DFO, local elites and timber mafia. **Fourth**, it substantially increases burden of DFO in policing and protecting forest which was a failed experiment in Nepal.

2.2 Restriction on CF handover

Amendment proposal

Proposed provisions	Variation from existing provisions
Removal of the provision of CF as a priority programme (Article 30)	<u>Priority to be Given to the Community Forest:</u> Notwithstanding anything contained elsewhere in this Act, any part of the National Forest suitable to handover to the Users' Group as Community Forest shall not be handed over as Leasehold Forest (Article 30)
The management regime for Churia will be determined considering the ecological fragility and technical appropriateness (Article 25:1)	Currently CFs are handed over in Churia and users can use forest products as per the OP as in Hills and Terai.
Forest area ceiling: 0.5 ha, 2 ha, 3 ha in Terai, hills and mountains (Article 25:1)	... wishes as well as the management capacity of the local users ... (Forest Regulations 1995:Rule 26)

The proposed changes appear to be less informed in three aspects. First, the proposed changes seem to ignore the outstanding contribution of CF in Nepal's environmental conservation and supporting rural livelihoods. There should not be any hesitation in recognising and prioritising the special position of CF programme in Nepal. Second, blurred language of ecological fragility and technical appropriateness is slipping away from successful experiences of participatory and community based management modality in Churia. Third, the proposal to put ceiling on the CF size per household does not reflect the natural distribution of forests and settlement in which any arbitrary forest/people ratio cannot be imposed.

Potential consequences

The above proposed changes may bring at least three consequences. First, equalising community forestry with any other management modality may result competition between CF and private corporate interests in forests. Second, the blurred and vague language of technical appropriateness provides unlimited discretionary space for forestry officials in designing any management modality in Churia. This will result in uncertainty and insecurity and may even lead to extralegal activities usually through clandestine relation between forest officials, local elites and timber mafia. Third, the ceiling set for CF, will largely add complexity to the handover process, lead to manipulations of resources/member ratio and may result in halting CF handover.

2.3 Revenue sharing between state and local communities

Amendment proposal

Revenue sharing: 15% tax on CFUG income

There are four reasons why the proposed level of tax/royalty on the CFUG income requires rethinking in the context of CF. First, most of the CFUGs received barren lands and generated economically valuable resources in it after several years of constant investment. How can government claim revenue from such resources? It can be argued that in some cases particularly in Terai, CFUGs received well stocked forest. Therefore, the original stock during the handover could become more scientific and fair basis to set the tax. Second, the CFUGs have made huge investment in building community infrastructure and providing diverse social services. In fact, CFUGs investment has substituted state spending in those areas which can be accounted as tax paid by the local communities. Third, the CFUGs have generated critical ecosystem services, and

democratic grassroots institutions —important public goods — by sacrificing use and investing their time and resources. In this context, a different principle of revenue sharing needs to be adopted rather than a normal tax [on income] or royalty [on state property]. Fourth, the proposed tax will be applied to the gross income without calculating the cost of management, harvesting and processing. For many groups with high operational costs, this is unjustified.

Potential consequences

The proposed changes are likely to induce three major consequences. First, high tax would kill the incentive to local communities to invest in forest management that would increase the risk of deforestation. Second, this will strongly discourage CFUGs to sell timber in the market. This will further have two implications : i) many CFUGs will be encouraged and tend to consume all the timber within the groups usually by artificially setting the price well below the market rate, creating hidden subsidy - a mechanism of unjust distribution system; ii) it will also result in short supply of timber thereby distorting the market. Third, related to the second issue, it will result in decreased CFUG income which directly affects their investment on community infrastructure development, poverty reduction and other social services.

2.4 Government's role in forest management

Amendment proposal

Proposed provisions	Variation from existing provisions
Article 2 (f): part of the national forest will be managed as 'Collaborative Forest Management' (CFM) in partnership between DFO, local governments and local communities	While the CFM exist in practice, it has no legal backing
Article (g): part of Terai contiguous forest (>500ha) will be managed as 'Block Forest' by the government or in collaboration with private companies	There is no explicit provision on it
Article 24:1, 2: The government will manage 'protected forest' by developing management plan on its own.	There is a category in Forest Act 1993, which was hardly implemented

The proposed provisions have sought to expand government's role in managing the forest through 'block forest', 'collaborative forest management' and 'protected forests'. With this, government seems to be stepping back to the situation before the introduction of decentralised forestry in 1978, which led to the heaviest deforestation in Nepalese history.

There are at least five arguments against government management over forest in Nepal. **First**, while the largest part of the national forest is under government's control, there is hardly any 'management'. It is largely accepted that most of the forests under the government control are de facto open access and therefore exposed to all kinds of illegal logging and encroachment. **Second**, past attempts are not very successful though there is no comprehensive assessment of these initiatives. These include Sagarnath³ forestry project in Sarlahi, HPPCL⁴ and the TCN⁵. **Third**, many of the previous attempts failed partly due to

³ Sagarnath Forestry Project, located in Sarlahi, Mahottari and Rautahat districts, occupies 11000 ha, and is managed by MoFSC through Forest Product Development Board (FPDB). The project is a failed experiment mainly because of poor business strategy; institutional weakness of FPDB and weak forest management strategy (ADB 1993).

⁴ Herbal Production and Processing Company Limited (HPPCL) is a government owned company which produces meditational and aromatic products and markets in Nepal and abroad. It is hardly surviving and not being able to make profit. The government has decided to reduce its share mainly looking at its gloomy prospects (http://nepalieconomy.blogspot.com/2010/04/news-roundup-is-nepal-suffering-from_11.html, retrieved on March 1st 2012)

lack of transparent process and public trust on the government's capacity on sustainable management⁶. **Fourth**, the MoFSC⁷ and the DoF⁸ have serious shortcoming of needed human and other resources to perform their current roles, which is hard to increase substantially given the GoN's persistent budgetary constraint. **Fifth**, in line with the universally accepted principle, there is an increasing debate on whether the government should engage in forest management or focus on policy framing and monitoring.

Potential consequences

Expanded role of the MoFSC/DoF will have three direct consequences. **First**, the increased role without corresponding increase in capacity will leave the forest as de facto open access leading to continued illegal logging and encroachment. **Second**, centralised bureaucratic management would alienate local communities and stakeholders from forest management thereby inducing unsustainable management and accelerated degradation⁹. **Third**, centralised management of resources will increase the management cost.

2.5 Local governments in forest management and revenue sharing

Amendment proposal

Local governments are largely kept out of the forest management role. Neither the existing provisions of Forest Act 1993 nor the proposed amendments have recognised the role of local authorities in forest management. Even in the existing practices on providing space to local authorities, forest related institutions like District Forest Coordination Committee (DFCC) and the CFM are yet to be institutionalised in the Act¹⁰. Under these institutional arrangements, the DFOs remain at the centre and the local government representatives feel that they are being 'utilised' as per the interests of the DFO. While the local authorities wanted to exercise the rights under the LSGA 1998, the MoFSC continued to insist supremacy¹¹ of Forest Act 1993. The legal contradiction has in fact induced latent conflict between the two agencies in several cases¹².

⁵ The case of TCN is another typical failure of government controlled timber management and trade which went to a loss of Rs. 290m by the year 2006 (Arthik Abhiyan Daily Newspaper 2010)

⁶ The DoF prepared the Operational Forest Management Plan for 18 Terai districts which could not be implemented due to lack of financial resource and also due to opposition from the Federation of Community Forest Users Nepal (FECOFUN) and other CSOs.

⁷ Only 2129 out of total 7527 DoF staff are technical (DoF 2009: 4). There are only 1157 Forest Rangers who actually go to field to support and monitor forest management. If we assume that only 25% of them are available for CF (assuming 75% of them have to look after government controlled forests), each Ranger has to look after 62 CFUGs. They are involved in forest inventory, social inventory, OP preparation, forest management training, harvesting monitoring, processing CFUG applications and recommend to DFO, coordination with other stakeholders, etc. This gives a very general picture of forest technicians' workload.

⁸ Currently, the DFO staffs are so overloaded that they have not been able to even approve the CF operational plans. Current role of providing support and monitoring of CF activities have not been performed as per the expectations due to limited human resources.

⁹ Several studies have linked heavy degradation of the 1960s/1970s with the centralized bureaucratic management and alienation of local communities (Ojha et al 2007; Gautam 2006; Malla 2001)

¹⁰ The local authorities were brought into scene when community forestry expansion was in its climax and the FECOFUN was pushing hard to expand CF in Terai. The MoFSC brought local governments at the forefront through Revised Forest Policy 2000, CFM and DFCC. It helped the authorities to garner political support to government management of forest in Terai. As Bampton (2002) notes, DFCCs attempted to encourage decentralization of forest sector planning to the district level by involving DDCs, and other stakeholders, based on Article 190 of the Local Self-Government Act (LSGA) 1998.

¹¹ In a meeting on Churia conservation on 27th Feb, 2012 in Hotel Everest, senior forest officials stressed the supremacy of Forest Act 1993 in terms of issuing licences of sand, gravel and boulder and also in mobilising the revenue.

¹² There are over 22 contradictory points between Forest Act and LSGA 1999 (Blaikie and Springate-Baginski 2007). In case of community forestry, Belbase and Regmi (2002) showed that 9 different provisions related to CF in Forest Act 1993 contradict with LSGS 1999. This has created confusions and conflict among DFO, DDC/VDC and CFUGs regarding the control over forest resources.

Historically, the local authorities have always remained outside the forest governance and management framework in all three phases of forest governance - feudalised forestry (before 1957), nationalised forestry (1957-1978) and participatory forestry (1978 onwards). Though early decentralisation of forests in late 1970s started with handing over the management responsibilities to local authorities, it was found to be ineffective and therefore could not last long¹³.

Potential consequences

Excluding local governments from forest governance would have three important consequences. **First**, the concentration of power with DFO has alienated local governments from forest and environmental imperatives and will continue to prioritise unsustainable development against long term environmental security¹⁴. **Second**, concentrating forest related authority solely on DFO would reduce environmental responsibility of local authorities so that they would become indifferent on diverse pressures against conversion of forestlands into other purpose¹⁵. **Third**, local forest management would continue to rely on costly centralised oversight which could have substituted by local authorities who could have played effective role in supporting and monitoring CFUGs and other local forest management institutions.

3. Genuine concerns but undemocratic solutions

The public concerns around governance gaps in CF and its implications to productive, equitable and sustainable forest management appear valid. In fact, the CF programme has increasingly been facing emerging challenges of maintaining democratic and inclusive governance, delivering equitable flow of benefits and ensuring sustainable resource management. Scholarly research highlighted the generic issues of elite capture in decision making and benefit sharing. Particular focus went on marginalisation of the poor¹⁶, women¹⁷, dalits¹⁸ and janajatis within the groups. Exclusion of large section of citizen from southern Terai¹⁹, the herders in high mountain region²⁰ and diverse traditional uses elsewhere became points for criticism. These aspects of CF popularly termed as second generation issues²¹ were recognised as important reform agenda since the late 1990s. Some of these issues have been accommodated through some formal policy documents²²; however, others

¹³ The introduction of the National Forestry Plan in 1976 brought the idea of 'handing over' management responsibilities of forest patches to the local governments (called Panchayat) in the name of 'Panchayat Forests' (<500ha) and 'Panchayat Protected Forests' (>500 ha) (Fox 1993). The original enthusiasm with the 'Panchayat Forests' and the 'Panchayat Protected Forests' vanished soon after the implementation of these programmes. Few use rights were transferred to the Panchayats and those transferred often proved to be the bundle of responsibilities which were perceived as a burden by the Panchayat leaders with limited visible benefits.

¹⁴ There are many cases of haphazard extraction of sand, stone and boulders from rivers that has not stopped despite serious environmental concerns from various angles. (MoLD/UNDP/UNEP 2011; CNRM 2011)

¹⁵ A report of the Parliamentary Committee on Natural Resources observes a huge pressure for conversion of forestland for non forestry purposes such as infrastructure, settling environmental refugee and land distribution to landless people, and security base camps. Usually DFO alone has to resist these diverse pressure while most of the other actors such as political leaders, DDCs and CDO favour to local demand for land conversion.

¹⁶ The key studies include: Adhikari (2003), Thoms (2008), Malla (2000).

¹⁷ The important studies include: Nightingale (2006; 2002), Khadka (2010), Rai Paudyal (2008).

¹⁸ The studies around this include: Bennett (2005), Khadka (2010), Biggs et al (2004), Gurung (2010).

¹⁹ The few CFs that were handed over along the east-west highway in Terai could not accommodate the traditional users in southern border who gradually felt excluded from the CF process. Several researchers brought these issues into public debate (Baral 1999, 2001, Baral and Subedi 2001).

²⁰ Exclusion of herders from CF in high mountain region has resulted to conflicts and downsizing of herds with gradual decline of the occupation (Baral 2000; 2005; Banjade and Paudel 2008).

²¹ The fourth National CF Workshop was focused on livelihoods/equity, governance and sustainable forest management as the second generation issues in CF (Kanel et al 2004).

²² The MoFSC in consultation with stakeholders developed gender and social inclusion policy and implemented since 2007. Similarly, a multi-stakeholder team led by DoF developed CF Guidelines 2009 with many progressive elements including inclusive leadership and pro-poor spending.

remained unresolved. The Federation of Community Forest Users Nepal (FECOFUN) also acknowledges the challenge and has made conscious efforts to address these issues through social mobilisation and capacity building and also by presenting itself as a model²³.

The amendment proposal stems from the above explicit concerns for regulating over-harvesting of timber by some CFUGs in few places of the Terai, where the problem of law and order and institutional development support to the CFUGs are limited. Irrespective of such manifested cases, we certainly need to have some oversight mechanisms on the function of CFUGs. Despite all democratic procedures within the institution, a CFUG cannot substitute the function of a democratic state and there has to be some oversight and monitoring from politically elected mechanism. We cannot deny the possibility of unsustainable harvesting and corruption at community level. There should be some external oversight to control everyday practice of unsustainable harvesting, illegal logging and financial mishandling, mainly in areas with unclear tenure arrangement and high market interface. There are some legitimate concerns raised by the constitutional bodies²⁴ including the parliamentary committee²⁵ which should be implemented in good spirit.

Unfortunately, the hasty 'quick fix' option without careful analysis of the causality and politics around media hypes and bureaucratic interpretation of the phenomena is going to be counterproductive. The blending of ill intent of some vested interests with the political mandate for amendment has seriously threatened the CF that survived even the ten years of long war²⁶. It is unfair that the community forestry has to bear all the costs of externalities of bureaucratic incompetency and criminalization of the politics. Sole reliance on regulatory and bureaucratic instrument may be counterproductive for number of reasons.

Centralising authority around DFO in handing over forest, renewing the CF and taking action against CFUG would induce upward accountability and weaken the self governance of local communities. The CFUG general assembly is the foundation in ensuring democratic, accountable, and transparent governance within CFUGs which ensures developing customised rules, warranting compliance of these rules and therefore ensuring sustainable management of forests. However, current proposals are aimed at undermining this central process and substituting it with the regulatory and bureaucratic control from above. This will gradually dismantle the locally robust institutions, break the compliance rate and ultimately spoil the local forest commons.

The increased bureaucratic demand for exhaustive evidencing and documentation, burden of tax, dependency on DFO and additional efforts to prove forests are managed sustainably implies a heavy paper work and therefore high transaction costs. This will gradually kill incentive to invest in

²³ FECOFUN social mobilisation campaigns usually focus on governance reform, reducing corruption, empowering the marginalised social groups though the effectiveness of these campaigns is contested. The FECOFUN's constitution instructs to have 50% women in all level of committees, and women must be represented in one of the two key posts (chair and secretary). In addition, they have reserved quota for marginalised social groups.

²⁴ The National vigilance Centre and the Commission for the Investigation of Abuse of Authority carried out separate investigation and prepared a report. The government also formed a high level commission headed by Justice Govinda Prasad Parajuli to investigate the case. Unfortunately, the Parajuli Commission Report has not been made public.

²⁵ The Parliamentary Committee on Natural Resources formed a task force to investigate the illegal logging and corruption in Terai and delivered a report instructing the government to take immediate action including amendment of the Forest Act 1993 (CNRM 2011).

²⁶ See Editorial of Nepali Times (Issue 593, 24/02/2012)

forest management. The forestry sector already has a low productivity and thus imposing it with exhaustive bureaucratic burden simply raises its costs which the majority of CFUGs cannot afford. This would reduce the voluntary investment by millions of rural people across the country. In this situation the current amendment proposal may seriously hamper the incentive structure around forest protection and management.

The proposed amendment substantially increases the discretionary spaces of forest officials. Many of the important issues that need legal clarity are left with forest bureaucracy to define and determine them. For example, the meaning of "technically appropriate management regime in Churia" is dubious. There are several areas where DFO has to apply his/her discretion in relation to CF handover, management, harvesting and selling. While the key purpose of the new provision is to address the financial irregularity, the mechanism to ensure that DFOs use their best judgement in favour of transparent and accountable system is still unclear. This is particularly important in a context where most of the illegal logging and financial irregularities are carried out through clandestine relations between DFO staff and CFUG officials.

One of the major concerns is around the commercial use of timber and other forest products. Therefore, many of the provisions in the amendment are aimed at discouraging commercial sale of timber. However, restricting timber from market sale may have several consequences. It substantially reduces CFUG income therefore directly hampering their efforts to community development, social services and poverty reduction. This requires a rethinking in a context where forest is an important economic resource with a good prospect for poverty reduction. It also results in decreased supply of timber in the market, induces timber smuggling and increases the price gap between producer and consumer.

4. A democratic framework of forest governance

While criticizing the MoFSC proposal on amendment of Forest Act 1993, we would also like to offer a democratic framework of forest governance with reasonable degree of acceptance from wider stakeholders. The amendment proposal could have built on existing knowledge and stakeholder positions around the broad understanding of democratic governance framework. Moreover, the amendment should better reflect the recommendation of government formed task forces, periodic CF workshops and occasional policy forums. An observation on diverse forest policy discussion forums have shown that stakeholders have broadly agreed in a range of forest governance issues. **First**, forest management can be organised at different levels of governance based on its size, type and ecological sensitivity. Small forest patches close to settlements can be managed under direct community governance, larger sized forest can be managed in partnership arrangement (among local government, private sector and local communities) and some ecologically and strategically sensitive areas can be managed by the state. **Second**, although forests should deliver multiple benefits to local, national and global community, it cannot be protected without considering the livelihoods of local communities. Moreover, our policies and institutions should help realise the economic potentials of Nepal's forest resources without compromising long term environmental security. **Third**, all management modalities have pros and cons and therefore should be respected and supported to realise their benefits. This is particularly the case when different sections within forest bureaucracy and civil society strongly favour one or other modality based on certain historical legacy. **Fourth**, CF has a special role due to its unique institutional arrangement and suitability to Nepal's agrarian economy and therefore should be recognised at its worth.

However, we should be open to customising it according to specific forest-people relations in the high mountain, hills and Terai. Based on some of these broadly accepted understanding, we have following suggestions for the democratic governance of country's forest.

4.1 Local autonomy with democratic check and balance

The current debate on forest policy changes involving the views of either having direct control of the central government or deny any kind of oversight from democratic local government cannot achieve desirable outcomes. While the central government officials emphasize central control, some groups of community leaders and civil society activists also tend to idealize communities and sideline the issue of bringing local governance into the debate. We admit that currently, there is also a problem of accountability and transparency in the local governance mechanism due mainly to the lack of elected local governments. But the whole issue of having an oversight over community should be the role of local government, and not the central government. We must embrace the philosophy that neither the bureaucratic hegemony nor community populism can offer convincing solution to current challenges. Therefore, we propose a system in which communities enjoy rights over forests, take responsibility for management, and are also under the broader democratic oversight of elected local government. This will also help achieve regional equity in sharing of forest benefits especially to areas devoid of forests.

4.2 Ideal government role in forest management

Based on national and international experiences, the national government should abstain from directly involving in everyday forest management activities. The ideal role would be in providing broad policy and regulatory framework, developing generic environmental standards, assigning roles for actors at different levels in forest management and monitoring of the compliance of those policies and standards. However, the government may take sole responsibility in protecting those forestlands with high biodiversity but little immediate benefits to the locals; for example protected areas.

4.3 Local governments can play important role

Local government can provide services to CFUGs in registration, approval of OPs, monitoring of forest management activities, compliance with environmental standards and so on. Local multi-stakeholder bodies such as DFCC/Village Forest Coordination Committee (VFCC) lead the local level planning; facilitate partnership with communities/private sector, and monitoring of their activities. Local government can also support forest based enterprises including timber, Non Timber Forest Product, ecotourism and Payment for Ecosystem Services. It should be clear that the local authorities should not manage forest on their own. Instead, they should be regulating, facilitating and monitoring activities of the community institutions and private sector. By assuming these roles, the local authorities can effectively substitute current roles of the DFO.

4.4 Equitable benefit sharing framework

The revenue sharing between different levels of the government and local community can be based on tenure claims and additionality -local communities' contribution to forest enhancement. However, the local communities should be rewarded for production of diverse public goods such as ecosystem services. Local governments are also major stakeholders and should therefore be at the centre of these debates. The government can claim tax on profit, not on gross earnings from the sale of forest products.

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