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Municipality level PF owners' association established and functioning

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List of Acronyms

AFFON - Association of Family Forest Owners Nepal

Cft- Cubic Foot

CIAA - Commission for Investigation of Abuse of Authority

CSOs - Civil Society Organizations

EnLiFT - Enhancing Livelihoods from Improved Forest Management in Nepal

FECOFUN - Federation of Community Forestry Users Nepal

NGO - Non-Governmental Organization

NGO Federation - Non-Governmental Organization Federation

VAT - Value Added Tax

PF - Private Forest

Background

In response to the challenges faced by private forest owners in Nepal, we envisioned the formation of Private Forest Association at the local level. The major challenges faced by them include slow pace of private forest registration, lengthy and multi-stage processes for obtaining the harvesting and transportation permits followed by official bans on important commercial species. The main objective of the formation of such an association was to create a pressure group that can be helpful to address these challenges. During this process, we facilitated several meetings and developed their constitution in two clusters (Chautara and Chaubas) that were linked to the respective district-level Private Forest Association. Through our research and outreach efforts, we were able to bring together a group of private forest owners in each of the two Municipality wards 8 and 13 of Chautara Sangchokgadi Municipality and wards 4 and 5 of Bhumlu Rural Municipality.

Processes involved

The process for the formation of a private forest (PF) owner's association was initiated in early 2021. This process was activated with a field days' event held in one of the Private Forest Owner's farm where 37 PF owners from ward no 4 and 5 of Bhumlu Municipality participated. In a month of this event, the second event was organized in Srichhap ward no 13 of Chautara Sangachokgadi Municipality. In the later event, a total of 40 PF owners from ward 13 and 8 participated. After these two events (one each in Bhumlu and Chautara), there were several periodic meetings in these two clusters, and their concerns were documented. These two events energized the PF owners to voice their concerns and sit together in the following meetings.

One year after the implementation of the PF owners' activity, we realized to organize a policy lab event on private forest issues, which is hindering the promotion of private forestry promotion programs in Nepal. We identified some of the important action areas, such as introducing innovative silvicultural management methods, capacity building of private forest owners, facilitating farmers' associations, and exploring/enhancing their access to better markets and fair prices. During our engagement with PF owners and traders at local level, some important insights on harvesting and trade have emerged which we wanted to share with key stakeholders (PF owners, local government, timber contractors, Sub-division forest officer, AFFON and FECOUN) in the assumption that this will help stakeholders understand proximate and underlying issues and devise ways to facilitate smooth management, harvesting, transportation and trade of timber from private forests. Based on this realization, one-day policy lab event was organized in Dhulikhel, Kabhrepalanchok district, on 23 June 2022 (Ashad 9, 2079). This meeting intended to collect field level evidence on private forestry issues and bring them to policy implementation level institutions for further discussion and identifying any issues that need higher level facilitation. The issues discussed in this meeting and their solutions were discussed and documented.

The latter part of 2022 and the whole year of 2023 were fully devoted to drafting the PF owner's constitution attempting to register to the concerned Municipality. Two to three significant events in each of the clusters (11 September, February and 06 September 2023 in Bhumlu and 28

February, 13 September and 03 October, 2023 in Chautara) were organized to bring together private forest owners to discuss issues, opinions, and establish committees for the management of private forests in each of the clusters. The constitution for each of the two cluster level PF Owner networks was prepared in consultation with the PF owners, Sub-division staff and Municipality chief and ward chair-persons in these meetings (Annex 1: detail report on meeting of PF owners and Project team).

Private Forestry issues expressed by different stakeholders

The views of five important stakeholders related to private forestry issues were documented from various meetings and shared at the policy lab meeting held at Dhulikhel. They are listed below.

1. Private Forest Owner's views

A. Farmers' view from Chaubas Bhumlu cluster

- High risk involved in the marketing of timber.
- Human monkey conflict
- High timber collection and harvesting costs have decreased farmers' margins.
- The per tree price of pine timber is NRs.10,000 to 12,000, but it doesn't cover the collection/ production costs.
- Fees to be paid to the visiting officials of the survey department are very high. This payment is based on the parcel size, not the number of trees to be measured. Sometimes, royalty is more than the value of timber itself.



B. Farmers views from Shreechhap/ Chautara cluster

- A high volume of timber harvested one year ago of *Schima* tree species remains piled & unsold.
- Due to the declining price of *Schima* timber, the contractor reneged on his promise to purchase 1000 cubic feet.
- Transportation of timber is difficult due to limited road access in many areas.
- Timber price is the same whether it is from registered forests or not registered forests.
- Human-monkey conflict is the main problem in most of the sites.
- Difficult to get the trade permit for timber sale.



2. Local Government views

- In order to promote private forestry, a penalty system should be imposed by Rural Municipality. However, there were some failure cases (Chauri deurali).
- Early thinning of pine trees gives good growth and increases timber volume.
- Unsystematic management is the waste of money instead of earnings.
- Forest fires and animal grazing are the other issues in private forests.
- Cutting trees before they reach a sizable height and diameter is a great loss for private growers.
- Boundary conflict between private and community forests is a real issue in many areas.
- If the cost of survey officer is too high than rural municipality can hire one to ease the process.
- PF owners' voices are low because they are not united or have not formed their association.



3. Private timber contractor views

- Prior to a timber sale, there are many steps involved (such as recommendations from the ward office, booking time with the survey department and divisional forest staff, signing community minutes, etc.) Because of these issues, work is usually delayed for 2/3 months.
- Survey department revenue is very high, i.e. Rs.3800 per ropani, irrespective of trees available on their farm.
- The cost of transportation, labour and other costs for the contractor has increased the selling price.
- Taxes such as 13% VAT, 2% provincial government, and 5 rupees per square foot for local government have increased the production costs of timber in private forests.
- Inconsistency in the taxation system across districts and provinces.
- Private forests connected to the national forest or community forest need to be surveyed by the survey department, which is an extra burden for the private forest owners.
- Buyer will deduct all transportation costs, taxes, which are automatically included in the final costs of timber.
- Whether there is road access or not, the price of *Pinus patula* varies between Rs. 180 and 200 per cft.
- The contractor has to bear all the transportation costs, taxes etc (approximately NPR 600-650 per cft) when he/she sells timber to Kathmandu. They hardly get NPR 50 per cft after deducting all these costs.
- New contractor who is not accustomed to or used to this process has to suffer much.
- Farmers sell trees for free in areas where road access is difficult.



- Ply imported from China has replaced the timber woods, decreasing the market value of Nepali products.

4. AFFON/FECOFUN

- The 10% tax to be paid to the local government has been reduced to 5% because of local pressure (FECOFUN/AFFON).
- Addressing local problems would be easier if there were any pressure groups (private forest owners' associations) formed or active.
- Farmers' contribution to agriculture and forestry development has not been recognized sufficiently; therefore, they should be provided with efficient services and facilities so that they can contribute to the national building.



5. Sub-division forest officer

- 13% VAT for the round timber without value addition is not justice to the farmers.
- Some farmers of Chaubas have proof of land tax payment, but their land is not under their control. This is under the jurisdiction of the Community Forest.
- PF Registration will have an advantage for taking loans and obtaining insurance, but for the last two to three years, no PF has been registered.
- The registration issue has been difficult because the local government has to approve registration and grant PF registration certificates where there are hardly any forestry technicians.

Suggestions

- Incentives need to be provided to the registered Private Forest owners.
- To encourage PF owners, the provision of Insurance facilities should be operationalized.
- Suggestion to make VAT free to the PF owner's in order to encourage higher production.
- The government has made the provision of penalty to the owners who leave the land barren. Instead of doing this, if the government make "no penalty "provision to the registered lands, then the registration might increase.
- Suggestion to the EnLiFT team to make it possible to take the concern to the central level authority to ease the PF registration process.
- Regarding the issue concerning the suggestion made by Survey Officials to provide training to officials above the Ranger level to enhance their practical experience in Land Survey techniques, incorporating Cadastral Survey into academic degrees can reduce dependency on Survey officials. Additionally, adding the number of proficient Survey personnel within the Municipal Corporation can effectively address numerous challenges.
- One stop solution; this means the provision to pay taxes at both the local and provincial levels in a single location, thereby alleviating the burdens faced by PF owners.
- Tax should be levied according to the variety of the forest products.

- To address the conflict between Community Forests and Private Forests, convening a discussion involving the Commission for Investigation of Abuse of Authority (CIAA), the Survey Department, Forest Officials, and relevant stakeholders could lead to a resolution of the conflict.

Outcomes and Achievements

- The formation of committees within each cluster, accompanied by the development of operational plans to tackle the challenges encountered by private forest owners, stands out as a significant achievement resulting from the one and a half year facilitation process undertaken for the PF owners' networking.
- Drafted a constitution of the two private forest associations (one each of the two clusters) to be registered with the respective municipality.
- Increased awareness and collaboration among private forest owners for sustainable forest management- e.g., early thinning practice has increased volume by 100% over no-thinning.
- Private forest owners are aware of the legal issues in the promotion and marketing of their timber and have planned to create a pressure group for the local policy change.
- Members of the PF association (loose network) are committed to the production of Biochar based organic fertilizer. They discussed and agreed upon biochar production business plan in three village wards of the working clusters. Both associations and participants are excited and enthusiastic about producing biochar. However, concerns were raised regarding the availability of a market, and project support is requested to establish market linkage.
- The Municipality Heads of Chautara Sagachowkgadi and Bhumlu Rural municipalities fully support the biochar production plan and are enthusiastic about its implementation. They have expressed their eagerness for the PF associations to receive training as soon as possible. Their proactive involvement and commitment to the project further strengthen the prospects of successful biochar production in the respective municipalities.

Lessons learnt

- Although the final constitution for registering the cluster level PF association was prepared, it encountered an obstacle in being registered in the concerned Municipality. The reason for this obstacle is that all PF owners who are members of concern associations are not registered PF users. The question is like a 'chicken first or egg first' appeared.
- Private forest owners still lack awareness of applicable laws and regulations, hindering their ability to protect their rights.
- Concerns about their fair income, encroachment, and taxation on timber harvesting are common among private forest owners.
- The formation of a private forest association is crucial for addressing shared challenges and fostering collaboration.

- Some owners showed interest in small-scale enterprises and sought potential collaborations with the District Small Scale Cottage Industry and Division Forest Office. However, there is an issue of cooperation between the departments because the private companies and enterprises do not belong to the Department of Forests.

Conclusions

In conclusion, we successfully formed the "Salley Chaubas Niji Ban Sanjal" Private Forest Association in Kabhrepalanchok district and two committees (Srichhap and Thulosirubari) under Chautara PF association. Recently, we participated in a district-level private forest interaction program (31st December, 2023, cover photo) organized by the Federation of PF Associations in Kavrepalanchowk. This experience highlighted the potential for linking our cluster PF associations with such federations, providing a pathway for collective progress. Private forest owners are aware of the legal issues in promoting and marketing their timber and have planned to create a pressure group for the local policy change.

However, we faced challenges in registering the PF association at the local level due to a criterion requiring individual PF owners to be registered. Since few PFs were registered in our case, we are actively working towards fulfilling this requirement for registration with the concerned Municipality. Instead, we empowered the PF association to voice their concerns directly to the ward and district level authorities through this committee. This innovative idea allows PF owners to address their issues independently, fostering a more direct and effective communication channel.