



Tutemani, Sindhupalchok (1973)



Tutemani, Sindhupalchok (2010)

# Nepal's Community Forestry :

## Towards Sustainability



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This booklet provides a brief overview of Nepal's Community Forestry in terms of achievements, challenges and lesson learned for the future. The review is carried out largely by a desk study<sup>1</sup>. Evidences are cited from key literatures<sup>2</sup>, too many to cite in the text, therefore they are appended at the end of the report in the form of bibliography. The most recent literature that provides insights of community forestry is "Persistence and Change: Review of 30 years of Community Forestry in Nepal"<sup>3</sup>. Some of the findings of this literature are also drawn on this report. Not to repeat, analysis here is however kept very short. The review shows that community forestry has contributed positively to their institutional and ecological objectives in terms of expansion of grassroot level institutions all over the country, improvement in the forests and its landscape, reduction in deforestation and degradation, enhancement of biodiversity, increment in forest growth, density and tree cover on public and private land. Forest cover has increased up to 1.6% per year<sup>4</sup>. Forest and biodiversity have improved (natural capital), community based organizations and their networks have become stronger (social capital), grassroot leadership have emerged and become vocal (human capital), community infrastructure and rural development activities have been initiated by the local community groups by themselves without outsiders' support (physical capital). Groups' fund is also being generated (financial capital) and reinvested into forest development, local infrastructure and pro-poor activities for poverty reduction. It is also reported that community forestry has started to achieve its economic objectives in terms of its contribution in reducing income inequality, contributed in diversifying sources of income of low income households, and income from community forest products have equalizing effects on income distribution among users<sup>5</sup>. It can however be said that despite good achievements in its institutional and environmental objectives, Nepal's community forestry program has lagged behind to demonstrate its visible contribution to economic sustainability in terms of its cash value to household and national income. It is not yet known to what extent the forests as natural assets are transformed into group asset, then to the household, and ultimately to individual financial asset through devolution and capital transformation process.

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1 In 2014, Ministry of Forests and Soil Conservation had formed a Task Force of a group of independent consultants to review the implementation status of the Master Plan for the Forestry Sector Nepal (1988-2011). This work was undertaken under the leadership of one of the Joint Secretaries of the Ministry of Forests and Soil Conservation Nepal.

2 For examples Cambell (2012), NFA (2008), Pokharel et al. (2008)

3 See [http://www.msfp.org.np/uploads/publications/file/ebook\\_interactive\\_20130517095926.pdf](http://www.msfp.org.np/uploads/publications/file/ebook_interactive_20130517095926.pdf)

4 See <http://rightsandresources.org/wp-content/exported-pdf/publishedpaperdoestenurematter.pdf>

5 See <http://www.angelfire.com/ar3/batika/manuscript.pdf>

The expansion of community forestry has been tremendous in the last 20 years as a process of institution building at the grassroots. Of the total country's forest land which accounts for approximately 40 percent of the total national land area in Nepal (nearly 5.5 million hectares), of which 28.6% is community forests. There are around 18,133 Community Forest User Groups and 1176 units of their associations with nearly 2.19 million household members of 1.66 million hectares of community forest lands. This accounts for approximately 40% of the country's population, who have taken over responsibility to manage country's community forest area.

About 61% of the existing groups were formed before 2000 and are more than 15 years old and functioning sustainably. The rate of formation of user groups reduced tremendously in the recent years during the period 2001 to date. Until 2000, the average rate of user group formation was 740 per year, whereas, the rate dropped down to 468 per year in the last 15 years (See Table for details below).

### Formation of Community Forest User Groups during 1988-2013

Fiscal Year	Age of the CFGUs (years)	CFUGs (no)	Area Handed over (ha)	Member households (no)
By 1987	29	28	3025	3599
1988	28	1	27	35
1989	27	9	473	1625
1990	26	41	2229	4856
1991	25	77	5265	13282
1992	24	340	27249	40708
1993	23	710	56680	81555
1994	22	1210	102651	142613
1995	21	1598	148435	181607
1996	20	1791	171999	217408
1997	19	1606	138655	189467
1998	18	1440	141241	174686
1999	17	1178	105613	145141
2000	16	1083	103104	129925
2001	15	887	95989	101097
2002	14	656	63255	92941
2003	13	649	49494	79162

Fiscal Year	Age of the CFGUs (years)	CFUGs (no)	Area Handed over (ha)	Member households (no)
2004	12	658	52037	79811
2005	11	547	53458	70854
2006	10	492	50891	65694
2007	9	558	76095	85752
2008	8	477	37446	50862
2009	7	783	77685	98686
2010	6	923	101725	130386
2011	5	295	27907	47047
2012	4	91	7092	7830
2013	3	5	325	566
<b>TOTAL</b>		<b>18133</b>	<b>1700048</b>	<b>2237195</b>

**Source: DOF, 2013; Author's compilation**

Emergence of thousands of these grassroot level institutions, their federations and networks, NGOs and private sector organizations and their relationships among themselves and with the state is the social and political capital formed by the community forestry. Thousands of community leaders who secured their political space and positions and access to the policy arena are the political capital generated by the program. People's participation because of the awareness and their increased relations and access to the decision making process by securing leadership positions are also the social capitals.

CFUGs have carried out many community development activities on their own. Construction of village trails; small bridges, community building, schools and temples are examples of physical capital created through community forestry program. Analysis of data indicates that CFUGs have spent up to 39% of their fund for community development activities, mainly on physical infrastructure (21%), education (8%) and health (6%).

One of the main achievements of community forestry program has been the building of human capital through a number of trainings, workshops and exposure visits that have been conducted for a number of organizations and individuals at government, non-government, community, private sector organizational level. These trainings and education programs have helped the stakeholders to increase knowledge and skill in the field of social, managerial, organizational and technical capacity in terms of leadership development, organizational management, community development, nursery establishment, plantation, silviculture and harvesting technologies.

## Ecological sustainability

Evidences show that there are positive changes in the condition of community forests as natural capital, a positive sign towards ecological sustainability. Canopy cover of community forests has increased. The availability of forest products has also increased with a concurrent reduction in the time spent in collecting forest products. CFUGs have protected denuded hills, carried out forest management and silvicultural operations, utilized and marketed various forest products annually for their domestic and increasingly for commercial use. The major impact of community forestry on natural capital is represented below.

- There is a reversed trend of forest degradation and deforestation due to less forest fire incidences; reduced encroachment of forest land along the forest boundary; reduced number of illegal felling of trees and stealing of forest products and reduced number of complaints and forests offences filed in DFO office and less number of forest offenses committed by local villagers
- Forest landscape is found to be better in terms of increased biomass, off take of litter and organic manure and varieties of cash crops than before. There is also a trend of increased quantity of grass and fodder from community forests, practice of stall feeding, enrollment of girls children, number of water springs and the volume of ground water discharge. Agricultural land owners nearby community forests have been benefitted by more forest litter soil nutrition and moisture available during dry season.
- The condition of community forests is found to be improved in terms of increased number of forest regeneration, stems per unit area and growing stock, the rate of annual increment, the density of a number of forest patches, species diversity, wild plants and animals, number of water springs with more volume of clean water, the duration of ground water discharge and the greenery in the denuded hills of the past.

To complement community forestry, Nepali farmers responded to limited availability of forest resources off-farm by cultivating trees on farmland (responded along terrace bunds, around field boundaries, stream courses, etc), and that this is a widespread and growing trend in the middle hills. It is estimated that trees on private land coverage comes to around 15% of the total existing forest land. The Agriculture Census of Nepal (1991) has revealed that tree cover on private land has increased from 15,000 hectares in 1981 to 109,000 hectares in 1991 (CBS 1998). Considering the average number of 408 trees per hectare from National Forest Inventory (NFI), it was then



estimated that 300 million trees exist on private land outside the forest area in Nepal. This figure is estimated to be increased by at least 11%. A study<sup>6</sup> indicates that alike community forests, the quality of trees in private land has also been increased by 25% in 20 years. In terms of the potential revenue and household income, trees on private land have been found a good performer than the community and government forests.

## Economic sustainability

Economic sustainability and the process of financial capital formation have to be looked at from both cost and benefit lens. The revenue & fund generated by the groups are the financial capital created through community forestry. The figure of average annual income per CFUG is about NRs NRs. 260,000 which is equivalent to 48.7 million US \$ annual income all put together. This compares to 20 million US\$ average annual spending of donors over the last 20 years. It is estimated that this figure of CFUG income represents only one fifth of the total volume of the products which are officially documented that CFUGs produce annually; the rest is consumed for domestic purpose and never documented and monetized. Of this fund, CFUGs have to reinvest at least 25% of their income to forest development, 35% for the people living in poverty and the rest for other development activities. This is a mandatory provision spelt out in the national guideline. It is found that most of the groups have complied the provisions of the reinvestment into the forest development activities but data and methodology are not available to figure out the investment made on the people living in poverty. DFOs estimate that it is below 35%. This may be because of the fact that CFUGs offer support to its members in goods, services and in kind, which are often not monetized. This provides an interesting insight into the way in which CFUGs are mobilizing their income for the sustainable management of the resources and join hands in poverty reduction efforts for their members. It also shows that donor money invested over the long term can leverage larger amounts of investment through local labour and the growth of biomass.

There are no readily available data on the cost and benefit of community forestry in financial terms. However it is estimated that approximately 71% cost of community forestry is covered by the local communities by themselves, of which about 64% comes from groups' voluntary labour in kind, and 7% from groups' fund invested in forest development and community infrastructure. It is important to note that labour shortage at the villages is increasing because of youth migration. Therefore, the cost of community forestry in the future has to be either covered by the group fund as paid

6 <http://rightsandresources.org/wp-content/exported-pdf/publishedpaperdoestenurematter.pdf>



labour or the government has to invest if it is to be sustained. The involvement of private sector investors therefore, may be required to create jobs to hire paid labour to sustain at least the current level of investment in community forestry.

On benefits, there are no measurable indicators to show that the financial capitals that are generated at group levels contribute to the per capita income of the individuals. Community forestry programme lacks clarity in its objective to benefit financially at individual level. Therefore, it has failed to show its contribution to the per capita income of a person, a measurable indicator of poverty line.

Despite huge potential, it is a pity to see the conservative calculation that on an average, one CFUG could only generate 2 person year of employment, 25 times lower than its potential. From the CFUG survey a higher average of 640 person days employment per CFUG are generated, which at an average wage of NRs. 200 per day (for unskilled manual labour) equates to an income contribution of NRs. 128,000 per CFUG to its members. CFUGs have 100 to 150 members, on a per household basis which equates to a direct transfer of NRs. 850-1280 (or 4-6 days of occasional unskilled labour per household). This sounds a very conservative estimate.

CFUGs have their own fund. The fund levels vary according to the size of forest areas. There are major differences between the fund sizes for large forest areas of more than 100 ha and for those under 100 ha. It appears that a community forest of 100 ha or more is the size that is required to generate substantial levels of income (average of NRs. 366,077 per CFUG), below 100 ha there is no appreciable difference between incomes (incomes are about NRs. 25,000 per CFUG). Forest users bear the highest proportion of the costs through giving their volunteer labor to forest management activities, participation in the operational plan and constitution preparation processes, attending general assemblies and other meetings.

A commonly asked question in development circle is that who has invested in community forestry and how much? Governments of Nepal, development partners and CFUGs have jointly invested in community forestry. The total investment of community members, donors and government per CFUG per year is found to be about NRs 119,100. It is estimated that for each CFUG, donors have spent mainly through their projects NRs 18600 (16%), government has invested about NRs 16,000 (13%), CFUG members have invested NRs 84,500 (71%). The contribution of CFUG members in terms of their voluntary labour is estimated to be NRs 76,500 (64%), and 8,500 (7%) cash contribution from their fund.

To elaborate further, the government of Nepal has spent, on an average, NRs 7.5 million Rs per year per district on annual programmes and staff salaries. It could be

estimated conservatively that 50% of staff time is dedicated to community forestry in the project districts. So this represents NRs 3.7 million Rs per district or NRs 16,000 per CFUG. Similarly, donors have spent about equal amount i.e. NRs 7.5 million Rs per year through regular government (“red book”) activities in forestry. CFUG members have invested much more amount than the government and donor agencies in terms of labour and cash. In labour, it is largely as an opportunity cost, and in cash through FUG fund expenditures. CFUG members invest an estimated NRs 76,500 per year per CFUG in labour (as opportunity cost in wages foregone) to attend committee meetings, assemblies and for forest protection. This is equivalent to NRs 850 per hectare of community forest per year and NRs 1.8 Crores per district. The calculation of the cost of the local community members is done on the following assumptions.

Shadow wage rate is kept NRs 100 per day; investment of forest watchman (365 person days per year); assembly meetings (200 person days per year); committee meetings (60 person days per year), tole meetings (40 days per year), tending operations (100 person days per year). Person days are calculated on the basis of meetings of 5-6 hours for assemblies and 2-3 hours for committee members. The estimate does not include costs some CFUGs incur for forest regeneration, nursery and plantation development. In addition, CFUG members are spending around 25% of their FUG cash fund on forest development activities. This is equivalent to NRs 2,500 per CFUG (per year). CFUGs are spending a further 36% of their fund on community development activities like drinking water supply, school buildings, temples and trails. This is a further investment of NRs 5,500 per CFUG.

For the calculation, the average size of the community forest in the hills is assumed as 90 ha per CFUG with 100 household members.

What is clear from the analysis is that if CFUGs withdraw from community forestry, government would have to find about 1.8 Crores per year for one hill district to replace the CFUG members’ labour inputs and forest development activities. VDCs and other government providers would also have to fund other community development activities that are currently being undertaken by CFUGs.

## The policy, legal and institutional framework of community forestry

The Master Plan for the Forestry Sector 1988, the Forest Act of 1993, Forest Regulations of 1995, the Operational Guidelines of 1995 and 2008 (revised) provide the legal and operational framework of Nepal’s community forestry on the basis of which Community Forest User Groups (CFUGs) have a legal status. See Box below. This framework ensures the sustainability of community forestry.

CFUGs can elect, select or change executive committee anytime; they can punish members who break rules; their forest boundaries will not be restricted to existing administrative or political boundaries. CFUGs can amend or revise their constitution any time. Handing over of forest to CFUGs is determined by their willingness, capacity and customary rights. There is no limit to the forest area that can be handed over to communities. CFUGs can make optimal use of their forest by growing cash crops together with forest crops. They can mortgage their standing forest products with financial institutions to obtain loans; can freely fix prices and market their forest produce; utilise their funds for any purpose including the establishment of forest based enterprises and make profits. CFUGs can seek support from any organization. They can raise funds by various forestry and non-forestry means with all income going to group funds with no requirement for sharing financial revenues with government. They can invest in any areas, persons or development activities according to the decision of CFUG assembly.

The rights, roles and responsibilities of the Community Forest User Groups mentioned above and the power of the district forest authorities are defined and made mutually accountable to each other in forest legislation, and elaborated in the respective bylaws and operational guidelines.

Although the Forest Act 1993 and the Forest Regulation 1995 recognize the rights of the group at collective level, and provide authority to the group assembly to define the rights and responsibilities of all the stakeholders including the rights of the people living in poverty, the Operational Guideline nevertheless offers guidance to the group assembly to define the rights of the poor people. For example, the national guideline makes the well-being ranking exercises as mandatory to ensure 35% of the groups' funds to be allocated for the people below poverty line. As a result, a considerable number of groups have indicated such provisions in their decisions and work plan to directly benefit the poor households including the community forest land to carry out income generating activities.

As a part of the implementation of the Master plan for the Forestry Sector, the Ministry of Forests and Soil Conservation went through a restructuring process in the 90s. The Community and Private Forest Division in the Department of Forests was made responsible for the implementation of community and private forestry program. Reorientation of the Forest Department staff took place for several years to move away from their traditional role of policing to a role of facilitator and advisors. As a result, a change in behavior of many government staff in dealing with the local communities have been noticed – a paradigm shift in the professional culture of the forest service.

Non Government service providers and private sector agencies have also emerged to join hand with the Forest Department.

The biggest achievement of community forestry has been in changed institutional culture in terms of stakeholders' consultations and collective action at various levels. Unlike in the past, forestry stakeholders have begun to raise their voice in policy formulation and programme implementation processes. Both state and non-state actors have begun to work collaboratively and collectively in bringing various perspectives. Knowledge and information have been exchanged. On many occasions, policy provisions are debated, challenged and redefined. Through these interactive processes, power and positions are being negotiated and compromised. All interested parties increasingly realize the importance of engaging in a decision-making and policy making processes. Despite the differences in the world view and the perspectives, mutual trust, accountability and transparency among state and non-state actors have begun to increase. There has been a realization among many forestry officials on the importance of bi-directional flow of information from community level to the central level. Civil society actors have started to demand good forest governance to be established at all levels from CFUGs to national government. Ground level realities have started to feed into the different layers of governance during the process of planning and policy revisions through more consultative processes. Policy intentions are more or less translated into practice by innovative officials, NGOs, private sector entrepreneurs, service providers and stakeholders. A participatory and bottom-up planning process have begun to institutionalize, especially in annual and periodic plan preparation.

Organisational achievement of community forestry has been the emergence of nested civil society organisation of community forest user groups. Once thousands of local institutions at the grassroots have been created and their capacities enhanced, it was inevitable that nested organisations of user groups as federations also emerged with the aim to safeguard the rights and responsibility of forest users. The Federation of Community Forest Users Nepal (FECOFUN) for example is one of the largest civil society networks that is present at the community, village, district and national level with 50% women in leadership positions. It has emerged and established itself as one of the strongest policy advocacy organizations in the forestry sector. Its contribution and influence in the policy shaping process at the national level have been instrumental. It has alliances and networks within and outside country and advocates for local community and indigenous people's tenure rights over forest resources.

Along with the federations, NGOs as service provider agencies have also emerged. These institutions have started to offer services and advice to the user groups at the grassroots. Although most of these NGOs have been established to provide

contractual services on behalf of the donors and government agencies, their voice and presence at the grass roots have undoubtedly contributed to the empowerment of local communities and social mobilization for the establishment and functioning of CFUGs.

What is felt is missing in community forestry is the role of private sector profit making organizations, mainly the investment of commercial banks, cooperatives, corporate houses and private investors in the sector, despite high potential of their role in the promotion of forest based business, trade and enterprises and employment generation.

What happens at the national, sub-national and district levels in terms of policy, organizations, institutions and planning processes are less important if desired activities do not happen at the grass roots. Translation of policies and plans are to be judged based on the practices that take place in the settlements, on forests and at the households. Once the CFUGs were registered as a legal entity at the District Forest Offices, the CFUGs were seen no more only a forestry entity but had to function like a local representative agency and an umbrella for local democratic practice and a vehicle for rural development. See Box below.

### **What do Community Forest User Groups do?**

Community Forest User Groups have several functions ranging from service delivery to sustainable management of forests, biodiversity and watersheds.

#### **Deliver services at the grassroots**

CFUGs through their general assemblies select or elect CFUG committees annually, pass rules, make decisions and renews memberships, thus, institutionalise democratic practice; resolve conflict over access and control over resources, land boundary and disputes over land tenure; sensitise community members to have more inclusive governance with proportionate representation of women, dalits, and members from ethnic minorities; practice systems of public auditing, public hearings and two-way communications and information flow both vertically and horizontally and remote places; contribute on the construction and maintenance of physical infrastructure such as drinking water schemes, community buildings and wooden bridges and invest in scholarship for poor children, teachers' salaries, school buildings and furniture; manage their finances and give loans to the villagers; invest their funds and labour for the construction of roads and trails and promote eco-tourism and nature awareness by constructing picnic and recreational spots, temples and eco-clubs; raise awareness on health, hygiene and sanitation, invest in health posts, medicine and help farmers to propote agro-forestry practice.

## Manage forests, biodiversity and watersheds sustainably

FUGs, through their members and collective efforts, patrol and protect forests; carry out activities related to forest tending, cleaning operations, harvest forest products, supply goods and services to communities; regularly carry out soil conservation and watershed management and biodiversity conservation measures; construct community forest nurseries, established plantations, protected and sustainably managed natural forests and establish and run forest based enterprises; support their members for income generating activities related to vegetable farming, livestock, horticulture, fishery and bee keeping together with construction and maintenance of water irrigation canal and use bio-engineering measures for stabilizing soils and watersheds.

## Issues and challenges

Despite the achievements, the community forestry program has faced a number of challenges, especially in terms of keeping the momentum going, generating employment to the youths, benefiting the poor financially, recognizing the role of the local government and private sector, and making alliances with them for long term sector reform and its financial sustainability.

Despite the recognition of the Master Plan, the private sector services and privately managed forestry have been the most neglected areas during the implementation process of the community and private forestry program.

The community forestry program in the hills has been able to offer a very good public image of the sub sector because of its success to the rehabilitation of the hills. However, the public image of the forest service and the governing system of the forestry sector in general and in the Terai in particular are not found up to the good governance standard. The biggest challenges of this entire sector therefore are to translate the good forest governance principles into practice at all levels.

During the conflict, CFUGs had to survive at the battlefield of political conflicts which was prevalent in the villages. Although CFUGs proved to be a clear example of autonomous, democratic, relatively more inclusive, apolitical, impartial and sustainable local institutions that not only survived during conflict, but also in many occasions brought warring parties together. Their survival despite long conflict clearly indicates that they have tremendous adaptive capacity to operate in very difficult circumstances. These institutions can be helpful to safeguard local democracy and can act as a means to promote community-based peace building, a vehicle for rural development

and inclusive democracy. In addition, community forestry practice has been a learning ground to identify, define and negotiate the rights, roles, responsibility and risks of decentralized structures envisaged in Nepal's 2015 constitution. There are certain attitudinal challenges in both local government and user groups' side. In the current context of absence of elected local government, CFUGs, for example, often overlook the role of the local government, which in fact should have authority to replace the current role of the central government agencies such as DFOs. Similarly, there is a risk that the local government structures may not see the grass root level civil society institutions relevant once the elected bodies would be in place. These exclusionary attitudinal risks have to be avoided and both local government and CFUGs should be encouraged to work together closely than before to ensure decentralization and devolution of power in safeguarding and governing the natural resources.

There is disproportionate allocation of community forests in the middle hills, high mountains and the Terai (see table below). Only one fourth of the Terai population for example are the members of community forests, whereas almost two third of hilly population enjoy the membership of the community forests (see annex). To address this disparity, government has promoted collaborative forestry model in the Terai, however its institutional arrangement and the cost and benefit sharing mechanism are contested and not the same as in community forestry.

Forest area and households	Total	Terai	Hills	Mountain
% of forests area	100	24.40	52.46	23.14
% community forests	100	18.53	65.57	15.90
% of household population	100	46.61	45.89	7.51
% of Community Forest member households	100	22.14	64.70	13.17

Promotion of appropriate models of community and private forestry model in the Terai and crafting mechanism for community based pasture land management, eco-tourism, sustainable management of timber and NTFP trade and business in High Mountain have been the main challenges of Nepal's community forestry. In addition, community forestry is not only about the process of devolution of power and authority to local communities but also it is about giving responsibilities for local investment and benefit derived from such investments. So the question is not about who gets benefits from community forestry. More importantly it is about who bears the cost and who continually invest in it. As mentioned in the previous section at the moment, it is found that 71% of the total cost of community forestry is being borne by local communities. The remaining



17% has come from donors and the 13% from the government. If the cost outweighs the benefits, in that case collective action in community forestry may be at risk. This is one of the main challenges of community forestry. It is therefore important to make community forestry more beneficial to its members so that they are encouraged to continue to invest in it.

## Opportunities for the future

Comprehensive study of the impact of the community forestry report reads as follows (see footnote no.3 for details).

“Nepal’s path breaking achievements since the 1980s in community forestry and participatory protected area management are globally recognized as best practice models.... The improvements in forest condition, quality and extent, including an increased supply of forest products is a remarkable achievement given the dire predictions of degradation and deforestation of the 1970s. The picture of barren hillsides has been transformed into one of verdant forested landscapes. These forests have formed the basis for a remarkable process of change acting as the catalyst for a host of governance and social changes in rural areas that would have been less likely to have occurred without community forestry.... While there is evidence that community forestry efforts have impacted livelihoods of people; the extent and types of impacts are unclear”.

The same study acknowledges that “one of the difficulties for any study of change as a result of community forestry is the degree of attribution to community forestry as opposed to these wider drivers of change – conflict, political instability, and migration”.

The community forestry model has proved that communities are able to protect, manage and utilize forest resource sustainably. However there are many challenges related to the contribution of community forestry to the creation of jobs that could possibly improve people’s livelihoods especially who are dependent on forests. The missed opportunity is the commercialization of the timber and non-timber forest produce that community forestry could potentially produce at least 4 times more than the current level. Similarly, the other missed opportunity is restrictive trade policy and ban on timber sale that could even allow the forest products to flow not only inside the country but also to the Indian and Chinese market which could offer more prices to the local communities and farmers.

In recent years, there is an increased emphasis on the climate change agenda. This has led to a better recognition of the potential role that CFUGs might have in assisting their member households in adapting to climate change, especially those households that

are most vulnerable. This potential is now recognized in Nepal's National Adaptation Plan of Action (NAPA) where forestry is one of the few sectors that will expressly contribute to both climate change mitigation and adaptation. Implementation of local adaptation plans of action (LAPA) has also started and CFUGs are one of the main implementing agencies present in the grass roots.

Evidences show that many community forests are over stocked. These forests need regular silvicultural and tending operations such as cleaning, thinning, pruning and harvesting to keep the forests healthy. These activities create a large number of jobs in forestry operations, processing, trade, business, enterprises and marketing of products. These could create local jobs for the poor. They could earn money and could easily get out of poverty. Despite its path breaking success in terms of environmental protection, evidences show that the community forestry has failed to demonstrate its contribution to create jobs to the poor households, which have in fact not received adequate opportunities, be it skill training for employment or access to loan either from CFUGs' fund or from banks or contractors and investors.

Community forestry has potential to contribute to many of the Sustainable Development Goals (SDGs). It is due to the fact that community forestry has clearly demonstrated its contirbute to MDCs goal one and seven and to all four pillars of PRSP high, sustainable and broad-based economic growth, social sector and rural Infrastructure development, social inclusion and targeted program for the ultra-poor and vulnerable and deprived groups and good governance. (See Box Below)

On the first pillar, considerable efforts have been found to be made by community forestry sub sector to enhance income generation, credits, employment and establishment of forests based enterprises at local level to help achieve the national goal of economic growth. However, the result of these efforts in terms of its measurable contribution to the national revenue at the Ministry of Finance and the per-capita income to its members at individual level is not felt and recognised by both the national government and the individuals by themselves. Community forestry contribution to the second pillar, the social and human development indicators such as access to education, health, drinking water, irrigation, natural resources are praiseworthy. However there is no methodology developed to calculate such contribution therefore not recognised and accounted for the national and household economy. Similarly, community forestry contribution to the third pillar - enhancing income and credits to the poor, reducing their vulnerability, their equitable share to benefit in cash are not measured and therefore not clear. The fourth pillar – the contribution of community forestry to the goal of improved governance is partially achieved at community level because many groups have demonstrated their contribution to social inclusion in

decision making process; equitable representation of members; equitable benefits sharing and distribution system; resolving resource related conflicts internally; transparent account system and fair in implementing the decision; promoting democratic leadership, enhancing capacity of poor households to voice and demand and so on.

Appropriate strategies, innovative methodologies and right attitude to create jobs for all in general and for the poorest households in particular should be the main focus of community forestry. Therefore, agencies which can invest on forests for sustainable management and utilization of the resources should be empowered and encouraged. Neither government agencies nor community groups can invest in sustainable forestry to create jobs, so it is the private sector service providers and investors which should be encouraged to come forward to work in partnership with the local communities and the government agencies. Government and local community groups should welcome the private sector investor to participate in sustainable forestry without any hesitation and delay.

While reviewing the progress and analyzing the issues from both environmental and poverty lens, we found out that the choice of forest management regime depends on the objective of the forest management. Community forestry has performed extremely well in terms of environmental conservation and benefits, whereas, privately managed forests are found to be the best performer in terms of income earnings and revenue generation. Government managed forests are the better performers in terms of maintaining status quo situation. No standardized methodology was available to measure the environmental and social benefits (and services) in monetary value. However, non- monetized value and contribution of community forestry is found to be quite large (see box below).

Non-monetary Contribution of Community Forestry Rehabilitation of degraded forests, improved social capital formation - institutions, organisations and their relationships, local capacity development through empowerment, trainings and education - human capital formation, local human capital formation and mobilization, community infrastructure development, contribution in system development for bottom up, deliberative, policy making process and platform for the voice of civil groups and contribution in knowledge generation in developing methodology to transfer national forests to households' subsistence needs and income.

Despite its contribution, most of which cannot be monetized, there are at least eight reasons (below) for community forestry to focus more on job creation and income earning activities in the future.

- i. There is a need to attract inward investment into forest-based enterprises to create jobs and to better utilize the forest sector's potential for contributing to per capita income and country's economic growth which has significantly lagged behind among its neighbors. From the donor and government perspective community forestry has become a potential means for creating rural jobs and cash incomes for poor people rather than simply supplying them with subsistence forest products. The overall contribution of the forest sector to Nepal's GDP has become increasingly important as a justification for government to invest its own revenue and to attract investors to forestry.
- ii. It is estimated that about 71% of the total cost of community forestry is borne by community members, only 16% donors and 13% by the government. This is a very high transaction cost for community particularly for the rural poor to afford to sustain if jobs are not offered to generate income at the household and individual level.
- iii. It is estimated that only 16% of the total benefits of community forestry is monetized and accounted for, the rest 84% is used for domestic purpose and not accounted in monetary value, therefore undervalued in terms of its contribution for economic growth. In the current context, it is unlikely that labour force would be available for the harvesting of timber and non-timber produce for domestic consumption only. Moreover, there is a huge market demand of the forest products, both inside and outside the country and job opportunities in rural areas.
- iv. Unlike in the 70s, the environmental, political and demographic contexts are changed. Environmental and political crisis were considered to be the driving forces for local collective action to protect and manage forests for their subsistence needs. Now, the scale of dependency on forests, livelihoods options for young generation in sectors other than farming and areas other than rural have become diverse. Community forestry should therefore be able to respond this fact. Only income earning activities can create jobs to attract such youth work force in the form of jobs in rural areas. Otherwise we continuously loose our productive young human resource for the development of our natural resources and rural economy.
- v. If the current level of social and human investment in community forestry continues, and the job creation and income earning opportunities are not created, the cost of community forestry outweigh the benefits. Therefore, voluntary contribution for collective action may not continue. As such, social and economic sustainability of local institutions are at risk.

- vi. In the current uncertain political context and weak governance system, the new constitution has strengthened either private property regimes or the state property regimes which seem to be more secured than the community property. The individual members of the CFUGs join the group and invest in collective action voluntarily in their private capacity. The current law recognizes the forest user groups as independent corporate entity. This provision offers the groups the legal rights to run the forest enterprises and business as a private entity. This will increase the opportunities for groups to act as a private enterprise unit to create jobs locally, contribute significantly to national, local government, group and household income.
- vii. Institutional, ecological and economic sustainability are achieved sequentially, not simultaneously. Given the pressing need of more investment in physical infrastructure as perceived by political masters, it is less likely that political leadership is willing to invest in community forestry if it does not earn and sustain by itself. Therefore local job creation in community forestry can be an entry point for economic development in the rural areas.
- viii. Conservative mind set exist among the Department of Forests staff and authorities and also among local community leaders. Depart of Forests prescribes only 50% of MAI, community harvests 50 % of the prescribed volume depriving both the forest quality and poor people's job opportunity. Leadership of the forest authority and CFUGs should realize that 'not using means losing, therefore CFUGs are not using to its optimum, therefore losing. Leadership of both Department of Forests and CFUGs should enable individual members and non-members as potential investors for enterprises and business to create rural jobs. They should not restrict to make use of community forest resources as a means of job creation and employment.

# Annex 1: Distribution of community forests in Nepal

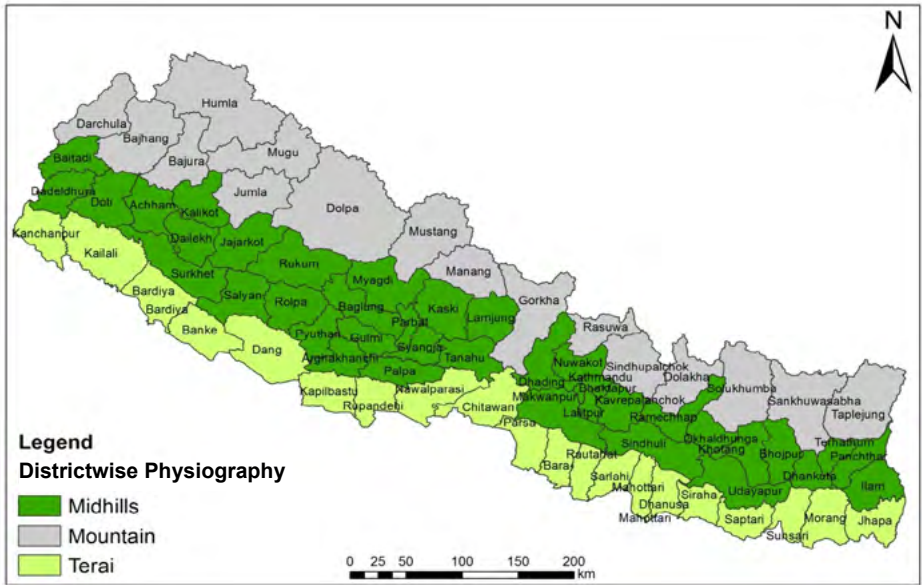


Figure 1: Map of Nepal showing physiographic zones

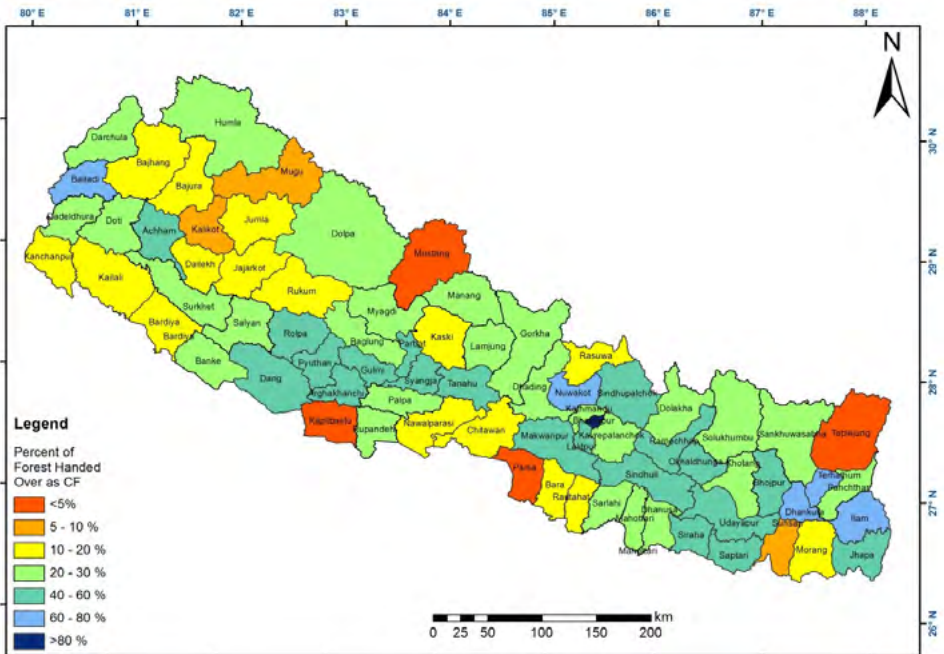


Figure 2: Country map showing percentage of forest handed over as community forest

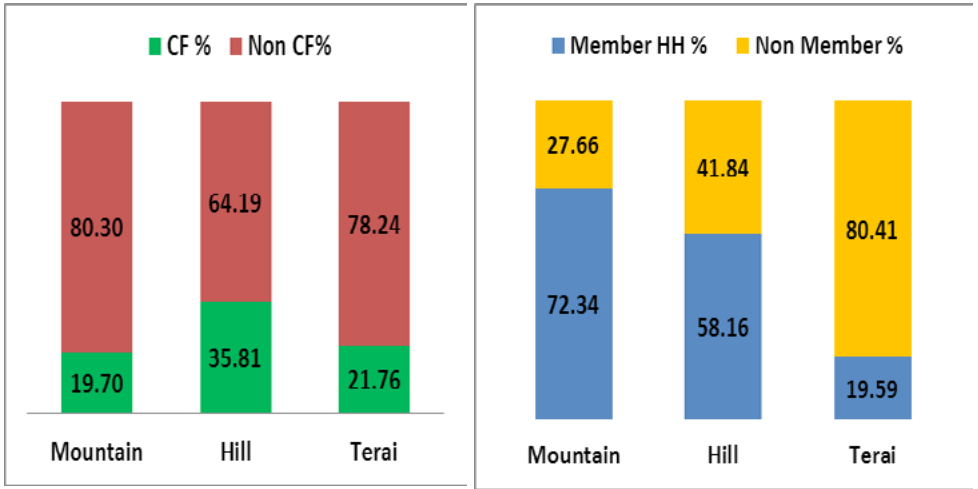


Figure 3: Distribution of community forests and member households in Mountain, hill and Terai

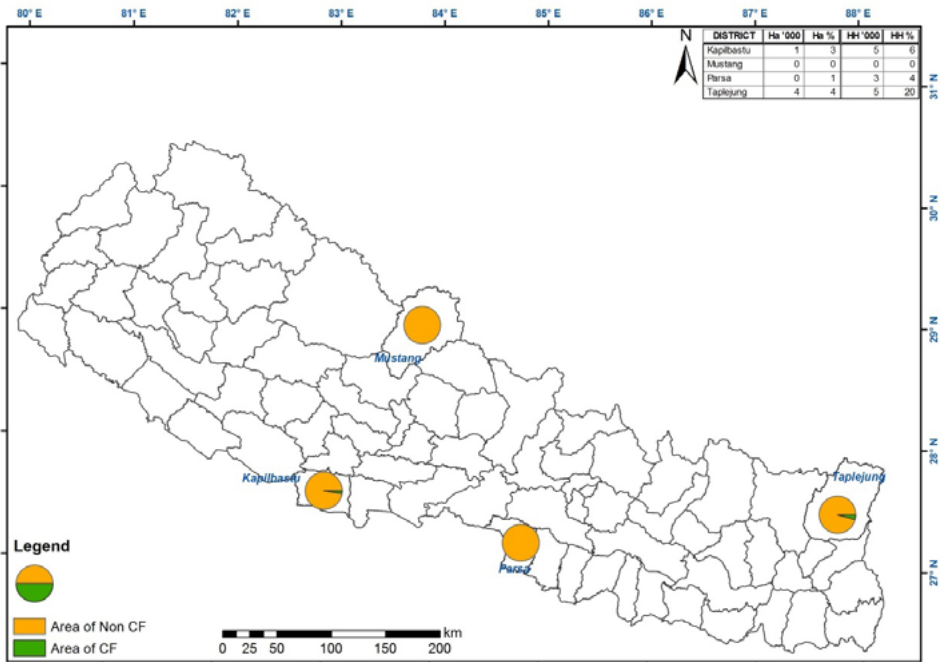


Figure 4: Districts with <5% community forests



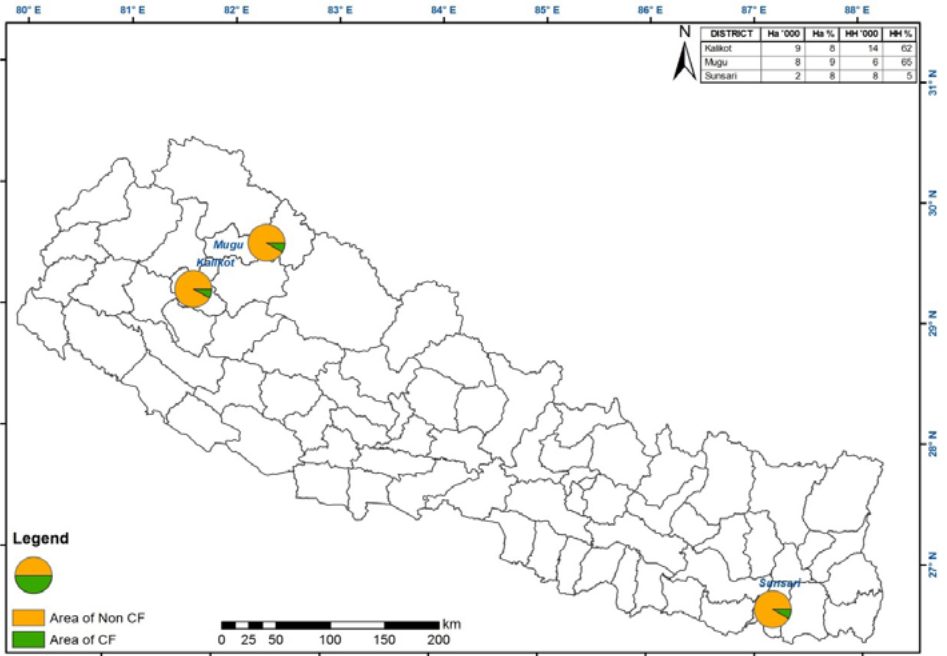


Figure 5: Districts with 5-10% community forests

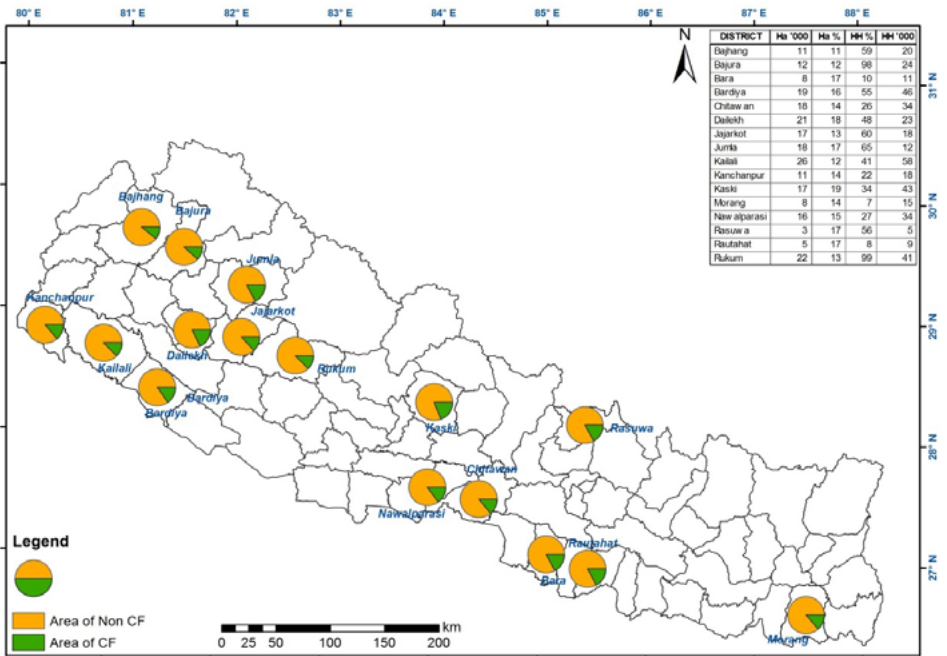


Figure 6: Districts with 10-20% community forests

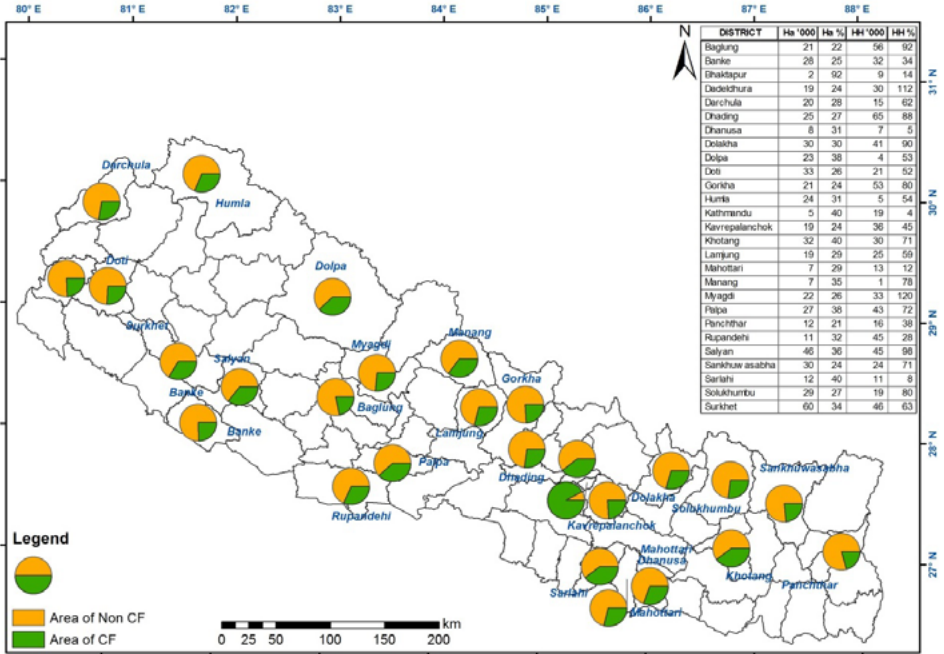


Figure 7: Districts with 20-40% community forests

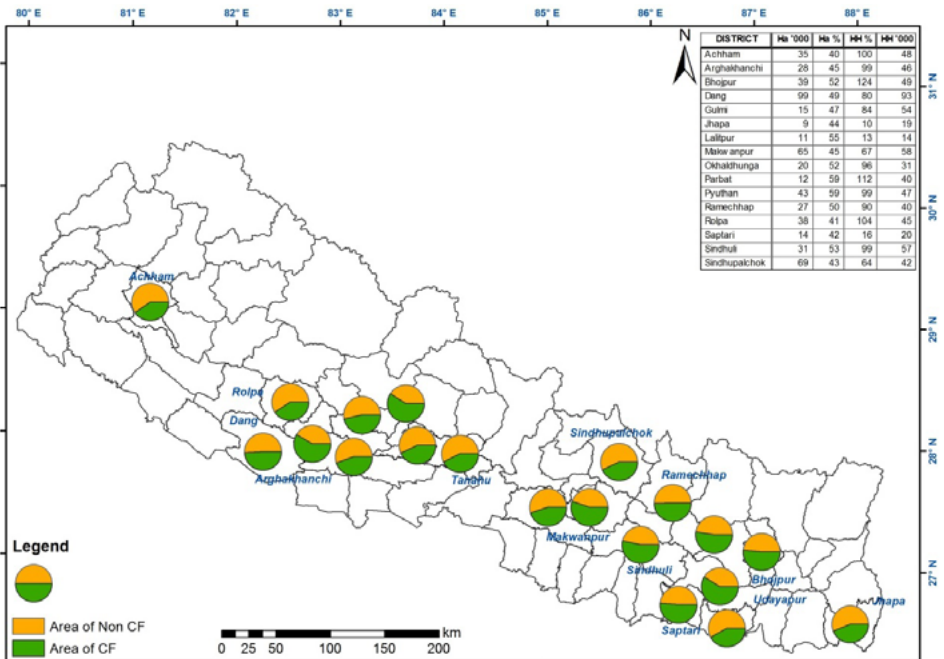


Figure 8: Districts with 40-60% community forests

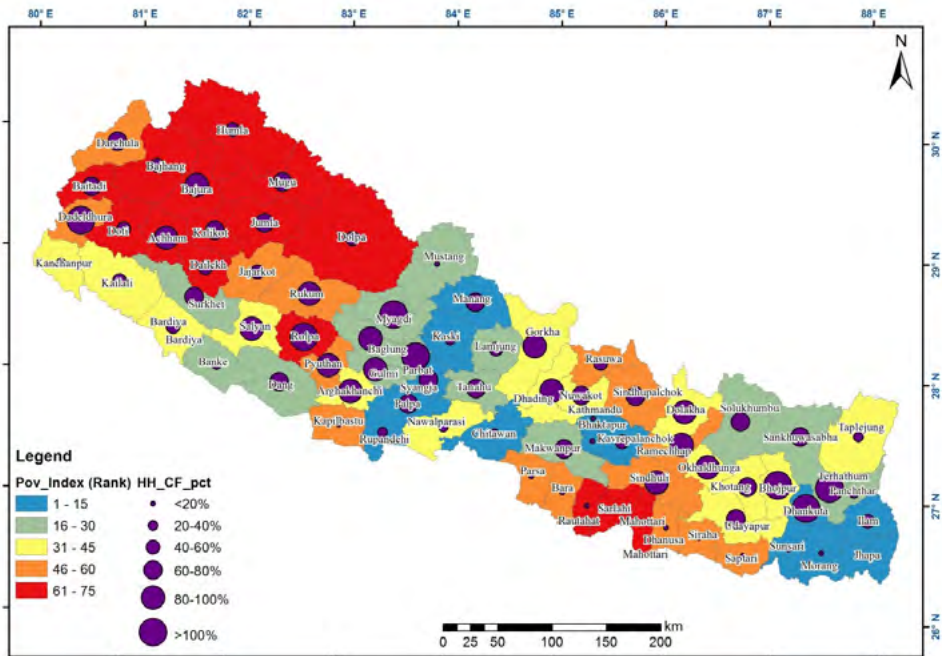


Figure 11: Members in community forests in poverty ranked districts

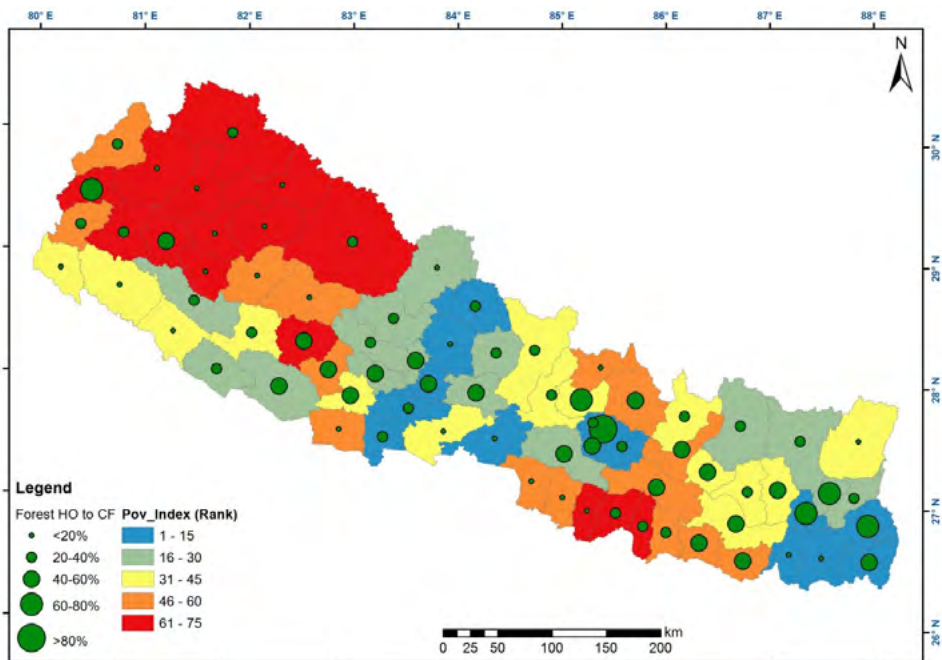


Figure 12: Area of community forests in poverty ranked districts





Tutemani, Sindhupalchok (1973)



Tutemani, Sindhupalchok (1996)



Tutemani, Sindhupalchok (2010)

**Key message:** Community forests, trees on private land, infrastructure and settlement, all these can grow side by side.

## Annex 2: List of districts with community forests in Nepal

District	Forest Area ('000 ha)	Area of community forests ('000 ha)	Percentage of CF area of the district	Households in community forests ('000)	Percentage of CF households members
Achham	87	35	40	48	100
Arghakhanchi	63	28	45	46	99
Baglung	98	21	22	56	92
Baitadi	78	50	64	31	68
Bajhang	102	11	11	20	59
Bajura	99	12	12	24	98
Banke	113	28	25	32	34
Bara	47	8	17	11	10
Bardiya	122	19	15	46	55
Bhaktapur	2	2	92	9	14
Bhojpur	76	39	51	49	124
Chitawan	129	18	14	34	26
Dadeldhura	115	21	18	23	86
Dailekh	78	19	24	30	62
Dang	202	99	49	93	80
Darchula	73	20	28	15	62
Dhading	93	25	27	65	88
Dhankuta	38	29	77	43	114
Dhanusa	30	8	28	7	5
Dolakha	102	30	29	41	90
Dolpa	60	23	38	4	53
Doti	129	33	26	21	52
Gorkha	88	21	24	53	80
Gulmi	33	15	47	54	84
Humla	75	24	31	5	54
Ilam	81	49	61	32	50
Jajarkot	129	17	13	18	60
Jhapa	20	9	44	19	10
Jumla	105	18	17	12	65
Kailali	206	26	12	58	41
Kalikot	106	9	8	14	62

District	Forest Area ('000 ha)	Area of community forests ('000 ha)	Percentage of CF area of the district	Households in community forests ('000)	Percentage of CF households members
Kanchanpur	81	11	14	18	22
Kapilbastu	57	1	3	5	6
Kaski	90	17	19	43	34
Kathmandu	14	5	39	19	4
Kavrepalanchok	79	19	24	36	45
Khotang	81	32	40	30	71
Lalitpur	20	11	55	14	13
Lamjung	67	19	29	25	59
Mahottari	23	7	29	13	12
Makwanpur	145	65	45	58	67
Manang	142	7	5	1	78
Morang	56	8	14	15	7
Mugu	95	8	9	6	65
Mustang	18	0	0	0	
Myagdi	84	22	26	33	120
Nawalparasi	105	16	15	34	26
Nuwakot	36	24	67	38	64
Okhaldhunga	38	20	52	31	96
Palpa	71	27	38	43	72
Panchthar	58	12	21	16	38
Parbat	20	12	59	40	112
Parsa	78	0	0	3	4
Pyuthan	73	43	58	47	99
Ramechhap	54	27	50	40	90
Rasuwa	19	3	17	5	56
Rautahat	30	5	17	9	8
Rolpa	94	38	41	45	104
Rukum	171	22	13	41	98
Rupandehi	34	11	32	45	28
Salyan	128	46	36	45	98
Sankhuwasabha	128	30	23	24	71
Saptari	34	14	42	20	16

District	Forest Area ('000 ha)	Area of community forests ('000 ha)	Percentage of CF area of the district	Households in community forests ('000)	Percentage of CF households members
Sarlahi	29	12	40	11	8
Sindhuli	159	69	43	42	74
Sindhupalchok	58	31	53	57	86
Siraha	28	14	51	15	13
Solukhumbu	105	29	27	19	80
Sunsari	25	2	8	8	5
Surkhet	178	60	34	46	63
Syangja	25	11	43	45	65
Tanahu	78	33	43	50	64
Taplejung	104	4	4	5	20
Terhathum	24	18	73	27	121
Udayapur	121	71	59	52	78

Source: Department of Forests file (2014)



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The mission of the Rights and Resources Initiative is to support local communities' and indigenous peoples' struggles against poverty and marginalization by promoting greater global commitment and action towards policy, market and legal reforms that secure their rights to own, control, and benefit from natural resources, especially land and forests. RRI is coordinated by the Rights and Resources Group, a non-profit organization based in Washington, D.C.

For more information, please visit [www.rightsandresources.org](http://www.rightsandresources.org)

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HELVETAS Swiss Intercooperation is a Swiss association devoted to development and cooperation. It works towards the elimination of the causes of marginalisation and promotes solidarity with the poor in the south and the east. Its mission is to actively contribute to the improvement of the living conditions of economically and socially disadvantaged people in Asia, Africa, and Latin America. Currently, it runs programmes of co-operation in 30 countries including Nepal.

Through publications, it contributes to the generation of knowledge and the process of learning through sharing on development and co-operation.

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Swiss Agency for Development and Cooperation (SDC) has been one of the longest and closest development partners of the Government of Nepal. Evidences of the key achievements of this booklet are drawn mainly from the work of SDC's Nepal Swiss Community Forestry Project. SDC's engagement in forestry sector in Nepal started since Integrated Hill Development Programme time in the 70s and its contribution to implement the Forest Sector Master Plan (1988-2011) in general and the Community and Private Forestry Programme in particular is very much acknowledged.

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