Ecosystem Services for Poverty Alleviation: Dynamics & possibilities in forestry sector of Nepal

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Summary Report

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1 INTRODUCTION

This report documents the presentations and discussions of the workshop on ***ecosystem services and poverty: dynamics and possibilities for the forestry sector in Nepal*** jointly organized by ForestAction Nepal, Nepal and the University of Edinburgh, UK on 22ndJuly, 2011. The workshop was part of framework research project on *ecosystem services for poverty alleviation*, led by Geography, University of Edinburgh and undertaken with collaborators in Nepal and other countries. The ESPA-Nepal workshop was held at the Summit hotel, Kupandole, Kathmandu.

1.1 Workshop Objectives

Theoverall aim of the workshop was to understand current aspects of ecosystem services and poverty alleviation from national level representatives, to inform the development of the ESPA conceptual framework and the literature syntheses. To do so, the workshop focused on two key objectives viz.:

1. Discuss the existing status and trend of Ecosystem Services and their linkages to poverty, and
2. Explore the opportunities for poverty alleviation through ecosystem services.

Given that Nepal is held up as a global example of the benefits that can be derived through participatory forest management and participatory or action research, the ESPA workshop in Nepal was organized around a set of discussions and a pathway analysis activity along with key expert's presentation, aiming at exploring key success factors specific to Nepal, which may be transferable to other regions of the world and inform the ESPA conceptual framework.

To do so, the Nepal team actively engaged and explored key but not only limiting to following questions:

- What are the everyday operational experiences/practices/strategies of how environment and poverty is linked into various forest management approaches?What worked? What did not worked? Why?
- What policy arrangements/rights/entitlements facilitate people's access to ES in Nepal?
- Does the concept of ecosystem service provide anything novel in the country?
- If we need to build policies to strengthen nexus between environment and poverty, what can we learn and incorporate from our past and present experiences?

1.2 Setting and participants

The workshop was set in a semi-structured format (**see Annex 1**). It involved structured key presentations along with deliberate discussions wherein participantsexpertise, and experience were captured. The seating arrangement was kept circular so as to facilitate face to face discussions. Nature of participants was diverse, ranging from top-level decision makers to activists to local communities(**see Annex 2**). The mix of participants and the semi-structured setting not only ensured good interaction and knowledge exchange not only of the challenges/results, but also actively engaged with the ESPA beneficiaries and informed the further development of ESPA framework.

1.3 Workshop program

Dr.KalpanaGiri welcomed the participants giving the brief introduction of ESPA and Nepal's role into it and stated the objectives of the workshop. This was followed by short introduction from all and introduction of structure of the workshop. She also specifically encouraged participants to

bring in their perspectives, experience and expertise while deliberating. She also mentioned that the discussion would particularly focus on the lessons learnt from Nepal's experience with many decentralized programs including the community forestry and the recent REDD & PES, the important things Nepal missed over the years and the considerations for further policies and laws.

2 PRESENTATIONS

The key presentations provided concise synthesis on linkages between ecosystem services and poverty based on available existent knowledge captured through existing literature and practices. Dr.Janet Fisher, Dr.HariDhungana together with Dr.KalpanaGiriand Dr.NayaSharma Paudel conducted these presentations.

2.1 ESPA Framework Project

Dr.Janet Fischer explained about global ESPA programme and orientated audience about the ESPA conceptual framework. She presented her findings of literature synthesis around concepts such as ecosystem services and poverty/well-being, with an explicit focus on the Millennium Ecosystem Assessment and 'Voices of the poor research'. Likewise, she differentiated between the concept of poverty prevention and poverty reduction and affirmed that existing research suggests that ecosystem services are more likely to be associated with the poverty prevention than reduction. She also presented her early findings resulting from review of the existing conceptual framework on ecosystem services and poverty alleviation.

Based on her findings, she stated the importance of relative notions of poverty along with community heterogeneity which impacts on who can maintain the access to natural resources and who can control the access. Further, there are possibilities for trade-offs between elites and poor people and communities in terms of natural resource management. Another thing that seems quite important although geographically specific is that overall availability of ES is often less important than the extent to which people can access them and maintain entitlements to them. There are also variations between ES categories in how poor people benefit from them. It is easier to conceptualize how people benefit from provisioning services but it is quite complex in case of regulating services. Some of the frameworks touch on Political economy factors but very few of them try to go into any detail. When payments are made for ecosystem services, the mechanism of benefits varies quite differently from the way people get direct benefits from the services themselves.

She told, "one of the things this (ESPA) project is trying to do is rethink the links and present them in slightly different way. MEA shows that provisioning and regulating services are more prioritized by the poor and this was also the findings of previous ESPA projects. It would be interesting to hear your perspectives on this".

2.2 Forests, communities and the market and their links between forest ecosystem services and poverty reduction in Nepal

The next presentation in the workshop was on *Forests, communities and the market and their links between forest ecosystem services and poverty reduction in Nepal*, which was prepared jointly by Dr. HariDhungana&Dr. KalpanaGiri.The aim was to outline the link between ES & poverty reduction in the context of forests, communities and the market and present the findings from the review done in national literature.

Dr. HariDhungana talked about the geneology and existing approaches of ecosystem services and poverty in Nepal. He pointed about the shifts of nature including land, water, forests as limitless,

unowned 'power', mother (*Janani*), & uncontrolled to present configuration of nature into "services" whereby nature is packaged as a market-product so as to produce tangible values. In Nepal, such transactions exist since the past. As an example, since British rule, many people sold timber, during Malla regime, people in Kathmandu traded musk from the Himalayan musk deer. Though such products were traded since quite earlier times, trading of functions like carbon, water conservation / purification evolved much later.

He stated that the notion of packaging nature into services was made only forty years ago since 1970s through the works of American economists. These economists coined the term "service" in pedagogical purpose for such functions to raise awareness and assuming that the term 'service' will gain popularity easily contributing in environmental conservation. Since then packaging has started which required well defined buyers & producers; similarly tenure or who has control for what time also required to be defined, pricing and also the market rules like free market, political bargaining in case of Nepal is also needed to be defined.

He also stated that even before the term "Ecosystem service" was coined, the "services existed". However, the notions of services keep on changing with passage and need of time resulting both good (such as adoption of Community Forestry) and bad (such as clearing forest for massive settlements) practices. He also outlined how the international shifts in development discourse create and shape national policies, particularly so related to environmental discourse in Nepal. As examples, the international discourse of economics forestry closely related to the first plan (1956-61) that focused on scientific management and speedy economic development using forest resources in Nepal. However, with the oil crisis and failure of the economic theory, the international discourse shifted to local participation resulting to community participation in forestry. The forthcoming polices in 1970s & 80s, focused on the basic needs from forestry, and after 2046 (1990) on poverty reduction/ alleviation along with local governance, women participation. Recently, using forestry for ecosystem/environmental services is in wing.

Thus, in Nepal, management of forest has undergone massive shifts from forests as public goods needed to be conserved from tax money towards market approach for management, use and disposal of forest products. Previous attempts of creating market solutions of forest products revolved around timber, non-timber forest products, fuelwood etc. Likewise, certification has also been piloted in the last ten years. It has two sides: first is forest management certification and the second is chain of custody of certification. Here the sustainable forest managing institution is certified by an agency and the certified products are expected to be valued higher by the market. Similarly REDD piloting is being carried out by ICIMOD, FECOFUN, and ANSAB under funds from Norwegian Government, WINROCK etc. In one of the recent piloting of payment of ecosystem services in Dhulikhel watershed, villagers received some cash income owning to forest preservation. Initially, this mechanism was not coined as PES but later this has been retrofitted into PES model. As regards the payment including the one made by ICIMOD, it seems the cash is paid not out of market mechanism but through pity or moral consciousness.Even in Kulekhani there were some negotiations and use of force—rather than 'market transaction' per se challenging the sustainability of creating "markets" for payments. Equally important are the competitive neighbouring markets of China, India etc. and stable pricing of natural resource products. As example, the price of **Chiraito (Scientific name here**) a medicinal herb ten years ago and last year has no significant difference (around NRS 400 per kilogram) despite having significant inflation.

Along with such inadequacies, creating markets around ecosystem services are also surrounded by social movements relating to gender, the so-called untouchable castes (Dalit in Nepali) and indigeneous communities. As the services were started to repackaged in different market products,

these movements demand three provisions viz. material benefits like cash, payment or kind, identity/recognition, and participation in decision-making affecting them. These demands are justified or legitimized through international discourses and conventions relating to women & Indigenous People like ILO 169. Similarly, another justification is right to equality. These movements are egalitarian at one hand and at other they also claim market oriented schemes.

And yet amidst such complexity, Nepal hosts diverse forest management regimes such as Community Forestry, Leasehold Forestry, Collaborative Forest Management, Government managed & government conserved forest, National Parks, Buffer Zones, etc. These forest management regimes offer different associations with various categories of ecosystem services. As examples, CF prioritizes forests while LF prioritizes livestock and animal husbandry. Similarly, CFM in Terai focuses on distributional aspect between north and south.

It is found that most of the management regimes clearly lay emphasis on regulating and supporting services, with provisioning services as the lay-off benefit resulting from conservation and the cultural benefits are the ones least thought of. Also, the management approach is mostly conservation oriented and focused on selected products(e.g. timber, trade, NTFP etc.). This is despite the fact that local communities value and prioritize provisioning services, while also acknowledge and support regulating and supporting services to sustainably receive provisioning services. Local people view forest as a part of a holistic landscape and their livelihoods depend on harnessing broad spectrum of benefits from ES, including fulfilling basic needs from forest, nutrient from forest, water replenishment, natural pest control, etc. But policy assumption and knowledge system in Nepal do not recognize the full spectrum of ecosystem services as benefits.

Despite the recent piloting on payment for ecosystem services and REDD, the present debate on forest management has not covered all aspects & categories of ecosystem services. Also, market may not incentivize all aspects relating to conservation but may only trade selective services.Justice issues defined as who gets what & how are also not settled. The recent debate on defining carbon tenure based on the tree itself or on the land on which the tree is rested in community forestry indicates the complexity of tenure and sustaining decentralization amidst strong market drive. Thus, it can be expected that in coming days, with more market mechanisms at play, the tenure issue can be intense, with new contentions on role, scope and beneficiaries to reap the benefits resulting out of ecosystem services. This can further limit the use of ecosystem service as a template for assessing environment conservation alone, without ensuring equitable benefits to the society and the poor.

2.3 Initiatives and gaps in linking Ecosystem Services and Poverty Alleviation in Nepal

Dr. Naya Sharma Poudel's presented on *Initiatives and gaps in linking Ecosystem Services and Poverty Alleviation in Nepal*. He outlined that while Nepal is trying to shift from conservation orientated approach towards the ecosystem services approaches focusing more on human benefits in discussions and somewhat in policies. The forest sector approach paper in the last interim plan of Nepal **(state Year?)** focused a lot in environmental services. Yet, at the level of laws, bureaucratic structures and institutional capacity, numerous challenges still prevail. As examples in Baglung district (a mid-western hill district of Nepal), where communities have received money for forest conservation, lack of laws, guidelines weakened the legitimacy of the whole process. In Kulekhani, about 12% fund is disbursed to community though local government institution as per the Electricity Act but the spending mechanism is unclear. Based on Local Self Governance Act the fund would be channeled upto Village Development Committee level but it is not clear on whether it would be given to community based institutions, because LSGA does not have any such provisions.

This shows that Nepal has moved forward in policies but less so in formulating laws and legal apparatus for implementation.

This exists because current plans and policies devoid three crucial apparatus. First, there is no definition of the various ecosystem services. This has led to confusions & dilemmas between communities and state apparatus as seen in carbon trade associated with REDD. Second, lack of clear delineation of rights of the communities or those managing the services. The third and the important one is if transactions are to be made, there are no provisions on what procedures are to be followed. For example in Shivapuri, the national park that preserves watershed does not have any legal grounds to go into negotiation with Kathmandu Drinking Water Supply Corporation which is not ready to make dedicated payment for watershed conservation.

Naya said, "ecosystem services may be able to provide safety net to the poor by preventing them from falling below the existing levels of poverty rather than taking them out of poverty. Same is case with management of forest services and other natural resources in Nepal; they can only hold the poor to the current levels but not alleviate the poverty. Having such orientation of forest management practice, we might have failed to adopt the ways of getting richer. We allow the poverty levels to stand still but not many efforts to lift up. If getting rich was the objective, trade should be promoted in timber, medicinal herbs, etc. For this, government is still not ready, community is also not prepared and the market also does not want to penetrate. Therefore whether ecosystem services only support to maintain the current poverty levels or also helps in pulling people out of poverty is another topic of discussion".

Since quite long time, the recurrent topic of discussion is that for conservation to occur, certain areas needs to be dedicated(like Chitwan, Langtang, Sagarmathaetc) in the form of protected areas. Such areas are conserved by fencing or mobilization of armed forces but all the areas beyond the boundary are destroyed. But over the 10 -15 years, the conservation community has been discussing about integrated approach at watershed or landscape level instead of such demarcated areas so that not only mega fauna like tiger & rhinos are conserved but also the daily needs of the people like fodder & other forest products are also addressed. Despite such discussions and policy formulations, it seems that still the mega fauna are more preferred and central. Conservation should have been for sustainable supply of all components of nature but beyond the quarter portion of the country, it seems conservation is absent. Despite the new ideas in the discussions and policy levels, the lower implementation units are still stuck with the old concept like wildlife conservation.

Another topic of discussion is since ecosystem services are meant to be used for human well-being, the resource management should focus on how the productivity of the resource can be increased. The current bureaucracy, academic discipline, civil society organization, community groups are all divided such that the governance in a piece of land is not integrative of the total ecosystem service but only a part or particular aspect of it. If ecosystem services are to be kept at the centre of resource management ahead it may demand changes in the current structure so that the fractured governance practice is integrated. There have been integrated development programs since last 20-30 years but the institutions and the management was never of integrative nature. As government institutions get fractured so does the educational institute for example for agriculture, forest, water, etc and also the civil society. So what needs to be changed for integrative management could be another point of discussion.

Similar is case of rights movement. Few groups advocate for land rights, other groups for forest rights while still others for rights in protected areas. This way the movement is also fractured. The integrative ecosystem services management then becomes difficult. Local governance also poses serious difficulty to it. At current time of state restructuring where the power is expected to be

delegated from federal to state and from state to local level governments, it is observed as we go down this ladder, the environmental concern becomes deeper. This is because the current local government, instead of being concerned with sustainable management of water, forests, etc, for services to locals, they are oriented towards selling the provisioning services like stones, sand, timber, etc and with the revenue generated conduct development activities. If the development goal of local government were well-being of the people, perhaps, well being was higher when such products were not sold. This approach to conducting development after degradation of environment will inevitably lead to crisis like in Chure. The effect is that the central authority perceives decentralization itself as the threat to conservation resulting in more culmination of power. Therefore materializing the theory of decentralization is another challenge.

Three distinctive attitude exist regard linkage of conservation and poverty in Nepal. Some consider that poverty & conservation were two different strands and should not be mixed together. Another attitude accepts poverty as a chronic problem and proposes that conservation efforts should not further increase poverty. This means any protected area or conservation of mega fauna or watershed management should not raise the current poverty level. This line of thought is increasing. The third attitude is very prevalent in many of the current management practices for example Buffer zones around National parks. It is believed that poverty is widespread around National Parks which increased dependency of the poor in forest resources ultimately affecting its stability. So buffer zones are established to address the poverty to safeguard the national park. Many other programs like participatory conserved areas, buffer zones, etc are guided by principle that if poverty increases there is a threat to conservation. This resulted in the approach of addressing poverty for conservation instead of conserving nature for poverty reduction.

Again, even if the environment services are well functioning, it does not automatically lead to poverty reduction. Chitwan National park is rich in biodiversity. But the people living around are equally poor. The social context i.e. class, gender, ethnicity and other social stratification define the access of people to the natural resources. The linkage between ecosystem services and poverty alleviation does not work in vacuum; there is a society which has its own structures, political dynamism including competition for power. In such cases, it will be too simplistic to assume that if environment improves, lives of people will improve and if environment degrades so does lives of people. In Nepal, rural poverty is very high in comparison to urban poverty. Without considering the relation between the people, their conflict and their agency for claiming ecosystem services, it won't work. If the logic that better environment better people is true then poverty incidence should have been higher in urban areas rather than in rural areas. The context is quite opposite. In urban areas where people have destroyed environment, poverty is low but in rural areas where environment is conserved, poverty is high. Thus, considering the different ecosystem management regimes of Nepal, the overall availability of ecosystem services is less important than the degree of access to the services.The services provide support in fulfilling the basic needs and enacted as safety nets to not fall below poverty but the poverty has not been alleviated.

2.4 Clarification & Discussions on key presentations

The key questions (Q), comments (C) that were raised by the participants and the responses (R) by the presenters after presentations were as follows:

Q. Ecosystem Services, Sustainable development, conservation are the econo-centric agenda. While searching genealogy of ES what were the indigenous culture and practices in geneology, how was it look in the past and what about its culture before? For e.g. It was taken as the mother or nature gift and after	***DR. HariDhungana's response*** R. Controlling nature by humans and establish the property rights is new.In indigenous and tribal traditions, nature was worshipped in many communities e.g. in Kirant communities also known as nature worshipper forest is worshipped as

developing in human beings now we think it like to take out raw material or inputs from it. Q. What all is responsible in poor people and rich resources? Because while looking the environment in econo-centric attititude, resources management services looking it in state centric rather than in local people's point of view. There are good environment but people are still track in poverty. Can we move on to understand the Factors that are creating such kind of situation or dilemma? How much we are focusing to understand it? Q. Nature is power. When you were talking about society and the structure I felt that the message coming out was like these structures won't let us go ahead but bind into status quo. So should we leave it like this or try to stretch it? C. About PES, while looking poverty, the gender dimension should also be focused.	goddess, animal is sacrificed to revere the nature. Then human started to demarcate the national and personal boundaries and ownership was established and ultimately the nature was packaged.
Q. Matrix of outcomes is not clear. Is there any base for showing + , - or ? Marks in the matrix?	***Dr.KalpanaGiri's response*** R. The matrix was prepared on basis of review of literature. The provisions in legal documents and emphasis given during implementation of programmes were taken as primary basis for developing the matrix. We have the documents but not cited the reference. In the legal documents, the thrust is on poverty reduction contributing to environmental conservation. There is very little presence in better ecosystem services from environmental conservation leading to poverty reduction. People are involved and benefits are provided in forms of provisioning services but ultimately the goal is to protect the forests or water resources or wildlife. This line of thought is strong both in laws and in program implementations.There is very little presence in better ecosystem services from environmental conservation leading to poverty reduction.
Q. You said PES does not have any regulation only some policies which has affected in its implementation. But my understanding is that PES is a voluntary transaction. Unless people have willingness to pay voluntarily, **laws cannot be made and enforced**, PES won't work. If voluntary WTP is removed then it would become a form of taxation not PES. PES is not a taxation.	***Dr. Naya S. Paudel's response*** R. The need of laws for PES. PES is voluntary, but it is not purely market alone. It is payment but can be made through market or government or many other ways. If the background lacks legal support, PES cannot operationalise for example when the dispute arises who owns the water or carbon, then the transaction cannot be made. So, if legal apparatus is not there problems arise while going to market.
Q. In the past many practices have been done like Community forest distinct, local versus outside and in the context of indigenous in the name of environmental services. At present this new discussion of ecosystem services has comes thinking it powerful in policy making but it should focus on	R. Sarad je stated that new issues come up time and again. I agree to that. Concept of ecosystem services is being brought here by the British. Earlier the same Brits had brought the sustainable livelihood framework as well and we accepted it, run the projects & consultancy based on it. Maybe the next

how it connect with old discourses and practices and how much it will make more complex and the discussion of ecosystem is workable in making public policy to government policy making how services has include in government or not?	ten years, we will live with this ESPA. But I am considering that this new concept of linking ecosystem services directly to poverty is trying to respect and recognize our traditional practices. When it talks about well being it tries to go further away from pure economic terms of poverty and accepts that it becomes possible only with conservation of nature. Standing on this ground while analyzing the urban -rural environment & poverty conditions, if we habituate to respect the ecosystem services, then rural areas are in better position than urban areas despite poor economic standards. So, I feel this is trying to appreciate the old wisdom of our tradition. But the problem is this may also end up as one more capitalist project. However, relatively to current notions, this seems to be progressive.
Q. Is the recent President Chure Conservation Trust related in any way to PES or not? There are rumors that it is an **influence of India**. I would be grateful to get cleared about it as well. C. We are **focusing on narrow issues** like PES in Kulekhani or Dolakha. Should we also not discuss about larger issues like trans-border issues of Koshi&Gandaki river system. Currently, Teari strategy is being made and discussion also came up regarding PES in lower & upper Terai districts. Our discussion is taking place in small unit but the scale of issue is bigger. We have tendency to invest in amounts of crores and lakhs but get return of mere thousands. We are happy that community of rural hills received few lakh rupees from Norway which lies thousands of miles away from here while at same time, water resources worth millions are draining away. Who is going to bring diplomats and bureocrats from India to table and discuss with them about it. You have been involved in this sector. A friend of mine from forest action invited me and I popped in. We have invested a lot and got minimal gains while we are waste number of opportunities of gaining high returns with minimal investment. Therefore, let us also discuss about larger water systems like Koshi&Gandaki not only about smaller Kulekhani&Sundarijal units.	R. Nepal - India or trans national issues are very sensitive. If we talk about PES in trans-national scale or even in scale of Churia forest, it becomes highly politicized. Few years ago, when this issue was raised in Churia belt, the Madhesi friends raised big concern. They argued that people from hills have been colonizing Terai since past few centuries and are now designing another strategy to extend their hegemony through the concept of PES. In regards to Nepal - India relation if we were to ask for payments from India and Bangladesh for water resources, then the citizens their also have the right to claim compensation during floods which are caused due to mis-management in the upstream. So the upstream downstream relationship is bi-directional.
Q. The concept of rich forest poor people stated in Naya sir's discussion matches with a condition of having a poor man's house in neighbourhood of central bank of the country. **What could we do about it?**	R. For the condition of rich resource and poor people to be rampant, there are many soci-economic reasons. Keeping all these socio-economic reasons aside and simply claiming that better environment will lead to better human well being is too superficial. We have talked about injustice based on gender, dalit, ethnicity, etc. I meant not to forget taking account of these factors when talking about ecosystem services for poverty reduction.
C. Poor and forest may be used in a constructive way. In practice of Parbat District of Nepal, the blank area	

of CF was given as IGA to dalit and poor users of that CF and after 2-3 yrs they produced the good trees and they conserve it and reduce their poverty. There should be inclusion for poverty alleviation avoiding the exclusion and problems in participation and decision making. The conservation and poverty reduction should be forward in parallel way.	
C. My comment is that PES is being tried to link with social movement relating to identity, rights & access. This need to be further clarified. Is PES itself a social movement or does it take us to one of such movements or how do they link up with each other. If they were clear, it would have been easier to understand.	R. As the social movement starts to begin, it collects and picks up any issues that come in its way. For example, the feminist movement picked up the carbon issue and branched out. I think it works like this.
C. I have a very small comment. The issue of land and poor came out. There is land and there are poor people. Even when a person is arrested in Kathmandu, land from poor people in poor districts is grabbed and he/she is bailed out. That person migrates to Terai and demands land there. This issue is never raised in any discussions. These persons are forced to steal products from forest and earn the living. Community has no mechanism to control these people they do not have alternative to feed and shelter. If few thousand rupees are given, the poor sell tens of ropanis of land. When the same land is used as collateral, the bank gives credit of lakhs. This is found in many districts.	R. The problem of landlessness has outgrown to such huge scales that it is not possible to seek solutions at forest ministerial level or environment related agency alone.
C. After getting involved in advocacy for community rights in resource management since past 8-10 years, we are facing the blame that we are anti-developmentalist. We are being projected as if we do not want development in the community. People exclaim that it would have been significant development with the donors' money had not these people from the forests spoken against them. For me, it appears that development, rights and conservation need not be separately looked upon but should be look in integration.	
C. Exclusive focus on poverty - I really agree to it. But whenever we talk about PES, the gender dimension is extremely important. It would have been nice while we were looking poverty if we could also look into the gender dimension.	
C. Addressing poverty The project collects funds in different catagories of poverty like dalit, women, etc. The local leaders are fast to know about them and the message spreads like wildfire. When the poor knows that there is money for buffalo rearing for Dalits even if that person has never seen a buffalo for lifetime, goes to collect the money. The poor gets the buffalo but does not care to take care properly. Instead of distributing like this, while designing the project if the poor was	

involved the resource might have been invested at right place. There is now a lot of problems associated with distributing money that came in the headings of poverty. I am sharing this as my own personal experience.	

3 PLENARY DISCUSSIONS: ESPA FUTURE?

After the three presentation and clarification discussions, the workshop focused on the discussion on ESPA future. For this discussion, the following questions were posed.

1. What is new to ES? What does it offer?
2. What are the strategies (governance and management) in harnessing ES to support livelihoods within CBFM?
3. What are the implications of ESPA approach on policies, regulations and institutions?

3.1 What new do ES and PA and their link offer us?

1. When we discussed about this new concept, we came across MEA to which Nepal government is also a state-party. I think it should also be implemented in Nepal. Though landscape approach has been introduced and few realizations made on need of ecosystem assessments, with my experience I find that management perspective of MEA lacks in Nepali system.

Box 1: Tea-time discussion on ESPA

"The British developed sustainable livelihood framework and we as development professionals made our living with it for over 10 years. Now they are bringing the new concept of ESPA and it will support us for next 10 years."—a participant.

2. First we talked about environmental services. Later globally the scientist/ economists try to view ES through utility function. If you have any resource but cannot use it for human benefit, prosperity and development then the resource becomes useless. Then an integrative idea is to look for ES in four catagories of provisioning, regulating, supporting and cultural services. When we talk about PES, it is a market mechanism and out of these four categories so far only one has been focused inPES, i.e., regulating services. Carbon is part of this regulating service and there are many other dimensions. In the morning discussions, we talked whether PES is a form of taxation. I think there are few factors for consideration. If the tenure or ownership of the resource is not clear we lose grounds to claim the money. Those who collect money need to have legitimacy provided by legal rights. So PES is a voluntary transaction between those who have rights to collect and those who are obliged to pay. On the question whether the laws make any difference, my opinion is, it of course does. If any community conserves the environment and creates positive externality which is used as benefits by some other groups as free goods, the compensation required to be paid by the latter to the former should be governed by the laws. Unless laws are clear the issue of legitimacy and mechanism for payment would not be easily solved. In the context whether the current policies address these issues, there are few instance where they have been addressed. For example in Climate Change policy and in Interim plan. The first objective of 3 year interim plan states "to increase productivity of forest through proper management of ecosystem services". But I think there is error in this objective as well because ecosystem service cannot be limited to forestry alone. Forestry is a small domain under ecosystem services and is linked only as much as contributing to ecosystem services through increased productivity. I have repeatedly been questioning in different forums on which of these two is priority of Nepal's forestry sector (1) to increase forest upto 40% of land or (2) to increase tree/canopy cover upto 40%. Choice between these two will entail different policy options.

India, Pakistan and Bangladesh have gone for the second option but Nepal is not clear on this. Confused policy will make law making and implementing difficult. A guiding directive statement alone cannot function as law. Therefore, clear laws are to be made regarding PES as well.

I would like to enter on question of what ESPA gives us. All the environmental services being talked about these days like REDD, PES, SESA they are all focusing on safety nets. They are unanimous in saying that environmental services buffer the poor preventing them from falling into vicious cycles of poverty. A lot of global literate points out that unless ecosystem services are understood in relation to poverty, conservation is not possible & the concept become useless. I think the linking of ES with PA is mediated not only through regulating services but also through provisioning services. The commodities of nature like timber can be brought into market and people can find economic space within value chain of the market. This can not only provide safety net but also reduce poverty.

We talked about basic needs approach to poverty. It came very late in Nepal to define basic needs in terms of number of calories and joules of energy. This has led to projects distributing a fixed number of shoes and socks. This was not the case when basic needs approach was undertaken initially. Initially, BN approach was taken to provide safety to those people who live below the official poverty line. This was wider than economic or monetary terms. It included investment from the government specially targeting to the poor in sectors like employment so that an employed person can feed him/herself. I personally think that even till date, forest based entrepreneurship can support for safety nets and poverty reduction. If we look at history of development of European countries what was their resource base; it was natural resources like ours. So the statement that natural resources do not have any role in development is false. I think the ESPA can provide not only safety nets but also support in reducing poverty for this we need to extend beyond carbon and regulating service to commodities and provisioning services. ES bundles the services. Even if we talk about non-timber products, they also come under this framework; under the bundle of provisioning services. A study revealed that non-formal sector produces more than 90% of employment and in that fodder contribute over 60%. So, the issue is not whether it gives any benefit but how we use them.

3. We have discussed a lot about different issues. In much such discussion, we talk big but hold small objectives. We are small people but talk about works of president, prime minster and politicians. And what I feel is we are much way forward than the policy makers and the government. State's capacity is very low. For example, state declared that EIA has to be done but how far have we been able to achieve this. What are the visible impacts of implementing this rule? It happens this way : we discuss further progressively while the government lags behind; when the gap becomes too wide, the government is then forced to make for it by passing policies and laws; we intrude in policy process because of our power of personal contact; such intrusion has its effects. Since we have intruded our interests in the work of government, the outcomes are very scarcely dispersed.

River originates in Himalayas and mix into the Ganges. When we talk about payments it becomes too complex with too many networks on who will pay whom at what place. If we inject our interest of PES in government policies, this will create serious difficulties and problems in the site.

One thing I don't understand is what do the people in west practice & learn in their country and come to our lands giving sermons. It may be in their interest to study and experiment but we need to decide for ourselves on what impact does this have to us. So rather than subjugating to their needs only the final facts generated from authentic research might be helpful.

4. To focus on what is new in ESPA, we need to have understanding of two things. First what is our understanding of ecosystem. In ecological sciences, it is seen more through the functional perspectives and largely ignoring the human interaction. In our national context, ecosystem has been highly compartmentalized. Forestry focuses on forests that too in specific flagship products/species. So we have lost the bigger picture. The holistic benefit needed from the ecosystem does not get any focus. I don't see anything new added to the list of provisioning services. But orientation of Acts is largely directed towards regulating & supporting services. The thrust that poverty needs to be addressed for forest conservation is misleading to me. This has loosened the tight relation between people and nature inbuilt in the cultural practices. For last 20 - 30 years we have created these ideas and now in ESPA as well are we trying to reconstruct the same ideas??

Another aspect is as soon as provisioning services are discussed, payment follows immediately. Services were extracted from forests and land since ages, the only thing different is the price tag on those services. Despite no explicit mentioning of four categories of services in the acts, all of us know that environment is used by humans for food security, water security & other needs. Even lay people in villages have understood the importance of environment services but yet in much literature it is stated that people have not understood clearly about regulating and supporting services. For me this is untrue. The claim that if such services are labeled with price tag, the community will be more incentivized for conservation is new.

In the discussion on whether ESPA is a new concept or not, policies and laws in Nepal state that with conservation of forest the productivity of agriculture increases. We are in this framework. So, its not a very new concept but has come with some measures of accounting. If forests are conserved then the food, energy security of people is achieved. The problem with current use of ecosystem services in the law is that the services are not clearly defined. For example, everything that comes out of digging the earth are considered as minerals. This confusion is the problem.

In comparing this concept with the modern development interventions like industrialization, integrated development, rural development, sustainable development, etc. ESPA is new but it does not add to any practices being done by the communities since past long time. The old practices have been molded into a different framework. ESPA is a packaging of old things in new form but no additional practices are provided.

Conceptual Understanding of nature-based poverty: Another aspect is how have understood poverty? We, living in Kathmandu, purchase LPG at a cost of Rs 1300 and consider ourselves rich while a villager in rural area carries two baskets of firewood very near from own locality and consider him/her poor. So how have we defined and looked upon poverty through the ES lens? Maybe we need to redefine this system. If any person can utilize whatever found in the neighborhood easily and in low cost for the livelihood, how come that person is defined as poor? But the ongoing scientific discourse forces us to consider him poor; write proposal seeking projects to alleviate her poverty. Maybe we have problem in the way with nature-based poverty is defined and measured?

Nature-based vulnerabilities and poverty: A person living close to river system not only fishes but also get carried away by the flood. Person living near forest not only gets firewood easily but also get attacked by wild animals. So nature is not only providing services but also giving troubles. There are specific groups of people who are forced to live with these troubles. This entails that that person needs to be more compensated for the damage nature has done. All people living close to nature is not always the rich and happy but contrarily they are the poorest and the most vulnerable. Government has provisions for compensating those killed by wildlife near protected areas but has

not been even pay for the death let alone other troubles given by nature. So my concern is while we are talking about the services do we also consider the troubles given by nature as well?

Resource aid that makes local functioning redundant: While linking poverty with conservation, I remembered the budget of VDC in Jumla. I calculated that if total budget were to be divided by total population of that village, one person is entitled rupees fifty thousand from that budget. Now I question how this affects poverty reduction or further acceleration. I learnt that the projects are distributing tomatoes these days in Jumla transported through air. Local productions are totally stopped. Does money bring development? Or broadly, does resource bring around development, how do they link, what is the local relationship between people and resource and how resources are converted into assets should be the topic of discussion. In case of Jumla, NRS 50,000 per head is a huge amount of resource. A family of four or five people would sum up few lakhs of rupees enough to purchase land in lowland Terai and settle there. Why should anybody bother about distributing food through costly air transport! So, I think we further need to explore additional dimensions on links between resource and development.

Access and consumption of eco-system based services are political: I have worked in Nawalparasi for quite long time and there is annual problem of flood in Narayani River. We generally tend to believe that floods are natural disasters and have always been defined to be so. A social scientist has defined flood not as natural but political. If floods had been natural, it should have affected the population randomly irrespective of ethnicity, gender or other social attribute. But yearly, the flood affects only the Musahars and the Bote. The natural disasters have something more than natural elements which are political in nature.

1. We have linked ES & poverty. Usually the poor in the village do not get proper benefits despite conduction of development activities. Even if the irrigation is provided, those who have farm use it for production; even if the forests go green, the poor do not significantly benefit; money is received through REDD but what does it affect or benefit the poor. The resource itself does not affect the poor. The way the governance system mediates these resources impact their condition. With the fusion of money with the environmental services, the condition of poor will further degrade. Once money is associated the poor will be deprived of the usufruct rights that are supporting their livelihood. The money provided can never substitute or even equate the value the poor are receiving through direct association with the nature. So when associating ES with PA, any activities conducted or resource provided into the community should be directed to those spots where the poor have been visible and significantly impacted.

3.2 ESPA in existing policies and practices

This session started with the following questions:

1. If the notion of 'ecosystem services' and its link with poverty alleviation have relevance to us, can we find in the current forest & environment policies and laws?
2. Is it completely new to them or already some aspects are to be found embedded?
3. What are the current efforts being made for poverty alleviation through ecosystem services and how effective have they been?

Government or donors or NGOs have brought some programs which highlight in proper management of local natural resources so that the local communities especially the poor, marginalized section get some benefits. What is your experiences in light of these?

1. Community experience 1: Kulekhani Hydropower

Royalty was received by Kulekhani Watershed Conservation & Development Forum. Worked with Winrock and discussed on why people should get royalty at local government level and even upto local development ministry. The conclusion was that the upstream communities have contributed to environment conservation and in due course borne costs like wildlife attacks, livelihood shifts, etc. So compensation should be provided for conservation as well as costs borne. With this, I feel that it has not reduced the poverty but contrarily increased it. Why so?

Government requires CF to conduct EIA for renewal of work-plan of CF but does not demand same for constructing roads using heavy machineries. There are a lot of people who believe that once the roads are constructed, development will occur. But during the rains, the same roads cause landslides and take away the homes, property and lives of the poor. The government claims that such construction provides alternative livelihood for the very poor who are forced to steal forest products for their livelihood. This will reduce pressure in forests and help conserve in. Political party instrument in the local level has also created problems. If you don't have any works, you get involved in these parties and form user groups, become the leader and play with the funds. They know that there is money in the name of environment. So they form UG become the leader, do some works and inflate the outcomes in the report, misrepresent financially and get the benefits. In such way, the practice is corrupt. The workshop that we are doing here should have been done in the communities for their knowledge and empowerment.

Hydropower royalty use and distribution guideline was developed in activism of DDC of Makwanpur in collaboration with MoLD. This states that 50% of royalty paid by hydropower to the government should go the local communities for development. This is distributed across the districts where hydropower is located. Makwanpur district receives in total 14% of the total royalty. Out of this 50% is distributed to all VDCs and municipalities and remaining 50% is allocated to watershed area. This is the money received by the communities in Kulekhani for conserving the forests, avoiding mineral extraction, avoiding extraction of stones & sand, etc. This amount is distributed across 8 VDCs in upstream and 7-8 VDCs in downstream. 15% goes for downstream, 15% for surrounding areas and 20% for upstream communities.

The mechanism for expenditure is determined by meeting of local governments. All VDC hold annual meeting and discuss on expenses. They have mostly decided to spend this on road construction. Very less importance is given to environment. People say that the environment will remain as it has remained, first we need roads, then development will follow and then we will think about environment. The intention is not sustainability but immediate fulfillment of development needs perceived to be done through roads. They do not care whether machines are used or hills are blasted as long as roads are being built.

One of the local users of Kulkhani stated, "we used to get royalty from government for the sustainable conservation of watershed. In the year 2050 B.S,[1] floods occurred then they did plantation to get rid from the floods. Then the population of tiger increased with the increase of forest. Road construction by dozer in uphill side destroyed the houses of local and made possible to landslides. So, instead of poverty reduction through the infrastructure development, it has increased poverty in community.The livelihoods of some users are improving through the supply of fuel wood illegally. There is political corruption in the budget matter. For example, they spend just Rs 20,000 instead of Rs one lakh in the development of community but they hide 80,000.The local has received about 60-70 lakh and they have spent this fund to open college of science and in infrastructure development like road. As their concept is by constructing road poverty will be

[1]The summer of 1993.

alleviate in the community. But they have spent less in environment development. So, there are both good and bad benefits".

2. Community experience 2: The use of REDD+ funds in Gorkhadistrict of Western Nepal

The pilot REDD+ project is considered one of the very few REDD projects of the world that has disbursed money to local communities from REDD. Gorkha recently received about received 19 lakhs rupees for sustnaibly conserving forests to reduce carbon. 1.5 lakhs are kept as reserved while the rest is distributed to groups. The representative from the community forestry told that their CF received 20,000 for carbon stock from 83 hac forests, 13,000 for additional carbon, 8000 in name of indigenous people, 12000 for dalits, 12000 for women, 16000 for poor. It is commonly understood that this money is to be spent in livelihood enhancement programs. The issue now is there is money for dalits, the women, indigenous people but there is poverty in catagories other than these as well. How to adjust those people? There are Brahmins who are very poor but they do not get any money, neither any organization is advocating for this issue. When people hear that there is money in their names, they expect to get cash distributed proportionally to them. At the same time, the political party leaders want to get credit for brining the money to communities. However, they never attend any meetings. Distribution of 12000 rupees equally to those entitled will make it very meager. Even the total sum is not enough to buy a pair of oxen for agriculture. People are also encouraged to build bio-gas into REDD programs. The problem is they get a grant of 6000 but the total cost is 30000. So bio-gas scheme for the poor for increasing carbon stock is only a fantasy. If the poor can accumulate 30000 rupees, they would start alternative livelihood means.

3. Community experience 3: Insecure future due to REDD in Chitwan

We get money for REDD on basis of poor population, women's participation, area of coverage and increased carbon stock. The expense criteria are programs for poverty, women empowerment and better environment. We have found that if people are not allowed to participate, they develop negative attitude towards it. One local cited a metaphor of peacock contrasting it with donor project. A person rearing a peacock cares it only as long as it can extract the beautiful feathers and sell them. As soon as the feathers are gone so is the care for the peacock. Similarly, the donors provide the money for REDD. If the community looses the rights over the forest in the long run, what shall we do? Donors will leave the program and go leaving the community at loss. So when we are talking about PES today, I would like to suggest you to take special care of the participation and access issues. Also, the issues of both external and internal governance of *how the fund comes and is distributed on what basis; with the money what certain terms and conditions which may increase over in the future and sustainability or security of the donors and their money is to be well taken care of.*

4. The conceptis old one. We are trying to keep pace with "development" from early phases. Development is something that is externally driven and imported into our society. Development has come in various forms like REDD or ESPA. Names are different but are external and are trying to mobilize the people here. Since they have come from outside, they are intervened out of context as well. For example, vegetable distribution in Jumla was completely irrational. There are resources and those should be mobilized so that they become independent. We take foreign things to the communities because we have been provided with it. And that is where we failed. We don't plan policies based upon our resources and go for implementation but depend upon foreign lands both for ideas and resources. We are talking about money that came in the name of conservation which is not very significant but yet it is distributed over the groups and has created conflict. There is also huge challenge in spending it. On the question whether this gets space in policies and plans, I think,

maybe it has obtained some space but the important question is how much contextual is it with the local communities. We don't have answer to this question.

I want to share an experience on while doing conservation, how do we get driven by others. I went to Manang& Mustang for developing management plan of ACAP. We were three experts from sociology/anthropology, forestry and wildlife. In upper Manag& Mustang, snow leopard conservation is a hot donor issue. In Mustang, locals had raised high walled compounds for protecting their cattle. A leopard entered the compound and killed upto 40 cattle. The owner of the cattle went to each household and exchanged the carcass of one cattle with one calf. This was a locally devised measure of sharing cost and benefit. It was claimed that in both districts snow leopard conservation was progressing satisfactorily because the former poachers were entrusted with key board positions of the committee. This helped control poaching. The expert interviewed the locals and asked if the number of snow leopards increased. The locals reported a recent death to which the committee board member defended that these leopards are killing their cattle that form so important part of their livelihood. Here, the situation for Mustangi and Managi is the choice between life and death as killing of cattle for them means depriving them of very basic means of livelihood. When doing our conservation, maybe we are also leaping towards the path of death of the locals.

5. ESPA is not a new concept in a new form. It tries to change tragedy of commons into commons without tragedy. We don’t know if ES will reduce poverty but it is for sure that it prevents poor from falling below. Had the poor fishermen community not extracted the fishes in the river, their life would have been even more miserable. At same time some elites of communities may also get chances to become rich which is not so unusual in our society. The statement that environment is a free gift is both true and untrue at same time. If it is made free, it will be destroyed but if it is taxed, the system is so complex that taxing mechanism itself becomes too unrealistic. When we were born, we had not applied to the creator for entitlement of a parcel of environment in our names. Whatever we have, we have it here in the earth. So to some extent, we have to tax the environment and to some extent it must also be provided as free goods depending upon the context. Despite the presence of corruption and deviations, I believe that local government should be more responsible and have greater authority regarding environmental matters. The debate on whether we have resources or not and how much should also be complemented with the issue of governance. If we devolve the rights to determine which goods are taxable and which can be used as free to the local government, the property rights would be effective in addressing ecosystem services for poverty.

6. Leasehold forestry is considered to be pro-poor and there is lot of heresay about it. On debate over old or new, I think there is nothing new in the world. We only define the forms. So ESPA is also not new. In many universities around the world the professors say that over course of history, the rulers devise different mechanisms to maintain their power. Previously it was termed as colonization but now global governance system has been devised as its substitute. ESPA can also be looked into as one of its manifestations. Institutions like World Bank, United Nations, are directed at making this world borderless country under single global governance. In this context, Nepal should be able to defend herself with own unique theories and stick to it. Else we should play with the ideas put forward by others and make maximum benefits out of it. I hold this principle. I interviewed Chepangs in makwanpur and their strongest demand is to reconstruct their school, mend the roofs. Gittha and vyakur which are their traditional wild food are scarce in that region. But it is never discussed about in CF. Their topic of discussion is always roads, schools, health posts. Another person was living in a hut less than 50m away from the CF office. He responded that he has never entered the office. He expressed the desire to mend his house but could not because of lack of wood. He has never asked for wood from CF because he thought they would not give him even if he

asked for it. The chair of CF responds that they have provision of free distribution of wood to the poor. When these people go to the office via this poor man's hut which cannot go unnoticed and lying so close to the office, the poor cannot get any service. In this context, LF targets this type of people. We are focused in goat distribution. We are also blamed that distribution goats to poor have made them even poorer because of added cost of goat rearing. But in my experience, a pair of goat and small cash given to the poor is only an entry point. After few capacity building activities, the poor people are inquisitive about further development. Some have increased the number of goats to 50 and started meat production industries while others have sold the initial goats and used all the money and remain in poverty. We have been implementing programs at household levels but the lessons we have learnt is that for pro-poor programs to succeed we have to target the individuals within the household and plan for them. We are at end of project with only 2 years left. Now we have started to develop livelihood improvement plan for each household and have been collecting funds for support at household and individual level. Unless we target the individual, the solution cannot be expected. In such context, even if we get money from forest or make appropriate laws but in practice they will not affect the real poor. The analysis we need here is what portion of laws have been implemented and to what extent have they been effective at the household levels. Since CF received some money for carbon, LF has also entered this rat- race and started measuring carbons. Let us assume a situation-If the poor goes default under LF scheme by any reasons what would be the punishment?First year, the poor are made to cultiviate grass. After one year, two goats are given. After 20 months, Rs 1000 per goat has to be deposited as savings program. There is no provision for punishment. All such matters are handled by the groups, they are fully authorized in this respect.

Present Chure Conservation Programme

President Chure Program envisages Chure not only as a geographical unit but as an ecosystem, a landscape. It denotes the whole mosaic of different ecosystems within that landscape stretching from Mechi to mahakali. So the program has been termed as Integrated President Chure Program. Chure is a critical home range for mega fauna like elephant, tiger, rhino, etc. of Nepal and strategical point for functioning of mid-hills ecosystems. The use of term President is iconic to highlight its importance. This is not merely related or influence by India.

On President Chure Program, I have met him several times and in all occasions he shows his special interest. What I understand is, this program is imposed in the national list with his own personal interest and his pressure on the national government. This seems to be a populist program for distribution of national budget to the party cadres. Even the objectives and financial allocations do not match with each other.

3.3 ESPA future?

The question was: " If we assume that this concept looks closely upon the linkage of natural resource management and poverty alleviation and help addressing the poverty situation, what changes are required in the current policies, laws and practices? In other ways, if we were to keep the ecosystem services at the centre and poverty were to be addressed through the ecosystem services, what changes are required within the current policies, plans, laws, institutions and practices? What would maximize the poverty alleviation possibilities of ecosystem services?

The following were the responses:

- When we are talking about ecosystem services, the issues of water and sanitation should also be considered. Instead of moving individually addressing the problem piece by piece we should go in united manner with an umbrella organisation to address the environmental issue.
- What I think is when there are potential sources of profit or return even if we leave them, somebody else will reap the benefits. If a person finds a hundred rupee note on ground and does not pick it up then somebody else will take it. Similar is case with market mechanism in environment. It is beyond our control. The world is now a global village. If we choose not to enter PES mechanism, other countries like Brazil or Indonesia of China will take the benefit. Our participating or not participating does not make any significant difference to the world. So what we can do is search for our benefits. If we find difficulties in the way like the one shared by a friend regarding distribution of money, then it is opportunity for improvement. Here, in this case is the opportunity to improve the governance system. For this service to be provided the state then needs to change its structure, policies and way of functioning else the state should lose the share of return. Unless there is public demand, the state won't change. This is therefore a demand process. The growing demand from the lower tiers put pressure on upper structure to change. This is a driver for policy change. Had there been no mechanism for PES there would not have been any discussion on the issues and therefore no demand for any change. It brought the issues like the equity and ethnicity into discussion and created demand for changes in governance. ESPA cannot be addressed with current institutional setup. ESPA should be adopted in such a way that it does not harm the existing poverty situation. Even if bottle is old if the medicine is good there is no problem.
- The current legal & institutional structure was framed under a historical context when the attitude of protection and control was high. With the new approach, policy and structure definitely needs to be changed.
- Nepal is a signatory to MEA but we haven't conducted any assessment. We lack integration in management perspectives.
- Migration pattern also needs to be taken into consideration as rural areas are largely left over by people and are increasingly moved into cities. We should extend this discussion to politicians, public and policy makers as well so that the process becomes fast, consensus are reached and biasness or inclination to any one aspect is reduced.

With these discussion, Dr. Naya Sharma Paudel closed the session by thanking everyone for their active participation and ended the ESPA-Nepal workshop.

4 REFLECTIONS

4.1 Team Reflections over the key workshop questions

After the conclusion of the workshop, the members of ESPA team (Kalpana Giri, Hari Dhungana, Naya Sharma Paudel, Indira Shrestha, Monish Bajracharya, and Janet Fisher) held a reflection over the key questions. The meeting summarized and synthesized the workshop discussions in plenary.

Plenary Questions	Key observations/reflections
1. What is new about ES concepts, and what do these offer beyond conventional approaches?	• Many people interpret this not as a new concept, but rephrasing. However there is a tendency for reluctance to appreciate a new idea, associated with intellectual 'rights' over new ideas. • the word 'services' in Nepali hardly includes goods. This means that when services discussed, it is often in relation to PES/REDD and this tends to lead the focus away from goods and hence harder to see the links to wellbeing.

Plenary Questions	Key observations/reflections
	• Because provisioning services are largely already commodified, focus of new commodities in PES in Nepal tends to be in regulating services. Thus perceived as new arena of commodification – extension of commodification to regulating services. • In the workshop, we tended to focus on ES, but not much on wellbeing etc. We talked about the price tags on nature, and the characteristics of different ES, not necessarily the contribution of this to wellbeing. • Projects are working on the possibility of shift to a landscape level approach, away from PAs and megafauna.Churia conservation programme took a landscape approach, but the distribution of finance was not good. Not managed as an ecosystem. The ecosystem is sensitive – for hydrological function and a biodiversity corridor, main place for megafauna. The representative from the media talked about this project being a myth – a project for bringing in more money and profile for ministry. Vested interests, and a lack of commitment to change. • Participants discussed about the adoption of ideas generated in the West, and the reception of these (sometimes perceived as recolonisation).
2. What are ongoing initiatives and strategies (governance and management) to harness ES for addressing poverty?	• In managing money that has appeared under PES/REDD – at the moment there is no elected local government. There are local leaders from 3 or 4 political parties. They discuss and decide by themselves about the money, which means that 4/5s of the finance is taken by political parties. • This indicates the extent to which norms of existing policy approaches inform developing ones such as PES/REDD: • There are often specific groups that money in PES/REDD expected to flow to, which is the extension of where these monies would go in CFM. CFUGs – one of the assessments of success is where the money reaches, for instance to marginalized groups etc. So groups demand from PES/REDD what they have come to expect from CFUGs. But it is unclear the basis on which this money comes – is it on contribution to REDD, or on the basis of need? Communities often don't understand the basis on which the money comes, and the money is never enough. Hence, there is a need to develop the principles upon which communities receive benefits from PES/REDD. • also problems for working out the scale at which finance reaches – hshld/individual/village development committee. • Emphasis needed on subtle differences in different approaches to poverty – bringing people above the poverty line, or stopping them slipping below it. • These policy approaches associated with ES could lead government to make reforms. International scrutiny, and international participation in mechanisms creates impetus for reform. Increasing demand for reform gives the potential for

Plenary Questions	Key observations/reflections
	better forest governance. • Mismatches between the route that payments go, and the objective of environmental conservation. Between proposal and expenditure. For instance, money from PES may get spent on roads, which lead to further damage to the environment. If money routed through local government, then their priority is to develop infrastructure. If given to local groups, then would tend to be invested in environment. • Also noted problems of corruption. Government has stake in road building projects, so payments routed there. • There are lots of questions about developing PES internationally – for instance, relationship with India, Nepal is big water supplier. • Learning lessons from culture and existing mechanisms. • Subsistence use from environment is not adequately discussed, as attention is drawn away to payment and trade and cash (cf earlier point about regulating services prioritized above provisioning now in PES). [Also links to the framework review paper – that entitlements through which people benefit from direct ES differ from how people benefit from commodified ES]. • Seems to be a natural process, along with discourse of ES, that ES are compartmentalized. • Processes of rural-urban migration are strong in Nepal – what happens to land then, and how do you attribute services relating to abandoned land? • Point about ES and poverty prevention (not reduction) is important – CFM has had similar experience – it tends to keep people in subsistence use, high value products tend not to be accessible. By allowing higher value, there is the perception that forest will be destroyed and the conservation mentality prevails. • definition of forests is important. Forest is demarcated territory, but how much does stocking affect function? This is under-researched. How much is required – can forests function at 60% and yield range of services? • There is a need for complementary support systems locally for planning the use of PES payments. • Links here to leasehold forestry. There are ideas in these approaches that individuals should create business plans for how to manage lease and make productive. FAO experience from elsewhere in Asia is transplanted, but they may not work in Nepal. The poorest of the poor – what would they do with a business plan for forest? Becomes simply a tool and discourse of the project, but little application on the ground.
3. What kindof changes are expected/recommended for ESPA policy/law? [In	• PES supposed to be voluntary agreements, so apparently don't need law, but participants talked about needing the government to regulate the market. Claims and benefits need to be defined in law. Legal framework for PES in Nepal is underdeveloped. • A workshop participant talked about public demand driving

Plenary Questions	Key observations/reflections
other words, what can be learnt from previous approaches used in Nepal for informing ES approaches?]	policy, but that doesn't seem to be the case for PES. People in Kathmandu drive the development of PES. Communities would often appreciate a more integrated approach – services and planning.

Question 2:

Janet: Asked about characteristics of poverty alleviation policy here? And what scope for thinking about ES within that?

Naya:

1) Poverty alleviation fund. Funded by WB. Government-managed, autonomous body. Huge project. Calls for proposals from government departments. Screen and fund these. Funds go to farm and off-farm projects.
2) Ministry of local development – largest funds to local level. District Development Committee and Village DC. Tends to be infrastructure focused – road and community buildings. Small part (quarter) restricted for spending in direct poverty alleviation. Income generation focus for this and on women and indigenous peoples.
3) Donor projects – bilateral. DfID/SNV/USAID – some NR focus, but not all. Rural tourism and poverty alleviation (Nepal special case in this regard – can be quite large source of revenue).

How much of a threat is agriculture to the environment here?

Government supports agric inputs in productive sectors – fertile lands – to enhance and intensify production (in the Terai).

Agric very integrated to market processes – and Terai closely linked to India. Fertiliser/pesticides and irrigation inputs.

There are threats of groundwater, insecticide, chemical fertilzer – many of these chemicals come from India and haven't had testing. Little replenishment of biomass in agric system.

Hill areas – agric is not real threat to environment – may have used to be 1960s/70s. Now smaller farms.

There have been reorientations of practice in hill areas – more receptive, but also political economy of this, that political parties retain control through patronage – supporting off-season veg growing to 'buy' support.

Considered that agricultural interventions would tend not to be open to ES ideas/approaches.

Not a receptive sector. Little alternative to these processes that dominate in the Terai.

Hari: Wanted to reiterate point about tenure is crux of many ES issues.

Tenure to trees/land/air.

Also scale issue – who are buyers/sellers?

When government agencies come to demonstrate new tools etc, can't generally offer anything in relation to tenure. Naya told a proverb about a character in the middle east called Hojah (sp?). Friend invites to party, wants recipe for liver dish eaten there. Takes recipe back for wife to make at home.Buys all ingredients on way home on donkey. Eagle sees the liver and swoops down for it. Hojah says 'what could you possibly do with the liver, I have the recipe!'.

All methodologies tend to provide the recipe, but not the liver (live being tenure).

ESPA future discussion

- Very hard to predict- Hindu myth about the snake with 10000 heads trying to predict. In the 60s and 70s, all western visitors here made very doom-laden predictions about future of environment in Nepal, which turned out to be wrong, as now there are more people and more forests.

So, Janet turned questions around:How has Nepal achieved a situation where people have good access to forest ES?

- Lots of actors have tried to claim credit. Donors claim credit. Some senior government officials say they were connected with emancipatory idea that CFM should be used. Communities claim they made it happen. Activists and movements have also supported these moves for decentralization.
- Government previously had strong fortress management arrangements in place. These failed, so there was the incentive to go for decentralized management. Also coincided with participatory swing in development thinking (Robert Chambers etc) which meant there was an intellectual and donor resource behind participation in forestry.
- 1990s- SAPs from WB. Unproductive sectors, governments compelled to cut spending – was another push towards decentralization.

<u>What are the barriers to continued success of CFM?</u>

- Compartmentalization of government is defended so that ministries can protect their own space. Interdisciplinarity and integration is rare. This blocks accountability, leads to transaction costs and system losses, and doesn't allow land to be managed in an integrated way (water, separate from forests etc). Also leads to centralization of resources in ministries.
- Better resources now in forest, economic potential higher (particularly now with ES etc), also market access now better. ES and hydro etc.Community forestry now in competition for leadership and control.More actors drawn to leadership and control of NR. Bureaucrats and political leaders – 30 years ago were desperate to give away the resource- now desperate to take it back. Regressive policies to take it back.
- Increased mismanagement and unsustainable harvesting etc. Groups now influenced by market demands and more regulation from govt. Leads to restrictive policies.
- Re-emergence of crisis narratives, in form of climate change etc. REDD. Restrictive provisions. User groups expected to suffer, will impose more restrictions on their own members.
- Communities have variety of values for forests. Solution is not to recentralize control of forests, but to improve governance locally. In the past, forest got degraded when it was centrally run and managed. Then forest got regenerated and health improved, because of decentralization, the community invested in forest management as would see the benefits.

Extension of government control again will have a neutralising effect on that positive process.

4.2 Overall impression of the ESPA-Workshop

Monish Bajracharya, the MSc student with ESPA-Nepal (Supervisor: Dr. Hemant R. Ojha) captured live reflection of the workshop as follows:

Warming up:

Almost all participants arrived on time. Staffs from ForestAction Nepal arranged the hall, guided the hotel staff regarding arrangements and courted arrivals to breakfast station. The participants were inclusive in terms of gender and ethnicity and came from various geographical residences from high hills of Dolakha to low lands of Chitwan representing three development regions: Eastern, Central and Western. The breakfast time was courteous as the familiar circles exchanged greetings while also sought opportunities to get introduced with newer faces. Heterogeneity among the participants was evident.

Workshop kicks off:Facilitator to the program Dr. KalpanaGiri welcomed the participants with appreciation of time management from the participants and the request for mobile silencing. The facilitator introduced "Environmental services and Poverty and how they can be more associated with each other" as key subject of workshop.

The environment was lightly humorous. Seating arrangement of the hall was U or rectangular box shape quite typical and expected of such programs. Earlier the staff from the hotel had clarified to Anju je on the arrangement as the most preferred by the customers for similar programs. The seats chosen by the participants reflected the social stratification so common in the society. The participants from organizer, executive heads of I/NGO, bureaucracy, researcher, professors tended to seat closer to the presenter while members from communities, mostly females, beginners in the forestry related in student/researcher tended to seat farther away. People, mostly from the communities, were seen taking notes while the 'higher strata' people were grave faced with chin hung down projecting an attitude of seriousness and occasionally noting some points. Most women seated at farthest corner were timid and the shining eyes reflected the sense of vagueness or unfamiliarity with the subjects or environment. During the introduction, many participants introduced themselves as 'forester' academically but associated with professions other than crude forestry; most of them were associated with community forestry as staff or board; many were proud to be associated with quite a number of institutions.

Dr. Janet Fisher's Presentation:Dr. Fischer introduced herself as Edinburgh researcher working in collaboration with Forest Action and apologized for inability to communicate in Nepali except for Namaste and dhanyabaad. She assured to speak slowly and requested to wave arms in case of problems with understanding or clarification is required.

The participants seem to be distracted and more side talks were observed during the beginning of presentation. This was mostly because of the language problem. The translation offered was not based scientifically as the translators were not prepared and everything was accidental. Consequently the delivery in Nepali became a jumble of ideas presented by Dr. Fischer and translators themselves. One of the significant impacts of this was the information loss and confusion over the key concepts. For example almost all participants equated poverty alleviation with poverty reduction. Poverty prevention was considered as a concept detached from and trivial to poverty alleviation. The later discussions time and again drifted away to focus on Payment of ES rather than political factors associated with ecosystem services. The questions for clarity were

postponed until after all presentations were finished but by that time participants were overwhelmed with other information. No questions were raised to Dr. Fisher indicating that very less information was taken by the audience.

Dr. HariDhungana& Dr. KalpanaGiri's presentation

Despite the joint presentation, the delivery was entrusted to Dr. HariDhungana. The presenter said he would try to explain the political economy of the link between ES & poverty reduction in the context of forests, communities and the market and present the findings from the review done in national literature.

Total time consumed was only 25 minutes but felt longer. It covered a wide range of topics including historical evolution of ecosystem services and poverty. Participant's response was mixed. The argument on Eastern values on nature and valorization of natural resources in Nepal attracted the audience. As some sections were already covered in previous presentation, some participants tried hard on note taking and focusing attentiveness on the repetitive topics whereas some were less reactive & seemed bored with duplication. There was contradiction on ecosystem services versus forest management regimes matrix displayed and presented. While the table highlighted regulating and supporting services, the presenter stated provisioning services to be strongly linked. This created confusion among the audience. Moreover, what does this link means was also not disclosed.

Presentation of Dr. Naya Sharma Poudel:Dr. Poudel acknowledged two difficulties on ongoing workshop: the seating arrangement and language. He apologized for using only a fraction of first page in Nepali and the rest in English language in the slides but assured that like previous presenter would be delivering in Nepali.

The audience was largely attracted to the introduction of the topic particularly due to humorous beginning. The short sarcastic discussion on language of presentation reflected the ongoing national debate on language use as part of identity. During the presentation a lot of issues were pointed out as needing discussion in the forum. However, they were so many that either they had to be consolidated into broader topics or left out due to time constraints. This presentation tried to provoke audience to uncover political structures & processes surrounding the link between ES and PA.

Questioning session to the presenters: One participant raised question and left before listening to the clarification. The question on need of law in PES had a role in drifting the forthcoming discussions into payment, market & legal structures.

One asserted with lot of energy as if he was dis-satisfied with current workshop and its agenda. His skepticism extends to practices of national development as well.

Comment (on Chure conservation) was taken seriously by the participants with speedy follow-up discussion among the participants. President Chure issue was discussed at length despite its low relevance to workshop agenda. Participants from communities were dedicated separate time to be spoken.

She was the first female participant to speak and she spoke about the need to integrate gender issues into PES.

One local user who gave comments on landlessness of the poor, presented his comments with lot of emotions. His concern with land and poverty revealed a lot of sympathy as well as helplessness.

The Panel Discussion :Participants were lightened with the tea break. A new wave of enthusiasm, introduction with each other and informal discussion on the topics swept away during the tea break. The most notable one was "Brits developed sustainable livelihood framework 10 years ago and we as development professionals made our living with it. Now they are bringing this ESPA and will support us for next 10 years." This sarcastic comment was taken with great humor and was partly reflected in the first question and in many instances during group discussion as well. The representatives from the communities were not participating much beyond taking notes and listening. So the participants themselves felt the need for their contribution which was addressed by the presenter by giving dedicated time. It was interesting to note how targeted interventions mobilize the people.

The questions presented overlapped with each other. While the first one asked what was new with ESPA, the second one immediately asked what are to be found about ESPA in current policies and programs. Both explictly assumed that ESPA has components that were already rooted in current NRM practices in Nepal's legal apparatus as well as communities. This assumption was derieved from forest sector objective of 3 year interim plan of Nepal government.

One of the participant spoke much and commented on almost all questions. He seemed to be a high positioned academic at public policy making level as he was so confident and assertive in his presentation. Later I came to know him to be an economist. His professional inclination was clearly visible in his ideas. He had a clear idea on PES and its association with ecosystem services, the recent scholarly issues associated with them and also the undercurrents of Nepalese development politics. The assertion that ecosystem services in Nepal not only focusses in regulating services but also extends to provisioning services and that it not only provides the safety net but has actual potential for poverty reduction portrayed him as highly optimistic to ESPA. Further, it broke the continuity of discussion that would have concentrated in ESPA utility in safety nets alone.

Another participant was quite aggressive and sounded highly pessimestic to the current workshop and such type of development intervention in general. It seemed he viewed government as sole authority for country's development and any civil society action as intrusion into their sacred work. Pessimism on associating payment with environment services resounded with many participants. Also he viewed international development exchange like collaboration between FA & UE as imperialist expansion of the west over the east. The spilling pessimism might be the outward manifestation of deep unsatisfaction with the corrupt practices that he might have observed in long term association with bureacratic institution.

As a lead researcher of ESPA, Kalpana je tried to refocus the discussion on broader political-economic question of how poverty & ecosystem are defined. She was critical on how disucssion of ES is repeatedly leading to PES. The immediate counter arguement by participant on redefining poverty and the further discussion not going on the ways of finding new ways to defining poverty gives an idea of how new ideas and concepts are actively resisted while the old ones get strongly ossified in human pshycology.

Naya je tried to add to the political element to development. However, not much discussion took place in political agenda.

Someone suggested to let communities people tell them their stories. He started, "Sorry for speaking. We have attached ES & poverty. We should also hear from the community representative present here". I wondered why would anyone beg apologies before starting to speak? His comment that community people need to speak more was accepted and incorporated in further discussions. He was skeptical on the link between resource and poverty and believed that governance played pivotal intermediate role for poverty outcome of resource. Also he believed that only specifically tartgeted programs will have impact on the poor.

With communities' stories, further discussion went towards governance, rights movement. However, most of the discussion concentrated on PES rather than on ES. Dr. Naya Sharma Paudel closed the session and the program and invited participants for lunch.

5 Conclusion

The workshop converged on the suggestion that "ecosystem services" comprises a new concept and may be an effective instrument to improve ecosystem management and the ways in which ecosystem is governed and benefits and burdens shared. In Nepal it could refocus forest management away from the present preoccupation with the forest management approaches and activities that allude to the fulfillment of basic needs of people. This is expected to contribute to well-being of people as well as environment conservation. Yet it is a Western framework, developed with particular assumptions, we need to acclimatize this concept into the local contexts. For instance, the market approach may not always work as expected in communities that worship nature. Still through the instruments, such as PES, REDD, ecosystem approach may help establish good governance practice within forestry sector and also create demand for new institutions, policies and practices. Conceiving ecosystems within a particular property rights regime requires that properly clarity is set in place regarding who is entitled to benefits and who bears costs and how. Despite being a western issue, ecosystem approach has been given priority in Nepal government's policies. The grassroots experiences that were brought into the workshop provided additional insights on how payments under REDD piloting as well as under PES have been complex—especially how rationally and equitably use the funds received. Reconceiving forest management in terms of ecosystem services also enables reconceptualizing the schemes for the poor or local communities towards helping to improve their livelihood and securing greater benefits from forest ecosystems. To conclude, PES is only a part relating to cash transaction of larger ecosystem services. So we should not limit our discussion on ecosystem services for poverty reduction to PES alone. Our immediate interest is repeatedly moving at that direction may be because we are optimistic about it.

6 ANNEXES

6.1 Annex 1: ESPA Nepal Workshop programme

ESPA Nepal Workshop

Ecosystem services and poverty: Dynamics and possibilities in the forestry sector of Nepal

Summit Hotel
Kupandole, Kathmandu
22 July 2011

Organized jointly by
ForestAction Nepal &
University of Edinburgh

PROGRAMME

Time	Activities	Remarks
	WORKSHOP BRIEF	
0800	Registration/ breakfast, warm-up and team building	
0830	Welcome, structure of meeting and workshop aims/objectives	Dr. KalpanaGiri
0840	Introduction of participants	
	INTRODUCTION TO ESPA	
0845	ESPA political economy framework project, Situating the Nepalese contribution and this workshop into international work, Establishing common ground (ES and poverty definitions)	Dr. Janet Fisher
	EXERCISE 1: Nepal in ESPA Framework	
0905	Genealogy of ES and poverty in Nepal's forestry sector/ Comparison and contrast between different forest management modalities	Dr. HariDhungana/ Dr. KalpanaGiri
0925	Key expert presentation- Attempts and gaps in linking ecosystem services and poverty alleviation in Nepal	Dr.Naya Sharma Paudel
0945	Questions, clarification and discussion	All
1000	**TEA BREAK**	
	EXERCISE 2: Panel discussion and ESPA pathway to future	
1015	Quick recap to Pathways Analysis Exercise: towards an 'ESPA future: Barriers, enables, leverage points'.	Drs. KalpanaGiri and HariDhungana
1020	Group discussion	Moderator:Dr. Naya Sharma Paudel
1230	Feedback and Conclusion	
1300	**WORKSHOP CLOSURE AND LUNCH**	

6.2 Annex 1: The Participants of ESPA-Nepal Workshop, 22 July 2011

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