

# Reframing Nepal's community forestry in the changing socioeconomic context:

*A collaborative review of policy and practice*

Draft for comment

Naya S Paudel<sup>1</sup>

Hemant R Ojha<sup>2</sup>

Mani Ram Banjade<sup>1</sup>

Rahul Karki<sup>1</sup>

Sujata Tamang<sup>1</sup>

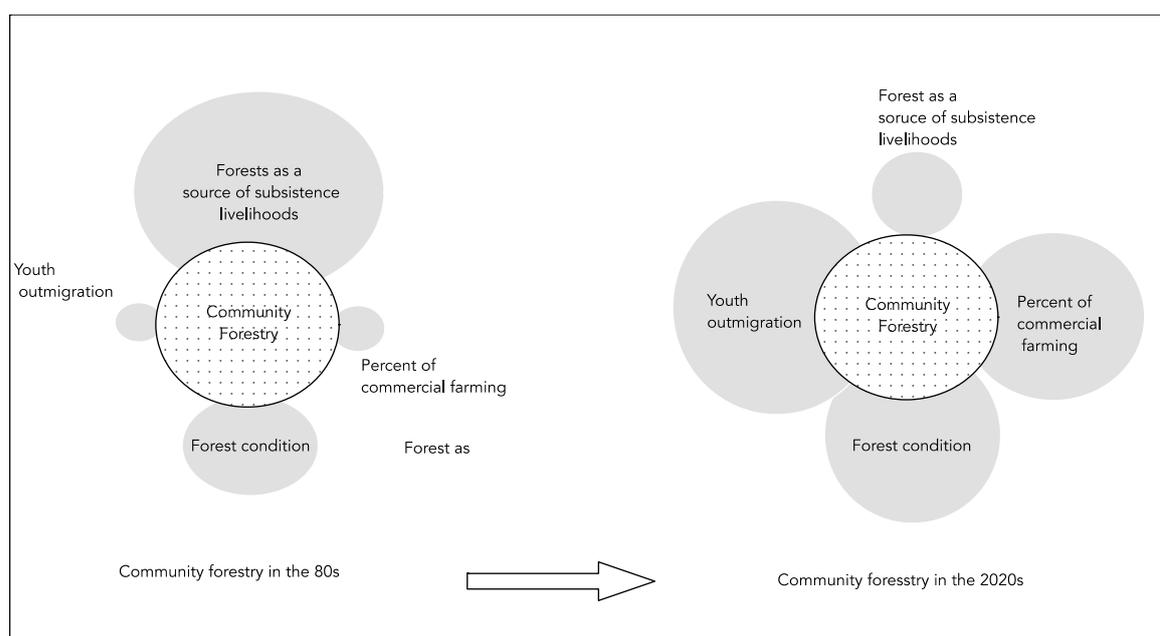
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## Why this review

Nepal's community forestry (CF) has entered a new crossroads. Since the formal inception of CF in the 80s, Nepal's socio-economic and political context has changed enormously. CF was designed to meet the twin goals of conserving forests and improving the livelihoods of local communities, in the context of integrated subsistence farming of which forests were, and in many rural areas still are, an integral part. The early version of CF was seeded in the aftermath of Himalayan degradation crisis in the 60s. A series of policy changes have been enacted to reverse the nationalisation policy of the 60s. Over these six decades, CF has evolved from an initial small-scale, subsistence-oriented practice to a variety of forest management modalities, accommodating changing preferences of local people and policy priorities of the forest sector as a whole. Fig 1 provides a schematic presentation of the change of contexts around CF in Nepal.

As such, CF has since evolved as a robust community based natural resources management institution, with the legally backed devolution of forest rights to local communities.



Source: Ojha (2020)

**Fig 1. A schematic presentation of how community forestry context has changed between the 80s and 2020s (Source: Ojha 2020)**

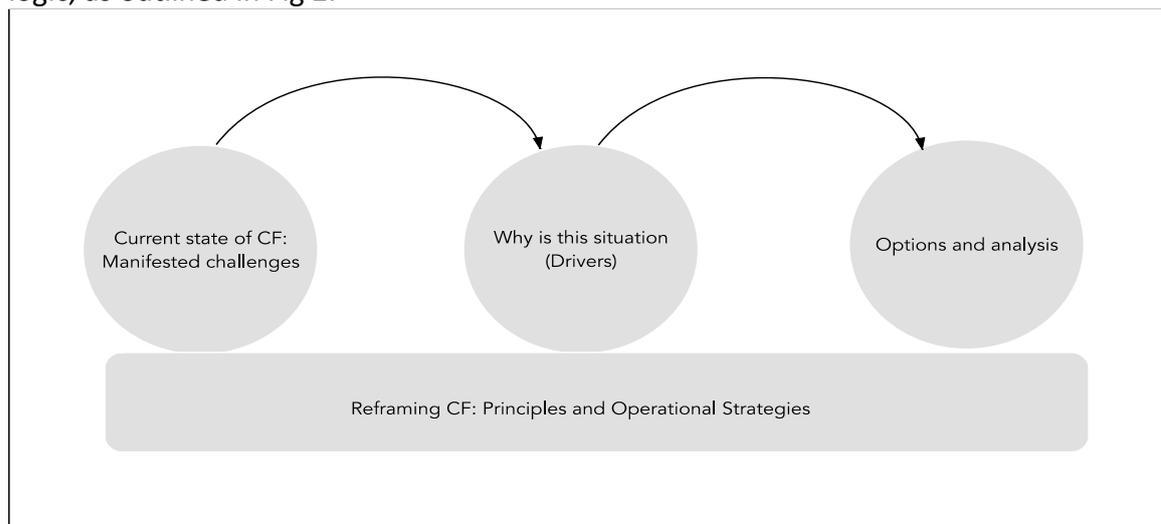
In recent years, there is a growing frustration about the lack of vitality and dynamism in this program of global reputation. Concerns have been raised by community forestry leaders, frontline government staff and its large base of supporters. A large body of study has also emerged confirming that CF's contribution to the livelihoods of people is currently much less than its total potential. Even biodiversity conservation outcomes have not been as satisfactory as anticipated. CF institutions have also become passive, since the very socio-environmental foundations on which community forestry was instituted have changed. Demographic dynamics, income levels and agricultural practices have changed substantially, often creating a mismatch between what CF can deliver and what local communities expect from it. A key question that has risen is whether CF can continue to ignore the expectations of the unemployed youths who have fled the country for menial jobs, but are now coming back following the COVID-19 crisis. CF is, thus, facing new pressures for change, and perhaps its conventional model has become obsolete in the new context.

This doesn't mean the age of community-based approach is over. Some of the founding principles of CF, such as the devolution of rights and the engagement of communities in collective resources management, still remain valid. But, the issue of what model and framework of CF can deliver better has surfaced. Questions are being raised as to whether and how CF can deliver market-oriented management of forests, in an equitable and sustainable way. There are also concerns as to how CF system can remain resilient to climate change.

In this changing context, it has become urgent to revisit and refine community forestry so that it remains fully attuned to the changing context and becomes more relevant in the future. We note that there are quite contested views about the pros and cons of community forestry, and hence, there is a need to take a more neutral approach to assess the relevance of the current institutional and governance modality of community forestry. We convened a group of about 47 experts with expertise on different aspects of community forestry to produce a synthesis of evidence on the state of CF and the need for reframing (See the list of Panel). The panel has investigated the areas of CF that require adjustment, and has generated strategic recommendations to allow the CF system to adapt the new context. This paper is an overview and introduction to this synthesis report, which is being finalised at the time of writing (January 2021).

This review report synthesises major scientific research that has been produced, over the past two to three decades, on Nepal's community forestry. The evidence is used to critically examine the assumptions, policy prescriptions, institutional modality, and practices to identify ways through which CF needs to be restructured to deliver economic,

social, and sustainability goals, more effectively. The review framework follows a simple logic, as outlined in Fig 2.



**Figure 2. Logical outline of the collaborative review (Source: authors)**

The review has been divided into seven themes and each theme has a group of 6-10 co-authors. The process of the review started with an invitation to participate, followed by a virtual authors' workshop, drafting of chapters by the thematic teams, submission of drafts to the editorial groups, review by editors and comments sent to authors, authors revision of the draft, and finalisation of the chapters.

## **Five drivers that have changed the underlying context of community forestry policy and practice**

The review has identified six significant challenges for community forestry in the changing context. First, the regulatory and administrative requirements for preparing operational plans, forest management, harvesting, trading and transporting have become burdensome for communities and traders alike. Consequently, compliance with legal requirements is low. Second, returns from forest management are miniscule, uncertain, limited to only few resourceful CFUGs and do not actually reach the people. Therefore, the forest does not even provide minimal incentive for local communities to invest additional time and resources to management. Third, as a consequence of limited incentive, and the availability of other political spaces community forestry as a form of collective action is weakening. Even the core institutional functions have become mere rituals or been completely abandoned. Fourth, poor participation and weak institutional functions have further exacerbated gender inequality and social exclusion. Fifth, continued and gradual alienation has substantially reduced intervention in community forestry, allowing forests to turn into dense thickets. Sixth, as a result there is widespread human wildlife conflict driving farmers away from agriculture and in many cases inducing outmigration. The following five drivers have contributed to these challenges.

## 1) Out-migration and changing demography

Nepal has one of the highest outmigration and urbanisation rates in the world<sup>i</sup>. Though outmigration in search of employment and better income is a historical phenomenon in Nepal's context, the modern form of labour outmigration started mainly after 1990 and has constantly increased till today. Data shows that 76% of the out-migrants are aged between 15 and 34 years, and 91.3% of all out-migrants are men<sup>ii</sup>. Apart from international outmigration, a significant population is under permanent and temporary migration to Kathmandu and other urban centers. The demographic group still residing in their original homes is comprised mainly of children, the elderly and women, resulting in the feminisation of the rural landscape. This has resulted in a significant scarcity of labour for economic activities such as farming, off-farm activities, forest related activities and even social activities such as wedding, funerals and other ceremonies. There is also a challenge in finding younger people who can take leadership roles in community forestry institutions. Therefore, the leadership positions of many CFUGs are now occupied by people who are reside and work, mostly, in the cities. Evidently, this also demonstrates the challenge of leadership transfer.

## 2) Changing livelihoods and forest-people relations

Since the 1990s the country experienced a gradual but significant shift away from subsistence farming, originally in which the farm and forest were closely integrated. We now have a much more diverse household-income portfolio, with the adoption of chemical and mechanised farming with manufactured inputs and other off-farm activities<sup>iii</sup>. The availability of market substitutes for forest-products and services has also contributed to this shift. For example, as farmers increasingly prefer improved breeds of buffalo and cow, they use factory made feed. Similarly, the introduction of small portable tractors has largely replaced oxen for ploughing fields and thereby decreased the need for grazing or collection of grass/fodder. Thus farm-forest links are now very weak as farmers dependency on forests for fodder, leaf litter, fuelwood and farming implements has decreased sharply. With the increased stream of income coming from remittance, commercial farming, trade and business, the traditional modes of subsistence farming have gradually become marginalised. Accordingly, the diverse and intricate interaction with forest resources has weakened. The decreasing share of forests' contribution to the household economy and livelihoods has weakened community forest members' stake and interests in investing in forest management.

## 3) Increasing market interface and opportunities

The increased interface with the market has changed the use of forest products, society's valuation of forests, while increasing the market demand for selected forest products. With the expansion of road networks, monetisation of the economy and inflow of manufactured goods, the rural communities are increasingly transacting with the market.

There has been a massive inflow of food, construction materials (such as iron rods, cement, aluminium<sup>iv</sup>, pre-fabs (corrugated sheets), and plastic fibres. These have significantly substituted forest-based construction materials and home-made threads, brooms, baskets<sup>v</sup>.

The social value of forests is shifting along with changing objective conditions of its use. The changing economy, urbanisation and increased exposure to global/national market and media have changed people's perception of forests and social value given to different elements of forest products and services. In urban and peri-urban areas the protection of water sources has become a more imperative justification for forest management. There is an increased appreciation of and willingness to pay for ecosystem services (e.g., water, greenery and wildlife), natural products (wood carvings, NTFPs, MAPs) and certified products (sustainably managed forests from indigenous people and local communities). Consequently, there is an increased market for timber, selected medicinal and aromatic plants (MAPs) and recreational services.

However, these changing values have a class dimension too. Usually there are well-off groups with employment and income coming from outside agriculture, who can also afford alternative sources of energy and prefer to use modern market furniture. On the other hand, poor and marginalised groups who continue to rely on traditional forest products such as grass, fodder and fuelwood have a weak influence on CFUG decisions. Unfortunately, quite often, well-off groups dominate the shaping of management priorities of the CF. Consequently, many CFUGs now operate according to the changing preferences of the dominant socio-ecological group.

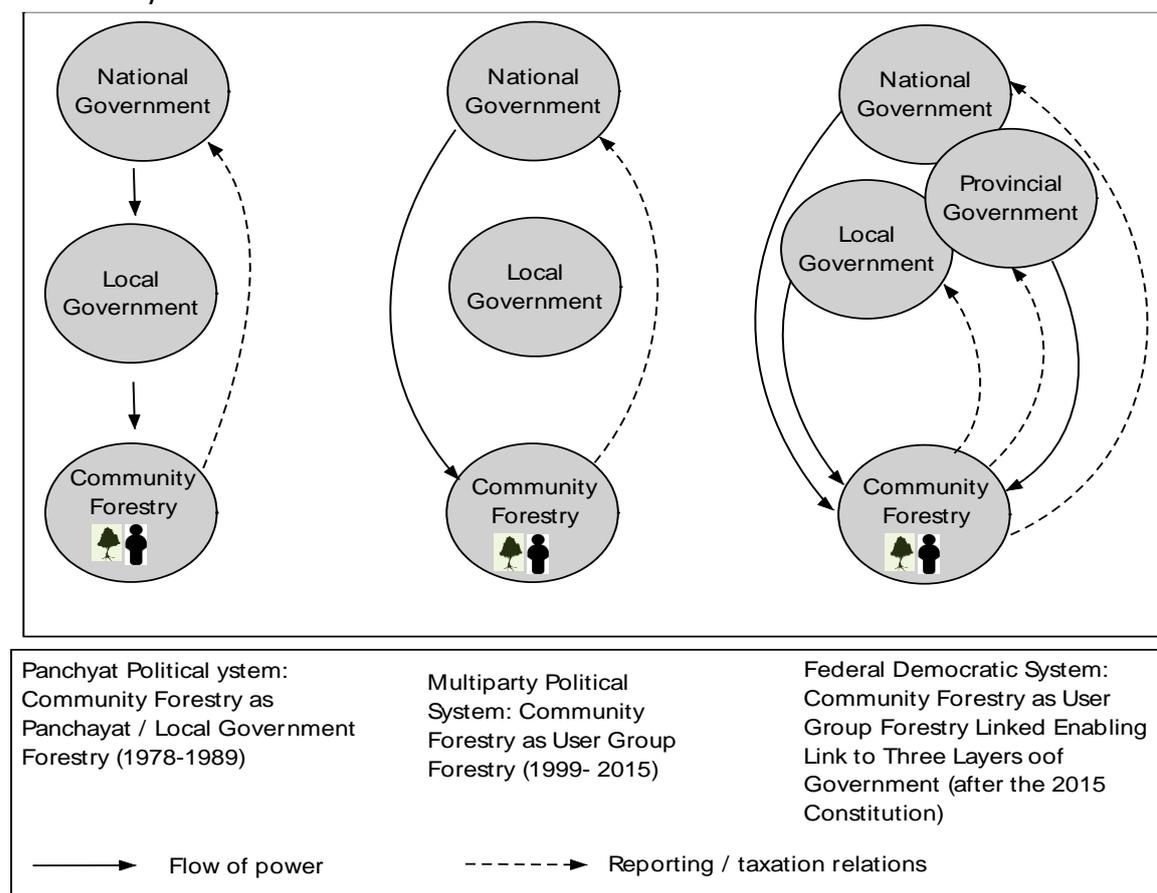
#### **4) Community forestry meets the global environmental agenda**

During the last 10-12 years, particularly since Nepal began to be actively involved in the UNFCCC process, 'climate change' has dominated public discourses on the environment. The media, politicians, bureaucracy, and the public at large is gradually buying this discourse. In this process, the discourse also entered into government policies<sup>vi</sup>, redefining the objectives and priorities of forest management. Forests are now essential elements of our national mitigation and adaptation strategies.

At the same time, the MoFE's motto of 'forestry for prosperity' and the introduction of 'scientific forestry' were brought to materialise the forests' economic potential. As a result, the CF is now subject to multiple and sometimes competing agendas of 'prosperity and economic growth' vs. sustainability. The sustainable vs scientific forest management debate, which led to the formation of three powerful high-level review commissions, is a case in point<sup>vii</sup>. It appears that CF has become a battle ground between the paradigms of economic growth and the environmental resilience, and that these agendas will continue to influence its future direction.

## 5) New federal democratic system of governance

Since the beginning of the Maoist-led insurgency, Nepal lacked legitimate local governments, since there were no elected political representatives at the local level. The CFUGs were the most widespread and functional institutions at the local level, providing the direly needed platforms for local political exercise. CFUGs and FECOFUN (Federation of Community Forestry Users Nepal) attracted local social and political leaders who raised the profile of community forests. Even foreign agencies used CFUGs as the key institutional vehicles for various development interventions. Apart from governing and managing forest resources, they also served the most pressing economic and social needs of the communities<sup>viii</sup>. Consequently, they gained strong legitimacy and recognition, not only among local communities but also among stakeholders from the state, market and civil society.



Ojha (2019)

Figure 3: Community forestry in changing political system (Source: Ojha 2019)

However, with the new Constitution and election, a large section of community forestry leadership became involved with political parties and many got elected<sup>ix</sup>. With this the locus of power-exercise shifted towards local governments and party committees. Similarly, financial cooperatives have also gradually assumed active roles in local social and economic activities. Political leaders have opportunities of promotion of their ranks and profile, or to serve as representatives at local governments as well as provincial and federal parliaments. In this context, assuming leadership roles in community forestry

might reduce their chances of being promoted within political party hierarchies. Today, community forestry leaders feel marginalised and cornered from influencing larger socio-economic and political decisions, and feel they have become limited to forest management<sup>x</sup>. This is likely to get worse in the future. Decreasing interests in assuming CFUG leadership has become widespread, which poses a serious challenge to the future of community forestry. This calls for serious work towards exploring a working niche for CFUGs and new modes of partnership with the local government, among others.

## **Emerging Responses: Commonly suggested options and their critique**

Our review of practical and policy discourses around CF reframing has uncovered three potential directions for change, commonly put on the table by the stakeholders.

### **Direction 1: Strengthen government roles in community forestry**

Strengthening the role of government, especially of the provincial and local governments, is sometimes argued as a potential measure to rescue CF. This direction of change is advanced on the premises that: i) CFUGs have become passive in the management of community forests; ii) CFUGs leaders are engaged in corruption and misappropriation of resources; iii) CFUGs have not been able to engage in commercial or scientific management of forests; iv) there is currently no explicit role of government or DFOs in the management of forests. Overall, this argument is based on the view that CFUG's inability to locally govern and manage themselves obviously invites external intervention by the state.

A frequently suggested solution among forest officials is the enforcement of more stringent rules to ensure compliance with regulatory and administrative requirements. Many in this school of thought believe that there is an over-devolution of rights to CFUGs. They argue, community forests are all about co-management between the government and communities so 'we must be there to educate and control them'. Further, it is argued that the community forestry model was primarily meant for subsistence use, but now communities do not have the needed capacity to pursue contemporary aspirations for commercial timber management. A common and often quietly suggested solution they suggest is the application of more stringent rules to limit the existing institutional and operational autonomy of the CFUGs.

However, this proposal is neither desirable nor feasible for three reasons: First, there is unequivocal evidence and widespread perception that centralised, bureaucratic control of forest management alienates local communities, ultimately resulting in resource degradation. Established theories on collective action (Ostrom 1990; Agrawal 2002), international lessons on community-based forestry, and our own experience of community forestry (Thoms 2008; Hobley 2010; Ojha 2016), do not favour the approach above. Second, currently, the government forest technicians are struggling to provide

even minimal oversight and technical services to CFUGs. If they were to assume expanded management roles, our Forest Agency may need a substantial increase in human and financial resources and the government would need to invest heavily in the forestry sector. There is neither the capacity to increase investment nor can it be justified against the demands made by competing sectors. Given pressing developmental aspirations and urgent need to support infrastructure and other sectors, forestry will not become a priority sector for the government, unless it contributes significantly to the local and national economy. Third, there is no guarantee that greater government involvement in CF management can actually fix the problems which are used to justify the increased involvement of the government.

In general, restricting the rights of community institutions simply leads to further alienation, and this changes the status of community forests to open access, inevitably resulting in resource degradation (Hardin 1968). In particular, imposing stricter rules and requirement means i) bureaucratisation of CFUGs – unfortunately the demand for formal, bureaucratic practice automatically increases transaction costs and makes no economic rationale for most of the CFUGs to continue their operations; ii) imposing such a stringent practice demands strong monitoring and oversight roles from the Divisional Forest Office which may not be met through the current institutional capacity of DFO, particularly the existing human resources; iii) community forestry can be appealing only when it generates higher income and employment in a sustainable basis, which requires stronger rights and tenure security to communities and individuals managing it. By weakening rights, investment in forests cannot be expected, which will lead further marginalisation of CF. It may further discourage active management, trade and enterprises which is the central goal of community forestry and the nation as a whole. Therefore, imposing more stringent rules cannot be a desirable strategy to address many of the current governance challenges in community forestry.

## **Direction 2: Convert community forestry in to a small-scale private sector**

Inviting private sector as a key player has become one of the highly discussed proposals in recent years. In fact, the private sector is already assuming several important roles formally or informally. For example, private sector actors support the preparation of operational plans, harvesting and transporting the products. Similarly, many CFUG owned enterprises are contracted out to private actors for management and operations. There are several additional areas where the role of private sector can be increased without compromising CFUG ownership and autonomy. In fact, emerging forest policies have also increasingly favoured and formalised such CFUG-private sector partnership.

However, a complete takeover by the private sector is unlikely in the near future mainly for four reasons: First, despite the changing forest-people relations discussed above, there are still intensive and complex interactions of community forestry members with different aspects of forest biomass which cannot be handled by a private company. Second, the private sector will be opportunistic and will chose to engage only in profitable areas such

as harvesting and selling of valuable timber/NTFPs. It won't be interested in replenishing the resources, employing unskilled local labour, or paying for the institutional costs of CFUGs. Third, CF is not too appealing to the private sector due to the uncertainty of regulatory/administrative behaviour and the smaller size of the business, which cannot attain the required economy of scale to generate profits. Fourth, there are heavy environmental risks with such arrangements, so local communities and the state are less likely to endorse it.

### **Direction 3: Provide radical autonomy to CFUGs**

Community forestry rights advocacy groups often argue that a clear, comprehensive and secured tenure is the answer for these challenges. This means expanding the autonomy to choose different management options, giving communities stronger bargaining power in the market, and reducing transaction costs, especially by substantially reducing regulatory and administrative requirements. Key reasons to relax these requirements are to increase CFUG autonomy in management decisions, planning and implementation, promoting participation and increased income due to reduced transaction costs.

However, many of the broader drivers of change that are shaping forest-people relations are beyond the issue of forest tenure and regulations. Note that people are abandoning cultivation on their private lands (with the strongest tenure arrangements), largely due to labour and productivity related factors. This provides good evidence for why stronger tenure alone is insufficient to attract people to investing in community forest management. There needs to be a comprehensive and coordinated effort from multiple actors to bring the forest economy to the fore front, along with capacitating and supporting communities to realise benefits from active and equitable forest management.

## **Review findings: Strategies for reframing community forestry**

The five drivers discussed above are too big to ignore. The challenges discussed above are not inherent to community forestry but are products of a larger wave of changes in rural dynamics, general lifestyle expectations, and particular ways of conceiving and framing of how CF should be operating.

The status quo must be changed, as people are suffering and forest quality improvement curve has plateaued. While many people are unaware of alternatives and have taken the status quo as a given, others have either benefitted from the system or are simply buying time. Further delay in acknowledgement and action would simply worsen the situation leading, ultimately, to the failure of hard-gained community forestry programme.

We acknowledge that the drivers span well beyond Nepal's forestry sectors. However, forestry sector can set a specific strategic direction, and Ministry of Forests and Environment (MoFE) and state Ministries can lead the process of change. First, the aforementioned challenges need to be acknowledged. Then, following a reflective and deliberative process of analysis and review, policies and regulatory and institutional responses should be reviewed and redesigned. These responses should be well informed by these changing political, demographic and

There should also be a reflective and deliberative process of analysis and review to redesign CF policy, regulatory and institutional arrangements. These responses should be well informed by these changing political, demographic and economic dynamics so that we can make community forestry relevant to the changing context and revitalise it again.

The review shows that there is a strong consensus among policy actors, professionals and researchers that a major reform in CF system is needed in order to make it a more productive, sustainable and equitable resource governance regime. Major aspects of this reframing are concerned with improving the relationship of the community with the state and the market, while still retaining the core principles of community-based collective resource management. Based on the review, we have identified the following five 'reframing levers' to rescue CF from the current impasse. Applying these levers, we hope CF can be reframed to a new state of equilibrium between the community, state and the market. This however requires a full acknowledgement of the crisis and a genuine commitment to departure towards the proposed direction.

## **1) Strengthen the economic rationale for community forestry**

Community forestry emerged primarily as a solution to subsistence livelihoods and conservation of forests. It is now time to recognise and support its economic rationale with appropriate environmental and social safeguards.

Strengthening the economic rationale is one of our key suggestions. The term 'investment' is used here in its broadest sense involving financial, labour and social dimensions such as money, time, effort, sacrifice, etc. Reforming the regulatory environment in favour of strong tenure security, trade and enterprise, addressing uncertainty, strengthening support services, supporting capacity development and creating favourable markets are some of the suggested interventions. An important part of these interventions is the promotion of wood-based products and technology, to help this sector compete against imported substitutes. Extensive use of wood products can have positive impacts in reducing emission, supporting local economy and increasing the prospects of community forestry. Active experimentation of forest management, enterprise development and marketing should be promoted to allow innovations in these areas. In addition to wood, there are prospects of enterprises based on non-wood products and ecosystem services including eco-tourism. However, attaining 'economies

of scale' is a critical factor associated with productivity in all of these areas. The area of individual community forests is often too small, for feasibly adopting new technology, employing people with specialised knowledge and skills, bulk production of goods and services, cost reduction in market promotion and sale, and increased risk-bearing capacity. We must explore and experiment with strategies to increase the economies of scale without compromising the institutional integrity of community forestry. Coordinating with multiple CFUGs from the same landscape might help attain the needed scale but a stronger coordination mechanism should be legally backed. FECOFUN, for instance, could lead this agenda so that the needed commercial scale can be achieved while maintain the existing institutional legacies.

## **2) Reduce regulatory burden and encourage market oriented innovations**

The past legacy of conservation-focus and state-centric governance of forests continues in the domain of community forestry too, disempowering and disincentivising the local community to manage forest products and to capitalise on benefits from emerging market opportunities.

There needs to be a genuine acknowledgement that the existing regulatory and administrative requirements have become a real burden to community forest members. Regulation should be limited to ensuring environmental protection and sustainable harvesting, transparent transactions and fair taxation/revenue sharing, and fair distributional justice within the groups. Beyond these areas, the CFUGs should be able to choose management objectives, prioritise forest type/products, establish enterprises and sell. Moreover, they should be able to experiment with and choose appropriate partnership arrangements with other government agencies, private sector, cooperatives or CSOs for any dimensions of forest management, trade and enterprise or social and institutional development. The requirements must minimise the transaction costs, and strengthen downward accountability and the sense of ownership among members. Of course, there could be a robust and participatory monitoring mechanism in place with heavy fine for any illegal actions.

## **3) Do not leave anyone behind**

Since social inclusion and gender inequality have emerged as a major aspect of the CF crisis, regulations and proactive efforts should be made to ensure no one in the community left behind.

The role of forest in livelihoods and people's dependency on forest products is changing fast, and not everyone within the community has the same level of interests in community forests. A significant number of forest users extract fuelwood, grass, fodder, leaf litter and construction materials from the forests. During the early days of community forestry,

access of these weaker groups was restricted, in order to protect forest cover. Their needs/usages are still undermined, as they do not fit with modern environmental discourses involving climate change and biodiversity, or with commercial ambitions for timber-oriented management. In this context, a narrow conceptualisation of forest-based enterprises may ignore or exclude many of the traditional forms of uses. The policies, regulations, management plans and institutional practices must be fully aware of the diversity of needs and relations and accommodate and support them.

The equally important challenge lies in achieving a right balance between performance, efficiency and economic viability in CF on one hand, and inclusion, equity, deliberation and democracy on the other. The failure of CF in delivering economic outcomes, the increasing interface with the market and the monetisation of the rural economy demands an adoption of market principles. Quite often, inclusive and participatory process are seen as obstacles to productive forest management and profitable forestry business. However, sole reliance on the market is likely to undermine forests and people, especially the poor, women, Dalits and other vulnerable groups. We propose strong legal protection of the core principles of CF as social and environmental safeguards in order to achieve integration of productivity, sustainability and equity.

#### **4) Legally support and encourage non-state providers of technical and institutional services to CFUGs**

As CF is moving away from a solely protection-oriented agenda towards active management, processing and trade of diverse forest products and services, they need specialised services in forest management, business operation and mobilisation of larger financial resources. Currently, DFOs are the primary sources of these services. However, DFOs are increasingly facing challenges in responding to this increased demand with specialised expertise. Though there are few cases of CFUGs hiring consultants for OP revision and preparing business plans, these are very limited and not institutionalised yet. In this context, we propose four different mechanism of service delivery: i) DFO – regulatory oversight and administrative service; ii) Local Governments – technical and institution services; iii) Private – technical and business development services; iv) CFUG network – either through FECOFUN or CFUG owned cooperatives – technical, institutional and business development services. Cooperatives can deliver services in an integrated way, combining services and products, and also help gain economy of scale in forestry business.

Moreover, CF needs to be seen as a creative economy that is nurtured and supported by private and state service providers which can bring innovative ideas and services to strengthen economic functioning of community forestry (of course subject to environmental and social safeguards).

## **5) Differential treatment based on the socio-environmental context and the category of CFUGs**

A CF in a rapidly urbanising area, or one close to a city, is very different from a CF that is located in a remote mountainous area with limited access to roads and market. Similarly, a large sized CF with well stocked commercially valuable timber stock and high annual income may need a more robust institutional and formal practices than a small sized without market transactions. In general, management of forests should be part of local development plans of the local governments, and the level of regulation and type of services should be customised according to the envisaged role of CF in the local development plan.

There has been a long ongoing discussion on the categorisation of CFUGs based on widely agreed criteria – size of forests and volume of forest products, level of transaction with the market, amount of annual revenue, nature of forest products/services, etc. All the stakeholders agree that the regulatory instruments should revise the requirements and establish differentiated treatments for each category. Any CFUG with no transactions with the market and low annual income should be allowed to operate with minimum formality and documentation. On the other hand, those with intensive transactions with the market and substantial income should furnish detailed documentation for two reasons: i) they pose a greater risk to the environment and can cause fund mismanagement, if appropriate safeguards and oversight are not in place; ii) they can afford to pay for the technical and financial services they require. We suggest that such a categorisation will substantially address many of the current challenges related to high regulatory burden, high transaction costs and leadership gaps.

## **6) Integrate community forestry with local environmental governance system**

Community forestry has to be anchored into the local environmental and institutional landscape. Historically, it managed critical forest product needs, but it now has to accommodate diverse environmental services, especially water. With climate change and other local environmental changes, protection and equitable access to water resources has become a vital issue. Legally empowering CFUGs, via a robust institutional mechanism, to manage water resources under their territory would promote better protection and equitable distribution of benefits. Similarly, human-wildlife conflict which is part and parcel of community forests, is an equally pressing issue for safety and livelihood security. The current compensation mechanism can be linked to local government to make it more accessible and adequate. Management of wildlife through ecotourism, animal farming and regulated culling can be handled through CFUGs, which may turn the problem into an economic opportunity.

However, in order to enable CFUGs to deliver these functions, they must be closely linked with local governance. While the emerging legal framework seeks to address the revenue interests of local governments, there could be much more a productive and synergistic relationship between the two. Of course, CFUGs should still be accountable towards DFO in the management of forest, especially in meeting environmental standards.

## Appendix -1: A detailed prescription of CF reframing covering seven themes

Theme-wise recommendations for reframing community forestry as proposed by the review team are presented below. We suggest that these recommendations should be read in the light of the six strategic recommendations we have outlined above. It should also be noted that different expert groups have somewhat different viewpoints on specific aspects, but as mentioned above, there is a general agreement that CF needs a major reframing if it is to remain a viable model in the changing context.

### Theme 1: Policy and regulatory provisions

Ganga Dahal, Yam Malla, Bharat Pokharel, Dil Raj Khanal, Dinesh Paudel, KP Acharya and Popular Gentle

#### Key messages:

**Regulatory frameworks should be more responsive, in order to diversify and expand the forest-based economy, and should provide CFUGs more options for the management and promotion of forest products and services**

- Create regulatory instruments to classify CFUGs into three categories based on their size and scale of transactions: (i) CFUGs involved in subsistence-based economy, (ii) CFUGs with capacity to supply small to medium sized local forest-based enterprises, and (iii) CFUGs with the capacity to supply larger commercial forest-based enterprises within and beyond Nepal.
- Develop regulatory requirements, customised to the scale and nature of transactions, with less complex regulatory systems for CFUGs managing forests for subsistence purposes.
- Simplify the regulatory and administrative process/steps required for forest product harvesting, auctioning, transportation, enterprise registration, tax/VAT payment, procurement of raw material sources, product certification/branding, PES and the like.
- Clarify and expand the regulatory and facilitatory roles of local governments and federal/provincial government forestry services operating at the local level, and ensure that such roles are in alignment with Local Government Operations Act 2017 (which empowers local governments to take on coordinating and monitoring roles). Any adjustments, especially relating to local governments' oversight, should ensure the security of local community's tenurial rights over the forest and the application of democratic principles of forest resource governance. For management of CF related affairs, the concerned forestry offices at the local and provincial levels could be responsible for overseeing technical needs in forest management and marketing, while the local government could be responsible for regulating institutional and fund mobilisation-related matters.

- Strengthen the MoFE's Community Forestry Division or that of FRTC to assist/facilitate periodic review of forestry and non-forestry regulations impacting the CF system, and ensure that they remain in line with national developmental goals. Make the review-work transparent and outcomes available to concerned stakeholders and the general public through various communication channels.
- Diversify service provisioning to support CF development by creating legal instruments to recognise and facilitate service delivery by private, local government and CFUG-cooperatives on technical, institutional and business development aspects.
- Create regulatory instruments to facilitate voluntary collaboration/clustering of CFUGs and to achieve economies of scale in production, processing and trading of CF products.

## Theme 2: Community institutions

**Dil B Khatri**, Bir B Khanal, Kalpana Giri, Bharat Pokharel, Ram Chhetri, Manohara Khadka, Nirmal BK, Dilli Poudel

### Key messages:

**Radical changes in the current institutional arrangement of community forestry are needed to ensure CFUGs can manage forest resources effectively and benefit from multi-purpose management of forests and expanding market opportunities, in a sustainable, inclusive and equitable manner.**

- CFUG governance structures need to be adapted to embrace active and market-demand-oriented management of forests: For example, i) redefine and strengthen executive functions of CFUGs so that they become more effective as organisations, make decisions more efficiently, and yet fully adopt democratic principles such that all of its decisions adhere to resolutions made during their General Assembly; ii) develop CFUG constitutional procedures to allow EC leaders with certain executive powers to make timely decisions and take efficient actions, along with placing institutional safeguards for any misuse of powers.
- In areas with higher market potential for forest products and services, enable and support CFUGs to hire and mobilise competent human resources to assist EC leaders to better execute forest management activities.
- CFUG level governance can be strengthened through more active use of information and communication technologies for transparency, inclusivity, fairness and more importantly, efficiency. For example, test/experiment a customisable CFUG internal governance apps with the functionality of real-time monitoring of CFUGs operations by EC leaders and CFUGs members.
- Develop functional linkages with local governments which can help, not only, municipal level decisions, planning and regulation to promote forests and forest-based business, but also help maintain environmental and social safeguard measures. Periodic review and mandatory endorsement can be arranged to ensure that decisions and actions do not undermine the interests of diverse groups, including women, indigenous people, and other marginalised groups. Local governments can also make provisions for a multi-stakeholder CF forum as a

platform for participatory, transparent and inclusive policy dialogue and learning at the local level.

- Encourage and assist local governments to (i) support CFUGs to develop and promote timber and other commercial products for generating more income from CF resources, (ii) help establish linkages with other land-use systems, (iii) coordinate for joint LG-CF planning, and (iv) ensure that CFUG executive committees follow CFUG constitutions and procedures set by the CFUGs.
- Engage local governments in monitoring, assessing and rewarding CFUGs on their performance on social inclusion and gender equity in forest management and utilization
- Encourage and incentivise watershed/landscape level network institutions of CFUGs which can help achieve economies of scale through resource pooling, integrated service provisioning and business collaborations.
- Diversify service provisioning from sources other than DFO, and encourage, support and incentivize the private sector, local governments or CFUG-cooperatives (employing technical staff) to deliver administrative, technical, institutional and other business services. DFO's primary role should be redefined as providing regulatory oversight and administrative support or services.

### Theme 3: Forest management and silviculture

Sony Baral, Bijendra Basnyat, Shambhu P. Dangal, Dil B. Khatri, Bishnu Hari Poudyal, Srijana Baral, Ridish K. Pokharel, Tek N. Maraseni, Megh Raj Kafle and Akhileshwar L Karna

Key messages:

**Community forest management should be guided by adaptive, participatory and forest-type-specific technical prescriptions that are aligned with the CF members' management objectives, forest stand conditions and site quality, ensuring that such decisions are made at CFUG level.**

- Promote and develop appropriate forest management modalities: Develop forest type- -specific silvicultural systems that consider management objectives of the community taking account of multi-purpose management to meet diverse local needs.
- Develop and disseminate silvicultural solutions and options as technical prescriptions, not administrative guidelines or regulatory instruments. Allow CFUGs to choose options through their collective decision.
- Internalise adaptive management principles to maximise learning from practice, demonstrations, and experiments in forest management and technology development.
- Develop and strengthen silvo-institutional models - designing management interventions based on forests characteristics and need of local community.
- Shift from timber-based management to multiple-use forestry: Widen forest management plans and practice in CF beyond the narrow focus on timber harvest under conventional silvicultural systems. Encourage and facilitate CFUGs to

consider key aspects such as biodiversity conservation, provisioning of watershed services and promoting recreational activities in their plans and practice.

- Accommodate local, indigenous, feminist and other views and practices through a participatory technology development approach that is more resilient and delivers multiple functions.
- Strengthen long term research and knowledge dissemination through research trials within community forestry, representing different forests types and management objectives. Results of the trials should be documented and disseminated to inform policy and practice.

## Theme 4: Forest product trade and enterprise development

Kiran Paudyal, Govinda Paudel, Dinesh Paudel, Bishnu Hari Pandit

Key messages:

**Strengthen and support small scale forestry enterprises and commercial trade of forest products and services by removing regulatory constraints, improving institutional capability, and providing incentives for entrepreneurial innovation**

- Relax and simplify regulatory and administrative requirements associated with forest based enterprises (registration – e.g. minimum distance, operation, raw material supply, standards, tax/VAT, market access etc.)
- Pilot, demonstrate and promote small scale forestry enterprises through diverse community-private-public partnership arrangements.
- Promote CFUG based cooperatives, assist them to establish and run enterprises and realise the benefits of economies of scale
- Ensure subsidized loan and credit services as well as business development and market linkage services for small-scale community and private forestry enterprises
- Encourage private and public investments in forest products value chains (such as wood processing units, NTFP value adding enterprises, etc.)
- Promote a safe and fair business environment by protecting entrepreneurs from extortion, rent-seeking and uncertainty in establishing and operating business.

## Theme 5: Biodiversity and ecosystem services

Ambika Guatam, Buddi Paudel, Ambika Paudel, Eak Rana, Krishna R Tiwari, Lila Nath Sharma, Him Lal Shrestha

Key messages:

**Community forestry's role in generating biodiversity, watershed and aesthetic values should be clearly recognised, promoted and mainstreamed into planning and practice.**

- Conduct periodic assessment of community forestry for its contribution to biodiversity protection and provision of ecosystem services.
- Encourage and incentivize CFUGs to adopt multiple-use forestry beyond the current practice of timber-centric management of their community forests, and improve their knowledge and capacity for multi-purpose forest ecosystem management

- Create incentives for local forest user groups to conserve economically less-valuable native species
- Considering the changing socio-economic situation and priorities of rural households, and economic potential of forests, promote conservation-friendly alternative approaches - such as PES, ecotourism, promotion of NTFPs.
- Landscape approach to conservation of biodiversity and ecosystem services should be promoted where feasible, through financial incentives and technical assistance.
- Adopt a flexible, need-based approach to community forests management (rather than adopting a blanket approach) to balance conservation with economic development and to prioritize community forests for biodiversity conservation. Community forests located in key biodiversity hotspot areas, as well as ecosystems and landscapes that are not represented by the current protected area network (e.g. many in the middle hills) should get special priority and attention.

## Theme 6: Gender, social equity and inclusion

**Kalpana Giri**, Basundhara Bhattarai, Sujata Tamang, Radha Wagle, and Sindhu Dhungana

Key messages:

**Recognising the limitations of current GESI mainstreaming approaches, promote a transformative approach across policies, organisational strategies, programmatic instruments, community campaigns, and resources management regimes**

- Redefine the economic-growth-centric slogan of “Forestry for Prosperity” and elaborate on it to accommodate social justice and environmental dimensions. The current framing has largely misinterpreted GESI as an obstacle to achieving prosperity. Elite capture, mostly dominated by men, is more prominent especially in high earning CFUGs. Perpetuating such narratives risk losing the social and environmental gains of CF.
- Explore, develop and enact institutional safeguards to protect the rights of women, ethnic groups and other marginalized groups, as community forestry shifts from the subsistence level to market oriented domains.
- Assess the effectiveness of GESI oriented policies and strategies (such as GESI strategy of MoFE and CF Guidelines), training practices, academic curriculum and extension materials of the government and development agencies to create positive outcomes
- Encourage and support collaborative review of the movements of FECOFUN, HIMAWANTI, NEFIN and associated community networks, to improve the representation of women and other socially excluded groups in CF.
- Generate comparative data on the quality of participation of these groups. Identify challenges and persisting barriers that constrain them from fully exercising their leadership, rights, and receiving benefits.
- Conduct educational campaigns to unravel and challenge masculine-hegemonic mindsets. Behaviours in the wider domain of forest policies, extension, learning, debates and governance are also hindering gains.

- Adopt an adequate sectoral focus to meet the differentiated needs of women, ethnic groups and other actors within forestry, whilst also increasing the sectors' interface with wider levels of systemic factors that perpetuate and reproduce gender inequality and social exclusion.
- Ensure sustained public and community investment in enhancing GESI across policies, organisational strategies and CF management and its benefits.
- Forestry stakeholders such as forest bureaucracy, local governance, and service providing civil society must have accountable mandates placed to implement and enforce affirmative policies in practice.

## Theme 7: Climate Change

**Mohan Paudel**, Eak Rana Bishnu Hari Paudyal, Krishna R Tiwari, Him Lal Shrestha,

Key messages:

**Community forestry's potential to contribute to climate resilience and to benefit from the forest carbon trade should be carefully incorporated to ensure system-wide resilience and to promote inclusive livelihoods opportunities at the local level**

- Carefully mainstream climate change into community forestry without displacing sustainable forest management functions of community forestry. CF should not be developed into "climate forestry" – since climate change focused funding, management priorities, incentivising often push the CF system away from its fundamental purpose.
- Avoid framing CF-climate relations excessively around emission reduction. Ensure safeguards in REDD+ schemes since they are mire by legitimate concerns of threats of recentralisation. This includes reduced access, increased conditionality, high transaction costs along with an added burden in OPs, annual plans, and project activities.
- National climate change programmes must adequately reward CF for its contribution to climate action. Climate change science and international climate change financing has acknowledged the roles of forests in mitigating climate change. The disbursement of these rewards must be conducted with the highest accountability and should reach the most marginalised groups at their household levels.
- Recognition of CFUGs' rights over water sources help support climate resilient natural resource management through: i) more holistic management of forest and water; ii) ensuring CFUGs benefits from schemes like PES;
- Capitalise on CFUGs' long established democratic institutional strengths by choosing them as the key institutional vehicle for implementing ground level climate action without stretching too far away from their core institutional function as FUGs.

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- <sup>i</sup> The gross migration rate for Nepal is estimated at 11.23 per 1,000 populations (IOM 2019). Likewise, GoN (2014) also showed that between 1993/94 to 2007/08, nearly 97 per cent of labour migrants from Nepal went to one of the following countries: Kuwait, Malaysia, Qatar, Saudi Arabia and the UAE.
- <sup>ii</sup> IOM (2019); the percentage of male population stated is based on the number of permits issued for various countries.
- <sup>iii</sup> About 90% of the mechanical power is concentrated in the Terai where market accessibility is high. With increasing road connectivity in the hills and mountain districts, use of tractors, power tillers, pumpsets and threshers has become prevalent in recent years (Gauchan and Shrestha 2017).
- <sup>iv</sup> Nepal imported a total of 576975 Kgs of aluminum structures and parts of structures worth NRs 200 million during the fiscal year 2017/18 (GoN 2018).
- <sup>v</sup> The data on imports of commodities during the period of mid-July 2019 to mid-April 2020 shows that around 1.2 million pieces of wooden, metal, and plastic furniture of various categories (with and without seats) were imported and their total worth is calculated to be around NRs 1.91 billion (NRB 2019).
- <sup>vi</sup> Nepal has been involved in the REDD process since 2008, when the Red Pilot Project was supported by FCPF (World Bank). The government issued the Climate Change Policy in 2011, REDD Strategy in 2018, and NDC in 2019.
- <sup>vii</sup> With the growing contestation around scientific forestry, two parliamentary committees and the government have formed their own high-level review teams: one from the Public Audit committee (Chaired by MP Pradip), second from the Agriculture and Environment committee (Chaired by Shanta Chaudhari) and third from the Cabinet (Chaired by Dr Netra Timsina).
- <sup>viii</sup> Bharat Pokhrel (2014) in a study shows that CFUGs were serving the functions of over 18 ministries. MoFSC (2013) showed that CFUGs functioned as the key democratic local institution that served a range of political, social and economic functions in the absence of elected local governments.
- <sup>ix</sup> Bharati Pathak, FECOFUN Chair claims over 3000 people involved either as CFUG executive committee members or represented different levels of FECOFUN have now been elected in different positions of the government or as MPs.
- <sup>x</sup> Out of 144 recipients of the DoFSC on enterprise development grants, CBFM groups were only 37 and rest were either cooperatives or farmers' groups (published in 15 March 2020).