

# Policy Brief

## Devolution challenges in Nepal's community forestry in the context of emerging market opportunities

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### Introductions

This policy brief highlights some key findings and recommendations generated from a study on forest tenure reform in Nepal. Nepal's community forestry is well known as a major intervention on forest devolution. Introduced in an experimental mode in late 1970s, the programme has been formally endorsed since the promulgation of Forest Act 1993. During the 1990s the programme rapidly expanded across the country covering over 35% of the population managing over 25% of the total forests. For these people community forestry presents a potential prospect in enhancing economic, social and environmental wellbeing. Enhancing rural livelihoods through productive, sustainable and equitable forest management has also dominated the national policy discourse.

However, despite its huge economic potential, studies have revealed that the programme has neither made a significant contribution to local livelihoods nor to the national economy. Many studies have shown that poor and marginalised groups in particular have benefited the least from various products and services provided by the forests. Quite often people blame local communities, arguing that they are less equipped to effectively manage their resources or realise equitable distribution of benefits. These observations have often ended up discrediting community forestry and served as an excuse for a reversal of the tenure reform process.

A study was recently carried out to examine tenure security in Nepal's community forestry and its impacts on livelihoods, income, forest condition and equity (LIFE). Taking four sites from different ecological zones, the study analysed forest tenure as defined by forms of ownership, bundles of rights and basis of claims. The regulatory framework, bureaucratic behaviour, community institutions and market trends were observed. The analysis revealed that tenure is a complex concept mutually shaped by the above elements, which are unique to the specific socio-

political, cultural and resource endowment context. Tenure provides a key analytical concept as well as a central political issue with regards to forest dependent communities. A full report of the study can be found at [www.forestation.org](http://www.forestation.org).

### Key findings

Community forestry regulations and institutions are not congruent with the rapidly changing livelihoods strategies in rural Nepal.

Tenure arrangements in CF have not fully embraced trade and enterprise and only promoted subsistence.

Handover of CF alone does not transfer rights; regulatory framework, bureaucratic behaviour, internal institutions and political constituencies determine the rights.

Weak tenure results in low bargaining power and poor performance in the market.

Narrowly defined boundaries of resources and rights within community forestry have created conflicts with transhumant pastoralists in high altitudes.

### Findings

*Community forestry regulations and institutions are not congruent with the changing socio-economic conditions*

The regulatory framework, bureaucratic behaviour and institutional arrangements of community forestry are not taking into consideration the rapidly changing patterns of rural livelihoods. Community forestry practices have become less relevant as compared to its earlier incarnation some 15 years ago. Improved farming with industrial inputs has replaced traditional subsistence farming; plastic and metallic substitutes are available for many forest products for household use; petroleum products, biogas and electricity have been gradually substituting for the use of fuelwood; remittances have become the major source of income for many and the contribution of agriculture in the household economy is decreasing; an increased rural-urban interface has amplified the demand for



cash and exerted pressure on resources. Remittances have become the major contributor to the household economy. As a result preference and demands on diverse forest products and services have changed. While pressure on commercially valuable timber and NTFPs has increased, demand for many traditional products (fodder and fuelwood) has decreased among certain social groups. The CFUGs and other community forestry institutions are slow to respond to these changes. The legal and regulatory frameworks also provide little flexibility to adapt the practices to suit the changing use patterns, and forest technicians have shown little interest in adapting management interventions to satisfy new demands. Many groups are operating under operational plans prepared about a decade ago, and are less relevant to the current needs. The regulatory framework and institutional arrangements are less responsive to emerging market opportunities such as ecotourism, payments for environmental services and carbon trading in the context of climate change.

### ***Regulatory framework is biased against trade and enterprise development***

A close examination of community forest policy and practice shows that the tenure arrangement largely promotes subsistence. Once the forest is handed over to a registered group, use of diverse forests products (fodder, fuelwood, medicinal herbs, leaves, even timber) is allowed to that group for subsistence purpose. The regulatory framework and institutions are however designed to discourage any trade or enterprise in forest products or services. The regulations, guidelines, circulars from various levels of forest authorities often restrict communities from being involved in any kind of trade, marketing or enterprise development. These restrictions range from

a total ban on harvesting of certain products to putting stringent conditions such as meeting local demands before getting into the market, mandatory provisions for a minimum level of processing of the products before exporting, requiring clear provision in the OP, asking for a pre-approval from authorities provisions of initial internal examination (IIE) and environmental impact assessment (EIA, and quantitative limits, etc. There are two plausible explanations for these restrictions. Firstly, a deep rooted fear within the forest authority is that opening up markets for forest products may lead to unsustainable harvesting practice. Secondly, authorities still suspect local institutions/capacity to effectively operate the trade or business and particularly to distribute the benefits equitably among the legitimate users. An analysis of actual transfer of rights to communities on various forest products and services indicates that little rights are transferred on timber and certain valuable non timber forest products.

Bundle of rights	Use/ withdrawal	Approves the operational plan provides permits to sell outside	Collects or may allow individuals to collect, decides rules for harvest and distribution	Buy at subsidized rate
	Management	Approves operational plans	Carryout silvicultural practice, construct fire line with permission	
	Alienation	Holds rights to alternative use		
		State (DFO)	Community (CFUG)	Individual users
<b>Right holders</b>				

### ***Internal institutions and political constituencies play important roles in securing community rights***

Internal institutional arrangements within CFUGs have a strong bearing in securing community rights as these define the relations between the claimants of specific resources. As all the households from any settlement generally become members of the CFUG, they are directly involved in making rules, prioritising the agenda, electing the leadership, and monitoring the group activities. This distinguishes CFUG from other institutions of similar nature. However, in many of the large groups, meaningful participation has become a challenge due to competing space. Consequently several governance innovations are being explored, and a kind of representative democracy has replaced direct participation. Similarly,

allocation of small plots among the members for active management has been practiced in some groups expecting increased productivity of the resource. This can be regarded as private management within collective governance. Citizens' networks such as FECOFUN have played a crucial role in tenure security of users over forest resources. The establishment of FECOFUN and its institutional strengthening at various levels have had huge impacts in strengthening community rights over forests.

The political constituency is another important factor shaping community rights. Political constituency can be conceptualised as a network of supportive actors. Community forestry has benefitted from the existence of political and professional groups, NGOs, donors and other civil society groups that provide legal, moral and material support for ensuring or protecting community rights. Community forestry has attracted the attention of a large number of citizen groups from local to national and international levels. This thick layer of support organisations has enhanced the political profile of community forestry groups, increased their internal capacity and helped change the balance of power with the authorities in favour of community rights.

#### ***Weak tenure has hindered local communities' performance in the market***

Forest products are largely regarded as public (state) property. Since historically Nepal has had only state and private property, there has been little recognition of collective property of communities. As discussed above, despite the formal 'handover' of forests, the state retains critical rights and undermines communities' rights over forests. This is especially true in the context of forest product trade or enterprises. The weak community tenure over certain products is reflected in the relations of power between communities and buyers. Consequently the community people have a low bargaining capacity. Also since the regulations and institutions favour subsistence use, CFUGs have little experience in dealing with the market, leading to poor performance. Instead, the traders who use every tactic to deal effectively with the cumbersome bureaucracy have been benefiting from the current market opportunities on forest products and services over and above communities.

#### ***Narrow understanding of community forestry has intensified conflict with mobile pastoralists.***

Conflict with mobile herders who keep Chauri (cross of Yak and tropical cows), goat and sheep called transhumant pastoralism in the high mountain region is a unique issue in community forestry. Transhumant pastoralism along the high mountain range in Nepal stands at odds with community forestry practice, which is based on stratic resources, (i.e. forest and sedentary farmers). Although the policy and laws on community forestry do not exclude temporary herders, most of the user groups have not integrated pastoralism into their management practices. As a result, there is ongoing conflict between the CFUGs and the herders in the region. Both parties, but especially the herders, have suffered from this conflict resulting in a decline in the population of the herds.

#### ***Rights devolved to people through community forestry have created different levels of impact on livelihoods, income, forest condition and equity***

There is widespread recognition that after handover of once degraded forests to the communities, they are restored rapidly. Annual income of the CFUGs is also increasing though there are several unharnessed opportunities due to constraining regulatory, bureaucratic and capacity related aspects. CFUGs are investing a large amount of CFUG income in community physical infrastructure development such as roads, irrigation, community buildings, etc., and relatively less on enhancing other livelihoods assets. Similarly, though there are several anecdotal innovations for contribution in poverty reduction and equity, these are the least attended aspects within the CFUGs.



## Recommendations

**Reorient policy and practice to suit changing livelihoods:** Revise the community forestry regulatory framework including guidelines to make them compatible with the new livelihoods strategies. The management emphasis on fodder and firewood should be changed in favour of NTFP farming, small enterprises, ecotourism, watershed protection, payments for environmental services, and timber production and management.

**Relax regulatory provisions to encourage forest product trade and enterprise development:** Relax the regulatory constraints that hinder harvesting, transportation, trade and enterprises development of forest products and services. Increasing supply of forest products in the market may help realise better prices. Provide CFUGs the greater autonomy in forest management so that they can effectively mobilise their resources to maximise the economic, social and environmental benefits of the forest management

**Provide space for political constituency to flourish:** Focus should be given on institutional and governance innovations and provide greater spaces for the political constituency to enhance community rights on forest. Encourage and promote district FECOFUN and other user supportive institutions that work for users' rights. Provide space for and encourage NGOs and other civil society organisations to work with CFUGs to expand and strengthen the political constituency around community forestry.

**Enhance community autonomy to manage their forests:** Revise regulatory frameworks and bureaucratic practices around trade and enterprise development by strengthening community tenure over forest products and services. This will increase farmers' access to the market for their products and services. In the long run, communities will be able to enhance their performance and bargaining power in the market.

**Revise regulatory and institutional framework to embrace transhumant pastoralism within community forestry:** A series of dialogues between herders and CFUGs at the community, cluster and district levels should be followed by national level dialogue on exploring ways to accommodate herding within the community forestry framework. This would help mobilise high altitude resources for the benefit of the local and national economy in general and enhance the livelihoods of the herders in particular.



**ForestAction** is a Nepal-based NGO specializing in participatory and policy oriented research on natural resources and livelihoods. It carries out participatory action research projects on diverse issues such as environmental governance, biodiversity conservation, forest management, protected areas, and rural livelihoods. It strives for linking research with policy processes through publications including the *Journal of Forest and Livelihoods* and wide ranging research papers, policy briefs, articles and books.



**Center for International Forestry Research (CIFOR)** is an international research and global knowledge institution committed to conserving forests and improving the livelihoods of people in the tropics. CIFOR's headquarters is located in Bogor, Indonesia.

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