

POLICY BRIEF

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KEY MESSAGES

Policy making in Nepal is yet to be based on field evidences. The institutions that are responsible for policy implementation, in general, do not take scientific evidences for reforming them. To a significant degree, an explanation to this irony is the lack of required local capacity to contest or to formulate policy alternatives based on research and evidence.

With this realization, a five year joint project “Enhancing Livelihoods and Food Security (EnLiFT) through Agroforestry and Community Forestry in Nepal” implemented by the Government of Nepal and Government of Australia through funding from the Australian Centre for International Agricultural Research (ACIAR) and operated in six sites of two districts (Kavre and Lamjung) envisaged the need for policy lab approach to influence policy in agroforestry and community forestry in Nepal.

The framework for the EnLiFT Policy Lab (EPL) was initially designed by Hemant Ojha, University of New South Wales, Australia. Some of the policy related questions were identified and several policy lab meetings were held within and outside Kathmandu. During the process top level bureaucrats were briefed on the existing policies and hurdles appeared in translating them in the field with evidences.

Some of the suggestions put forward by the EPL process to the Government of Nepal were to revise the list of species included in Annexes 26- timber and 27- non timber for effective marketing of products and simplify the private tree registration process, formulate appropriate royalty system for forest based and farm based products.

A POLICY LAB APPROACH FOR REFORMING AGROFORESTRY POLICY IN NEPAL

Despite numerous democratic reforms and social movements, policymaking in Nepal has not been based on field evidences. The institutions that are responsible for policy implementation often fail to include evidence-based research for policy reform. To a significant degree, an explanation to this irony is the lack of required local capacity to contest or to formulate policy alternatives based on research and evidence. With this realization, a five year joint project “Enhancing Livelihoods and Food Security (EnLiFT) through Agroforestry and Community Forestry in Nepal” implemented by the Government of Nepal and Government of Australia and operated in six sites of two districts (Kavre and Lamjung) envisaged the need for policy lab approach to influence policy in agroforestry and community forestry in Nepal. For this, a framework was initially designed by Hemant Ojha, University of New South Wales, Australia.

The main objectives of the EPL are:

- ☐ To systematically engage policy actors in the research process,
- ☐ To identify and generate policy relevant data and evidence drawing on the rich experience of the policy actors,
- ☐ To generate thick descriptions of the ways in which key policy actors understand and interpret policy problems, including the contested views and interpretations of problems and solutions,
- ☐ To create opportunities for collaborative inquiry between researchers and policy actors, and
- ☐ To identify potential policy solutions to the problems.

Source: Hemant Ojha, Krishna K. Shrestha, S M Amatya, Naya Sharma, Udeep Regmi, and Anthony Zwi (2015) Enlift Policy lab: A tool for linking research with policy processes



With this realization, the project “Enhancing Livelihoods and Food Security (EnLiFT) through Agroforestry and Community Forestry in Nepal” envisaged the need for policy lab approach to influence policy in agroforestry and community forestry in Nepal in 2015. This is a five year joint project (Government of Nepal and Government of Australia) and is in operation since April 2013. Six sites in two districts

Two of the research questions that the project **“Enhancing livelihoods and food Security through agroforestry and community forestry in Nepal”** looks into answer are *‘what are the critical policy and regulatory constraints of effective management of agroforestry and community forestry resources? And what changes should be made to enable innovative resource management, utilization and marketing of agroforestry products?’*

To answer this question the project planned several activities and have some expected outcomes in three themes: These include:

- ☐ Analysis of policy, institutional and governance issues associated with improving livelihoods from agroforestry system,
- ☐ Analysis of policy, access , tenurial and institutional limitations of Community Forestry in Nepal
- ☐ Analysis of policy and legal issues associated with equitable access to under-utilized and abandoned land.

(Kavre and Lamjung) were chosen for agroforestry interventions.

This policy brief intends to bring changes in policy related issues to agroforestry sector in Nepal through policy lab approach, which is defined as EnLiFT Policy Lab (EPL). For the purpose of this brief, agroforestry is defined as an integrated farming system which gives tree products along with cereal crops, fruits, vegetables and forage crops from the same land at the same time. In Nepal, this technology contributes improving soil fertility, balancing ecological equilibrium, mitigating effect of climate change to some extent and at the same time helps in providing feed to livestock and improving human food security.

The policy lab approach

Based on the EnLiFT policy lab framework described by Ojha et al (2015), a number of policy group meetings were held within and outside Kathmandu involving senior policy makers in the field of forestry, agriculture and livestock development.

Policy group meetings were conducted in several occasions within and outside Kathmandu. Some of the policy related questions were identified by the policy lab meeting held on 9 March 2017, which include the following:





- How has the policies, laws and regulations (Forest Act 1993, Forest Regulation 1995, Environment Protection Regulation 1997, and Private Forest Development Directives 2011) promoted/inhibited registration, management, harvesting including timber marketing of private forest?
- How can implementing agencies such as Ministry of Forest and Soil Conservation, Department of Forests and District Forest Office (DFO) encourage private forestry development and marketing in the prevailing regulatory framework?

In the policy lab, concerned policy makers were of the opinion that the concept of EnLiFT policy lab is quite interesting and also effective in conveying the messages which otherwise would have been ignored. As a result of which, the staff of the District Forest Office (DFO) communicates the policy issues and hurdles to farmers at village level. This process keeps the private forest owner safe from any misuse of any policy related provisions.

Issues recognized by policy lab in promotion of agroforestry on private lands

Various policy labs conducted on agroforestry led to a number of policy issues and potential solutions as described below:

Fifth Amendment of Forest Regulation- 1995 made the AF marketing process more complicated: Many of the forestry and agroforestry (AF) products (except 23 timber- Annex 26 and 13+2 non-timber species- Annex 27 of the rules 62 of Forest Regulation 1995- Fifth Amendment in 2014) from private lands require a release order and transit permit from DFO for transportation of these products to markets. Farmers have to pay royalties to the District Forest Office (DFO for cultivated products other than mentioned above if they are transported without having registration of private forests. The timber species listed above are either mostly fruit trees

or ornamental plants. Utis, Chilaune, Sal, Katus, Champ, Khayer, phalat are missing in the list. Without inclusion of the latter species, farmers would not be interested to plant their trees on abandoned agricultural lands. The issue of non-timber forest products (NTFPs) is also same. There are other hundreds of NTFPs (for example Sugandawal, Jatamansi, pipala, kimbu, bojho, Ghiu kumara, loath salla, koiralo, tanki etc) that are not included in the NTFP list. For those either trees or NTFPs which are included in the list need to be verified by the respective DFO and Ilaka Forest Office before transportation to market for sale (Fifth amendment Forest Regulation 1995- Rule 62, sub rule 4 gha- Annex 28 for timber and Annex 29 for NTFPs). This has discouraged the landowner or tenant to plant AF trees or NTFP species on abandoned agricultural lands.

Private AF trees and NTFP registration is a complicated process: Obtaining private tree registration certificate and associated transportation permits from DFO is very complex and involves a lot of risks and uncertainties for marketing of their products from private lands. There are at least 7 steps involved for registration of private AF trees and NTFP species. These include photo copy of land certificate, attested copy of land certificate, recommendation letter of village council, photocopy of land tax payment, receipt of payment of fee to staff of district land measurement office for survey.

Requirement of IEE and EIA for Private Forest products: The private land tree registration has been affected by conflicting sectoral and cross-sectoral policies and laws. For instance: any forest-based industry to be operated at local level should conduct either IEE or EIA based on several criteria such as the quantity of products (5-50 t/year harvest requires IEE and more than 50t/year requires EIA) to be harvested from the particular forest (Nepal Gazette, 2009- Environment Protection Regulation-1997- Rule 3-Annex 1). This rule applies only to roots based products (such as kudki and sugandawal). For other products such as cinnamon bark, Shorea seed, soap nut, amala, cinnamon leaf can be harvested up to 100 tons without EIA. More than this quantity (i.e. >100 tons) requires Environment Impact Assessment (Nepal Gazette, 2009- pp 11). EIA is required for establishment of any forest based processing plant (e.g carda-

mom processing/ drying in Bhatti) within 1 km distance from forest. This provision is made under Environment Protection Regulation- 1997- in rule 3 (revised Annex 2 -no 5 in 2007). The environment protection Act and Regulation- 1997 considers the whole district as one unit for export of particular product mentioned above. However, these laws and Regulations remain silent for the product harvested from private lands. If the private tree registration does not take place, the product harvested from private land also has to go through the same procedure as that of products collected from government forests. This has serious implication for local communities who are willing to establish AF product based enterprises.

Increase in farmers' cost of production due to charges of VAT on primary AF products: The obligation of Value added tax has increased burden to AF product producers. There should not be any VAT charge prior to value added processing. This is against the principle of VAT scheme of the government. This has raised question on the faith of government and created problem in AF product marketing. The real problem lies in the accounting of buyers' firm because the firm cannot do audit without VAT bill, which is not possible to obtain from AF product producer.

Policy lab suggestions to the Government of Nepal

- ☐ Revise the list of species included in Annexes 26-timber and 27- non timber for effective marketing of products.
- ☐ Simplify the private tree registration process by giving responsibility to local governments (Municipalities and Village Council)
- ☐ Formulate different royalty system for forest based and farm based products. Farm based products' royalty should be waived.
- ☐ Amend environmental regulations to waive IEE and EIA requirements for private forestry product
- ☐ Remove land taxes and VAT for private forestry at farm level

SUGGESTED CITATION:

Amatya SM, Pandit BH, Ojha HR, Cedamon E, Nuberg I, Shrestha K, and Paudel NS (2017), **A Policy Lab Approach for Reforming Agro-forestry Policy in Nepal**, EnLiFT Policy Brief July 2017, EnLiFT Project, Kathmandu

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