Community Forestry in Nepal

Although Nepal is among the world’s poorest countries, it is a global leader in engaging communities in forest protection and management. Nepal’s community forestry program, more than two decades old, has helped regenerate substantial areas of degraded forests—but implementation has not been smooth. With no precedents, the country has had to learn through trial and error and find innovative solutions as challenges emerged. The experience of two Bank-supported projects has yielded valuable lessons for countries that are initiating community participation in forest protection and management. These lessons are also pertinent to community-driven development, an approach rooted in community participation.

Community forestry in Nepal illustrates the complex and irreversible changes that community-driven development efforts may bring about in the social, economic, and political fabric of society, according to an assessment by the Operations Evaluation Department (OED). Policymakers must carefully think through in advance the nuts and bolts of the decisionmaking process, the specifics of benefit sharing among stakeholders, and the implementation strategy. Once a process of community participation is initiated there is no turning back, and mistakes can be difficult and expensive to correct. Particular attention needs to be given to two issues: those affecting the lives of the poorest and donor coordination.

Background
More than 90 percent of Nepal’s people live in rural areas. Forests are especially important to the livelihoods of the landless and the poorest, who depend on fuelwood, fodder, and other non-timber products for their daily survival. Forests and shrubs occupy roughly 40 percent of Nepal’s land area, about 80 percent of which is either hills or mountains. Economically, the most important forest area in Nepal is in the Terai—a narrow, fertile, densely populated lowland along the border with India. Traded timber from its continuous belts of forests provides a major source of revenue for the state. By contrast, forests in the mid-hills region are scattered, intermixed with settlements and agricultural land, not easily accessible, and valued primarily for meeting the basic needs of the local population.

In 1957, the government brought all of Nepal’s forests under its direct control but was unable to slow the rate of deforesta-
tion. Without the long-standing indigenous and traditional systems of managing the country's forest resources, large areas of forest were lost in the 1950s and 1960s. The failure of state-controlled measures revived interest in participatory resource management. In 1978, the government handed over limited areas of forestland to panchayats (now replaced by local elected governments), a practice that often excluded forest users who lived outside the panchayat's administrative area. This led to adoption of the concept of user group (UG) management in 1988. Nepal's Master Plan for the forestry sector (1989) strongly advocated community participation in forest management, and the 1993 Forest Act gave it the highest priority—also lending forest UGs legal status as “autonomous and corporate institutions with perpetual succession,” with the right to sell and acquire forest products.

User Group Management
Under current arrangements, the government owns the land, but UGs are entitled to 100 percent of the benefits flowing from forests under their protection, which gives them a vested interest in caring for those forests. Both primary users—those who regularly use the forest and have locally recognized rights to do so—and secondary users—those who occasionally use the forest for a specific purpose or product, but are not given full rights by the primary users—are included in the UGs. Forest Department staff working as extension agents do the work of registering and motivating UGs. Each group must produce and follow an operational plan that defines the management area it agrees to protect, describes practices for forest management and harvesting, and identifies areas and species to be planted.

Bank-Supported Projects
The Bank's first forestry project in Nepal, approved in 1980, financed social forestry in the hills. Its Second Forestry Project targeted the Terai with an ambitious operation to foster community participation in managing the supply and demand for fuelwood, fodder, and other forest products. It supported social forestry (tree plantings outside the forest area) and natural forest management and promoted energy conservation through the distribution of improved stoves. Although many trees were planted, OED rated this project unsatisfactory. Inadequate attention to training and capacity building resulted in a target-driven implementation schedule that thwarted the development of genuine community-based forestry operations. Ideas and components borrowed from the first forestry project, in the hills, proved to be inappropriate for the different socio-economic conditions in the Terai. The “improved” stoves—not properly tested even in the hills—often broke and did not suit local cooking requirements.

The Hill Community Forestry Project, the third forestry project, helped establish the policy, legislative, and procedural framework needed to implement Nepal’s community forestry program. It also increased awareness among hill communities of the need for forest protection and brought over 300,000 hectares of degraded hillside forest under the protection of more than 4,000 UGs. But achievements under the major component—forest resource management—were mixed, because of an initial over-reliance on plantations as a means of forest restoration. In several cases, the emphasis on numerical targets short-changed the quality of the UG formation process. Failure to implement the planned research component meant that crucial problems arising from field implementation could not be addressed, and poor monitoring made it difficult to judge how much of the regenerated forest cover could be attributed to the project. OED rated this project moderately satisfactory.

Mixed Results
Community management has slowed the rate of deforestation in Nepal, and 15 percent of the forestland is now protected by UGs. In the mid-hills (where large forest areas are under community protection), the rate has slowed to about 0.2 percent a year. But in the Terai, forests are being depleted at an annual rate of about 1.3 percent.

It has proved difficult to replicate the hill model in other parts of the country, where conditions differ. Community forestry expanded and took hold in the mid-hills for several reasons. First, worldwide publicity about the deteriorating condition of Nepal’s forests spurred the government to try to control the rapid deforestation visible in the hill forests—forests it considered of little value for either commerce or public revenues. Local communities also wanted to protect the forests to prevent recurrence of the consequences of deforestation, such as landslides, erosion, and the like. That the forests were scattered made it easy to identify appropriate UGs, and the international development community was willing to provide budgetary resources to support participatory endeavors in rural areas. The government was already adopting the policy and legal reforms needed to support community forestry.

Circumstances are different in the Terai, where the government has been reluctant to hand over forests to UGs. The richness of the forest resource and the complex settlement patterns in the region make identification of UGs a much more complex task. Even where forests have been handed over to communities, social anomalies, including inequitable and unfair distribution of land and benefits, have been reported.

Sharing Benefits, Making Choices
Nepal’s experience illustrates the widespread ramifications of community forestry. When it was being promoted in the hills, the main objective was to protect a dwindling, degraded resource. Nobody anticipated that the forests could be rejuvenated enough to provide significant economic returns. And the potential for such returns
understandably made the government cautious about replicating the community-based hill model in the rich forest resource of the Terai. The finality of the decision to give the forests to the UGs has added to the government’s caution. Once the forests are handed over, there is no going back. Currently there is no consensus among the government and other stakeholders on a strategy for the Terai. Given the strong civil society movement, the presence of numerous donors that are small, individual players, and a government that retains ownership of the forest resource, a facilitator may be needed to bring the parties to the table.

The success of the community forestry program raises many issues. When a previously degraded resource starts yielding substantial income, is it reasonable for the government to expect that the rejuvenated resource start contributing toward the country’s development efforts, especially in a country as poor as Nepal? Critics argue that UGs are already contributing by supporting such efforts as village schools and bus shelters, but UG incomes vary. Is it fair if some villages are able to develop while others are left behind? How should UGs contribute, given that community forestry operates outside the national tax system?

**Challenges of the Two Phases of Implementation**

The main focus in the early years of implementation, Phase I, was the identification and formation of UGs and the handing over of forestland to them for protection and management. Challenges inherent in this phase included building the spirit of community participation among villagers that is essential to forming viable UGs, and putting in place clear policies, laws, and procedures to implement community forestry. Building capacity in the Forest Department, the main implementing agency, to work with the people in forest protection and management was also crucial. In addition, because rights to forestland can be unclear, creating disputes, conflict resolution mechanisms were needed.

As community forestry became entrenched and forests matured, Phase II set in. The dominant idea in Phase I was protection of forest resources and meeting the basic needs of the people. This mission shaped UG operational plans. Hence, even though mature forests are capable of meeting more than the basic needs of the communities, their full potential is not being realized. To build in-country consensus on the major objective of community forestry—basic needs or more—is an important second phase challenge. In addition, the development of more sophisticated conflict resolution mechanisms has become important, because the nature of the conflicts has changed as the value of the forest resource has increased. Non-UG members note the value of protected forests, and want to join and share in the profits. UGs may violate their operational plans to take advantage of the commercial potential of the forests. And the relationship of the UGs with other village development institutions has also been a cause of concern.

There are indications that the poor may not have done well under community forestry. High levels of illiteracy among UG members are a limitation, and work particularly to the detriment of the poor and the vulnerable. Issues of benefit sharing in accordance with dependence, greater voice for the poor in decisionmaking, and special schemes to ensure that the poorest do not loose out in the initial years of protection need increased attention. More of a focus on research, marketing, trading, and development of non-timber forest products would be a step in ensuring that the poor are not losers. In addition, the need to further build the capacity of both the Forest Department and the UGs to manage forests for sustainable utilization rather than protection will require new and stronger skills. Partnerships with both government and nongovernmental organizations can extend the reach of both the Department and UGs, but these activities must be coordinated to prevent duplication and the waste of scarce resources.

**Donor Coordination**

About 80 percent of Nepal’s development budget comes from numerous donors, who individually provide only small amounts. The support of the international community has made it possible for Nepal to implement a program of community forestry. But general lack of coordination among donors has led to less efficient use of available resources, confusion among field staff, and inadequate attention to important issues such as research.

Donors agree on the need for better coordination of their activities, and recent efforts have led to substantial improvements. Coordination of donor activities on the ground, however, continues to be limited by their differing geographic foci and conditionality.

**Overall Lessons in Brief**

The Nepalese experience offers lessons that have implications for countries working toward both community participation in forest protection and management and other community-driven development activities. They include the following:

- Particular attention must be paid to issues that affect the lives of the poorest. In Nepal’s agricultural economy, development of the forest sector has a major impact on the lives of the poor, as fuelwood, fodder, and other non-timber products gathered from nearby forests are an important supplement to their daily labor income.
- Establishing the structure for the implementation of community forestry is the first phase. Phase II involves integration of the program with other development efforts in the country and a consolidation of gains, a much more challenging task.
- Not all of the problems and challenges of implementing a community participation program can be visualized up front. It is important to have an efficient monitoring and evaluation system to make mid-course corrections, when needed. Technical assistance and sound monitoring and
evaluation are particularly important in a project that is experimenting with and promoting new ideas.

- Because the poor depend so heavily on forests, forest sector development should be part of the Bank’s poverty alleviation strategy in Nepal. In addition to increasing/ regenerating forest cover, development objectives should be framed at least partly in terms of poverty alleviation.
- The blind incorporation of project ideas and components from other areas is a recipe for failure, and hasty expansion of the use of an unproven measure can be damaging, as in the case of the “improved cooking stoves” in the Terai.

- Although community forestry may be a win-win strategy in the long run, using external support has short-run cost implications for the government. Support from the international community made Nepal’s community forestry program possible, but failure to coordinate donor efforts has worked to the detriment of both the country and the donors.

**Note**