# Development Assistance in Action:
# Lessons from Swiss and UK funded forestry programmes in Nepal

Photo : RIU

Nepal Swiss Community Forestry Project:
SDC 1990 – 2011

Schweizerische Eidgenossenschaft
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**Swiss Agency for Development and Cooperatioin SDC**
स्वीस सरकार विकास सहयोग

Livelihoods and Forestry Programme:
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MSFP
Multi Stakeholder Forestry Programme
बहुसरोकारवाला वन कार्यक्रम

Multi Stakeholder Forestry Programme (MSFP) is privileged to produce this synthesis booklet based on the learning of Nepal Swiss Community Forestry Programme (NSCFP) and Livelihoods and Forestry Programme (LFP) and commissioned jointly by the Swiss Agency for Development and Cooperation (SDC) and Department for International Development (DFID). These two programmes were funded by the government of Switzerland and the UK, and implemented jointly with the Government of Nepal (GoN). The main purpose of this study is to document jointly the best practices and learning generated from LFP and NSCFP. This synthesis was further intended to contribute in forming the basis for implementation approaches of Multi Stakeholder Forestry Programme.

We would like to thank all the contributors to produce this publication and offer special thanks to **J. Gabriel Campbell** who accomplished this study and produced the report. We also would like to thank Dr. Dharam Raj Uprety and Mr. Peter Neil for their intellectual input and editing the report and Mr. Bishwas Rana, and Ms. Sarika Gurung for their editorial contribution and input on data used in the report. A special thanks also goes to Dr. Bimala Rai Paudyal, the Senior Pogramme officer, SDC for her management support to bring this publication to this end and Ms. Anee Tamang for her logistic support and communication in this publication.

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*The MSFP aims to improve livelihoods and resiliency of poor and disadvantaged people in Nepal. It will also develop the contribution of Nepal's forestry sector to inclusive economic growth, poverty reduction, and tackling climate change.*



**Publisher**: Multi Stakeholder Forestry Programme (MSFP), Kathmandu, **July 2012**

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# ACRONYMS AND ABBREVIATIONS

| | |
|---|---|
| *CF* | *Community Forest* |
| *CFM* | *Collaborative Forest Management* |
| *CFUG* | *Community Forestry User Group* |
| *CIDT* | *Centre for International Development and Training* |
| *CPR* | *Common Pool Resource* |
| *DAG* | *Disadvantaged Group* |
| *DDC* | *District Development Committee* |
| *DFCC* | *District Forest Coordination Committee* |
| *DFDF* | *District Forest Development Fund* |
| *DFID* | *UK Department for International Development* |
| *DFO* | *District Forest Office/Officer* |
| *DFSP* | *District Forest Sector Plan* |
| *DNPWC* | *Department of National Parks and Wildlife Conservation* |
| *DOF* | *Department of Forest* |
| *FECOFUN* | *Federation of Community Forestry Users, Nepal* |
| *FRA* | *Forest Resource Assessment* |
| *FSCC* | *Forest Sector Coordination Committee* |
| *FSMP* | *Forest Sector Master Plan* |
| *FUG* | *Forest User Group* |
| *HIMAWANTI* | *Himalayan Grassroots Women's Natural Resource Management Association* |
| *LFP* | *Livelihoods and Forestry Programme* |
| *LGCDP* | *Local Government and Community Development Programme* |
| *LRMP* | *Land Resources Mapping Project* |
| *MFSC* | *Ministry of Forests and Soil Conservation* |
| *MLD* | *Ministry of Local Development* |
| *MoEST* | *Ministry of Environment, Science and Technology* |
| *MSFP* | *Multi Stakeholder Forestry Programme* |
| *NGO* | *Non-government Organisation* |
| *NSCFP* | *Nepal Swiss Community Forestry Project* |
| *NTFP* | *Non-timber Forest Products* |
| *OP* | *Operational Plan* |
| *OPR* | *Output to Purpose review* |
| *P&E* | *Poor and Excluded* |
| *PA* | *Protected Area* |
| *PAF* | *Poverty Alleviation Fund* |
| *PES* | *Payment for Ecological/environmental Services* |
| *PLM* | *Public Land Management* |
| *REDD* | *Reducing Emissions from Deforestation and Forest Degradation* |
| *SDC* | *Swiss Agency for Development and Cooperation* |
| *VDC* | *Village Development Committee* |
| *VFCC* | *Village Forest Coordination Committee* |
| *VFDF* | *Village Forest Development Fund* |
| *VLDP* | *Village Level Development Plan* |

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## Foreword

I am pleased to see this synthesis study which has been carried out by Dr J Gabriel Campbell. I believe that it is essential to learn from the past when planning for and implementing in the future – both in terms of achievements and challenges. The forestry sector has considerable potential to contribute to Nepal's development and this type of reflective and insightful analysis is an important means for doing this.

In Nepal we are in the fortunate position of being able to draw on lessons and learning from the past – especially of those past programmes, in this case, the Livelihoods and Forestry Programme (funded by the Government of the United Kingdom) and the Nepal-Swiss Community Forestry Project (funded by Government of Switzerland) that have been developed and implemented by the Ministry of Forests and Soil Conservation. I am glad to know that the forest policy has started showing its impact on the ground in terms of positive changes in forest quality and people's lives. I am particularly pleased to note that these two programmes have contributed tremendously to implement community-based, forestry-related policy provisions such as a participatory way of sustainable forest management and biodiversity conservation, inclusive forest user groups, participation of the poor, women and disadvantaged groups in key leadership positions in community forestry groups, and pro-poor and equitable mobilisation of income and other resources. It gives me immense pleasure to know that there are positive changes in terms of increased biomass and availability of forest products for forest dependent people especially the poor and women. This is the result of the conducive policy environment that the Government of Nepal provides in the forestry sector.

Building on much learning indicated in this report, the Ministry of Forests and Soil Conservation has recently signed a joint agreement with the Governments of UK, Switzerland and Finland to provide support for a new joint programme called the Multi-Stakeholder Forestry Programme. We believe that this programme will be highly important for Nepal's development efforts and that it will contribute to our inclusive economic growth, reduction in rural poverty and actions to adapt to and mitigate climate change. Though our opinions may differ with the author in the institutional constraints and critical observations mentioned in the report, more important for us is to yield better results in the sector with joint and coordinated efforts.

As each programme has successes and areas of improvement, we have to ensure that any mistakes are not repeated again and the successes are scaled up. I hope that all the other programmes in the forestry sector will also build on the learning of this synthesis drawn from the successes of the earlier programmes and allow their achievements to be expanded and broadened as a result.

Navin Kumar Chimire
Secretary,
MFSC

July 2012

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Federal Department of Foreign Affairs FDFA
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## Foreword

The United Kingdom and Swiss Governments have provided technical and financial assistance to the Government of Nepal, Ministry of Forests and Soil Conservation (MFSC) for the development of Nepal's forestry sector as part of their respective bilateral aid programmes for more than 2 decades. We have recently seen two successful and widely acclaimed programmes come to an end namely the Livelihoods and Forestry Programme (funded by UK Government) and the Nepal-Swiss Community Forestry Project (funded by Government of Switzerland). Our commitment to continue supporting the Government of Nepal in forestry through the joint Multi-Stakeholder Forestry Programme reflects our confidence that our past assistance to the forestry sector has been highly effective in reaching the poorest and most disadvantaged communities.

We also recognize that the past two decades have been a rich learning experience in Nepal's forestry sector. Evidence for example shows that the programmes have reversed the trend of deforestation and forest degradation and benefited local communities, especially poor, women and disadvantaged sections of communities with increased participation in decision making, access to forest products and better income.

This synthesis study was commissioned during 2011 to capture and document the main lessons from the Livelihoods and Forestry Programme and the Nepal-Swiss Community Forestry Project. We trust that lessons will be carried forward into the new Multi-Stakeholder Forestry Programme. We feel this is an important starting point for the new forestry programme and we trust that this will contribute to its future success and impact on an even wider scale.

J L Cuénod

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Jean-François Cuénod
Head of Cooperation
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Philip Smith

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Philip Smith
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# परिचय

यस अध्ययनको उद्देश्य जीविकोपार्जनका लागि वन कार्यक्रम (Livelihoods and Forestry Programme: LFP) र नेपाल स्विस सामुदायिक वन परियोजना (Nepal Swiss Community Forestry Project: NSCFP) का राम्रा अभ्यास तथा सिकाइको अभिलेखीकरण गरी दुई परियोजनाको संयुक्त सार ांश प्रतिवेदन तयार गर्नु हो ।[१] प्रस्तावित दसवर्षे बहुसरोकारवाला वन कार्यक्रम (Multi Stakeholder Forestry Programme: MSFP) को कार्यान्वयन पद्धति (Implementation Approach) लाई थप विकसित गर्ने आधार तयार गर्न सघाउनु पनि यस अध्ययनको उद्देश्य रहेको छ । यस अध्ययनबाट प्रत्येक परियोजनाका राम्रा अभ्यासलाई समेटी एउटै प्रतिवेदनमा सँगालिएको छ । साथै फिनल्याण्ड सरकारको आर्थिक सहयोगमा सञ्चालन भइरहेको वन स्रोत मापन (Forest Resources Assessment: FRA) परियोजनालाई पनि यसमा समेटिएको छ ।

यस प्रतिवेदनका निष्कर्षहरू परियोजनाका अभिलेख तथा सान्दर्भिक प्रकाशनहरू (secondary literatures) को अध्ययन, परियोजनामा आबद्ध कर्मचारी तथा अन्य सरोकारवालासँगको छलफल तथा पहाडमा रामेछाप र दोलखा तथा तराईमा रूपन्देही, कपिलवस्तु र नवलपरासी गरी दुई छुट्टाछुट्टै स्थलगत अध्ययन भ्रमण र परियोजनाको गतिविधिसम्बन्धी अनुभवमा आधारित छन् ।

यस अध्ययनलाई जम्मा सात भागमा बाँडिएको छ । प्रत्येक भागमा केही प्रत्यक्ष र परोक्ष सिकाइलाई सहायक विश्लेषणसँगै समेटिएको छ । यसमा सम्भव भएसम्म दुवै परियोजनाका अनुभव तथा सिकाइलाई सारांशकृत गरिएको छ ।[२] नेपाल स्विस सामुदायिक वन परियोजना (NSCFP) ले तराई क्षेत्रमा काम नगरेको हुनाले दोस्रो भागमा रहेको तत्सम्बन्धी चर्चा मुख्यतः जीविकोपार्जनका लागि वन कार्यक्रम (LFP) को कामसँग सम्बन्धित छ ।

दुवै दाताको सहयोगमा सञ्चालित परियोजनाको बीस वर्ष लामो अवधिका यस्ता सिकाइ निकै गहन छन् । त्यसैले यस समष्टिगत अध्ययन प्रतिवेदनले केही मूल विषयमा मात्रै जोड दिएको छ । यी परियोजनाका अभिलेखहरू निकै विस्तृत र सुक्ष्म तरिकाले विश्लेषण गरिएका हुनाले छलफल गरिएका प्रत्येक विषय बुझ्न तत्सम्बन्धी अभिलेखकै अध्ययन जरूरी हुन्छ । अन्ततः यस लेखकले आफ्नो सीमितता आत्मसात गर्दै विगतमा आएका र अब आउने सुझाव, टिप्पणी तथा प्रतिक्रियालाई सहर्ष स्वागत गर्न चाहन्छ ।

यस अध्ययनलाई यो रूपमा पुऱ्याउन सहयोग गर्नुहुने, र LFP, HELVETAS Swiss Intercooperation तथा CIDT मा कार्यरत साथीहरूलाई लेखकको विशेष धन्यवाद छ । यसैगरी यहाँ नाम उल्लेख गर्नुपर्ने अन्य सहयोगी मित्रहरू भरत कुमार पोखरेल, बिमला राई-पौड्याल, पिटर ब्रान्नी र विजय नारायण श्रेष्ठ पनि हुन् । उहाँहरूको सुझाव र सहयोगबिना यो अध्ययन सम्भव थिएन । त्यस्तै तराई क्षेत्रमा अन्तरिम वन परियोजना हेर्ने रामबहादुर श्रेष्ठ र रामेछाप क्षेत्रमा उक्त परियोजना हेर्दै गर्नुभएकी अनिता श्रेष्ठ पनि धन्यवादका पात्र छन् । कृतज्ञतामा सम्झिनुपर्ने अन्य थुप्रै व्यक्तिहरूको सूची अनुसूची १ मा समेटिएको छ ।

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[१] NSCFPलाई स्विस सरकार विकास नियोग (SDC) र LFP लाई संयुक्त अधिराज्यको अन्तर्राष्ट्रिय विकास नियोग (DFID) ले आर्थिक सहयोग गरेका थिए । सन् २०११ को मध्यमा यी दुवै परियोजनाले आफ्ना काम पूरा गरेका थिए ।

[२] यस प्रतिवेदनलाई संयुक्त दस्तावेज बनाउने हेतुले यहाँ 'कार्यक्रम' र 'परियोजना', 'सामाजिक परिचालक' र 'सामुदायिक सहजकर्ता' जस्ता केही शब्दावलीलाई समानर्थी रूपमा प्रयोग गरिएको छ ।

# मुख्य सिकाइको सारांश

नेपालमा सामुदायिक वनलाई सघाउने कार्यक्रमका शैलीहरूमा विगत दुई दशकमा उल्लेख्य परिवर्तन आएको पाइन्छ । पहिले वन विनाश न्यूनीकरण गर्न र जीविकोपार्जनमुखी वन पैदावार प्रदान गर्न मात्र सिमित सामुदायिक वन उपभोक्ता समूहद्वारा हुने वन व्यवस्थापन अहिले परिवर्तन भएको छ । परिवर्तित पद्धतिमा सामाजिक समावेशीकरण, गरीबी उन्मूलन र जीविकोपार्जन अभिवृद्धिलाई समेत प्राथमिकता दिइएको पाइन्छ ।[१] पहिले सामुदायिक वनका उपभोक्ताहरू वन व्यवस्थापन वा अन्य प्राविधिक सहयोगको लागि जिल्ला वन कार्यालय वा अन्य परियोजनाका कर्मचारीहरूमा मात्र निर्भर हुन्थे भने अहिले तिनले नागरिक समाजका प्रतिनिधि र सामाजिक परिचालकको पनि सहयोग लिने गरेका छन् । यसले गर्दा उनीहरूको कार्य प्रभावकारी र पारदर्शी भएको पाईन्छ । त्यसैगरी सन् २००६ सम्म चलेको सशस्त्र द्वन्द्व र त्यसपछिको द्वन्द्वोत्तर अवस्थाले गर्दा हाल द्वन्द्व-संवेदनशील पद्धति (Conflict-Sensitive Development Approach) पनि अपनाउन थालिएको छ, जुन अभ्यास पहिले थिएन ।

संयुक्त अधिराज्यको अन्तर्राष्ट्रिय विकास नियोगको वित्तीय सहयोग रहेको जीविकोपार्जनका लागि वन कार्यक्रम र स्विस विकास नियोगको आर्थिक सहयोग रहेको नेपाल स्विस सामुदायिक वन परियोजनाहरूले, सामुदायिक वनसम्बन्धी नयाँ पद्धति विकास गर्नेमा महत्वपूर्ण योगदान गरेको पाइएको छ । परियोजनाका सिर्जनात्मक पद्धति र समुदायमा आधारित कामहरूले नेपालका ग्रामीण समुदायहरू वन व्यवस्थापनमा मात्र सक्षम नभई समावेशी र विपन्नमुखी संस्थाको निर्माण र विकास गर्न पनि उत्तिकै सक्षम छन् भन्ने देखाउँछ । यी परियोजनाका विभिन्न सिकाइहरूले वन क्षेत्रको विकासमा बहुसरोकारवाला सम्मिलित निर्णय-प्रक्रिया र बहुसरोकारवाला कार्यान्वयन पद्धति पनि सम्भव छ भन्ने स्थापित गरेको छन् । स्थानीय स्रोतमा आधारित उद्यमबाट उत्पादकत्व तथा नाफा अभिवृद्धि गर्ने यी परियोजनाका प्रयासहरूले भविष्यको लागि महत्वपूर्ण पाठ सिकाएका छन् । यस परियोजनाको सिकाइले हिमाली तथा तराई क्षेत्रको वन व्यवस्थापनमा कस्तो पद्धति अपनाउँदा राम्रो हुन्छ भन्ने कुराको नीतिगत आधारसमेत तय गरेको छ ।

प्रतिवेदनमा अझ विस्तृत रूपमा विश्लेषण गरिएका यी सिकाइलाई बुँदागत रूपमा तल उल्लेख गरिएको छ ।

**सिकाइ १: जीविकोपार्जनका लागि वन कार्यक्रम र नेपाल स्विस सामुदायिक वन परियोजनाकासिकाईले सामुदायिक वनलाई सघाउने बहुसरोकारवाला निर्णय प्रक्रिया र वहुसरोकारवाला कार्यान्वयन पद्धति सम्भव छ र यसले वनको अवस्था तथा सामाजिक अवस्था दुवैमा सुधार ल्याउँछ ।**

*सिकाइ १.१* भविष्यमा सामुदायिक वनको क्षेत्र विस्तार र प्रभावकारी व्यवस्थापन गर्न बहुसरोकारवाला निर्णयपद्धति आवश्यक पर्छ ।

*सिकाइ १.२* सामुदायिक वन उपभोक्ता समूहहरूले आफूलाई सामाजिक रूपले समावेशी, सुशासित हुनेर गरीबी न्यूनीकरण गर्ने सवल संस्थाको रूपमा रूपान्तरण गर्न सक्छन् ।

*सिकाइ १.३* सामाजिक परिचालक, समूह गठन र सामाजिक संस्थाको प्रभावकारी विकासले बढ्दो सामाजिक समावेशीकरण र स्थानीय सुशासन कायम गर्न सकिन्छ ।

१.३.१ वनको व्यवस्थापनको लागि वास्तविक रूपमा विपन्नमुखी र समावेशी संस्था बनाउन सामुदायिक वन उपभोक्ता समूहहरूलाई विधान तथा कार्ययोजना अद्यावधिक गर्न सघाउने मात्रै नभएर समावेशीकरणलाई आत्मसात गर्ने स्थानीय *मान्यता तथा व्यवहारलाई समेत रूपान्तरण* गर्नुपनि उत्तिकै जरूरी हुन्छ ।

१.३.२ विपन्नमुखी संस्थाको रूपान्तरणलाई सहजीकरण गर्न विशेषगरी *सामाजिक परिचालकलाई उपयोग गरी* प्रशिक्षण, तालिम र परामर्श दिने पद्धति प्रभावकारी हुन्छ ।

१.३.३ सम्भव भएसम्म स्थानीय तह (बस्ती अथवा घरधुरी) मा काम गर्दै र *विपन्न तथा बहिष्कृत समुदायका सञ्जाल तथा समान विचारधारा समूहहरूको स्थापनाद्वाराबहिष्कृत* समूहको आवाज विस्तार, आत्मविश्वाश र निर्णय क्षमता प्रभावकारी हुन सक्छ ।

१.३.४ *नागरिक समाजका प्रतिबद्ध संघसंस्थाहरू*का सहकार्यले सामाजिक परिचालनमा आवश्यक पर्ने सीपहरू उपलब्ध हुन्छ ।

**सिकाइ २: वन व्यवस्थापनका कुनै-कुनै मोडेल अरूभन्दा अलि राम्रा देखिए पनि तराई र उच्च हिमाली क्षेत्रको लागि सबैभन्दा सम्भव मोडेलको रूपमा विपन्नमुखी समुदायमा आधारित वन व्यवस्थापनको एउटै पनि मोडेल अझैसम्मविकास र विस्तार गरिएको छैन ।**

*सिकाइ २.१* तराईमा सामुदायिक वनको उपभोक्ता समूहको विस्तारित मोडेलबाट टाढाका गैर-आवासी उपभोक्ता (Distant non-resident users)हरूको समावेशीकरणलाई फाइदा पुऱ्याउँछ ।

*सिकाइ २.२* साझेदारी वन व्यवस्थापन (Collaborative Forest Management) पद्दतिमा टाढाको उपभोक्ताहरूलाई संलग्न गराई चाक्ला वन व्यवस्थापन गर्न शैदान्तिक रूपमा संभावना भएता पनि यो सरकार नियन्त्रित व्यवस्थापन पद्दति रहेको र अहिलेसम्म यसको सफल कार्यान्वयन भएको छैन ।

*सिकाइ २.३* सार्वजनिक जग्गा व्यवस्थापन समूहको विकासले विपन्नमुखी समूह/वर्गलाई लाभ प्रदान गर्ने र उजाड भएका क्षेत्रको पर्यावरणीय पुर्नस्थापना गर्ने नयाँ पद्धतिको विकास भएता पनि यसको दीर्घकालीन दिगोपनाको लागि कानूनी व्यवस्था हुन आवश्यक छ ।

२.३.१ सार्वजनिक जग्गा व्यवस्थापन पद्धति परिपूरक बन्न सक्ने सम्भावना कबुलियती वन र निजी वनले महशुस गर्न सकेका छैनन् ।

*सिकाइ २.४* अनुदान प्राप्त वैकल्पिक ऊर्जा कार्यक्रमको विस्तारले दाउराको प्रयोग घटाउन तथा ब्ल्याक कार्बन र मिथेन उत्सर्जन न्यूनीकरण गर्न प्रभावकारी भूमिका खेल्ने हुनाले यसले उपभोक्ताको हित अभिवृद्धि र जलवायु परिवर्तनका असर न्यून गर्न मद्दत पुऱ्याउँछ ।

*सिकाइ २.५* संरक्षित मध्यवर्ती क्षेत्र र तराई तथा हिमाली क्षेत्रमाव्यवस्थित संरक्षण क्षेत्रका लागि सिर्जनात्मक पद्धतिको विकास भएता पनि तिनमा समुदायको पर्याप्त व्यवस्थापकीय अधिकारबाट समुदायहरू बन्चित छन् ।

**सिकाइ ३: सामुदायिक वन ग्रामीण क्षेत्रमा ब्याप्त गरीबी घटाउने तरिका तथा जीविकोपार्जनको मुख्य उपाय भएको यी कार्यक्रमहरूले प्रमाणित गरेका छन् ।**

*सिकाइ ३.१* रोजगारी सिर्जना, सामुदायिक पूर्वाधारको विकास, आयमूलक कार्यक्रम र सार्वजनिक जग्गा व्यवस्थापनजस्ता क्रियाकलापहरू विपन्न जनतासम्म पुग्ने प्रभावकारी संयन्त्र बन्न सक्छन् ।

*सिकाइ ३.२* सम्पन्नता स्तरीकरण (Well-being ranking) गरी विपन्न परिवारको पहिचान गर्ने कार्य सफल भएता पनि अतिविपन्न परिवार लक्षित गर्न कठिन हुन्छ ।

*सिकाइ ३.३* कार्यक्रमहरूको सफलताको लागि सामाजिक परिचालक तथा सामुदायिक सहजकर्ताहरूको उपयोग महत्वपूर्ण रहेको छ ।

३.३.१ विभिन्न परिस्थिति अनुसार लचकता अपनाँउदै सम्पन्नता स्तरीकरण तथा सामाजिक परिचालकको उपयोग सँगसँगै मिलाएर लैजानुपर्दछ ।

३.३.२ सामुदायिक वन उपभोक्ता समूहभित्र थोरै संख्यामा रहेका विपन्न घरधुरीसम्म लाभ पुऱ्याउन सकिने सामूहिक पद्धति (Group Approach) ले शसक्तिकरणमा सघाउने हुनाले यसलाई कायम राख्नु आवश्यक देखिन्छ ।

*सिकाइ ३.४* कानुनी वाधा र सम्बर्धन पद्दतीहरू, प्रशोधन प्रविधिहरू, बजारको पँहुच, लगानीको वातावरण, निजी क्षेत्रसंगको सम्बन्ध, उर्जा, पूर्वाधार तथा कार्यक्रममा लगानी आदीको अपर्याप्तताले गर्दा सामुदायिक तथा विपन्नमुखी वनमा आधारित उद्यमको दिगो विकासमा बाधा पुऱ्याएको छ ।

*सिकाइ ३.५* वनमा आधारित उद्यममा गरिबलाई प्रत्यक्ष आर्थिक अनुदान दिने नयाँ सोच सहितको परियोजनाको प्रयासको सफलता सिमित छन् तर यसको सिकाईहरू मूल्य शृंखला पद्दति (Value-Chain Approach) मा उपयोग गर्न सकिन्छ ।

३.५.१ सम्भव भएसम्म उद्यमहरूलाई सफलतापूर्वक प्रोत्साहित गर्न सकिने, सामुदायिक वन उपभोक्ता समूहहरू, निजी रूख उत्पादकहरू तथा सरकारी निकाएको राजश्वले सामुदायिक विकास तथा गरिब-उन्मुख कार्यहरूमा हुने लगानीमा धेरै बृद्धि गराउँदछ ।

*सिकाइ ३.६* एकिन तथ्याङ्क नभएता पनि दुवै परियोजनाका गतिविधिबाट जलवायु परिवर्तनन्यूनीकरण र असरको अनुकूलन क्षमता वृद्धि गर्ने काममा धेरै हदसम्म सघाउ पुगेको छ ।

*सिकाइ ३.७* दुवै कार्यक्रमको सहयोग राष्ट्रिय स्तरको नीति तथा जलवायू परिवर्तनको नयाँ संयन्त्र जस्तै रेड प्लस (REDD+) र वातावरणीय सेवाका लागि भुक्तानी (Payment for environmental/ecological services: PES) को सम्बोधन गर्ने क्षमतामा प्रभावकारी भएको छ तर यसको प्रतिफल अझै निर्णयमा पुग्न सकेको छैन ।

*सिकाइ ३.८* वन व्यवस्थापनमा सुधार गर्ने र ब्ल्याक कार्बन तथा मिथेन उत्सर्जन कम गर्ने विद्यमान कार्यक्रमहरू लगायतका जलवायु परिवर्तन न्यूनीकरणका गैर-बजारमा आधारित पद्धति अहिले सबैभन्दा सम्भव देखिएका छन् ।

**सिकाइ ४: सरकारी तथा गैरसरकारी संस्था, जिल्ला तथा गाउँ विकास स्तरीय समिति र समूह तथा घरधुरीमा बहुपक्षीय वित्तीय सहयोग पद्दतिको उपयोग तथा वन उपभोक्ता समूह र घरधुरीसम्म प्रत्यक्ष सहयोगले महत्वपूर्ण लचकता दिनुका साथै सरोकारवालाको कार्यक्रममाथि अपनत्व समेत अभिवृद्धि गरेको छ ।**

*सिकाइ ४.१* रातो किताबबाट विनियोजित आर्थिक सहयोगको अतिरिक्तकार्यक्रमको सफलताको लागि वनसम्बन्धी सरकारी निकायको क्षमता अभिवृद्धि, सुशासन र प्रतिष्ठा रहि रहनु पनि महत्वपूर्ण बनेको छ ।

*सिकाइ ४.२* बहुसरोकारवाला तथा बहुपक्षीय गा.वि.स तथा जिल्ला स्तरीय योजना निर्माण तथा समन्वय संयन्त्रको नमुना परिक्षणको मिश्रित सफलता मिलेको छ ।

*सिकाइ ४.३* स्थानिय मध्यस्थकर्ताको प्रयोग, गरिबमूखि रणनीति, सा.व.उ.स.को स्वतन्त्रतामा सहयोग, राजनीतिक तटस्थता र बजेटमा पारदर्शिता आदिको अवलम्बनबाट दूवै कार्यक्रमले माओवादी द्वन्द्व र द्वन्द्व पश्चातको संस्थागत अस्थिरताको अवस्थामा कार्यक्रमका रणनीतिहरू लागू गर्ने कुशल क्षमता देखाएको पाइन्छ ।

४.३.१ द्वन्द्वकालमा सुरू गरीएका कति पय कार्यक्रमहरू जुन द्वन्द्वअनुकुलन हुने खालका थिए तिनीहरूलाई पुर्नरावलोन गरी कम खर्चिला र प्रभावकारी कार्यक्रमहरूलाई भविष्यमा पनि प्रयोगको रूपमा संचालन गर्न सकिन्छ ।

**सिकाइ ५: सृजनात्मक कार्यक्रम, उत्तम अभिलेखीकरण र नीतिमा प्रभाव पार्ने खालका कार्यहरूले सामुदायिक वनलाई राष्ट्रिय तथा स्थानीय स्तरमा अझ विपन्नमुखी, महिलामुखी र समावेशी कार्यक्रमको रूपमा रूपान्तरण गर्न उल्लेख्य भूमिका खेलेको छ ।**

*सिकाइ ५.१* वन पैदावारको बजारीकरणसम्बन्धी नितिगत बाधाह¿ कम गर्न तथा सामुदायिक वनका अधिकार कटौति गर्ने प्रयासलाई निरूत्साहित गर्न विद्यमान परियोजनाका रणनीतिहरू प्रभावकारी भएका छै नन् ।

**सिकाइ ६: दुवै कार्यक्रमले समान logical framework तथा गरिब तथा बहिष्कृतका विभिन्न तथ्यांकको आधारमा सहभागितात्मक अनुगमन प्रणाली विकास गर्न उदाहरणीय भूमिका खेलेका छन् ।**

*सिकाइ ६.१* दुवै परियोजनाले विद्यमान सिकाइलाईपरियोजना क्षेत्रभित्र र अन्तर्राष्ट्रिय जगतमा विस्तार गरेका छन् । तर राष्ट्रिय तथा स्थानीय सरोकारवालाहरू बीचको आपसी सञ्चारमा भने कम ध्यान दिएको पाईन्छ ।

*सिकाइ ६.२* फिनल्यान्ड सरकारद्वारा आर्थिक सहयोग प्राप्त वन स्रोत मापन (FRA) परियोजनाले रिमोट सेन्सिङमा (Remote Sensing) आधारित रहेर मुलुकभरको वन स्रोत सम्बन्धी तथ्याङ्क उपलब्ध गर इरहेको छ । तर बहुसरोकारवाला वन परियोजना (MSFP) को आधारभूत तथ्यांक तयार गर्न र सामुदायिक वन तथा वन व्यवस्थापनका अन्य कार्यक्रमका परिणामको अनुगमन गर्न अतिरिक्त तथ्याङ्कको आवश्यकता पर्दछ ।

**सिकाइ ७: वनलाई उत्पादनमूलक तथा दिगो रूपले व्यवस्थापन गर्न आगामि कार्यक्रमहरूले प्रभावकारी वातावरण सिर्जना गर्नेछन् । साथै उपभोक्ता समूहहरूको क्षमता अभिवृद्धिसमेतलाई आफ्नो कार्यक्रमको केन्द्रमा राखी कार्य गर्नेछन् ।**

[1] NSCFP, *Two Decades of Community Forestry in Nepal: What have we learned?* SDC and Inter Cooperation. 2011. LFP, *Seven years of the Livelihoods and Forestry Programme.* 2008. विस्तृत विवरणको लागि यसका उपलब्धिहरु सम्बन्धी चर्चा गरिएको खण्ड ८ र तत्पश्चात्का सामग्रीहरु पनि हेर्नुहोस् । Bharat Pokharel, Peter Branney, Michael Nurse and Yam Malla, Community Forestry: Sustaining Forests, Livelihoods and Democracy. In: Ojha et al. (eds.) Communities, Forests and Governance: Policy and Institutional Innovations from Nepal.2008, Adroit Publishers, New Delhi. Basnett, Bimbika Sijapati, Linkages between Gender, Migration and Forest Governance: Re-thinking community forestry policies in Nepal. European Bulletin of Himalayan Research 38: 7-32 (2011).महिला तथा बहिष्कृत समूहहरुलाई समेटेर गठन गरिने सामुदायिक वन उपभोक्ता समूहहरुको निर्देशिकाको लागि हेर्नुहोस्: Arnold, J.E.M, J. Gabriel Campbell, Collective Management of Hill Forests in Nepal: The Community Forestry Development Project. Proceedings of the Conference on Common Property Management. National Academy Press. 1986.

# INTRODUCTION

The purpose of this study is to document jointly the best practices from the Livelihoods and Forestry Programme (LFP) and Nepal Swiss Community Forestry Project (NSCFP) and prepare a synthesis report of the learning of these two projects.[1] This synthesis is intended to help form the basis for implementation approaches to be further developed in the proposed ten years Multi Stakeholder Forestry Programme (MSFP) and avoids the continued separate projectised identification of best practice" by combining them in a synthesis publication. In addition, the new Forest Resources Assessment (FRA) project funded by the Government of Finland is incorporated within the review.

The report is divided into six overall sections and a seventh concluding note. Each section has some primary and secondary lessons learned together with supporting analysis. To the extent possible, experience from both projects have been synthesised into common lessons.[2] As NSCFP did not work in the Terai, that portion of Section two is primarily related to LFP's work.

The report's conclusions are based on review of the extensive and excellent project documentation and secondary literature; discussions with key staff members and other stakeholders; two brief field trips to Ramechhap and Dolakha in the hills and Rupandehi, Kapilvastu and Nawalparasi in the Terai; as well as prior exposure to project areas and activities. The learning of these two projects is so extensive over the twenty years that both donors have been active, this synthesised report necessarily focuses only on selected key issues. The projects' own documentation is far more detailed and nuanced and should be consulted for each of the issues discussed. The report recognizes the limitations of his understanding and welcomes corrections, comments, and feedback in addition to that already gratefully received.

The author gratefully acknowledges the assistance of the staff of NSCFP, HELVETAS, LFP and SDC during this study. The extensive input, support and feedback provided by Bharat Pokharel, Bimala Rai-Paudyal, Peter Branney, Bishwas Rana and Vijay Narayan Shrestha are cordially acknowledged. Please see Annex 1 for a partial list of the many additional acknowledgements.

[1] NSCFP was funded by Swiss Development Cooperation (SDC) while the LFP was funded by the UK Department for International Development (DFID). Both projects were completed in mid-2011.

[2] This synthesised report has used a number of terms interchangeably in order make the report a joint document, without necessarily endorsing any particular terminology e.g. both "programme" and "project" are used interchangeably as are both Social Mobiliser and Community Facilitator, etc.

# SUMMARY OF KEY LESSONS LEARNED

Programmatic approaches for supporting community forestry in Nepal have undergone considerable change over the last two decades. Earlier emphases on facilitating community management by Community Forestry User Groups (CFUGs) was limited to reverse degradation and provide subsistence forest products evolved into programme approaches that placed more priority on social inclusion, poverty alleviation and livelihood enhancement.[1] Prior reliance on the Forest Department and project staff for implementation and technical support to CFUGs was broadened to include other civil society actors. The armed conflict up to 2006 and post-conflict environments also resulted in the adoption of conflict-sensitive approaches that were absent earlier.

The Livelihoods and Forestry Programme co-funded by the United Kingdom's DFID and the Nepal Swiss Community Forestry Project co-funded by the SDC have been in the forefront of these new approaches in Community Forestry. Their innovative grassroots work has demonstrated that Nepal's communities are not only able to protect and expand their forests, but that they are able to introduce strong pro-poor and inclusive management institutions. They have shown that a multi stakeholder institutional approach that incorporates civil society and local governance bodies into decision-making and implementation is viable and valuable. These projects efforts to increase productivity and beneficial income from enterprises, while not as whole-heartedly successful as the social agenda, also provide important lessons for the future. Along with efforts to grapple with the difficult issues of Terai and High altitude forest management, and a host of policy issues, the innovations that worked – as well as those that didn't– are instructive.

These lessons, presented and analysed in more detail in the report, are listed below.

**Lesson 1.** **It is learned from LFP and NSCFP work that a multi stakeholder approach to supporting community forestry is feasible and can improve both social and forestry outcomes.**

Lesson 1.1. Expanding the scale of community forestry in the future needs to keep multi stakeholder support for expanding effective community management of forests as its core outcome.

Lesson 1.2. The projects have conclusively demonstrated that CFUGs can transform themselves into robust institutions with increased pro-poor and socially inclusive governance.

Lesson 1.3. Increasing social inclusion in local governance can be achieved through the effective development and use of social mobiliser, group formation, and civil society organisations.

1.3.1 Building genuinely pro-poor and inclusive institutions for local forest governance requires assisting CFUGs in updating not just their constitutions and Operational Plans to provide additional benefits, but in also *transforming their attitudes and behaviors* to welcome inclusion;

1.3.2 Coaching, training, and mentoring, especially through the *use of social mobilisers*, is a proven method for facilitating a pro-poor institutional transformation;

1.3.3 Expanding the voice, self-confidence, and decision-making capacity of the excluded is effective through working at the most local level possible (hamlet or household) and encouraging *networking and interest group formation among the poor and excluded*; and

1.3.4 Enlisting the support of *committed civil society organisations* provides the skill sets needed to support these social mobilisation efforts.

**Lesson 2.** **No single approach to pro-poor community based forest management in the Terai and High mountains has yet been developed as the most viable model, although some are more promising than others.**

Lesson 2.1. The extension of the community forestry model in the Terai benefits from inclusion of distant non-resident users.

Lesson 2.2. The Collaborative Forest Management model has theoretical potential for managing larger blocks of forests with distant users but remains a government controlled management system that has not yet been successfully implemented.

Lesson 2.3. The extensive development of public land management groups has demonstrated an innovative and approach to providing pro-poor benefits and ecological recovery of degraded areas that needs additional legal status for long-term sustainability.

2.3.1 Leasehold Forestry and Private Forestry have not realised the potential for complementing the Public Land Management (PLM) approach.

Lesson 2.4. Subsidised alternate energy programs can be effective means for reducing fuel wood use as well as black carbon and methane discharge – benefiting users and the climate.

Lesson 2.5. Innovative models for PA buffer zones and conservation areas in the Terai and High mountains have been developed, but still suffers from lack of adequate community management authority.

**Lesson 3.** **The programmes have proven that community forestry can be a major contributor to the reduction of rural poverty.**

Lesson 3.1. Employment generation, community infrastructure development, income generating support, and public land allocation can be effective mechanisms for reaching the poor.

Lesson 3.2. Identifying the poor with well-being ranking was largely successful while targeting the extreme poor was more problematic.

Lesson 3.3. The role of social mobilisers and community facilitators are seen effective for programme management and implementation.

3.3.1 The essential approaches of well-being ranking and use of social mobilisers should be maintained and harmonized where possible while maintaining flexibility to respond to differing situations.

3.3.2 There are empowerment advantages of group approaches to reaching smaller numbers of poor households within CFUGs that may be worth retaining.

Lesson 3.4. The development of sustainable community and pro-poor forest based enterprises has been constrained by regulatory barriers and inadequate harvesting regimes, processing technologies, market access, investment environments, linkages to the private sector, energy, and infrastructure and programme investment.

Lesson 3.5. Innovative project attempts to provide subsidized direct financial shares to the poor in forest based enterprises have had limited success, but provide learning that may be applicable in a value chain approach.

3.5.1 To the extent viable enterprises can successfully be encouraged, revenue of CFUGs, private tree growers and government entities could lead to substantially increased expenditures for community development and pro-poor initiatives.

Lesson 3.6. Although not necessarily labeled as such, both projects have contributed significantly to climate change mitigation and adaptation.

Lesson 3.7. Support by both programmes to national level strategies and capacity to deal with new climate change mechanisms such as REDD+ and PES (payment for environmental services) has also been effective, although results are still inconclusive.

Lesson 3.8. Non-market based approaches to climate change mitigation, including existing programmes for improving forest management and the reduction of black carbon and methane are currently the most viable.

**Lesson 4. The use of multiple funding modalities, including Government, NGOs, district/VDC level committees, and direct to FUGs and households has provided valued programme flexibility and increased delivery while diversifying stakeholder ownership.**

Lesson 4.1. In addition to appropriate Redbook funding, strengthening the capacity, governance and goodwill of Government Forestry organisations is critical to programme success.

Lesson 4.2. Multi stakeholder and multi-sector VDC and district level planning and coordination mechanisms have been piloted with mixed success.

Lesson 4.3. Both programmes demonstrated exceptional ability to adapt their strategies to the period of Maoist insurgency and post-conflict institutional uncertainties through use of local intermediaries, aggressively pro-poor strategies, support for CFUG autonomy, political neutrality, and programme and budget transparency.

4.3.1 Programme elements originally designed as adaptation to conflict need to be reviewed to see which are still valid and which incur high transaction costs that are no longer the best use of scarce resources.

**Lesson 5. Innovative programming, excellent documentation and the pursuit of multiple avenues for influencing policy has produced significant reforms in transforming community forestry into a more pro-poor, pro-women, and inclusive programme at both the national and local levels.**

Lesson 5.1. Current project strategies have not been effective in reducing regulatory hurdles to commercialisation of forest products and discouraging efforts to curtail community forestry rights.

**Lesson 6. The participatory monitoring systems developed by the both programmes have been exemplary which was based on similar logical frameworks and noteworthy disaggregation of data on the poor and excluded.**

Lesson 6.1. Both programmes have enhanced on-going learning within the projects and with international audiences, but given less attention to communications with national and local stakeholders.

Lesson 6.2 The forest resource assessment (FRA) project funded by the Government of Finland will be providing valuable remote sensing based forest resource data for the whole country but will require additional resources to provide a baseline for MSFP and a basis for monitoring the outcomes of community forestry and other forms of forest management.

**Lesson 7. Strengthening the enabling environment and capacity of user group institutions to productively and sustainably manage their forests should remain at the centre of future programmes.**

1 NSCFP, *Two Decades of Community Forestry in Nepal: What have we learned?* SDC and Inter Cooperation. 2011. LFP, *Seven years of the Livelihoods and Forestry Programme.* 2008. See also Section 8 on achievements and later references. Bharat Pokharel, Peter Branney, Michael Nurse and Yam Malla, *Community Forestry: Sustaining Forests, Livelihoods and Democracy.*in Ohja et. al.(eds.) *Communities, Forests and Governance: Policy and Institutional Innovations from Nepal.* 2008, Adroit Publishers, New Delhi.Basnett, Bimbika Sijapati, *Linkages Between Gender, Migration and Forest Governance: Re-thinking community forestry policies in Nepal. European Bulletin of Himalayan Research* 38: 7-32 (2011). For early guidelines on forming community forestry user groups with women and excluded groups, see: Arnold, J.E.M, J. Gabriel Campbell, *Collective Management of Hill Forests in Nepal: The Community Forestry Development Project. Proceedings of the Conference on Common Property Management.National Academy Press. 1986.*

# 1

# COMMUNITY FORESTRY GOVERNANCE – HILLS

*Lesson 1: LFP and NSCFP have proven that a multistakeholder approach to supporting community forestry is feasible and improves both social and forest condition outcomes.*

Both programmes have demonstrated overwhelming success in strengthening CFUGs' institutional capacities through multi stakeholder approaches to improve the ecological conditions of their forests, increase incomes and make their management and expenditure more pro-poor.[1]

Between them, both programmes have supported over 7,225 community managed forest groups (including 6,200 CFUGs) to manage a total of 674,000 hectares of forests. This represents between 32% and 42% of the total forest area in the 19 programme districts and 61% - 69% of the potential community forestry area.[2] 754,900 households are benefiting from these community-managed forests, of which a substantial majority is belongs to poor and excluded groups.[3]

The consequence of this achievement, which was only a distant and much doubted dream at the advent of community forestry three decades ago,[4] has multiple benefits:

- *Increased availability of forest products*, including fuel wood, fodder, construction materials, composting materials, supplementary food, and raw material for direct sale or processing on an equitable basis especiallytothe poor and excluded.[5]
- *Improved biodiversity, forest sustainability and environmental services* (soil retention and nutrition, carbon sequestration, water runoff rates, etc.) for local populations (especially the poor living in more vulnerable areas and downstream), and
- *Visible proof of reversal of deforestation* to communities and government (and the global community) of the effectiveness of good local forest governance under an enabling policy environment, increased tenure security, and good programme support and facilitation.

There are a number of physically visible and partially measured indicators of this improvement in the condition of forests in the hill regions of Nepal (the vast area of middle hills between the Churia and high Himal regions where most of the non-Terai population of the country lives).[6] These are partially listed in Section six on monitoring as well as in Annex 2.

Unfortunately, comprehensive or statistically valid studies of changes in forest condition for all the programme districts, or Nepal as a whole, are limited.[7] In part, this lacuna would appear to be a function of lack of coordination with research and inventory programmes taken up during this period. The lack of systematic attention to the biological and physical outcomes of

the programmes would appear to have been a result of framing the most important outcomes primarily in economic, social and institutional terms.[8]Both of these issues could be directly addressed in the forthcoming MSFP to include as *primary outcomes*:

1) the expansion of forest area under sustainable, productive and pro-poor community management, and

2) the means to monitor forest condition change.

Despite gaps in measurement, available indicators show that the overall improvement in forest condition in the hills and associated community income is remarkable. Expanding, supporting and transforming community forestry management has institutionalized the reversal of deforestation in the hill districts of Nepal. *These programmes have proven that community forestry in Nepal does improve the condition of forests and it does increase incomes.* Taken by themselves, these outcomes provide more than adequate justification for the long term intense efforts devoted to community forestry by these DFID and SDC supported programmes.

*Lesson 1.1: Expanding the scale of community forestry in the future needs to keep multi stakeholder support for expanding effective community management of forests as its core outcome.*

**BOX 1**

***Phewa Watershed :*** *"In the middle hill region of west central Nepal in 1977, part of a watershed experienced erosion rates exceeding 30 Mt/ha/yr due to high rainfall intensities, unstable soils, steep slopes, deforestation and severe overgrazing. However, since the 1970s an innovative national government policy of handing over forest management to local people was put in place, resulting in conversion of nearly all the eroded grazing and shrub land to managed pasture and forest, a fivefold increase in grass and fodder and a near-doubling of forest productivity. While 43% of project costs were spent on user group formation and vegetative restoration, this provided most of the social, environmental and economic benefits, compared to structural measures."*

*Source: A Watershed Conservation Success story in Nepal: Land use changes over 30 years. Bill Fleming and Jeanie Puleston Fleming, Waterlines, Vol 28. No. 1, Jan 2009*

*Dec. 30, 2011 Update: The Himalayan News Service quoted the Ministry of Forests and Soil Conservation Deputy Director as announcing that the Panchase Forest in this watershed has been declared as "Protected Forest", which would, if enacted, thereby extinguish harvesting and managing rights of the CFUGs that have planted and protected them.*

*www.thehimalayantimes.com Dec. 30, 2011, p.9*

Both projects have used support for community forestry as an entry point for transforming the institutions of local governance. By the means of increasing the voices of the poor and excluded groups of people, the projects not only have improved the livelihoods of the poor but have also contribute to down the nature of hierarchical power structures in the community. In other words, by helping to change the rules of the game the projects have worked both to deliver more to the poor and to enable the poor to claim more from community forestry.[9]In this respect, these projects are both "transactional" and "transformational" in their approach to the CFUGs and forestry sector. While any such effort to change deep structures is a long-term inter-generational effort that always has further to go,[10] both programmes have been remarkably successful within their sphere of operation.

*Lesson 1.2: The projects have conclusively demonstrated that CFUGs can transform themselves into robust institutions with increased pro-poor and socially inclusive governance.*

Although CFUGs established in the 90s (and their predecessor institutions in the 80s) were generally based on equal distribution of benefits and equal access to all member households, pioneering studies documented various forms of exclusion. These studies, many supported by NSCFP and LFP, showed how:

- Some groups of Dalits or recent migrants were excluded from CFUG membership,
- Barriers to membership created by the time and fees required to participate in the CFUG and or forestry benefits and
- Decision-making through capture of executive positions by the elite facilitated their disproportionate appropriation of benefits.

These practices perpetuated existing social and economic exclusion of the poor, women and disadvantaged groups, especially the Dalits.[11]

To address this problem, both programmes supported the CFUGs and other community organized groups through training, coaching and social mobilisation. Supports for amending their constitutions and operational plans were to make more pro-poor and inclusive. According to programme monitoring documents (see Section 6 on Outcomes), more than 72%[12] CFUGs now have constitutions and OPs with explicit provisions for the poor,

women and other excluded groups in their membership, leadership positions and in the access to benefits.

This increase in representation of poor and excluded groups in both CFUG committee membership and leadership roles (chair, treasurer, secretary) which was achieved through impressive facilitation of the programmes .

**Table 1: Participation of Excluded Groups in CFUG Governance**[13]

| Disadvantaged Group | % Committee Members | % Leadership Roles |
|---|---|---|
| Women | 39% - 49% | 26% - 56% |
| Poor* | 36% - 39% | 22% |
| Dalits | 9% | 6% - 10% |
| Disadvantaged Janajati | 40% | 40% |

* Definitional inconsistencies and ambiguities mean these numbers should be treated as indicative only.

In the cases of both programmes, these final figures are usually at least double those found at the beginning of the decade (2000).[14]

Beyond mere representation, both programmes were also reasonably successful in increasing the voice and self-confidence of the poor, women and other excluded groups that enabled them to be more active in decision-making. A number of studies have documented the degree to which the coaching, training, and mentoring provided by the programmes have *increased the effective voice of the excluded*.[15] Evidence from one programme shows that where social animation was used, 70% of the FUGs were active compared to 27% in other areas.[16]

Reviews of social mobilisation have shown that *establishing local user and beneficiary groups* is an effective method for building a sustainable institutional infrastructure for social inclusion. This research also showed that more transformative approaches to group formation and development have longer lasting ability that enabled locally excluded groups to take their own initiatives and claim their rights as full citizens.[17] One of the programmes has demonstrated the value of this group approach by forming an additional 7,300 hamlet level interest groups of the poor.[18] The group approach would appear to have lower transactional costs and engender potentially more sustainable results than individual household strategies.

*Lesson 1.3: Increasing social inclusion in local governance can be achieved through the effective development and use of social mobilisers, civil society organizations in group formation.*

The experience of both projects demonstrated that supportive programme policies, personnel and activities are critical to increasing social inclusion in CFUGs. *Specific additional lessons are listed below.*

1.3.5 Building genuinely pro-poor and inclusive institutions for local forest governance requires assisting CFUGs in updating not just their constitutions and Operational Plans to provide additional benefits, but in also *transforming their attitudes and behaviors* to welcome inclusion;

1.3.6 Coaching, training, and mentoring, especially through the *use of social mobilisers*, is a proven method for facilitating a pro-poor institutional transformation;

1.3.7 Expanding the voice, self-confidence, and decision-making capacity of the excluded is effective through working at the most local level possible (hamlet or household) and encouraging *networking and interest group formation among the poor and excluded*; and

1.3.8 Enlisting the support of *committed civil society organisations* provides the skill sets needed to support these social mobilization efforts.

The *importance of NGOs* (including the key role of FECOFUN), social mobilisers, and donors in both *facilitating and modeling* the inclusive behavior they were encouraging was an important supporting lesson. Modeling the behavior being preached is all too rare. FECOFUN's inclusion of 50% women members sets the standard for equality. Similarly, the staff of both programmes and donors is considerably more diverse and inclusive than is generally found in Nepal and was the result of very conscientious and commendable efforts.[19] Such "walking the talk" plays a very important role, and the lack of similar inclusive policies within the key government agencies (MFSC and MLD) remains an outstanding constraint on institutionalising these inclusive policies throughout the programmes.

Another lesson learned in both programmes while promoting pro-poor and inclusive governance is the real *trade-offs faced by the extreme poor and women*. As discussed further below, the time required to be an active executive or committee member is time away from wage labor or household subsistence work that many cannot afford. While efforts to mitigate these constraints (such as fitting the timing of meetings to fit other responsibilities) were partially successful, it must be recognised that these are hard constraints to inclusive governance and reasonable expectations need to be met.

1 NSCFP, *Two Decades of Community Forestry in Nepal: What have we learned?* SDC and Inter Cooperation. 2011. LFP, *Seven years of the Livelihoods and Forestry Programme.*2008. See also Section 8 on achievements and later references.

2 "Potential community forestry area" per district was roughly estimated by Nelson and Tamrakar, 1991, MFSC. The new National Forest Strategy and district plans need to refine and update this figure for which the FRA will hopefully provide useful inventory data.

3 Excluding Khotang.

4 Eric Eckholm in the influential book, *Losing Ground*, 1976. W.W. Nortron, New York cited predictions that Nepal's forests would disappear in 30 years (2006).

5 Breakdowns available in: LFP, *Community Forestry for Poverty Alleviation,* 2009 and NSCFP, *Outcome Monitoring Report of Fiscal Year 2009-2010.*

6 LFP, *Forest Resource Assessment of Nepal's mid-hills 1994-2008.* DFID Nepal; Bharat Pokharel, Peter Branney, Michael Nurse and Yam Malla, *Community Forestry: Sustaining Forests, Livelihoods and Democracy.*in Ohja et. al.(eds.) *Communities, Forests and Governance: Policy and Institutional Innovations from Nepal.*2008, Adroit Publishers, New Delhi. K.R. Kanel, *Twenty Five Years of Community Forestry: Contributions to the Millennium Development Goals*, Proceedings of the Fourth National Workshop on Community Forestry, 2004. P. Branney and K.P. Yadav, *Changes in Community Forests Condition and Management 1194-1998,* 1998, NUKCFP; Bharat Pokharel and Anupama Mahat, *Kathmandu to Jiri: A Photo Journey*, 2009?, NSCFP; Susma Shrestha, *Spatial Analysis on Forest Cover Change in Dolakha District.*NSCFP Internal Report 4/010; Mary Hobley, Jagdish Baral, Marendra Rasaily and Bihari Shrestha, *Nepal Swiss Community Forestry Project – External Review.*2007; *Community Forestry in Nepal, Improving Livelihoods through Forest Resources*. 2008 Asia Brief: Partnership Results. The Nepal Swiss Community Forestry Project End of Phase Report 1991 – 2011 reports that canopy cover increased from 11% to 23%, timber 19%, fuelwood 18%, and grasses 9%. p. 3.

7 LFP's baseline study for 5 districts started in 1994 is a major exception.

8 See Section 2 for further discussion of how the "poverty frame" affected programme achievements and Section 12 on the need for using the Forest Resource Assessment to monitor forest condition change.

9

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11 Y.B. Malla, H.R. Neupane, P. Branney, *Why aren't Poor People Benefiting more from Community Forestry?* Journal of Forest and Livelihood, 3(1) 2003. Bharat Pokharel and Michael Nurse, *Forests and People's Livelihoods: Benefiting the poor from Community Forestry*, Journal of Forest and Livelihoods, Vol 4 (1), 2004. Bhim Adhikari, *Poverty, Property Rights and Collective Action: Understanding the Distributive Aspect of Common Property Management.*Environment and Development Economics.2005. Bina Agarwal, *Gender and Green Governance: The Political Economy of Women's Presence Within and Beyond Community Forestry.* The Oxford University Press, 2010.Manohara Khadka, *Why Does Exclusion Continue: Aid, Knowledge and Power in Nepal's Community Forestry Policy Process.* IISS, The Hague, 2009. Sushma Bhattarai, Prakash Jha and Niraj Chapagain, *Pro-Poor Institutions: Creating Excusive Rights to the Poor Groups in Community Forest Management*, Journal of Forest and Livelihood 8(2). 2009.

12 LFP cites 71% in its Annual Report for 2009 – 2010 while NSCFP provides the figure of 100% for its 178 more intensively monitored cluster CFUGs in its Outcome Monitoring Report for 2009 – 2010.

13 Percentages are given as ranges where different figures are available from the two projects.

14 NSCFP, *Nepal Swiss Community Forestry Project: End of Phase Report.* 1991 – 2011;

15 NSCFP, *Looking NSCFP from Gender and Equity Eyes.* 2007.

16 LFP, *LFP's Pro-Poor and Social Inclusion Strategy: Creating a Common Understanding and Approach for Social Inclusion*, 2009.LFP's Animation and Social Mobilisation, p. 43.

17 Ibid. 2009 Chhaya Jha et. al.

18 OPR, *LFP: An Output to Purpose Review Report*, LFP. 2009

19 This successful drive for staff inclusion is documented for NSCFP in Chetnath Kandel, *A Report on the Impact Study of Human Resources Development (HRD) Programme of NSCFP,* Internal Report 6/2010.

# 2

# TERAI AND HIGH MOUNTAIN FOREST MANAGEMENT

*Lesson 2: No single approach to pro-poor community based forest management in the Terai and high mountains has yet been developed as the most viable model, although some are more promising than others.*

In comparison to community forestry in the hills, efforts to develop effective and equitable forest management regimes in the Terai have been highly contested with less consistent outcomes.[1] With 25% of Nepal's forest area, the persistent perception that these valuable tall timber forests[2] are primarily a source of national revenue (*Nepalkodhan)* has shaped the history of management attempts, from the early contracts to supply railway sleepers to India to the use of a national government corporation (Nepal Timber Corporation) for most timber sales.

Tensions and conflicts with local populations (including both historic residents in the more southern belts and the large number of migrants from the hills, many of whom settled on encroached forest lands) and the government forestry departments (including Department of National Park and Wildlife Conservation) have been a chronic feature of the management of Terai forests.[3] Except for the protected areas that occupy 17% of the forest area, national forest management has generally been characterised by widespread *lack* of management.[4] Too often, the result has been continuing deforestation, low productivity, low regeneration, and massive loss of revenue even at the national level[5]

There have been varieties of participatory approaches tried to address this problem to improve Terai forest management. Some of these have been further pursued by the LFP programme.[6] These participatory approaches include:

a) Extension of Community Forestry along the lines of the hills programme,

b) Establishment of Buffer Zone management in areas adjoining to protected areas,

c) Development of Collaborative Forest Management (CFM) model as a means to deal with large blocks of Terai forests and distant users,

d) District and Village level forest planning,

e) Private agro-forestry, and

f) Public land management.

Each of these approaches to extending some form of community participation in forest management in the Terai has been found to have some potential and merit.[7] However, within the Terai context, each of the approaches has also encountered difficulties and met with resistance from the official of the department of forests as well as segments of the local population and advocacy networks such as FECOFUN. This has taken the form of resistance to expansion of community based forest management, promulgation of contradictory rules and directives, prevention of sale and harvest, and media campaigns.

Adding to this conundrum, the extremely high returns available from harvest and export of Terai forest products, whether *sal* logs or rhino horns and tiger parts, has put intense market pressures for rent seeking on all management regimes. The armed insurgency and the post-conflict period with its lack of locally elected officials and political turmoil has further opened space for increased illegal harvesting, political manipulation and corruption. Government responses, such as banning all felling of green trees in 2011, has further increased scarcity of supply and incentives for illegal harvesting.

Community forestry, in the view of some programme staff and observers is the most effective means of the management systems. Legally handed-over community forests cover 15% of the Terai forests in the programme districts.[8] Additional areas are claimed and informally managed by community forest user groups despite not yet being officially processed to handover. Incomes from the sale of timber (prior to banned by the Government) can be substantial, ranging from a hundred thousand rupees to over three million even at the artificially low administrative rates for auction set by the DOF.[9] The resulting income provides substantial revenue for development of community infrastructure and pro-poor income generating loan funds.

However, more distant southern residents who used to rely on trips to forest areas that have since been settled by Hill migrants or converted into community forests for recent migrants have challenged the equity of these CFs. Though they do not live adjacent to forest areas, they dispute the right of recent migrants to claim the forests for themselves.

Likewise, the DoF is not convinced of the rights of recent, often encroaching, migrants to valuable forests that predated their arrival. While they mostly agree that the CFUGs are better able to protect and manage these forests, the reduction in national and personal incomes provides motivation for resisting (or at least slowing) the registration of new CFUGs.[10] The result of these contested claims is continuing disputes over the appropriate share of revenue for local users, distant users, local and district governments, and the national treasury. These on-going contestations have resulted in and been fed by contradictory policy directives.

The challenges facing both government and community management of large forest blocks in the Terai and mountains are a chronic problem in need of innovative solutions. The lack of consensus on management methods to be employed and the need for strategies that empower local users to work with other legitimate distant and national stakeholders to build sustainable and equitable forest management within a longer term forestry strategy are worthy of increased and sustained investment.

*Lesson 2.1: The extension of the CFUG model in the Terai benefits from inclusion of distant non-resident users.*

Recognising the need to adapt the community forestry approach for the Terai, the LFP has piloted some promising attempts to resolve these issues through incorporating benefits to distant users and the use of district level planning.[11] By allocating some of the forest produce (e.g. thatch grass, fuelwood, household timber) and revenues to adjacent southern users through a District Forest Coordination Committee (DFCC) planning process, the project has sought amicable solutions that have clearly reduced some of the conflict. Hopefully, this inclusive planning approach can continue to resolve disputes over benefit and revenue sharing to enable this Terai CF model to be further refined and expanded in appropriate forest areas.

*Lesson 2.2: The Collaborative Forest Management model has theoretical potential for managing large blocks of forests with distant users and greater district level involvement but CFM remains aDoF controlled management system that has not yet been successfully implemented.*

An alternate system called *Collaborative Forest Management (CFM)* was also developed by the DoF and prior forestry projects to manage larger blocks of national forest in the Terai. CFM incorporates distant users as well as local and district government bodies along with the forest department in its membership and governing committees. Identifying these forests and the communities that compose their membership has been one of the major accomplishments of the DFCCs) supported by the project. These DFCCs have enabled a more inclusive approach in the development of CFMs, as well as in support of other programme components.

Considerable effort has gone into the three CFMs that are operational in the Terai, including one within the

LFP programme area.[12] Two more CFMs are identified by the DFCC and DFO and are under preparation.[13] In Rupandehi and Kapilvastu, these CFMs have tended to consist of the large forest blocks surrounded by individual CFs that serve as a buffer and allow local users access to their own forests.[14] Collaborative Forests Management Operational Plans are prepared by the DoF and approved by the CFM Committee. Fifty percent of the revenue goes to the DoF (Government Treasury) and 50% to the community—of which 10% is for community expenses, 40% for forest management and the remaining 50% for VDC members.[15] However, harvest has yet to take place in the CFMs. Even without the current ban on green tree felling, all timber harvesting plans have to be annually re-approved by the Forest Department in Kathmandu as well as the Regional Forest Office (in the case of LFP, Pokhara).

Project and DoF staff involved in these CFM programmes have commended them for their theoretical potential to solve the problems of distant users and multi stakeholder management of larger blocks of Terai forest. However, they acknowledge that CFMs are subject to a number of current weaknesses that curtail the ability to implement this approach successfully. The large number of distant users who have little or no personal knowledge or connection with the forest deprives the CFM members of the sense of ownership and ability to manage adjacent resources that is the central element in CFUG success. The size of the relatively detached membership, along with the annual centralised DoF harvesting approval procedures, ensures continuing DoF control over the planning and management of the CFM. While the recently issued CFM Guidelines increases the community's share of benefits, there appear to be ample opportunities for less than transparent revenues from the administratively fixed prices, auction system, and amounts set aside for management expenses. The FECOFUN also remains opposed to CFMs as they see them as a means to restrict the formation of CFUGs.

*Lesson 2.3. The extensive development of public land management groups has demonstrated an innovative approach to providing pro-poor benefits and ecological recovery of degraded areas that needs additional legal status for long-term sustainability.*

The potential for a coordinated strategy with the Leasehold Forestry and Private Forestry seems to have been somewhat neglected. Both of these categories of forest development have legal status in Nepal. Leasehold forestry is confined to forest lands, but takes the same agro-forestry treatment approaches as PLM. Private forestry is mostly on non-poor landholdings, but has the potential to provide employment opportunities through growing raw materials for forest enterprises and decreased competition with the poor for common forest resources.

For the southern distant forest users, the LFP had considerably more success with the introduction of a public land management (PLM) approach.[16] This programme targets uncultivated grazing lands alongside rivers and canals that are not privately registered. The project staff—or more accurately—the social mobilisors and NGO staff working on behalf of the project, negotiates with villages (VDCs, or when formed, VFCCs) to form a group of the poor for the development of the land and use its benefits. With the help of the DoF an agro-forestry plan is developed that combines tree plantation with understory thatch and agricultural crops. This plan is then signed by the VDC allocating use rights to the PLM group and benefit sharing between the VDC and the group, which is typically composed of 10-30 households. Within the group, individual plots are allocated for the poor to grow understory crops such as lentils, ginger or lemon grass. The local forests authority provides seedlings and the project provides other inputs as well as revolving funds and continuing social mobilisation support.

The programme was successful in establishing 451 PLMs in the three Terai Districts. By restricting grazing, the groups have been able to generate immediate revenues from thatch grass and other NTFPs, some agricultural produce for poor members as well as recover environmentally degraded lands. Along with programmes to introduce subsidised improved wood burning stoves and *bio*gas stoves, these programme elements have shown there are viable methods of extending forestry and livelihood benefits to distant southern users.

However, as with CFMs and the use of individual public land allocation in hill CFs, this programme faces some on-going challenges. The ambiguity surrounding the legality of the land use rights leaves users without much tenure security vulnerable to changes in future laws and regulations. The on-going registration of these PLMs with the DFO will help to bolster future claims, but as

this is not forest department land, the transfer in use rights is not under their jurisdiction. Recent Supreme Court decisions questioning allocation of these lands to educational organisations underlines their weak legal status. The relatively small amount of revenue that accrues to members and the VDC (in comparison to CFUGs) also suggests that it may be difficult to sustain group protection and management once additional project support is no longer provided.

2.3.1 Leasehold Forestry and Private Forestry have unrealised potential for complementing the PLM approach.

*Lesson 2.4. Subsidised alternate energy programs can be effective means for reducing fuel wood use as well as black carbon and methane discharge – benefiting users and the climate.*

Alternative energy programs have shown success in reducing fuelwood use, improving health, and reducing methane and black carbon. The subsidies currently provided from various sources for *gobar* gas plants make them attractive to households with sufficient livestock to feed the plants.[17] Subsidised improved wood cooking stoves with chimney can reduce indoor smoke pollution. Both of these approaches have been recently identified as among the 14 most effective measures for reducing climate change and improving human health by a multidisciplinary team of international scientists.[18]

*Lesson 2.5. Innovative models for PA buffer zones and conservation areas in the Terai and high mountains have been developed, but still suffer from lack of adequate management authority.*

*Buffer Zone Management* Concept around National Parks has been well established as the third participatory management regime to be used in the Terai. Over 17% of the Terai forest area has been legally established as national parks and protected areas and additional forms of wildlife and conservations areas have been established elsewhere in Nepal. There are pressures from international NGOs and donors, as well as Government, to increase this area as part of tiger, rhino and biodiversity protection and landscape approaches to conservation.[19] While not directly a part of existing LFP programmes, this increase in conservation and buffer zone approaches is one of the strongest drivers of changes in forest management and *de facto* community tenures.[20]

The intended advantages of the PA buffer zone approach to local communities include:

- 30 - 50% revenue sharing for VDCs in the buffer zone,[21]
- limited access to thatch, fodder, and fuelwood,
- elected conservation committees to provide participatory management, and
- opportunities to open up avenues to new sources of income related to tourism.

There are also current difficulties with this approach:

- the legal benefits and advantages accruing to User Groups under the Community Forestry Law and regulations are not available to buffer zone VDCs,
- enforcement in the adjoining PAs is undertaken by the national army,
- local communities are given little voice in PA management,
- buffer zone forest management is often dominated by DFOs who have the only legal authority, and
- wildlife-crop and wildlife-livestock depredation can be considerable – with considerable local resentment.

There is on-going concern that in the name of biodiversity conservation or carbon sequestration the greater rights and responsibilities generated by community forestry—and the subsequent increase in biodiversity and carbon capture—will be extinguished through expansion of PAs.[22] There has also been increasing advocacy from buffer zone and community based conservation area residents as well as scholars for changing the outdated 1973 Laws and regulations to give more decision-making authority to local communities.[23]

In many respects, large blocks of *valuable forests in the high mountain areas* present many of the same challenges as Terai forests. Being more remote, they have received even less attention from either programme. As in the Terai, this generally means that while nominally

under forest department management, they are largely unmanaged. Programme attempts to introduce new modalities for management of these high altitude forests (akin to CFM based on district level planning) were first stymied by lack of access during the armed insurgency, and later by lack of an accepted forest strategy. As with the national forests on the southern border in the Terai, they are now increasing subject to smuggling through the northern border and to other deforestation pressures accompanying increased road access.

As in the Terai, a number of these large forest areas are also proposed or already converted into PAs and buffer zones. In contrast to the Terai, more participatory models of management have been developed in the hills and mountains, including Conservation Area Management through Government controlled NGOs and Community Based Conservation management. Tensions between the government and local communities are less than in the Terai in part because of these innovative models as well as the efforts undertaken by the NPWC and NGOs. The existence of villages within the CA/PA boundaries has also changed the dynamics of management and necessarily provided more opportunity and responsibility to local users. However, a number of the weaknesses associated with lack of rights and dominance of DoF decision-making identified in the Terai also apply to these mountain PAs.[24]

1 Arthur Ebregt, Dhananjay Poudyal, Ram Nandah Sah, Radhe Shyam Siwakoti, Yam Bahadur Thapa, *Collaborative Forest Management in Nepal: Challenges and Prospects*, MFSC, Biodiversity Sector Programme for Siwaliks and Terai. 2007. James Bampton, Arthur Ebregy, and Mani Ram Banjade, *Collaborative Forest Management in Nepal's Terai: Policy Practice and Contestation.*, Journal of Forest and Livelihood (6)2, September 2007. Bal Krishna Jamarkattel, Sindhu Prasad Dhungana, Srijana Baral, Bishwas Rana and Hari Dhungana, *Democratising Terai Forestry Governance: Emerging innovations in the Western Terai Region of Nepal*, Journal of Forest and Livelihood 8(2), August 2009.

2 The forests are dominated by sal(*Shorea robusta)* and riverine *Dalbergia sisso-sisu, shisham, Indian Rosewood*.

3 The high agricultural potential of much of these lands, as was demonstrated by the large scale resettlements in Chitwan following USAID's malaria eradication and rural development investments in the 1950s and 1960s, makes them highly attractive for conversion to agriculture, legally and illegally.

4 Terai forests have witnessed some attempts at "scientific production forestry", including the clear cutting of large areas under the ADB funded Sagarnath project and more recent enterprise oriented forest management with support from Finland. Most have had limited success and met with considerable opposition both locally and nationall

5 Arthur Ebregt et. al. 2007, cites data that indicates that Government of Nepal Revenue was Rs. 430 million as opposed to potential revenue of 13,100 million or 3.2%. from H. Sigdel, Donor contribution in Forestry Development, Masik Jiwan, year 4, 14 (In Nepali).

6 As NSCFP has been exclusively in hill and mountain districts, this section draws on lessons from the LFP as well as other programmes working in the Terai such as the Biodiversity Sector Programme for Siwaliks and Terai supported by the Netherlands earlier.

7 Bharat Pokharel and Peter Branney, *Democratisation of Nepal's Forest Sector: Issues and Options*, NSCFP, 2007.

8 Bampton et. al.,*Ibid.*2007, p.32; personal communications. Charpala CF in Rupandehi district is often cited as an outstanding example.

9 It is widely understood that purchasing agents form cartels in league with government officials in order to ensure auction prices are kept artificially low and profit margins allow for informal distributions.Personal communications in the field.

10 Cases of illegal harvesting in CFs appear to receive disproportionate publicity in comparison to illegal harvesting in Government Forests. Personal communications from project staff and personal observation.

11 OPR, *LFP:An Output to Purpose Review Report*, LFP, 2009

12 Arthur Ebregt, Dhananjay Poudyal, Ram Nandah Sah, Radhe Shyam Siwakoti, Yam Bahadur Thaps, *Collaborative Forest Management in Nepal: Challenges and Prospects*, MFSC, Biodiversity Sector Programme for Siwaliks and Terai. 2007. James Bampton, Arthur Ebregy, and Mani Ram Banjade, *Collaborative Forest Management in Nepal's Terai: Policy Practice and Contestation.*, Journal of Forest and Livelihood (6)2, September 2007. LFP, *Ibid.* ((ABOVE))Three more CFMs have been proposed but not handed over.Handed over CFMs cover only 0.6% of the non-PA forest in the Terai.

13 So far, each CFM has taken over 8 years for planning and approval.

14 Personal communication DFO Krishna Prasad Pokharel, Kapilvastu and LFP project maps.

15 The community share was increased to 50% by the new 2011 Guidelines for CFMs: *Sjhadar Ban BybasthapanaNirdashika*, 2068. www.dof.gov.np (circulars).

16 LFP, I*nnovations for Pro-Poor Community Forestry: Community Forest Land Allocation,*2004.

17 For livestock poor households, the project introduced community gobar gas plants. However, the difficulties of managing communal plants suggest that their sustainability is far from assured. In one field site visited, one plant was still operative while the other had ceased over disputes related to equal dung contributions and a land use conflict unrelated to the plant.

18 Shindellet. al. *Simultaneously Mitigating Near-Term Climate Change and Improving Human Health and Food Security, Science* 13 January 2012: 183-189.

19 WWF: http://www.wwfnepal.org/our_solutions/conservation_nepal/tal/; *A landscape-baseed conservation strategy to double the wild tiger population*: http://onlinelibrary.wiley.com/doi/10.1111/j.1755-263X.2010.00162.x/full via Global Tiger Initiative, World Bank, http://www.globaltigerinitiative.org.Bijay Kumar Singh and Patrict Smith, *An Assessment of Forest Change, Biodiversity and Climate Change in Nepal,* USAID, 2009.

20 For an excellent analysis of the legal status of PAs, see Paudel, Naya Sharma, Sudeep Jana, Jailab Kumar Rai,*Contested law: Slow response to demands for reformulating protected area legal framework in Nepal,* Discussion Paper 11.5, Forest Action Nepal, December 2011.

21 This revenue is derived mostly from PA visitor fees, as well as local forest management income.

22 Campbell et. al, *Mid-Term Evaluation of RRI*, ibid. 2011 discusses this issue and the efforts of FECOFUN to counter its expansion.

23 Paudel, Naya Sharma, Sudeep Jana, Jailab Kumar Rai,*Ibid.*2011.

24 Paudel, Naya Sharma, Sudeep Jana, Jailab Kumar Rai,*Ibid.* 2011.

# 3

# POVERTY AND LIVELIHOODS

## *Targeting the Disadvantaged and Extreme Poor households*

*Lesson3: The programmes have proven that community forestry can be a major contributor to the reduction of rural poverty.*

Both NSCFP and LFP have taken proactive approaches to reaching the poor and disadvantaged households. This is especially evident in their more recent project phases over the last decade during which the programmes were reoriented from an emphasis on improved community management of forests to poverty reduction and the livelihoods of the poor and especially in the case of the NSCFP—the extreme poor.[1] The contributing factors for this strategic reorientation towards the poor and disadvantaged appear to have been:

1) Government, DFID and SDC focus on poverty, equity and livelihoods;

2) Increased understanding of the ways in which community forestry as it was practiced can result in either exclusion or inequitable benefits;

3) Programme emphasis on group governance, facilitation and awareness raising; and

4) Spreading of violent conflict throughout the project districts.

The need to adapt to a context of active armed conflict appears to have had a pervasive impact in shaping the programmes – as is further discussed in Section 4.

A variety of methods, both tested and innovative, were used by the programmes to try to better reach the poor.[2] These included:

- Social mobilisation to ensure membership of poor and excluded in forest user groups;
- Providing the poor with subsidized (or free) access to forest products over and above the equal access provided to all FUG members;
- Encouraging a larger percentage of the CFUG's cash expenditure to be directed to poor or extreme poor households through subsidized revolving funds for income generation activities;
- Integrating pro-poor silviculture into Operation Plans;
- Directing employment opportunities from forest management or forest product enterprises to the poor;
- Encouraging CFUG community development expenditure to be more pro-poor (or encouraging the reduction of such expenditure);
- Leveraging or directly providing project funds (sometimes on matching basis) for income generating activities
- Allocating CF and public land to poor households for income generating activities allowed on each category of land;
- Providing training opportunities and scholarships to extreme poor or socially most excluded Dalit children or girls;

- Supporting social mobilisation and/or direct household level coaching and training to build voice and capacity;
- Facilitating formation and activities of poor and excluded networks and interest groups; and
- Providing share equity in forest product enterprises to the poorest households

As this partial list illustrates, the programmes devoted a remarkable amount of effort – both time and financial resources – to this poverty agenda. The programmes have also shown an unusual willingness to experiment with untested new approaches such as the provision of share equity in forest enterprises to the poor.[3] However, they mostly relied on standard approaches such as small loan and grant funds for income generating activities.

The major outcome of this effort is a substantial *reduction in poverty* in project villages. In one programme's landmark study, found poverty levels was to have been reduced by 57%, of which 25% of the reductions was attributed to programme effort.

The overall *poverty reduction impacts* of these programmes are currently the subject of a comprehensive study,[4] however available evidence from existing programme and project studies document the power of these programmes in *reducing poverty.* A study conducted in seven districts found that 57% of the poor, a total of 72,000 households were able to move out of poverty and that 93% of the poor and excluded households had increased income over the period from 2003 to 2008. This study reported that 25% of this reduction in poverty could be attributed to the project's community forestry related programmes.[5] Another study of CFUG leaders, revealed their perceptions that 32% of the supported households had reduced their poverty and 40% more were likely to reduce their poverty.[6] Between 73% and 93% of the disadvantaged poor and excluded households received at least 2 direct livelihood enhancing benefits from the programs, amounting to a minimum of 560,000 households benefiting from target programs.[7]

*Lesson 3.1: Employment generation, community infrastructure development, income generating support, and public land allocation can be effective mechanisms for reaching the poor.*

The most significant contributions to the livelihoods of the poor is through:

- paid *employment* opportunities from forest management,
- CFUG investments in community infrastructure,
- use of forest products for generating cash income (e.g. dairy, goat raising, NTFP, etc.),
- forest enterprises, and
- income generating investments.

Based on programme data, an estimated total of 3.5 million person days of forest based employment per year – of which at an estimated 85% goes to the poor – is generated in the 16 project districts.[8]

If unpaid, informal employment is included, the figures increase almost tenfold. A recent national study carried out by the Environmental Resources Institute on behalf of the Ministry of Forests and Soil Conservation and LFP, documented that the forest sector provides employment equivalent to 1,658,099 full time jobs per annum on a national basis. Of these, 91.3% are in the informal sector, of which 67% consists of fodder collection, 26% firewood collection, 7% timber and the rest other products.[9] Janajatis comprise 54% of individuals employed (which is over-represented in comparison to their 34% overall population share); and Dalits 7% (which is under-represented in comparison to their 12% population share).[10]

The poor also derive employment and other indirect benefits CFUG investments in *community development infrastructure* that varies from project averages of 21% - 40% of total expenditure. The degree of benefits depends on the extent to which these projects are pro-poor and employment oriented. Labour intensive building and some school projects provided greater pro-poor benefits than roads constructed by bulldozers and new temples from which Dalits might be excluded. In fact, one project's concern with the extent to which these investments were going to investments the project did not consider pro-poor led it to discourage CFUG investments in community development as a whole.[11] Given the popularity of these investments to user groups, and their ability to garner widespread support, this policy appears to have riske reducing overall community support for pro-poor policy institutionalization.

The use of *small loan funds for income generating activities* at the household level was seen as a way for the CFUGs and programme partners to target the poor, especially the extreme poor. In one project, a fixed amount of Rs.5,000 per household was allocated and in the other, the amount varied by investment and was generally in the range of Rs.2,000 – Rs.10,000 per household. Many of the loans went for livestock, especially goats and some cows or buffalos; however a

wide range of other income generating activities at the household level, including tailoring, black smithy, bio-briquettes, cardamom, water mill, carpentry, small scale shops, etc. were also supported.[12] In both projects, the funds were given in the form of subsidized loans that should be returned to the revolving funds. From the limited available data, repayment rates in the range of 75% have been reported.[13]

The programmes also introduced innovative *informal land allocations* within community forests or public lands as a means to try and provide more sustainable income generating assets. A total of almost 1,500 ha.of land was allocated to 11,260 households by both programmes together.[14] Within community forest areas, barren lands were allocated for groups of poor households by the CFUG and were restricted by government regulation to grow non-agricultural "forest products" such as fodder and broom grass.

While land allocation provides a solution to the problem of how to invest in the improvement of these lands, it also faces challenges.[15] The lack of any tenure security beyond the short term contract with the User Group, the need for supporting inputs such as irrigation, and the limitations on land use suggest that future support for such programmes should be depend on a new forest strategy. This strategy should provide a legal framework and approved regulations and guidelines with a clear understanding of how this approach fits with the existing Leasehold Forestry programme. The programmes have shown that there is real potential for using the strategy allocating community forestry or other public land for the use of the poor but, as discussed in relation to the Terai, it has also raised critical policy issues that need resolution before wide scale expansion is undertaken.[16] As with the other targeted programmes, there are also questions as to whether those classified as the extreme poor are able to make use of these assets productively.

The fact that these programmes were *able to direct an increasing amount of CFUGs cash expenditure towards these income-generating activities for the poor* was a critical element in their success. By 2010, amounts between 20% and 22% of the cash was used for the pro-poor income generation. This represented a many fold increase over expenditure patterns a decade before. It is noteworthy that they also were able to institutionalise this change in the latest Community Forestry guidelines produced by the MFSC, in which 35% of expenditure is intended for the poor and excluded.

*Lesson 3.2: Identifying the poor with well being ranking was largely successful while targeting the extreme poor was more problematic.*

Both programmes used methods of community endorsed *well being ranking* to identify groups with varying degrees of poverty. One relied more on key informant ranking and triangulation with food sufficiency. The other project relied on group processes to differentiate six different categories through livelihoods, geographic and political capitals along with food sufficiency.[17] A comprehensive study of these two approaches along with those used by sixteen additional projects has shown that there are costs and benefits to each approach.[18] While both have proven to be useful tools, there are common problems with currently used methods of well-being ranking, including:

a) Subjectivity,
b) Vulnerability to manipulation,
c) Lack of consistency between methods,
d) High transaction costs of separate project ranking,
e) Lack of integration with local government, and
f) Inadequate use of the process for transformative social learning.[19]

Harmonizing the two methods of well-being ranking and integrating them to the extent possible within a nationally or federally established system will be an important task in developing the MSFP while still maintaining the flexibility to respond to the diverse social and economic conditions of rural Nepal.

In addition to anomalies arising from different applications of ranking systems, many CFUGs found it difficult to justify cut-offs between groups for providing special provisions to the poor. To avoid jealousies and resentments among the different groups of poor, especially where differences are often relatively small, many CFUGs directed these funds to the group of extreme poor or the Dalits for whom there was widespread consensus on identification.[20] Programme assessments by staff and external reviewers have questioned the extent to which loans, employment opportunities or other income generating activities were—or can be—effectively used by this group of the extreme poor. The extreme poor often suffer from a lack of managerial experience, access to markets and services (e.g. veterinary services), labor and input availability (e.g. fodder for livestock) and have low tolerance for risk. Given that the extreme poor are often

destitute, consisting of elderly widows, households that are physically or mentally challenged, or households with persistent self-destructive behavior patterns (alcoholism, chronic gambling), many agree that welfare approaches are more appropriate than micro-finance investments for this group.[21]

This issue of *targeting the extreme poor* also raises the overall question of the extent to which programmes based on community forest management have a responsibility to support the welfare of the destitute now that other national programmes for poverty alleviation have been established. [22] There are many critical gaps in the delivery of essential services and the development of safety nets in rural Nepal. The question of how many of these gaps community forestry based programmes for the poor should try to fill, and the high transaction costs associated with incorporating such welfare and rural income elements into programmes are difficult issues. There are important trade-offs of scale and impact that cannot be avoided.[23] The ability of these programs to increase benefits to millions more through scaling up to more districts and households needs to be weighed against devoting large resources to reach more of the extreme poor on an on-going welfare basis within smaller targeted areas.

*Lesson 3.3: The use of social mobilisers and community facilitators has been critical to the success of the programmes.*

The *use of social mobilisers or community facilitators* have served as critical elements in implementing pro-poor and inclusive community forestry and livelihood service delivery. Currently, both programmes use various categories of locally recruited social mobilisers, from more highly trained and salaried local resource facilitators working through NGO partners to volunteers at the CFUG level.[24] Their duties span assisting with well-being ranking and formation of interest/poor groups, to facilitating the work of the CFUG to conducting forest inventories and helping to prepare amended Operational Plans.[25] They were also found to be effective in helping FUGs leverage funding from other sources. Training has been provided both through formal programs and on the job mentoring. One programme used an innovative approach of scholarships targeted to socially excluded groups, especially Dalit girls, providing a pool of previously excluded individuals who served in social mobilisation roles.[26]

While the *contribution of social mobilisers to programme achievements* is widely acknowledged,[27] their lack of legal status, insecure job tenure, and heavy workloads provide a challenge to designing programmes for their future use. This includes evaluating the relative merits of project supervision of social mobilisers through alternative intermediary entities such as NGOs, FECOFUN, or Lead CFUGs (see later discussion). On-going efforts to secure certification and accreditation to the Government Forest Department are commendable and hopefully will achieve widespread acceptance for the MSFP.

The contrasting approaches of the two programmes to social mobilisation of poor and disadvantaged households also provides some lessons that need harmonisation. LFP placed considerable emphasis on mobilizing groups of tole (hamlet), poor or other interest groups to form separate groups and networks as a means to increase their voice and agency. Altogether 7,336 such groups were formed. NSCFP focused more on direct contact and coaching to poor households and did not place emphasis on forming separate small groups, although CFUGs were associated in areas of common interest or enterprise. This approach was thought to be better suited to reach the extreme poor, as they were often reluctant to join other groups. The group approach was found to be challenging in terms of fully inclusive membership, additional time burdens on the poor, and degree of animation and skill required of the social mobiliser.[28] However, the advantages of increasing the voice and agency through group mobilization and helping to transform CFUG's behavior (rules of the game) appear to outweigh these disadvantages and suggest that if adequate social mobilisation can be provided, this approach is worthy of continuation in future programmes.[29]

3.3.1 The essential approaches of well-being ranking and use of social mobilisers should be maintained and harmonized where possible while maintaining flexibility to respond to differing situations.

3.3.2 There are empowerment advantages of group approaches to reaching smaller numbers of poor households within CFUGs that may be worth retaining.

## Forest Based Enterprises and Employment

*Lesson 3.4: The development of sustainable pro-poor forest based enterprises has been constrained by regulatory barriers and inadequate harvesting regimes, processing technologies, market access, investment environments, linkages to the private sector, energy, infrastructure, and programme investment.*

There is ample evidence that forest based enterprises have the potential to provide substantial employment and value addition for FUGs and local communities. In fact, they already do provide more revenue from the 20% community managed forests than do the national forests and their contribution to employment and the livelihoods of the poor is significant.[30]

Despite the efforts expended by both programmes, forest based enterprises face a variety of formidable hurdles that neither programme was able to overcome adequately. These include:

a) Government regulatory and taxing constraints and associated corruption that, according to some observers, have only become worse instead of better;
b) Difficulties in getting FUGs to harvest even the amounts allowed in their Operation Plans, let alone the much larger amounts that would be sustainable through better forest management;
c) Lack of the technical knowledge and equipment necessary for efficient enterprise development;
d) Inadequate linkages with the private sector;
e) Very limited access to credit and lack of investment;
f) Paucity of managerial and business expertise;
g) Inadequate transport and power infrastructure; and
h) Difficulties along the value chain in linking products to sustainable markets.[31]

As this list shows, some of the challenges faced by forest-based enterprises are specific to the forest sector, while other problems are shared with industries in other sectors as well.[32]

The programmes estimate that over 400 forest-based enterprises are operating within the programme districts. These include timber and sawmilling, veneer manufacture, furniture and wood working, essential oils, medicinal plants, resin tapping, handmade paper production, Bel juice making, bio-briquette manufacturing, allo fibre, etc. In terms of ownership and investment they cover a range from privately owned to community owned to partnerships between public and private entities. However, the vast majority of enterprises are privately owned and generally excluded from project activities.

In general, the level of expansion and new investment, with some important exceptions, is not encouraging. In fact, established enterprises are discontinuing production for a variety of reasons, including lack of the ability to attract labor for seasonal work, problems in sustaining product supply and markets, frustration with increasing regulatory hurdles and demands for legal and illegal payments, and better understanding of health risks to poor laborers.[33] However, as the example of the massive investment being made in the plywood factory in Charikot shows, there are exceptions where businesses are risking substantial capital.

The regulatory hurdles to most tree and NTFP product harvesting, transport, processing and sales or export are squarely attributed to government employee corruption or rent-seeking. They emerge from earlier understandings of community forests as non-commercial providers of subsistence products and are defended in terms of safe-guarding forests from illegal exploitation. They are also a result of irrational administrative pricing and royalty arrangements that hark from the time when all forests were considered solely national property whose purpose is to provide national revenue. There is an acknowledged lack of well-apportioned taxes and royalties between communities, private landowners, and the government at various levels.

Barriers to enterprise development also stem from contradictions in legislation and the interests of local and district governments for generating revenue. Five separate trips to the forest range office to cut and

**BOX 2**

***Dibya Plywood Udhyog, Charikot, Dolakha:*** *An existing private veneer factory (Gauri Shankar Veneer) was purchased by Kathmandu based investors and is being built with substantial capital inputs including a veneer log peeler, a large hydraulic press, kiln, and large shed and outbuildings. Specialized technicians have been brought in from India for construction and skilled operation. After start-up in three months, the factory anticipates employing 200 people, of which 75% will be locally trained personnel, including 30% women. The factory will use mostly Alnus nepalensis (Utis) and anticipates no shortage of raw materials mostly from private lands. The waste material which other local veneer factories burn in open pits for briquette production will be used to fuel their kilns. The enterprise expects to have a ready market in Kathmandu and other local areas and, given the amount of plywood currently being imported, does not worry about continuing demand. The factory hopes to encourage farmers to grow more Alnus, which is fast growing, and is planning a nursery. The factory would be happy to contract for raw material from community forests if transaction costs and approvals are not too burdensome and is hopeful that the policy environment will improve.*

transport a single tree is an example of hurdle. Similarly, there are often contracting systems for products such as medicinal plants or resin, that do not provide level playing fields (particularly through artificial pricing) for communities or private tree growers. They do, however, provide a source of unrecorded commissions and bribes, which government officials are loathe to change.[34]

These bureaucratic barriers also influenced the FUGs reluctance to harvest even the prescribed amount of timber. For example, in Dolakha in 2005 (somewhat improved since then) the actual harvest of timber was 131,616 cu. ft. compared to a prescribed volume of 671,445 cu. ft. which itself was a very conservative estimate of the annual increment at only 1.3% of 2,319,587 cu. ft. Similarly, a study conducted in a teak plantation in the LFP Terai area found that with active management the CFUG was able to earn about $56,000 from timber and fuelwood even at low sales rates and generate 1,500 person days of employment, whereas previous management regimes were much lower.[35]

Perhaps the most counter-productive policy measure was the ban on harvesting of green wood (live trees) which was imposed in 2010/2011. Responding to reports of illegal logging, this ban undermined the CFUG operational plans, discouraged investments in tree planting or enterprise development and drastically reduced incomes to local communities and the Government Treasury. By creating an artificial scarcity of timber products, however, it increased timber prices substantially and reportedly increased incomes from corruption.

Other barriers to sustainable harvesting include mis-perceptions by civil society and the population at large that harvesting of green trees is "bad" and lack of sustained education and support for translating scientific silviculture options into greater local and national understanding. In addition, political party extortion of forced donations during and after the insurgency encouraged FUG members to keep their potential cash in trees. While the programmes made progress in encouraging more "active management" the net result is still a relatively conservative approach to forest management that does not help foster enterprise development or develop the linkages to sustainable forest management that would be required.

Given all these constraints many forest-based enterprises are not healthy and have difficulty surviving.[36] They rarely provide dividends. The labor conditions are unattractive in comparison to other alternatives. The outdated technologies are not upgraded and investments are not forthcoming at anticipated levels. However as the example of the plywood factory show, private investments are still taking place and hopefully they will continue to push back on counter-productive policies.

*Lesson 3.5: Innovative project attempts to provide subsidized direct financial shares to the poor in forest-based enterprises have had limited success, but provide learning that may be applicable in a value chain approach.*

The two programmes, and in particular, the NSCFP made innovative efforts to encourage forest based enterprises to benefit the poor beyond the primary benefit of employment. In addition to providing some forms of matching funding to enterprises with FUG shareholding and participation, there was a bold experiment in providing the extreme poor with enterprise

**BOX 3**

***Sallaghari CFUG Resin Contract, Ramechhap**: The Sallabhari CFUG (92.5 ha.) was established as a pine plantation in 1981 at the beginning of community forestry in Nepal. With mature trees, the CFUG is now able to auction 2,400 cu/ft. of timber per year after meeting local needs. Last year Rs.118,000 was received in auction, for which 13% VAT was provided to the Government via the DFO office and 5% to the District/Range Post. Pine trees over 36" circumference are auctioned for resin. Sunrise, a company based in the Terai has the two year contract to harvest the resin for which they paid Rs.7 per Kg. to the CFUG, for a total in 2010 of Rs.110,000. With the administered timber rate for pine doubled to Rs. 200 cu/ft. and increases in Shima wallicii (Chilaune) and Shorea robusta (Sal) to Rs.600 and Rs.800 respectively and the market rate of resin also increasing, the CFUG anticipates additional income the coming year. However, attempts to source labor locally have not been successful.*

*Complying with guidelines, the CFUG provides 35% of the income to the poor, defined as the 15 Dalit households, through income generating tools, training, land for growing shillies, ginger and coffee and free medicines. The remainder is used for road building, a 9 km. long drinking water system, a temple open to all and other infrastructure which benefits all 105 households. Each household contributes to protecting the forest and fire control on almost a monthly basis. The CFUG conducts regular meetings, but finds that there is less interest among the young who prefer migrating for employment.*

*Source: Kamal Bahadur Shrestha, Chair, CFUG Executive Committee*

**BOX 4**

***Shivamandir Essential Oil Enterprise, Kapilvastu:*** *In 2009 the LFP assisted the Shivamandir CFUG to establish an essential oil distillation enterprise in their community forest. The project provided matching funds of Rs. 1,103,198 to the Rs. 1,110,800 from 32 individual CFUG investors (Rs. 6,200 each) used to procure a distillation unit, a shed, and other tools. A manager was hired and cultivation and procurement arrangements for chamomile, menthol, and other essential oils made with poor CFUG members in four different CFs. In addition to capital, the project provided training in entrepreneurship, enterprise management and facilitates regular CFUG management meetings. The District Forest Office identifies the sales outlet. The enterprise operated at a net loss of Rs. 24,878 in 2010/11 and does not anticipate making a profit unless it is able to solve constraints on raw material cultivation and supply, grazing damage, labouravailability, operating funds, and better market returns.*

*Source: LFP/IFP enterprise survey. 2068 (2011)*

capital shares. This was theoretically intended to enable the poor to participate in management decisions as well as to entitle them to dividends. However, this experiment was later abandoned since the enterprises were not generally profitable enough to provide dividends and the time needed for participation of the poor in management was both difficult for the working poor and a drag on management efficiency.[37] In general, the project reached the conclusion that pro-poor subsidies, while theoretically beneficial, can be counter-productive to both enterprise health and improvements in the livelihoods of the extreme poor.

The outcome in terms of employment value is also a mixed. While there is no doubt that the employment generated is directed to the poor through self-selection, where enterprises are not financially viable or require difficult or seasonal labor (e.g. resin tapping, NTFP collection), the local poor prefer other sources of employment, including out-migration.[38] NSCFP calculates that 4,020 persons (including 57% women and 72% DAG) receive full time employment and 16,080 part time employments from enterprises.[39] This is not significant, especially to those poor households, but it is also far below the potential.

Recognising the various weaknesses in forest based enterprises; both programmes came to a common conclusion that a value chain approach was needed for a few selected enterprises that are market driven.[40] Increased efforts to remove external constraints and support more viable models of private forest based enterprises linked with active forest management shows indications of yielding productive results.[41] Staff agreed that this would require higher levels of project attention and investment in enterprise development, market research and increased private sector linkages.

3.5.1 To the extent viable enterprises can be successfully encouraged, revenue for CFUGs, private tree growers and government entities could lead to substantially increased expenditures for community development and pro-poor initiatives.

Even without explicitly pro-poor subsidies, increased CFUG incomes should continue to result in increased benefits for the poor. In addition, the self-selection of poor for labour positions ensures that employment benefits – at least at the unskilled and semi-skilled levels – benefit the poor and disadvantaged.

The scope for pursuing policy reform and improving the environment for forest product based enterprise development are considerable. Involving and supporting the private sector in all aspects of the value chain and in policy dialogues with national and local government entities provides a new avenue of programme investment. This along with civil society and CFUG federation advocacy efforts, may be able to break the current regulatory and market logjams and unleash the potential for enterprises to increase their value to poor livelihoods.

In addition, the incentives for improved forest regeneration and management that accompany increased incomes from forestry are a critically important element in sustaining community and private investment in plantation and forest management. Without such incentives, the livelihood and environmental benefits demonstrated by community forestry for Nepal's poor and climate resilience would be diminished.

## Response to Climate Change

*Lesson 3.6: The efforts of forestry and livelihoods programmes naturally and significantly contribute to climate change mitigation and adaptation.*

In important ways, both programmes already have been effectively addressing climate change mitigation and adaptation all along, although not always framing it within a climate change response agenda.[42] By targeting improved livelihoods of the poor and excluded, both projects have diversified and increased their incomes. This has increased the resilience of these groups who are always the most vulnerable, to climate change impacts – whether in the form of short term shocks (e.g. flash floods, droughts, etc.) or longer term increases in temperature and changes in rainfall patterns and ecosystems. In addition, the improvements in forest condition brought about by more sustainable community forestry management have increased watershed values, reduced soil erosion, reduced carbon emissions and retained the ecosystems capacities to adjust to changing climate variables. The alternative energy programme for improved wood fuel stoves and biogas plants also reduce methane and black carbon emissions and are among the interventions considered to have the best opportunity for mediumterm climate change mitigation.[43]

In addition, one programme has already taken the next step in mainstreaming climate change adaptation planning at the community level within 2,500 CFUGs.[44] This requires identifying specific climate change risks and vulnerable groups and developing specific plans for addressing these risks. One of the lessons learned in this process is to include cost-benefit analyses and ensure that expectations are not raised beyond the capacity of the project or government to respond.[45]

Given the relatively recent explosion of interest in climate change mitigation and adaptation among a number of donors in Nepal, national level strategies and coordination are becoming more essential.[46]

*Lesson 3.7: Support by both programmes to national level strategies and capacity to deal with new climate change mechanisms such as REDD+ and PES (payment for environmental services) has also been effective, although results are still inconclusive.*

Much of the global discussions on climate change have focused on issues of mitigation and carbon sequestration through proposed mechanisms such as REDD, REDD+ and CDM under the UN Framework Convention on Climate Change (UNFCCC) and how countries such as Nepal should make use of this potential opportunity.[47] In coordination with other donors, especially the FCPF (Forest Carbon Partnership Facility) managed by the World Bank and the CCNN (Climate Change Network Nepal), both projects supported the establishment of a REDD Forestry and Climate Change Cell (REDD Cell) within the MFSC and participated in the process of developing REDD Readiness Preparation Proposal (RPP) and National Adaptation Programme of Action (NAPA). Along with other international NGOs such as Rights and Resources Initiative (RRI)and ICIMOD, the projects have also helped build the capacity of FECOFUN and other NGO actors to understand, shape and respond to emerging opportunities.[48]

The need for Nepal to play a proactive role in shaping opportunities for employing carbon financing or REDD+ is acutely important for safeguarding the gains of community forestry and finding ways through which they may benefit. Many of the parameters of REDD, and even REDD+ under current consideration cannot be adopted for community forestry for a variety of reasons including:

a) ambiguity over ownership of carbon in CFs,
b) lack of clarity on benefit and cost sharing,
c) national level institutional rivalries between MFSC and MoEST,
d) inability of CFs to meet criteria of additionality and no-leakage,
e) difficulties with baseline criteria, boundaries and monitoring mechanisms, and
f) small scale of CFs and high transaction costs of administration.[49]

These prevailing constraints to the opportunities for community forestry to participate in REDD+ and the carbon market are subject to intense on-going international negotiation and lobbying efforts.[50] While the prospects for approaches that will be supportive to community forestry and pro-poor local communities appear to have improved slightly, many observers are pessimistic. It is certainly possible that no reasonable mechanism will emerge and that governments and donors committed to pro-poor community based natural resource management will have to look to other mechanisms such as PES or Environment/Climate Change funding baskets for viable means for sustaining sound local forest management.[51]

The challenges illustrated by the Plan Vivo efforts are by no means unique and illustrate issues that face attempts to create a "carbon market" in Nepal's context that is based on community management.

Recent research by a distinguished group of scientists has focused attention on non-market based actions that can be adopted to reduce the climate change caused by black carbon and methane emissions. These include installation of *bio*gas plants and improved wood fuel stoves, which the project is already doing, as well as programmes to reduce diesel engine emissions and paddy methane emissions through less flooding which are not part of current programmes.[52]

*Lesson 3.8: Non-market based approaches to climate change mitigation, including existing programmes for improving forest management and the reduction of black carbon and methane are currently the most viable.*

**BOX 5**

***Saljhandi VFCC/VDC PES Initiative, Rupandehi (Terai):*** *LFP working to develop pilot Payment for Environmental Services (PES) projects in accordance with Plan Vivo standards and in potential partnership with Plan Vivo Foundation.[1] These projects seek to generate financial credits to communities (Plan Vivo Certificates) for environmental services that provide improved livelihoods and increased carbon sequestration along with decreased carbon emissions.[2] Saljhandi VDC, one of these sites consisting mostly of sal (Shorea robusta) and mixed broadleaf forests and a human population of 12,653. Based on the boundaries of the VDC, the site includes 2,446 hectares of forest, 1,328 which is managed by 12 separate CFUGs, and 1,118 hectares of Collaborative Forest Management (CFM) area with membership consisting of 16 VDCs. With relatively good CFUG management, the forests are healthy, show good signs of regeneration, and are generating excellent incomes of approximately Rs.500,000 each.[3] A recently formed VFCC actively engages the CFUGs in coordinated management and participation in the development of the plan.*

*The challenges faced in developing this project for Plan Vivo certificates include:*

- *Boundaries of VDC do not coincide with community forest membership. Some CFUGs cross into adjacent VDCs and the CFM includes 15 additional VDCs, some of which are "distant forest users" 67 kms. away. How should certificates, income and management responsibility be distributed?*
- *CF have already benefited from strong community management. Plan Vivo (as with REDD schemes) only pays for "additionality", further improvements in carbon sequestration and emissions avoidance, and does not take into account the major gains already achieved. Additional gains may be relatively small in comparison.*
- *Monitoring of different units may require more resources than the amounts generated.*

[1] http://www.planvivo.org/
[2] Plan Vivo Project I*dea Note (PIN): A Landscape Approach For Enhancing Sustainable Livelihoods and Payment For Environmental Services under the Plan Vivo Standard, LFP, March 2011.*
[3] Personal communication by VFCC and personal observation.

1 B.K. Pokharel, J. Carter, R.R. Parajuli, S. Byrne and B.D. Gurung, *Community forestry in Nepal as a means of empowering people living in poverty: as assessment of its social, economic and environmental sustainability.*2009; LFP, *Community forestry for poverty alleviation: How UK aid has increased household incomes in Nepal's middle hills.* 2009. In fact, the extent of this reorientation was such that it led one writer to state, "Fundamentally Community Forestry is a process for social change, not for satisfying material needs."Andrea Nightingale, *Looking at NSCFP from Gender and Equity Eyes.*Issue Paper no. 9. 2007, p.14

2 LFP,*Creating a Common Understanding and Approach for Social Inclusion, LFP's Pro-Poor and Social Inclusion Strategy*, 2007. NSCFP, *The Contribution of NSCFP to Poverty Reduction at the Household Level. 2007*

3 Dinesh Thapa Magar, Jane Carter and Brahma Dhoj Gurung, *Addressing Poverty through Forest Based Enterprises: NSCFP Experiences*, NSCFP Internal Report, 2010.

4 SDC commissioned study is being conducted by HURDEC, Nepal.

5 LFP, *Community forestry for poverty alleviation: How UK aid has increased household incomes in Nepal's middle hills.* 2009. This study provides comprehensive poverty outcome data and analysis.

6 NSCFP, *A Report on Impact Assessment of Livelihood Improvement Program of Nepal Swiss Community Forestry Project,* 2010.

7 Outcome data provided by projects.

8 Outcome data provided by projects. LFP provided person days, NSCFP a mixture of person days and full and part-time employment.

9 *Employment in Nepal's Forest Sector.*Environmental Resources Institute, LFP and Ministry of Forests and Soil Conservation, June 2011.

10 Janajati is a term used for indigenous ethnic groups and Dalits is a term used for "oppressed" occupational castes who used to be considered ritually impure.

11 NSCFP actively discouraged community development, resulting in a reduction of average CFUG expenditure from 35% - 40% to 21%.

12 NSCFP, *A Report on Impact Assessment of Livelihood Improvement Program of Nepal Swiss Community Forestry Project,* 2010

13 Pokharel, Carter, Parajuly, Byrne and Gurung, *Ibid.*, 2009.

14 See section 11 on Terai for further discussion of public land options.

15 LFP, *Innovations for Pro-Poor Community Forestry: Community Forest Land Allocation,*2004.

16 Outcome data provided by projects.

17 Cherry Bird, *Synthesis of Three Pre Mid Term Review Studies for the Livelihoods and Forestry Proramme*, DFID 2006.

18 Chhaya Jha et. al. *Ibid.* Annex 6, p. 62 & 63 provides a comparison of criteria used by the two programmes.

19 Chhaya Jha et. al. Chapter 4, p.65 – 77. See also evaluation by Mary Hobley et. al. p. 69.

20 NSCFP identified 7.7% of the population as extreme poor and DAG

21 Mary Hobley with Jagadish Baral, Narendra Rasaily, Bihari Shrestha, *Nepal Swiss Community Forestry Project – External Review.*SDC. 2007. p. 52-57.

22 For example, PAF, LGCDP and many other government and NGO programmes.

23 NSCFP, *The Contribution of NSCFP to Poverty Reduction at the Household Level. 2007. Mary Hobley et. al, 2007.* Dinesh Paudel*, Twenty Years Journey of NSCFP in the Advancement of Community Forestry in Nepal,* 2010

24 LFP, *LFP's Animation and Social Mobilisation: Empowering local communities to access benefits and resources,* 2007. Pokharel, Carter, Parajuly, Byrne and Gurung, *Ibid.*, 2009.

25 See Chhaya Jha et. al. p. 30 & 33 for details of both programmes

26 NSCFP, *A Report on the Impact Study of Human Resources Development (HRD) Programme of NSCFP.*2010.

27 Chapagain concluded that direct interactions of poor and women with service providers increases impacts for poor and excluded by 300%. Chapagain, __ 2008.LFP found that 61% FUGs with social mobilisers were active compared to 27% without. LFP, *Creating a Common Understanding and Approach for Social Inclusion, LFP's Pro-Poor and Social Inclusion Strategy*, 2007. LFP, *LFP's Animation and Social Mobilisation: Empowering local communities to access benefits and resources,2007.*

28 LFP, *Increasing the voice and influence of poor & excluded people in community forestry: Tole and Interest Groups in CFUGs*, 2006.

29 LFP, *LFP's Animation and Social Mobilisation, Ibid.* 2007

30 Dinesh Magar Thapa, Jane Carter, Brahma Dhoj Gurung, *Addressing poverty through forest-based enterprises: NSCFP experiences.*2010; Nepal Economic Forum, *The potential and approach for enhancing private sector initiatives in Nepal's forestry sector.* (for LFP) 2011. B.K. Pokharel, D. Poudel, P. Branney, D.B. Khatri, *Reconstructing the Concept of Forest Based Enterprise in Nepal: Towards a Pro-Poor Approach.* 2005.

31 Dinesh Magar Thapa, et. al. *Ibid,* 2010; Nepal Economic Forum, *Ibid.* 2011. This comprehensive study has detailed and useful analysis and lessons from the perspective of the private sector.

32 In an interview in the Himalayan Times, January 8, 2012, Bishnu Prasad Neupane, Chairman and MD of Saurabhi Group stated, "Almost all industries are either losing money or operating at breakeven", due to lack of energy, manpower, and funds.

33 NSCFP, *Status of Timber, Resin, Essential Oil and Bio-Briquette Value Chains in Nepal Swiss Community Forestry Project*. 2010.For example, the project stopped support for bio-briquettes due to health risks to laborers from charcoal dust in the manufacturing process.

34 Dinesh Magar Thapa, et. al. *Ibid,* 2010; Nepal Economic Forum, *Ibid.* 2011. B.K. Pokharel et. al. *Ibid.* 2005.

35 Nagendra Prasad Yadav, *Active Forest Management is Driver for Economic Development and Employment.* 2011. email: npyadav7@gmail.com

36 See previously cited studies in this Section.

37 B.K. Pokharel et. al. *Ibid.* 2005; Dinesh Magar Thapa, et. al. *Ibid,* 2010

38 Remittance incomes contribute 23% of GDP and are credited as the major factor in Nepal's recent poverty reduction. World Bank, *Migration and Remittance Fact Book 2011.* World Bank and Central Bureau of Statistics, *Second Living Standard Survey.*

39 Outcome data provided by NSCFP

40 Thapa Magar, Dinesh, *Status of Timber, Resin, Essential Oil and Bio-briquette Value Chains in Nepal Swiss Community Forestry Project.*NSCFP internal report 3/010.

41 Personal communications LFP staffs in Bhairawa and Ramechap.

42 Regmi and Subedi, *Mainstreaming Climate Adaptation through Community Based Planning: Concept, Process and Tools.*LFP, 2010.LFP, *Climate Change, Forestry and Livelihoods in Nepal: Issues and Options for LFP and its Potential Successor,* December 2008. Ramu Subedi, *LFP initiative on Climate Change Adaptation: Some issues and lesson learnt.*project handout. LFP, *Seven Years of the Livelihoods and Forestry Programme* 2008, Bharat Pokharel and Sarah Bryne, *Climate Change Mitigation and Adaptation Strategies in Nepal's Forest Sector: How can Rural Communities Benefit?*, Discussion Paper No. 7, NSCFP, 2009.

43 Shindellet.al. *Simultaneously Mitigating Near-Term Climate Change and Improving Human Health and Food Security, Science* 13 January 2012: 183-189.

44 Regmi and Subedi, *Ibid.* 2010.

45 Ramu Subedi, *LFP initiative (Ibid),* 2010.

46 Note, for instance, new large scale funding initiatives of the World Bank, Norway and USAID as well as the very recent new Nepal Climate Change Support Programme funded by DFID and EU of Euros 16.5 million. *The Himalayan Times*, January 11, 2012, p.6.

47 Reduced Emission from Deforestation and Forest Degradation; the plus includes sequestration activities such as enhancing existing degraded forests: Clean Development Mechanism; Pokharel and Byrne, *Ibid. 2009.*; See also publications of the Intergovernmental Panel for Climate change: http://www.ipcc.ch/publications_and_data/publications_and_data.shtml

48 See numerous publications sponsored by the Rights and Resources Initiative on REDD and the risks to community forestry autonomy associated with its development in recent forums: http://www.rightsandresources.org/publications.php; and from ICIMOD: http://books.icimod.org/index.php/search/subject/3

49 Pokharel and Byrne, *Ibid.* 2009; RRI, *Seeing People Through the Trees: Scaling Up Efforts to Advance Rights and Address Poverty, Conflict and Climate Change.* 2008.

50 UN Conference of Parties meetings in Copenhagen in 2008 and Cancun in 2010 are follow-on negotiating platforms follow the Kyoto Protocol of 1997-98.Nepal delegations of Forestry officials, along with NGO representation, continue to play important roles in this process.

51 Building in direct payments and consistent royalties to CFUGs and VDCs that meet certain sustainable management standards in watersheds serving downstream hydroelectric, drinking, and irrigation projects would appear to have far greater potential at present.

52 Shindellet.al. *Ibid. 2012.*

# 4

# MANAGEMENT MODALITIES

## Fund Flow modalities

*Lesson 4: The use of multiple funding modalities, including Government, NGOs, district/VDC level committees, and direct to FUGs and households has provided valued programme flexibility and increased delivery while diversifying stakeholder ownership.*

Both projects have used a variety of funding modalities for management and implementation. These include:

a) Direct to Government (mostly the MFSC and Forest Department) through official "redbook" budgetary channels,

b) To NGOs (mostly local, including FECOFUN) mostly through competitive selection processes,

c) To CFUGs directly or through "Lead CFUGs",

d) To poor groups, households, and poor and excluded individuals through well-being ranking and similar open selection processes, and

e) To district and village institutions and national level NGOs and consultancy groups.[1]

There is general consensus among staff and evaluators, that partnership with local (generally meaning district level) NGOs to work with the FUGs, and poor and excluded households (whether in groups or individually) has been generally a successful strategy.[2] The focus on working with local groups increased local knowledge and acceptability and helped build decentralized institutional capacity that was then available to other programmes—increasing the chances of sustainability. Transparent processes of NGO recruitment,[3] and NGO recruitment of staff and social mobilisers, provided a model for the kind of fair and equitable processes that they were responsible to inculcate in CFUGs. Increasingly changing working style between the project and NGO from one of contractor to one of partnerships has further demonstrated project commitment to participatory and consultative styles of work.

To different degrees both programmes advocate the continuing use of NGOs, for a variety of project tasks. However, there are some areas of concerns that have been identified in project reports and evaluations. The uneven levels of local NGO skills and commitment to inclusive human resource policies and the dependence on donor funding have provided challenges that have required intensive and skillful project staff support and coaching.

Although the NGO's degree of long-term commitment to community forestry was not noted as a criteria,[4] the fact that various district and national entities of FECOFUN, have been extensively used as NGO partners is noteworthy. There has been concern expressed over the potential contradictions of serving both as delivery agent for project resources and advocate for the user group rights. However, the existence of this vibrant, robust and inclusive federation, so far bringing together over 17,000 CFUGs nationwide which has provided a unique opportunity to balance government dominance with partners who are committed to community forestry interests. When other NGOs no longer receive donor support and exit from community forestry, the continuing role of FECOFUN and similar federations are reason to

see these federations as continuing long-term partners in community forestry programmes.

The projects have also used more skilled and capable CFUGs as partners. While LFP have supported their role as sources of technical assistance, networking and learning, NSCFP has more recently piloted a strategy of using "Lead CFUGs" as substitutes for NGOs in supporting other CFUGs. This programme and funding modality has the advantage of building local capacity, drawing on indigenous knowledge and communication skills, and potentially providing a sustainable local source of support. However, lead CFUGs require considerably more training and support to operate as programme intermediaries with other user groups. Their selection can provoke jealousies and resentments since open competitive processes can be counter-productive. Relieving non-performing CFUGs of their lead role can be even more difficult than changing NGO partners. There are also questions as to whether CFUGs would be willing to pay the costs for social mobilisation and technical support required for tasks such as OP revision. The need for competent CFUGs and good quality supervision as well as the large number of Lead CFUGs that would be required suggests that this funding modality may be difficult to expand to a national scale.

Other funding modalities, such as grants to local government entities and direct to households or groups of poor and excluded, when not carried out by the CFUGs or partner NGOs, are directly funded by project entities. In the case of LFP, with its larger coverage of 16 districts,[5] there are multi-district regional offices that are provided with a large degree of autonomy by the national level project office. In the case of NSCFP, where there are three project districts[6] and the emphasis is more on inter-programme harmony in cluster areas, district level offices could be directly managed from the national project headquarters. In both cases the national headquarters staffs have been contracted through national and international intermediaries, a modality that appears to have worked well in maintaining staff quality and services.[7]

The most contentious issue revolves around the degree to which the government, specifically the MFSC and Department of Forest at national and district levels is the primary funding modality. Earlier bilateral programmes also tended to follow this modality with budgets reflected in approved government documents known as the "Redbook". Multilateral programmes generally use this mechanism whereby the Government expends its own funds in accordance with agreed budgets and claims reimbursement from donors. LFP and NSCFP used a modified approach by providing funding directly to national or district offices while reflecting them in the Redbook. While amounts varied by project, component and year, in general Redbook funding was generally less than a third of the total project costs.[8] The Ministry of Finance and MFSC prefer Redbook approaches for a variety of reasons, both commendable and questionable.

After the passage of the Forest Act of 1993, in which CFUGs were entrusted with authority to manage funds and forests with approved Operational Plans, and the decade of insurgency in which the government was no longer able to operate in rural areas, the programmes reduced their percentage of funding through government in favor of the other mechanisms discussed above.[9] In addition to being justified on the basis of government's inability to work in conflict situations, there are enough comments in project reports and in personal communications which indicated that, with outstanding exceptions, many in the government forestry sector are considered to be corrupt, lacking in commitment to pro-poor and inclusive policies, and unwilling to transform themselves from the role of landlord and enforcer to the role of facilitator.

Each of the project's funding mechanisms has advantages and disadvantages in terms of effectiveness, efficiency, and building sustainable institutions. While future programmes will need to look for means for reducing the complexity of multiple fund flow for administrative, monitoring and auditing purposes, the importance of increasing key stakeholder ownership and capability suggests that multiple funding mechanisms may still be required. The MFSC, various levels of the Forest Department, future sub-national government entities (such as the current District and VDC), CFUGs, and NGOs providing supportive services, including FECOFUN, all have important roles that are enhanced by appropriate organisational and funding modalities (see table 2). There does not appear to be one model suitable for all circumstances and flexibility to adapt to different contexts, as well as the evolving constitutional structure, will likely still be necessary.

**Table:2 Comparison of Project Funding Mechanisms**

| Mechanism | Advantages | Disadvantages |
|---|---|---|
| **Red Book** | • Target achievement ensured<br>• DFO staff encouraged for field visits<br>• DFO staff presence facilitates project activities<br>• Govt. ownership & responsibility promoted | • Transparency reduced and monitoring restricted<br>• Quality of implementation can be compromised<br>• Inadequate and irregular reporting |
| **Project Staff** | • Proper use of funds<br>• Program effectiveness is insured<br>• Efficiency of service delivery increased<br>• Timely account settlement<br>• Transaction costs low | • Increase in staff workload and manpower needed<br>• Increased security risk for funds transport in remote areas<br>• Reduced empowerment of other organizations<br>• No community ownership<br>• Exceeds appropriate backstopping role |
| **Service Providers (NGOs & FECOFUN)** | • Reduced financial workload of staff<br>• Increased capacity & credibility of local organisations<br>• Increased human resource development<br>• Increased implementation capacity for short and long term activities<br>• Local employment<br>• Local good will<br>• FECOFUN has long term stake in the sector<br>• Avoid raising unreasonable expectations | • Difficulty in resolving some underlying local conflicts (such as over boundary surveys)<br>• Uneven accounting and administrative skills between NGOs<br>• Can exceed project controls<br>• Raises expectations for future contracts<br>• NGOs may be only active as long as funded<br>• Difficult to take corrective action against NGOs |
| **Lead CFUG** | • Community ownership<br>• Capacity development of lead CFUGs<br>• Institutional development at grassroots level<br>• Increased local level motivation<br>• Increased skills in accounting and admin<br>• Funds direct to village level<br>• Local employment<br>• Mobilises local funds and increases financial efficiency | • Greater chance of fund misuse if record keeping capacity missing<br>• Workload increases for fund handling for remote CFUGs<br>• Lack of banking facilities and increased security risks<br>• Negative impacts of cases of misuse on institutions and timely work<br>• Difficult to change Lead CFUG if needed due to misconduct<br>• Irresponsible Lead CFUG can ruin VDC reputation |

*Source: Based on the discussion with NSCFP staffs*

*Lesson 4.1: In addition to appropriate Redbook funding, strengthening the capacity, governance and goodwill of Government Forestry entities is critical to programme success.*

Finding the most effective and transformative ways for working with the MFSC and the Forest Department and offices at central, regional, district, and range level has proven an on-going challenge to the projects. It is widely recognised that a number of forest officers have played exemplary roles in developing and promoting community forestry to be extraordinarily successful model—for both Nepal and much of the world. The national government has an on-going legitimate stake in the revenues from forests, whether handed back to communities or not. The need for continuing to improve scientific and technical forest management is accepted by all. Many would also argue that, as a general rule, government checks and balances on misuse of forest resources is also needed– just as civil society and community checks and balances on government misuse is necessary. Government institutions and officials need the space, support and incentives to transform themselves and improve governance just as local institutions and people do.

Some important efforts were made to work at both the national and local level with forestry officials to support this kind of capacity building through training and scholarships. Out of these efforts, a number of important government forest officer champions of pro-poor community forestry, decentralisation and multi stakeholder approaches have continued to emerge and will play critical roles in future work.

However, there is ample evidence that strained and uneasy relationships between projects and forest

department officials have also reduced the effectiveness of projects' outcomes. Lack of positive relationships may have contributed to the projects' limited ability to encourage forest policy reforms in commercialisation and enterprise development—or gain government support for pilot approaches in integrated and decentralised planning. This may have reduced the potential expansion of CFUGs and CFMs and the timely approval of OPs and enterprise development. It is apparent that some of these negative behaviors were exacerbated by antagonistic or moralistic project approaches.[10]

Fortunately, future forest sector programmes, including the proposed MSFP, are being developed through an exemplary multi-sectorial and participatory process. Hopefully, this process, along with the participatory development of a new forest strategy, will enable the MFSC and its departments, to take full joint ownership of future programmes regardless of funding modality. Hopefully the new strategies will also look for means to increase all stakeholders' interest in the continuing transformation of the management of Nepal's forests into vehicles for sustainable pro-poor and pro-environment benefits. And, hopefully the critically important partnership between the government and local community managers of forests, along with supporting institutional and donor partners, can be strengthened to be a source of pride for both.

## Institutional Interfaces

*Lesson 4.2:Multi stakeholder and multi-sector VDC and district level planning and coordination mechanisms have been piloted with mixed success.*

The over 17,000 CFUGs in Nepal have often been noted for being the most resilient and active institutions of elected local governance since the abolition of the elected VDCs and District representatives in 2002. In fact, during the height of armed conflict, they were often perceived as the only viable local governance institutions, and frequently displaced VDCs in the quantity of their investment in community development. Within the project districts, the CFUG institutions were further strengthened, and in perhaps a third of the cases, transformed into pro-poor and inclusive institutions with skills and capability in planning, transparent implementation, and self-monitoring.

A natural result of having built the capacity of VDC leaders, including some previously excluded leaders, was the use of their skills in planning and governance in other spheres of local development. One important outcome of this capacity building was the leverage of resources from other sources, whether VDC block grants, other national poverty programmes such as PAF or LGCDP[11] and the leadership roles taken by CFUG leaders.

The projects also sought to integrate FUGs at the VDC and district levels through establishment and support of VFCCs and DFCCs. Both of these entities were established under directives of the MFSC as multi stakeholder coordinating mechanisms and thus had some legal status. Project experience has demonstrated that they can play important roles in planning overall strategy for management of different forest areas and bringing together different stakeholder groups. However, contradictions with the Local Self-Governance Act (1999) and ambiguous legal authority to approve forest plans has meant that their effectiveness depends on the attitudes and support of individual DFOs, district, and political party officials. The framework for their use as the primary mechanism for planning and coordinating decentralised community forestry support is thus ambiguous, contested and still evolving, both in the hills and Terai.[12]

Similarly, the bold pilot effort by the NSCFP to extend CFUG planning skills into an integrated development plan for the whole VDC, labeled Village Level Development Plan (VLDP) demonstrated the theoretical viability of this approach. However, it somewhat floundered on the lack of legal status, authority, or buy-in from the government, political, and development actors that is necessary for broader adoption. This intensive pilot effort was carried out in six VDCs spread over three districts. The lessons learned from this effort are well documented,[13] and reinforce the lesson that integrated VDC and District level planning is difficult to do from the platform of a community forestry programme. In addition, until the new Constitution is approved, authorities of sub-national units over forests decided[14] and there are local elected representatives and approved systems of local governance and planning, it is problematic to venture beyond the approved CFUG, VFCC, and DFCC frameworks.[15]

Trade-offs were also faced by the two different approaches to inter-sectorial coordination. One project moved increasingly towards increased coordination with other sectorial efforts funded by the same donor in order to harmonise efforts, increase efficiency and synergy of outcomes through clustering activities within district areas and along roadsides.[16] Project officers reported increased levels of cooperation and were able to conduct increased monitoring, although there was

some resentment by the more neglected CFUGs and comparative impacts are not yet known.

The other project used an approach that tried to reach most of the CFUGs in their districts through NGO intermediaries. In this approach, there was limited coordination with other related projects (i.e. poverty, enterprise, and governance initiatives funded by the same and other donors), but more ability to reach a larger number of beneficiaries. To the extent that the proposed new programme is attempting to scale up to a national level, this latter approach – with more inter-sectorial coordination where possible – may be more effective in reaching a greater number of households but suffer from lack of synergistic opportunities of working with complementary projects.

## Working in Conflict and Post Conflict

*Lesson 4.3: Both programmes demonstrated exceptional ability to adapt their strategies to the period of Maoist insurgency and post-conflict institutional uncertainties through use of local intermediaries, aggressively pro-poor strategies, support for CFUG autonomy, political neutrality, and programme and budget transparency.*

The Maoist insurgency and armed conflict had major impacts on both programmes: shaping their strategies, operations and outcomes. During the period 2000 to 2002, the insurgency took *de facto* control of most of the rural areas within most project districts. This resulted in:

- Destruction of forest department and some project facilities,
- Evacuation of government officials (including forest rangers and guards) and other party leaders to district capitals,
- Use of community forests as insurgent cover and restrictions on movements into forests from both sides,
- Extortion of "donations" or "taxes" from CFUGs and subsequent CFUG reluctance to harvest and sell products,
- Restrictions on CFUG meetings from both sides,
- Restrictions on project staff and local community members travel,
- Threats to project staff safety and assets,
- Loss of youth population from rural areas through Maoist recruitment or voluntary migration to urban areas, India or elsewhere for education, employment, or escape from forced conscription,
- Reduction in law and order and CFUG authority and ability to manage forests, including Maoist take-over of some committees,
- Termination of all locally elected VDC and DDC members' tenure, and
- Virtual dissolution of elected governance.

Given the degree of threat to community forestry posed by these changes resultant from the armed conflict up to 2006, it is remarkable the extent to which CFUGs were able to exhibit a high degree of resilience and how NSCFP and LFP were able to successfully adapt their projects to work within this environment. The resilience of CFUGs has been attributed to:

a) adherence to locally accepted notions of justice,

b) the CFUG's image as neutral non-State entities,

c) CFUGs control over valuable resources, and

d) CFUGs ability to adapt to the difficult and changing circumstances.[17]

At a time when virtually no other local institution was functioning, CFUGs and their local and national federation (FECOFUN) were acknowledged as the only widespread form of local governance and development. This is indeed a tribute to these groups and the support they received from government, policy, and development agencies over the preceding decades.

While some other forest sector donors responded to this crisis by closing down their projects, both NSCFP and LFP used it as an opportunity to reshape their programmes in ways that would be acceptable to all of the stakeholders. In addition they proactively decided to take advantage of the changed social landscape to promote social transformation of the persistently feudal structure of rural Nepal. In accordance with insightful analyses of the issues involved, the programmes adapted their activities and operating processes to "address the root causes of the conflict" which were understood as political, economic, and social exclusions and the inequality in the distribution of power and resources.[18] Beyond finding a way to work within conflict, the projects sought to ways to positively use the conflict to address social exclusion and thus hopefully also influence the conflict's peaceful resolution.

Both projects thus adopted major strategic shifts in their programmes. These included:

- Shift from improving forest condition to poverty reduction and social transformation as the major goal,
- Introduction of targeting of poor and excluded in CFUG expenditure, operational plan amendments, collection and access to forest products, and enterprise formation,
- Proactive Inclusion of poor and excluded in governance and project benefits,
- Use of local NGO service providers and facilitators (social mobilisers) by both project and DFO offices,
- Proactive use of gender and social inclusion human resource strategies in project and partner staffing and recruitment,
- Adoption of quick impact income generation activities for poor and excluded households and groups,
- Maintenance of political neutrality and open dialogue with all parties and stakeholders, and
- Use of rigorous transparency in decision making, budgetary allocations and accounting.

The projects were able to carry out these changes through mainstreaming a common conflict approach labeled SEDC (Safe and Effective Development in Conflict). This required constant innovation, flexibility and a balance of quick impact activities with longer-term capacity building.[19] It also required staff courage and commitment to community forestry and its use for livelihood improvement and social transformation. As the preceding analysis has claimed, the projects were remarkably successful on both fronts.

There are some continuing post-conflict uncertainties and threats from political party interference through the local multi-party governance mechanisms adopted at the district level that continue up to the present.[20] However, most of the preceding legacy of diverse project responses to conflict has been maintained even after the peace agreement established in 2006. Given the necessary transaction costs entailed in supporting all of these approaches (such as long-term social mobilisation and individual household livelihood support) there would appear to be opportunities to streamline some of the programme elements to enable scaling up of the programme to cover more districts and villages.

4.3.1 Programme elements originally designed as adaptation to conflict need to be reviewed to see which are still valid and which incur high transaction costs that are no longer the best use of scarce resources.

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1 Annual Reports; Annual Budget and Expenditure Statements 2010
2 Mary Hobley et. al. *Ibid.* 2007; Cherry Bird, *Ibid.* 2006; LFP, *Ibid.* 2007. Personal communication from staff 2011.
3 LFP, *Partner NGOs Selection Process in Livelihoods and Forestry Programme (LFP)*
4 LFP, *Ibid,*Annex 5: Proposals award criteria.
5 These include 12 hill districts in the East, Mid-West and West and 3 Terai districts in the Western region, and recently, some pilot activities in the Far West.
6 Including Dolakha, which is being phased out, there are 4 districts with the addition of Khotang to Ramechap and Okaldunga.
7 Swiss Inter-Cooperation for SDC (Now merged with HELVETAS); Centre for International Development and Training of the University of Wolverhapton for LFP.Both organisations bring expertise and synergies from other activities.c
8 Following completion of both projects in 2011, funding for Districts and Central Forest Ministry and Department activities has been temporarily suspended.This has created tensions and reduced opportunities for cooperation during the IFP.
9 The percentage of NSCFP funding going through MFSC and DFOs is less than 20%. LFP completely eliminated this funding modality until very recently where they are providing small funds to DFOs in new Mid Western districts.
10 Personal communications from staff and expert observers.As an example, NSCFP annual reports note that in accordance with donor harmonisation policies no field travel allowances were provided to forestry officials in the expansion district of Khotang, resulting in lack of cooperation in this district.
11 The Poverty Alleviation Fund and Local Governance and Community Development programmes are both large scale multi-donor programmes managed by specially established national funds working with NGOs to reach local level groups.Jha et. al. *Ibid.* 2009.
12 Bharat Pokharel and Peter Branney, *Democratisation of Nepal's Forest Sector: Issues and Options*, NSCFP, 2007. Arthur Ebregt, Dhananjay Poudyal, Ram Nandah Sah, Radhe Shyam Siwakoti, Yam Bahadur Thapa, *Collaborative Forest Management in Nepal: Challenges and Prospects*, MFSC, Biodiversity Sector Programme for Siwaliks and Terai. 2007.
13 Sarah Byrne and Birkha Chhetry, *Preparing an Inclusive and Integrated Local Level Development Plan: Experiences and Lessons Learned from Six VDCs,* NSCFP Discussion Paper 8, 2010.
14 e.g. will decision making remain centralised nationally? will it be federal? will it be district level or some combination of the above? will it be contested by indigenous groups under ILO 169? etc.
15 The recent 2012 Supreme Court decision to disband the "all party mechanism" that was being used to make local level decisions on the basis of excessive corruption is again placing local decision making processes in doubt. Daily Newspapers first week January 2012.
16 NSCFP took this approach also in response to an external evaluation conducted in 2008. Hobley, *Ibid.]*
17 LFP, *The Resilience of Community Forestry User Groups in Conflict: Lessons from Nepal.* 2010 (Andrea Nightingale and Jeevan Sharma), p.2.
18 B.K. Pokharel, H.R. Ojha, D. Poudel, *Assessing Development Space and Outcomes in Conflict Situation: A Reflection from Nepal Swiss Community Forestry Project*, LFP, 2005; LFP, *Armed Conflict and Safe and Effective Development: Learning from the Livelihoods & Forestry Programme.*Bharat Pokharel and Dinesh Paudel, *Impacts of Armed Conflicts on Community Forest User Groups in Nepal: Can community forestry survive and contribute to peace building at local level?*, European Tropical Forest Research Network, No 43-44, 2005. NSCFP, *Two Decades of Community Forestry in Nepal,*2011.
19 Ramu Subedi, *Ibid.* LFP, 2010
20 The Supreme Court has very recently disbanded these mechanisms on the basis of excessive corruption, and authority returned to bureaucrats while alternative mechanisms are established.

# 5

# EXPERIENCE WITH POLICY ISSUES

*Lesson 5: Innovative programming, excellent documentation and the pursuit of multiple avenues for influencing policy has produced significant reforms in transforming community forestry into a more pro-poor, pro-women, and inclusive programme at both the national and local levels.*

Both projects have taken multi-pronged approaches to addressing policy issues and participating in on-going policy reform based on exemplary commitments to trying innovative approaches and reflecting on experience. The willingness to pilot experimental approaches in pro-poor community forestry, livelihood enhancement, forest based enterprises, and multi stakeholder institutional coordination and planning has provided a rich empirical basis for examining policy alternatives. *The willingness to honestly and self-critically analyze project experience and the policy environment in which the projects operate is also exemplary*, and far too rarely encountered.

Despite the government's reluctance to explicitly include policy dialogue and reform as major project outcomes, both programmes had strong policy related activities.The major vehicle for policy influence was the extraordinary level of policy level analysis carried out by project personnel and consultants.[1] These publications and documents are widely cited and disseminated through reports, journals, conferences, and websites.[2] Their influence is evident by the fact that they are widely acclaimed and discussed among higher-level officials, researchers, and donors. However, the fact that few of these articles and reports have been translated into Nepali has limited their potential to influence on-going policy discourses.

Policy influence has also been pursued through a variety of other direct and indirect channels.[3] The establishment of transparent multi stakeholder task forces and

committees for developing policies for climate change and future programmes has been an effective means for influencing policies and strategies. To the extent that these multi stakeholder approaches have been used for developing and modifying policy, they have set a new standard for inclusive policy development. In addition, the partnerships with policy advocacy groups such as FECOFUN, HIMAWANTI, Forest Action and local NGOs have been particularly effective as vehicles for influencing policy.[4] However, it is not yet clear whether attempts to work with the Constituent Assembly (Natural

Resources People's Parliament) have met expectations for changing policy results. The test will be in the content of the constitutional outcomes still under debate.

Direct interactions with MFSC and DFO staff have also been a critical, though sometimes contentious, avenue employed for policy influence. Although often determined by the nature of individual personal relationships between project and government actors, these relationships have contributed to some important policy reforms and improved guidelines.

From the perspective of overall policy outcomes, the programmes have made major gains in areas related to CFUG operations and pro-poor "deliberative" governance.[5] Frequently working together, the projects have played important roles in helping to develop new approved guidelines for CF Inventory, NTFPs, Service Providers, Collaborative Forest Management, and Gender and Social Inclusion.[6] In addition they have helped to produce a number of working practices, some of which are codified in operational manuals that have significant impact on how community forestry is planned and conducted.[7]

At the national level, the programmes have also played key roles in institutionalising multi stakeholder approaches to project oversight and strategy development. This has included the operation of an effective multi stakeholder task force for developing a follow-on forestry programme and planning for a new forest strategy. It has also involved significant assistance in developing responses to climate change and REDD-readiness.[8]

*Lesson 5.1: Current project strategies have not been effective in reducing regulatory hurdles to commercialisation of forest products and discouraging efforts to curtail community forestry rights.*

Despite operational gains, there have also been some major setbacks in policy reform with various new parliamentary bills proposed that would restrict CFUG rights in favor of greater DoF control. This recurrent Ministerial agenda has been perceived by both projects as an attempt to reverse the gains in community rights and empowerment enshrined in the 1993 legislation and promoted by both projects over the last decade. This pushback is indicative of the continuing strength of resistance to community approaches and the inability of policy efforts to win over important segments of the official forestry establishment.

Project efforts to support reforms of regulations curtailing community and private timber harvesting and sales and enterprise development have not been successful. Some staff stated that, in fact restrictions in these areas have further increased over the last two decades.

The failure to deepen the institutional support for community forestry at the national political level has also limited the effectiveness of efforts to decentralise and democratise forestry decision making from the central government (including DFOs) to other district and village entities such as DFCC, VFCC or CFMs. The active resistance of government to critical reforms presents a continuing threat and challenge to future forestry programmes. It underscores the importance of effective multi stakeholder involvement in the development of the future forestry strategy and the continuing vigilance of advocacy groups such as FECOFUN.[9]

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1 See projects references at end of this report as examples.
2 Including:www.forestrynepal.org, http://www.lfp.org.np/http://www.swiss cooperation.admin.ch/nepal/en/Home/Nepal_Swiss_Community_Forestry_Project_NSCFP_Phase_6, http://www.nepjol.info/index.php/JFL
3 See NSCFP, *Community Forestry and Beyond: NSCFP and the Enabling Environment*, Issue Paper No. 2, 2007; Bharat Pokharel and Peter Branney, *Democratisation of Nepal's Forest Sector: Issues and Options*, NSCFP 2007.
4 FECOFUN is credited with strong advocacy for maintaining CFUG revenues and autonomy at various critical points over the last decade.For an example of a very recent advocacy effort to block anti-community forestry legislation currently pending before Parliament, see Ramesh Sunam, Mani Banjadi, Maya Paudel, Dil Khatri, *Can bureaucratic control improve community forestry governance? An analysis of proposed Forest Act amendment,* Discussion Paper Series 10:2, Forest Action, December 2010.
5 Rana et. al. *Ibid*, 2008
6 Bimala Rai-Paudyal, Sectoral, *Perspectives on Gender Equality and Social Inclusion: Making it Happen*(Gender and Social Exclusion Up-date: Volume II)Chapter 4: Forestry, World Bank, DFID and ADB, June 2010; NSCFP, *Ibid.* 2007
7 Examples include manuals on Operational Planning, Inventory, Well-Being Ranking, Social Mobilisation, etc.
8 NSCFP, *Two Decades of Community Forestry in Nepal: What Have We Learned?*2011
9 J. Gabriel Campbell, Kirsten Ewers Anderson, Marlene Buchy, Robert Davis, Jorge Recharte, *Growing with Complexity: Mid-Term Evaluation of Rights and Resources initiative.* www.rightsandresources.org, 2011.

# 6

# MONITORING AND KNOWLEDGE MANAGEMENT

## Monitoring System and Outcomes

*Lesson 6: Both programmes have developed exemplary participatory monitoring systems based on similar logical frameworks and noteworthy disaggregation of data on the poor and excluded.*

Both projects have taken a logical framework approach to project design. The identified outcomes, although differing to some relatively small extent in wording and scope, are essentially overlapping between the projects.[1]The planned successor project has also retained the same outcomes, although with different emphasis and arrangement. The table below provides a rough equivalence guide between the various project outcomes as currently cast.

**Table 3: Log Frame Outcomes Equivalence Chart[2]**

| NSCFP | LFP | MSFP* |
|---|---|---|
| **Goal:** Sustained and improved livelihoods of forest users, esp disadvantaged | **Goal:** Reduce vulnerability and improved livelihoods of poor and excluded | **Goal:** Improved livelihoods and resilience of poor and disadvantaged people |
| | **Purpose:** Rural assets enhanced through equitable, efficient, and sustainable use of forest and natural resources | **Purpose:** Forest Sector contributing to inclusive economic growth, poverty reduction and tackling climate change |
| 1. CFUGs adopt sustainable forest management | 1. Sustainable management and utilization of forest resources | 4. Forest and trees sustainably managed and monitored by government, communities and private sector and climate resilient |
| (*enterprise investment included in 1 above)* | *(enterprise development included in 1 above)* | 2. Private sector increase investment and jobs in the forestry sector |
| *(inclusion of women, dalits and poor households included in 1 above)* | 2. Poor and Excluded participate and benefit from forestry sector | 3. Rural communities – especially poor, disadvantaged and climate vulnerable people and households - benefit from local forest management and other investments |
| 2. Pro-poor, resource commercialisation and democratic, decentralised policy | 4. Innovative and inclusive conflict sensitive approaches, planning and policies | 1. Government and non-state actors jointly and effectively implementing inclusive forest sector strategies, policies and plans |
| *(included in 2. above)* | 5. National level forest sector capacity strengthened | (*see output 1.1)* |
| 3. Local state (VDCs)adopt inclusive good governance from CF | 3. Capacity and coordination of forest sector institutions strengthened | *(see outputs 1.3 & 3.2 )* |

Outputs and indicators for both projects (and the planned successor project) are also similar. This overall convergence of frameworks provides the basis of an aggregated synthesis in a number of instances, but will require detailed work to harmonise the indicators and develop a joint system for future monitoring.[2] (See also Table 3 on outcomes and indicators below and Annex 2).

Both projects developed participatory systems for regular process monitoring of the activities and progress, outcomes, and, impacts derived from the log frame.[3] While there are some differences in methods, responsibilities, databases and indicators, it is remarkable the extent to which both projects have developed similar *processes* of information generation and assessment at the CFUG level with support from partners who share in the reporting responsibilities. This datais then compiled along with project management information at the project level in MIS databases that are shared with partners including FECOFUN, government entities at the district level, as well as with the MFSC in the Centre. These MIS databases form the basis for regular project reporting, planning, management and evaluation – including on-going adjustments to the projects and log-frames that continue to take place. Internal evaluations by communities, multi stakeholder implementing bodies, and project staff are supplemented by regular external and donor evaluations and specially commissioned impact studies.

As with most monitoring systems, these MIS have grown in size and complexity by accumulating additional indicators/variables in response to specific queries without corresponding reductions. For example, the participatory collection of disaggregated data by gender, social and economic status that has been a hallmark of the current system was undoubtedly an important motivating force in the degree of achievement of pro-poor and inclusive outcomes.[4] However, this attention to detail can lead to excessively long monitoring forms unless used judiciously for key indicators.

The establishment of baselines with socially and economically disaggregated data and conduct of comparative studies over time have provided a rich set of data from which to measure results. However, ongoing changes over the years and the use of different

**Table 4: Synthesised Outcomes and Example Indicators**

| | |
|---|---|
| **1. Improved livelihoods & resilience of poor & excluded/disadvantaged** | |
| Total households benefiting from projects | 754,900 |
| Percentages P&E receiving 2+ benefits | 73% - 93% |
| Percentages P&E with increased income | 93% * |
| Percentage income growth from CF/projects | 25.4% * |
| **2. Improved forest management & climate change responses** | |
| Area under improved community management | 575,000 ha |
| All community based forest management groups | 7,225 |
| CFUGs | 6,201 |
| Annual CFUG revenues (in Rs. thousands) | 534,618 |
| Percentage project area forests community mgmt. | 61% - 69% |
| **3. Increase in P&E benefits, voice and agency** | |
| Percentage women in CFUG committees | 35% - 39% |
| Percentage women in CFUG leadership positions | 26% - 35% |
| Percentage Dalits in CFUG leadership positions | 6% - 10% |
| Percentage CFUG cash expenditure to P&E | 20% - 22% |
| CFUGs with pro-poor forest enterprises | 646 |
| Households receiving land allocations | 11,213 |
| **4. Multi stakeholder capacity & governance improved** | |
| District level multi stakeholder planning and committees | 19 |
| Capacity building, number of NGOs | 37 * |
| Local resource persons/social mobilisers trained | 1,870* |
| **5. Policy reform** | |
| Pro-poor regulations & guidelines | four guidelines[7] |
| Inclusion strategies | GESI strategy |
| Climate change response strategies | NAPA + REDD cell |
| Pro-community forestry legislation | none; draft anti-CF legislation |
| Pro-community Terai guidelines/legis. | contested policies |
| Removal of commercialisation barriers | none |
| Analysis of commercialisation barriers | four major studies.[8] |

indicators, samples and datasets, presents challenges to compiling a definite baseline for either project or the successor MSFP. Changes over time will likely have to be measured separately for different sets of indicators.

Qualitative assessments of outcomes have been addressed in each Section of this report. Quantitative indicators of major outcomes have been compiled with the help of the staff of LFP and NSCFP based on their latest information using five sets of outcomes. This is presented in Annex 2 as a synthesized total with selected details for each project. Differences in methods of data collection and data samples make the effort at synthesis a challenge that will require a joint effort by both projects to resolve.

Table below are a list of the outcomes used and examples of the indicators compiled. Ranges indicate inability to synthesize results due to differences in baselines and compilation methods (i.e. census based vs. sample based) while asterisks indicate data from only one project.[5] For a more detailed list of indicators and data, see Annex 2.

The harmonisation exercise necessary for the next phase will also be an opportunity to prune back the amount of data collected on a regular basis to that what is actually used in on-going project management and evaluation.[6] This process will also provide an opportunity to introduce greater open public access and to assess options for long-term maintenance and archiving of data sets.[7] Currently, district and central level maintenance of data by government and NGO partners does not appear assured.

## Knowledge Management

*Lesson 6.1: Both projects have enhanced on-going learning within the projects and with international audiences, but given less attention to communications with national and local stakeholders.*

The achievements of both the LFP and NSCFP in establishing comprehensive and thoughtful knowledge management systems through extensive documentation and dissemination of articles and papers are exceptional. Self-monitoring by staff and partners has also been a strong feature of the higher-level knowledge management activities.

The projects have produced an impressive list of self-critical documents, articles, power points, newsletters, photo monitoring exercises, etc. These provide ample evidence of the processes of on-going learning embraced by both projects. Proof of the value of this learning was also found in the on-going innovations taken up in project activities between project phases and the willingness to modify or drop components that had not achieved hoped for results. The international awareness of the issues involved in pro-poor community forestry has also been undoubtedly increased through these important contributions to global knowledge on community forestry and livelihoods issues.

Questions remain, however, regarding the effectiveness of these knowledge management strategies with the majority of the population for whom analytic articles written in English are not easily accessed or understood. Constituent Assembly (Parliament) Members, local forestry officials, district and village officials, local partner organizations and community groups are not readily reached by English language articles and publications. To some extent, the intense coaching and verbal interactions that take place between the projects, partners, and communities has enabled mutual learning to expand to include these groups. The many programme activities for training and mutual learning between CFUG groups show the attention given to this component of knowledge management.

However, it appears that there is considerable scope to expand the communications outreach. This includes scope for expanding Nepali newsletters and some partner publications to include translations and shorter briefs of annual reports, analytic articles, etc. There are also new opportunities to make more use of the wealth of Nepal's new media such as community FM, mobile phone based SMS, numerous TV stations, and internet based Facebook, You-Tube, Twitter, etc.

## Forest Resources Assessment

*Lesson 6.2: The forest resource assessment (FRA) project funded by the Government of Finland will be providing valuable remote sensing based forest resource data for the whole country but will require additional resources to provide a baseline for MSFP and a basis for monitoring the outcomes of community forestry and other forms of forest management.*

The Forest Resource Assessment project supported by the Government of Finland is designed to assess Nepal's forest resources through remote sensing and extensive field sampling.[8] It is designed to strengthen the forestry sector information system for use primarily by national level forest sector entities for strategic planning and impact monitoring. As such, it will play an important informational base in developing the next Forestry Strategy or Master Plan. It could also support Government responses to opportunities with for developing the REDD-Readiness Plan by providing baseline information at a national level.

The project will employ the latest high definition remote sensing data including 0.5 – 1 meter resolution images (such as from Quick Bird) as well the three dimensional data available through airborne laser scanning (ALS)—a "new and promising remote sensing tool for estimation of vegetation cover, biomass and carbon."[9] In addition to providing the basis for forest assessment, the project

will use its sampling and remote sensing tools for the assessment of biodiversity, trees outside of forest blocks and NTFPs that are amenable to its methods to support forest planning down to the level of districts. In a notable departure from previous forest inventories and assessments, the final dataset will be made open access through a web interface.

In Nepal the tenurial status of forests i.e. whether they are community forests, PAs, national forests, etc. is of critical importance to understanding what programme approaches are more effective. For example, many stakeholders question whether the recent media attention to deforestation in the Terai is an accurate account of what is happening and suspect that what illegal harvesting that may be occurring is primarily on national forests.

Similarly, with the addition of forest tenure status, this new forest assessment could provide an opportunity to monitor the status of forest conditions over the 30 years of community forestry operations in the hills, as well as forests in the Terai and high mountains. While at a different scale, the LRMP forest mapping and assessment data compiled with support from the Government of Finland in the early 1980s provides a baseline. If technically feasible, this would also be a candidate for inclusion in the new MSFP.

As the project document notes, "The raw dataset from national FRA can be utilised for compiling plans and to monitor activities at local level. However, these products are not sufficient as such and additional data compiling is required in local level."[10] From the point of view of the MSFP, this lacuna becomes an opportunity to incorporate the needed additional compiling within the new programme in order to be useful to communities and districts for their planning and potential participation in carbon sequestration funding.

1 LFP, *Seven Years of the Livelihoods and Forestry Programme: Enhancing rural livelihoods through forestry in Nepal, Contributions and Achievements.* December 2008. NSCFP, *Outcome Monitoring Report of Fiscal Year 2009 – 2010*, Internal Report 5/010, NSCFP, *Annual Report July 16,2008 – June 15, 2009*. LFP, *Annual Report July 2009 – July 2010*, OPR Team, LFP: An Output to Purpose Review Report, March 2009, LFP, *Community Forestry for Poverty Alleviation: How UK aid has increased household incomes in Nepal's middle hills, Household economic impact study 2003 – 2008*, 2009. NSCFP, *Two Decades of Community Forestry in Nepal. Ibid.* 2011. Outcome data provided by projects.

2 Outcomes have been slightly abbreviated from originals, but numbering retained. See documents available with the projects for full log frames and indicators.

3 Nurse, Mike, *NSCFP Phase V: The Review Analysis and Development of NSCFP Monitoring System*. January 2006.

4 LFP and NSCFP Annual Reports; Anupama Mahat, *Knowledge Management System in Nepal Swiss Community Forestry Project as of 2011*, NSCFP; LFP, L*ivelihoods and Forestry Programme Monitoring System*, project handout.

5 This follows the well known principle of "what you measure is what you get"– by measuring poor and excluded results, the project helped to induce them.

6 Includes updated information provided by projects, March 2011

7 CF Operation Guideline, Inventory Guidelines.

8 See Section 3 on Community Based Enterprises

9 For example, the self-monitoring booklet used by CFUGs in the NFSCP project is 32 pages long.An analysis of data actually used in the last three years may allow for substantial reduction in the size of the data collected and the corresponding compilation effort required. Special studies for additional information can be conducted if needed.

10 This is a chronic problem with all projects.The assumption that relevant government agencies or stakeholding federations and NGOs will maintain databases after project and donor funding, and the trained individuals who maintained them, are gone is almost always proven false.Modern data storage costs are so low that open access digital archives may be an option – particularly if they are lodged in research oriented organisations.

11 Government of Finland, *Forest Resource Assessment in Nepal*, Project Document, April 2009

12 *Ibid.* 2009, p.30.

13 *Ibid.* 2009, p.13

# 7

# CONCLUDING THOUGHTS: TENURE AND INSTITUTIONS

Community forestry, the use of a common forest area by a number of people, is most importantly a form of common pool resources (CPR) management. As the work of numerous scholars has shown effective and sustainable management of a common forest is ultimately dependent on appropriate institutions and tenure arrangements.[1] In the best of circumstances, such management faces internal and external challenges that threaten its ability to provide equitable and sustainable resource flows to its various stakeholders, including particularly its principal users. The greater the tenure security to a clearly defined group of users, and the less there are competing and contested claims from other stakeholders, the more resilient the capacity of the governing institution can be. In other words, the more the management system can be a form of common property management, the less likely it is be suffer the mismanagement that comes from open access resource. In addition, research by Elinor Ostrom and colleagues has identified some key additional characteristics of effective CPR institutions.[2]

**BOX 6**

***Principles for Resilient CPRs***

Analysing the design of long-enduring CPR institutions, ElinorOstrom identified eight design principles which are prerequisites for a stable CPR arrangement:

1. Clearly defined boundaries
2. Congruence between appropriation and provision rules and local conditions
3. Collective-choice arrangements allowing for the participation of most of the appropriators in the decision making process
4. Effective monitoring by monitors who are part of or accountable to the appropriators
5. Graduated sanctions for appropriators who do not respect community rules
6. Conflict-resolution mechanisms which are cheap and easy of access
7. Minimal recognition of rights to organize (e.g., by the government)
8. In case of larger CPRs: Organisation in the form of multiple layers of nested enterprises, with small, local CPRs at their bases.[3]

*Summary from: http://en.wikipedia.org/wiki/Common-pool_resource*

Community Forestry in Nepal has developed over thirty years to meet most of these principles (in fact, Nepal's community forestry served as the basis for identifying these principles).Some key changes were initiated when rights for direct collection of revenue were provided to the communities and user groups were identified as the appropriate community unit instead of village administrative units (then called Panchayats, now VDCs).These were incorporated into the guidelines for the formation of community forestry user groups as early as 1984 along with initial efforts to include women and disadvantaged groups.[3]

With donor project support and the critical efforts of key persons in Government, User Group legislation was institutionalised in 1988 and incorporated into the Community Forestry Legislation of 1993.[4] This landmark legislation provided the legal basis for successful CPR management through community forestry, although user group tenure still consists of revocable use rights as opposed to community land ownership rights. This policy framework has been instrumental in enabling the success of LFP and NSCFP in promoting community forestry and building institutional awareness and resilience.

**Table 5: Stakeholders in Community Forests**

| Stakeholder | Nature of Claim |
|---|---|
| User Group | Primary custodian. Dependent on forest resources for livelihoods, income and environmental services |
| MFSC: esp. DoF, and DNPWC | Following nationalisation, legal owner. Dependent on forest for jobs, and revenue and national environmental services |
| FECOFUN, and other federations* | Association for CFUGs and specialised federations for sub-groups of forest users. Dependent for legitimacy and revenue. |
| Forest based enterprises, including tourism | Contractual with DoF, private tree owners or CFUGs. Dependent on forest resources for revenue. |
| VDCs and DDCs, and other government departments ** | Regulatory frameworks that permit taxation, benefit sharing, and revenue extraction. |
| Political parties | Formal and informal participation in district, VDC and CFUG governance, revenues and votes. |
| NGOs, development projects, donors, consultancy groups, researchers, etc. | Jobs, contracts, investment opportunities, subject matter for education and research, potential carbon purchase partners. |

*Including HIMAWANTI, Buffer Zone and Conservation Area Associations, etc.

**Includes Commerce, Customs, Industries, Tourism, etc.

This resilience of the core CFUG is constantly tested by other entities and groups with claimed on forest resources. In order of roughly decreasing stake, these stakeholders are listed in the following table 5.

Each of these stakeholders have important and legitimate claims. These claims can usually be structured to be mutually beneficial so that, for example, CFUGs are managing forests with technical support from the DoF and NGOs that enable local forest product needs to be met along with sustainable enterprise revenues, environmental services locally and downstream, and on-going climate adaptation and learning. However, as this synthesis of learning from the LFP and NSCFP projects have shown, establishing mutually beneficial management regimes is not easy. It requires constant support for good governance, the ability to adapt to changing circumstances, and better policy environments. Most importantly, it requires a central focus on supporting the local User Group institutions to enable them to manage their resources productively and sustainably. Increased user group ownership rights, along with adequate safeguards, will be critical to maintaining the substantial gains achieved by both LFP and NSCFP with the Government of Nepal.

*Lesson 7: Strengthening the enabling environment and capacity of user group institutions to productively and sustainably manage their forests should remain at the Centre of future programmes.*

1 The leading author on this subject is Elinor Ostrom, who received a Nobel award for her work.See: Ostrom, Elinor,*Governing the Commons. The Evolution of Institutions for Collective Action*. Cambridge University Press. 1990.

2 Ostrom, 1990.Ibid..Agarwal, Arun, AshwiniChhatre, Explaining Success on the Commons: Community Forest Governance in the Indian Himalaya. World Development. 2005. Varughese, George, ElinorOstrom, The Contested Role of Heterogeneity in Collective Action: Some Evidence from Community Forestry in Nepal. World Development Report.Vol 29, No. 5.2001

3 Ostrom, 1990.Ibid..Agarwal, Arun, AshwiniChhatre, Explaining Success on the Commons: Community Forest Governance in the Indian Himalaya. World Development. 2005.Varughese, George, ElinorOstrom, The Contested Role of Heterogeneity in Collective Action: Some Evidence from Community Forestry in Nepal.World Development Report.Vol 29, No. 5.2001.

4 Arnold, J.E.M, J. Gabriel Campbell, *Collective Management of Hill Forests in Nepal: The Community Forestry Development Project. Proceedings of the Conference on Common Property Management.National Academy Press. 1986*

5 User group legislation was pushed through the early days of the community forestry project and by the JhanchBhuch Kendra, a special investigative entity of the parallel Royal Palace Government in the 1980s. Bihari Krishna Shrestha: personal communication and articles.

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# Annex 1 Acknowledgements

Bimala Rai-Paudyal Ph.D, SDC, Task Coordinator
Bharat Pokharel Ph.D, Deputy Country Director, HELVETAS Swiss Intercooperation
Anupama Mahat, Freelance researcher and the then staff of NSCFP
Ramu Subedi, Team Leader, MSFP
Bishwas Rana, Monitoring Manager
Peter Neil, Forestry Advisor, MSFP
Vijay Narayan Shrestha, CIDT/LFP
Phillip Dearden, CIDT
Peter Branney, CIDT

***Following Staffmembers of LFP and NSCFP are acknowledged***

Brahma Dhoj Gurung, Mana Maya Moktan, Surya Kumar Maharjan, Anita Shrestha, , Ram Kumar Shrestha, Chhatra Bir Shrestha, Thir Bahadur Thapa Magar (Rabin), Laxmi Thami, Sakun Karki, Dilli Bahadur Haiyu, Ramechap & Dolakha.

***Similarly,*** Ram Bahadur Shrestha, Ashika Shrestha, Basanti Chaudhary, Karan Subba, Ramesh Maskey, Shrikant Adhikari, Sudhil Gopal Acharya, Surendra Ranpal from LFP office statuioned at Bhairahawa, Nawalparasi and Kapilbastu districts are appreciated for their contribution.

***Likewise,*** Khil Tamang, District Forest Office, Ramechap,;Durga, Navin, Kumad and Bhir Kumar from FECOFUN, Kamal Bahadur Shrestha from Sallaghari CFUG of Ramechhap are also acknowledged. Similarly, Krishna Prasad Pokharel, DFO, Kapilvastu is also acknowledged for his support

We also extend our thanks to VFCCs, CFUGs, CFM members, PLM members, enterprise members of respective districts and others who are in case missed in this list

Photo : LFP/NSCFP and RIU

# Annex 2 Quantitative Indicators

| OUTCOME ACHIEVED<br>SAMPLE INDICATORS | LFP | NSCFP | TOTAL | NSCFP base | LFP base | | | NSCFP BASE |
|---|---|---|---|---|---|---|---|---|
| **Improved livelihoods & resilience of poor & excluded/disadvantaged** | | | | | | | | |
| HHs out of poeverty in 7 districts | 72000 | | | | 2200 CFUG (Study 7 hill district) | | | |
| % poor hhs out of poverty | 57% | | | | 2200 CFUG (Study 7 hill district) | | | |
| %P&E with incr.income | 93% | | | | 2200 CFUG (Study 7 hill district) | | | |
| ave incr incomes from project % | 61% | | | | 2200 CFUG (Study 7 hill district) | | | |
| % DAG/P&E receiving 2+benefits | 93% | 73% | | 178 CFUGs | 2200 CFUG (Study 7 hill district) | | | |
| HHs with diversified livelihoods options received | 203,000 | | | | 15 district | | | |
| Total hhs benefited | 652,000 | | 754,901 | | 15 district | | 102901 | 2008,all |
| HHs benefiting from targeted actions | 203,000 | | 566,176 | | 15 district | | | |
| **Improved forest management & climate change responses** | | | | | | | | |
| Area(ha.) under impr.community mgmt | 440,000 | 134,595 | 574,595 all | | 15 district | | 134595 | 2010 all |
| No. of local forestry/resource management groups (CFUGs,LHFG,CFM...) | 5,935 | 1,290 | 7,255 all | | 15 district | | 1292 | 2010 all |
| CFUGs | 4,911 | 1,290 | 6,201 | | 15 district | | 1292 | 2010 all |
| Public and inst. land management groups | 451 | | | | 3 terai district | | | |
| Collaborative Forest Mgt. Groups | 1 | | | | 3 terai districts | | | |
| Leasehold Forestry Groups (LHFGs) | 572 | | | | 15 districts | | | |
| Annual CFUG incom/revenue(forest products revenue and leverage) Rs. | 493,633,000 | 40,985,504 | 534,618,504 | 178 CFUGs | 15 district | 4549 | 3 district | 2008 all |
| Average CFUG revenue Rs. | 108,500 | 168,500 | | 178 CFUGs | 4500 CFUGs | | 44,597.94 | 2008 all |
| Average in kind CFUG revenue Rs. | | 575,340 | | 178 CFUGs | | | | |
| No. OPs amended/imrproved | 3,526 | | | | 15 district | 4911 | 85% | 2008 all |
| Average CFUG expend in forest mgmt | 20% | 21% | | 178 CFUGs | 4500 CFUGs | | 21% | 2008 all |
| Average CFUG expenditure on for mgmt | 6,150 | 3,000 | | 178 CFUGs | 4500 CFUGs | | 2753.19 | 2008 all |
| Est.carbon sequestered tonnes per year by CFs | 700,000 | | | | 15 districts | | | |
| Forest sustainability/regeneration | improved | improved | | | | | | |
| Logs/treees harvested cu ft | | 60,000 | | 178 CFUGs | | | | |
| Average logs/trees harvested CFUG | | 337 | | | | | | |
| NTFP harvested | | | | | | | | |
| Subsistence forest product distr | | | | | | | | |
| Climate adaptation planning FUGs | 2,500 | | | | 15 districts | | | |
| CFUGs % doing active mgmt | 32% | 40% | | 178 CFUGs | | | 87% | 2008 all |
| % Project area forest managed (community managed) | 34% | 42% | | | 15 districts | | 42% | 2010 all |
| % Potential CF handed over | 61% | 69% | | | 15 districts | | 58% | 2010 all |
| % Forest managed in high mountain districts (community managed) | 17% | | | | 2 districts (Sankhuwasabha and Rukum) | | | |
| % Forest managed in terai district (community managed) | 15% | | | | 3 terai districts | | | |

| OUTCOME ACHIEVED<br>SAMPLE INDICATORS | LFP | NSCFP | TOTAL | NSCFP base | LFP base | | | NSCFP BASE |
|---|---|---|---|---|---|---|---|---|
| **Increase in poor & excluded benefits, voice and agency** | | | | | | | | |
| OPs with P&E distribution policies | 3,526 | | | | 4911 CFUGs | | | |
| Constitutions with P&E policies | 3,526 | | | | 4911 CFUGs | | | |
| % CFUGs with P&E policies | 71% | 100% | | 178 CFUGs | 4911 CFUGs | | | |
| % of CFUGs which implements at least 3 P&E specific provisions | 56% | | | | 4911 CFUGs | | | |
| % of women in CFUG committee | 39% | 35% | | 178 CFUGs | 4911 CFUGs | | 35% | |
| % of poor in CFUG committee | 36% | | | | 4911 CFUGs | | | |
| % of women in CFUG leadership positions | 26% | 20% | | 178 CFUGs | 4911 CFUGs | | 20%ita, 5 key pos | |
| %of poor in CFUG leadership positions | 22% | | | | 4911 CFUGs | | | |
| % of dalit in CFUG leadership positions | 6% | 19% | | 178 CFUGs | 4911 CFUGs | | 5%ita, 5 key pos | |
| % of disadvantaged janajati in CFUG leadership positions | 52% | | | | 4911 CFUGs | | | |
| % of CFUG cash expenditure to P&E | 20% | 22% | | 178 CFUGs | 4911 CFUGs | | 22% 0.178 CFUGs | |
| CFUG in kind benefits to P&E | | | | | | | | |
| % of timber distributed to P&E | | 10% | | 178 CFUGs | | | 7.71% | 2008,all data |
| Poor/Interest groups/Networks | 7,336 | | | | 5400 FUGs | | | |
| Total forest based employment pd person days | 2,800,000 | 70,388 | | 178 CFUGs | 4500 CFUGs | | 41633.37 n timber only | |
| Average forest based employment/CFUG per year full time | 7 | 5 | | 178 CFUGs | e employment for 3 months from timber only | | | |
| Employment for P&E pd (85%) | 2,380,000 | | | | 4500 CFUGs | | | |
| Increase income of CFUGs | | | | | | | | |
| HHs practicing income generatrion specific activities | 63,432 | | | | 15 districts | | | |
| Percetpions of structural changes | | | | | | | | |
| Pro poor forest based enterprises | 260 | | | | 4500 CFUGs | | | |
| HHs in pro poor forest based enterprises | 5,000 | | | | 4500 CFUGs | | | |
| CFUGs with pro poor forest based enterprises | 496 | 150 | | 646 | 4500 CFUGs | | | |
| Forest enterpriese employment pd | | | | | | 1059 full time for 3 | | 2008, all data |
| Land allocation for poor ha (CF land allocation) | 1,082 | 410 | | 1492 | 4500 CFUGs | | 1952 | 2008, all data |
| HHs receiving land allocation (CF land allocation) | 9,149 | 2,120 | | 11,269 | 4500 CFUGs | | 2120 | 2008, all data |
| CFUGs investin in com.dev | 4,500 | | | | 4500 CFUGs | all | | |
| Community development expenditure Rs. | 91,522,000 | | | | 4500 CFUGs | | 5,772,670 | 2008, all data |
| % CFUG exp on com. devevel | 40% | 21% | | | 4500 CFUGs | | 47% | |
| %of CFUGs which spends at least 35% in P&E specific activities | 30% | | | | 4500 CFUGs | | | |
| **Multi-stakeholder capacity & governance improved** | | | | | | | | |
| Dist level planning functional Dists | 15 | 4 | | | | | | |
| VFCCs est. and functional | 61% (469 out of 765 VDCs) | 36 | | | | | | |
| additional resoruce leveraged | yes | yes | | | | | | |
| NGO capacity built | yes | yes | | | | | | |
| Social mobilisers/animators working | yes | yes | | | | | | |
| DFO staff motivated & working | yes | yes | | | | | | |
| P&E scholarship receipients active | yes | yes | | | | | | |
| National coordination effective | yes | yes | | | | | | |
| Number of NGOs in service delivery partnership | 37 | 36 | | | 15 districts | | | Till 2008 |
| Number of Local Resource Persons trained | 1,870 | 36 | | | 15 districts | | | |
| Districts with District Forest Sector Plans | 4 | | | | 15 districts | | | |

| OUTCOME ACHIEVED<br>SAMPLE INDICATORS | LFP | NSCFP | TOTAL | NSCFP base | LFP base | NSCFP BASE |
|---|---|---|---|---|---|---|
| **Policy reform** | | | | | | |
| Pro com. Mgmt legislation | -1 | -1 | | | | |
| Pro Terai & high mtn com legislation | -1 | -1 | | | | |
| Pro P&E regualtions/guidelines | 4 | 4 | | | | |
| Pro sustainable mgmt guidelines | 2 | 2 | | | | |
| Simplification of enterprise regs | -1 | -1 | | | | |
| Pro decentralization policies | 1 | 1 | | | | |
| Carbon sequestration strategies | 1 | | | | | |
| Climate change strategies | 2 | 1 | | | | |
| Analytic reports | | | | | | |

Comment: Most NSCFP figures are taken from 178 longitudinal sample in clusters with more investment & project support (see base cloumn) and thus would be deceptively high for a baseline of the four districts

Main Sources: Outcome Monitoring Report of Fiscal Year 2009-2010, NSCFP Internal Report 5/010

Livelihoods and Forestry Programme Annual Report July 2009-July 2010

LFP: An Output to Prupose Review Report March 2009

LFP: Community forstry for poverty alleviation: How Uk adi has increased household incomes in Nepal's middle hills, 2009 (Economic Impact study 03-08)

Photo : RIU

LFP Livelihoods & Forestry Programme

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