

# ***NATIONAL FOREST POLICY REVIEW***



## ***NEPAL***

by

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Nepal



## Current situation of forest resources and the forestry sector

Nepal is a small mountainous country in the central Himalayas. It shares borders with China in the north and India in the south, east and west (Figure 1). Its total land area is 147 181 km<sup>2</sup>. The total population according to a 2001 census is slightly above 23 million with a 2.24 percent annual growth rate; the population density is 157 persons/km<sup>2</sup> (CBS 2001). About 86 percent of the total population lives in rural areas.

The per capita GNP of the country in 1997 was US\$220 (CBS 2001). The per capita GDP (expected) in 2001 was US\$240 with an annual growth rate of 5.8 percent (MoF 2001).

The area covered by forest (including shrubland) and the protected area system (PAS), which consists of national parks, wildlife reserves, conservation areas, hunting reserves and buffer zones, is about 5.83 million ha, which is 39.6 percent of the total land area of the country (DFRS 1999). The per capita forest area is 0.025 ha. The forest area has decreased at an annual rate of 1.7 percent, whereas forest and shrubland together decreased at an annual rate of 0.5 percent from 1978 to 1994.

Between 1998 and 2000, more than 15 300 ha were planted with various tree species (Pokharel 2001). The total forest area under a five-year management plan is about 930 000 ha (DoF 2001) while the area under PAS is 18.0 percent (DNPWC 2001).

In 2001, the total production of roundwood was about 152 700 m<sup>3</sup> and consumption was around 100 000 m<sup>3</sup>, i.e. 65.5 percent of the total production (Shrestha 2002). The total production of fuelwood was approximately 954 000 m<sup>3</sup> (Table 1). In the same year, the production of paper was about 17 000 tonnes (MICS 2000/01). In 2001, 16 700 m<sup>3</sup> of plywood and 1 000 tonnes of strawboard were produced (MoF 2001).

**Table 1. Production, trade and consumption of various forest products**

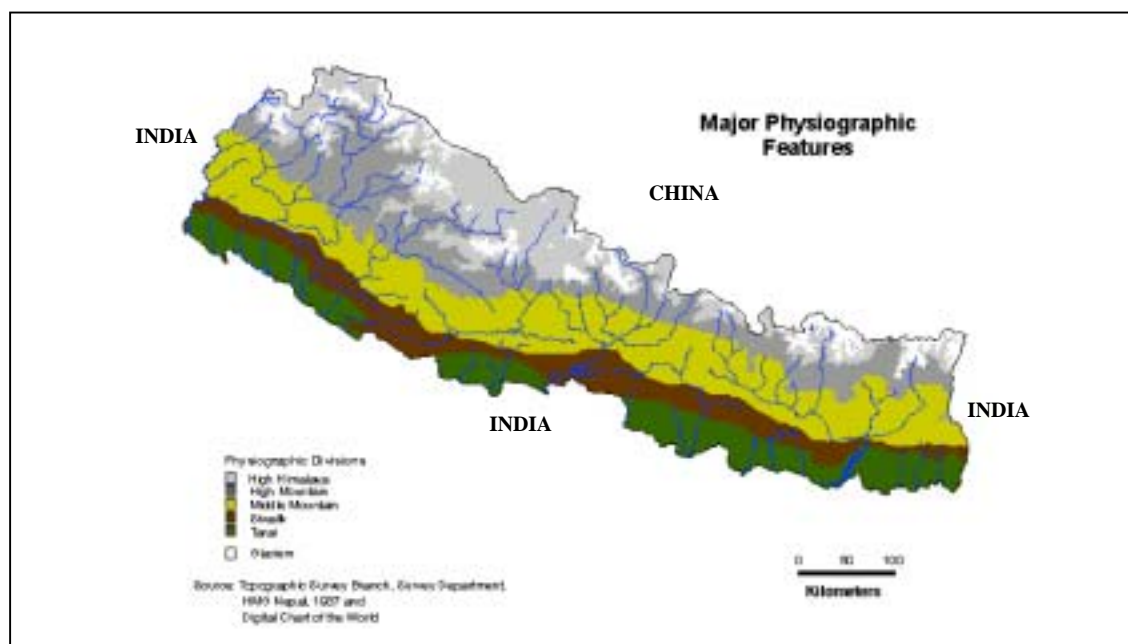
Products	Production	Consumption
Industrial roundwood	152 676 m <sup>3</sup>	100 044 m <sup>3</sup>
Sawnwood	240 m <sup>3</sup> *	585 m <sup>3</sup>
Fuelwood	954 035 m <sup>3</sup>	923 161 m <sup>3</sup>
Wood-based panels	NA	NA
Plywood	16 720 m <sup>2</sup>	NA
Strawboard	1 035 MT	NA
Pulp for paper	NA	NA
Paper	17 079 MT	NA
Paperboard	NA	NA

\*By TCN only

Sources: Shrestha (2002); MoF (2001); MICS (2001).

The export of roundwood or sawnwood is prohibited according to the Import Export Control Act of 1957 and the Import Export Regulation of 1977. The import of these items is not banned.

The trade of forest products is carried out both by the government sector as well as the private sector. The government has given authority to all the district forest offices (DFOs) to sell forest products both to government and private companies. Altogether four parastatals, namely the Forest Production Development Board (FPDB), Timber Corporation of Nepal (TCN), Herb Production and Processing Company Ltd (HPPCL) and the Nepal Rosin and Turpentine Company Ltd (NEROT) under the Ministry of Forest and Soil Conservation (MFSC), are involved directly in the trade of different forest products. The first two have mandates to sell the timber (both round- and sawntimber) and fuelwood obtained either directly from the DFOs or from the plots provided by the DFOs for harvesting and logging. The HPPCL is involved in production, processing and the sale of different medicinal herbs. The NEROT is responsible for the collection of resin, its processing and marketing of rosin and turpentine. Data on the recent sale of timber and fuelwood by the DFOs are presented in Table 2.



**Figure 1. Nepal's major physiographic regions**

**Table 2. Sale of timber and fuelwood by the DFOs**

Year	Sale		Remarks
	Timber (m <sup>3</sup> )	Fuelwood (m <sup>3</sup> )	
1998/99	46 166	44 208	
1999/2000	46 290	43 826	
2000/01	49 704	29 840	
2001/02	76 542	69 288	
<b>Total</b>	<b>218 702</b>	<b>187 162</b>	Stock: 52 549 m <sup>3</sup> timber and 29 557 m <sup>3</sup> fuelwood

Source: DoF (2002).

Nepal's main trading partner is India. Germany, China, Japan, Thailand, Singapore, Malaysia, Belgium, Australia, New Zealand, Indonesia, the United States and the United Kingdom, among others, are trading partner countries. Different types of newsprint, paper, plywood, particleboard, fibreboard and softwood are the main forest products imported from foreign countries. The main forest products exported are, *inter alia*, natural gums, resins, lac, balsams, bamboos and broomcorn.

### **Current and emerging issues, trends and critical problems**

Forests in Nepal thrive in a complex set up of interactions among various actors; the most prominent is the formal bureaucracy or the government system while the users, their networks (federations), NGOs, civil society and local government bodies constitute the rest. Forestry is a dynamic system and issues and problems in the sector are always changing. The most pressing issue of the 1970s was massive encroachment of natural forests in the Terai (an area along the border with India to the south) and the Inner-Terai. It is still a problem. Similarly, the early 1980s saw huge losses of forest products and forestland due to the fragile socio-political situation in the country. Consequently, forest development during the mid-1980s and 1990s focused on the establishment of large-scale plantations. During this period, two prominent bilateral projects (the Terai Community Forestry Project and the Hill Community Forestry Project) operated in the Terai and the Hills, respectively. The government started rehabilitating degraded forest in the Terai by planting largely eucalyptus on a commercial scale. However, sissoo (*Dalbergia sissoo*) was the principal species planted in the Terai while chirpine (*Pinus roxburghii*) was the main species planted in the Hills.

The 1990s saw a paradigm shift towards conservation of natural forest with less emphasis on plantations. The adoption of the vision of the Master Plan for the Forestry Sector (MPFS) as the long-term goal for the forestry sector, the restoration of democracy together with democratization of various local-level organizations and changes in forest legislation with a clear *modus operandi* for the establishment of “community forestry” (CF) were the major milestones of the 1990s. The CF practice in its present form was developed during this period. Similarly, the concepts of natural forest management on a commercial basis and environmental concerns were manifested in the early 1990s.

The Forest Act of 1993 came into effect in 1995 with the Forest Rules. Soon after, the transfer of forests to forest user groups (FUGs) accelerated. The highest number of FUGs formed was more than 1 500 within one year alone in 1996/97, which surpassed the annual target set by the government.

The 1990s saw yet another paradigm shift for foresters who became facilitators. This was made possible through training and developing organizations that supported ideas, learned from past experiences and believed in action learning.

In the new millennium, forestry in Nepal has become a social issue. Also, it has been accepted as the principal component for national development. The national development plan deems forestry as the key sector for poverty alleviation in collaboration with the agricultural sector. Forest management in the form of leasehold forestry for the poor is regarded as a successful model for improving the quality of life of poor people in selected districts. The accelerated transfer of forests to FUGs was slowed somewhat to avoid over-stretching support services. Professionals, FUGs, NGOs and civil society have started discussions on second-generation issues for CF. The issues of taxation on the surplus sale of timber, scientific approaches to sustainable forest management (SFM) and linkage of forest development with income generation are issues emerging in the sector.

### ***Issues on intensive management of forests***

The management of forestland on a commercial scale has never been successful, although it has been in effect for more than 40 years. The first national forest inventory carried out during the 1960s was designed to support commercial and cost-effective forest harvesting.

Even today, the generic thrust of intensive forest management is the same although there is a slight change in the approach. Nepal harbours productive forest in the Terai and Inner-Terai. The most important species are sal (*Shorea robusta*) and its associates. Some riverine forests have potential for commercial management. According to the most recent national forest inventory, the proportion of sal in the whole country is 28 percent by volume (DFRS 1999). The dominance of this valuable species in the south of Nepal has brought up a number of issues affecting policies and practices in the forestry sector.

### **Comparing CF in the Terai to the Hills**

Recent experiences indicate that under the current CF management approach the Hill forests have been recovering quickly. However, the biophysical and social conditions of the Terai and Inner-Terai vary considerably. The Hill forests are isolated, composed of less valuable species – compared to sal – and less affected by external interventions. Hill communities and FUGs also appear to be more homogeneous. The Terai forests on the other hand are very valuable and easily accessible. In addition, the social composition of the population in the Terai is extremely diverse and the interests of the users also conflict. Furthermore, many inhabitants residing close to the Terai forests have only migrated recently from the Hills. Few people own land and many encroach on the forests. The government defines forest users as residents living close to a forest (HMGN 1993). While this definition is accepted in the Hills there are objections to granting the same status to recent migrants to the Terai. A number of studies advocate that a separate model for CF for the Terai is necessary (Baral and Subedi 2000; JTRC 2000).

### Operational forest management plans (OFMPs)

The MFSC has approved 14 operational forest management plans (OFMPs) for about 930 000 ha of forest in the Terai and Inner-Terai. The OFMPs have been implemented for more than five years. The OFMPs categorize the Terai and Inner-Terai forests into three management types (production forest, protection forest and potential CFs). A contentious issue is that in many districts, production forests have already been transferred to FUGs. Similarly, delineation of different forest types does not coincide with the field situation.

### Collaborative forest management approach

In 2000, the government introduced a new concept of forest management for the Terai and Inner-Terai. Contiguous large blocks of forests (including Siwaliks, the fragile low mountains situated in the north of the Terai and Inner-Terai belt) will be delineated, gazetted and managed as national forests. A collaborative forest management system will be applied to improve forests and biodiversity. Management will be conducted through participation of the local community. The community will receive forest products free of charge. In addition, local governments are entitled to at least one-fourth of the revenue generated from the sale of forest products. Prior to this, all the revenue generated from the government-managed forests was deposited in the government's treasury. The new concept is expected to settle the issue of exclusion of local bodies in the planning and management of forest resources.

### ***Issues related to the management of CFs***

CF has received considerable attention in forest policy formulation and program implementation over the last 20 years. With experience gained, more and more new issues are emerging. While in the early days of CF awareness raising was viewed as important, new "second-generation" issues in CF have emerged and deal with financial and technical support as well as capacity building. New issues have come to the forefront during action learning. Many important new issues were identified by the review of CF (JTRC 2000) and numerous studies. Two such studies, one for the Hills and the other for the Terai, are discussed here:

#### Issues identified by the NPC

In 1998, a study was conducted by the National Planning Commission (NPC) to evaluate the impact of CF projects supported by Australia, the Department for International Development, UK (DFID) and the Swiss Development Cooperation (SDC). According to the NPC emerging CF issues included:

- boundaries;
- lack of monitoring;
- controversial financial arrangements in larger FUGs;
- less technical support to FUGs;
- lack of transparency; and
- no or a limited role for local bodies.

The study focused on the problems in the Hills. Although the Terai region is different from the Hills socially and biophysically, some generic issues are common.

#### Issues identified by the Terai study team

In 2000, a MFSC team studied the situation of CF in the Terai and suggested several improvements. The main issues identified were (Baral and Subedi 2000):

- most of the transferred CFs were not inside OFMP-designated areas;
- land grabbing amongst the users;
- lack of transparency in the FUGs;

- forests were transferred to nearby inhabitants, mostly encroachers, and not to the traditional users;
- CFs thrived well at the cost of government-managed forests, thus creating pressure on government forests;
- forest management sustainability remains questionable; and
- the negative effect on revenue generation from the forests.

The same study listed as positive aspects the rehabilitation of degraded land, control of theft and the availability of timber, fuelwood and fodder from nearby forests in the Terai.

These issues have different geographical and ecoregional impacts. For example, inclusion of remote users as members of a CF and safeguarding their usufruct rights is more prominent in the Terai, mostly in the central and eastern regions. Similarly, taxation on surplus sale of timber is only a problem in the Terai and Inner-Terai. Other issues are more general in nature and common to all localities. The main issues in CF are:

(1) Rights of remote users in CFs

The forests in the Terai are concentrated towards the north. The people who depend on the forest often live up to 20 km away. They travel to the forest to collect forest products. FUGs were organized based on the needs of the local forest-dependent people. During the initial period of FUG formation, particularly in the Terai and Inner-Terai, no adequate measures were taken to incorporate remote users who depend on the same forest. Now nearby residents protected the forest and remote but regular users of the forests have been deprived of their traditional rights. As the issue has arisen, local-level initiatives have been taken by many FUGs to incorporate the remote users as regular forest users but with certain restrictions. They are often regarded as secondary or tertiary users, and they have to pay a fee for participation.

(2) Mobilization of FUG funds

The legal provision deems that one quarter of the funds generated by a FUG should be spent on forest development. The rest is expected to be spent on other activities including community development. However, in the absence of a proper monitoring system and lack of awareness among the users, funds have been used for numerous unproductive activities (e.g. construction of a village temple and high-interest rate loans). This is a more important issue when a FUG has generated significant financial resources. In the Terai, most of the funds were used to pay the salaries of the FUG-employed workers (Baral and Subedi 2000).

(3) Forest management

Most FUGs could generate potentially much larger benefits from their CFs. The greatest constraint to receiving larger benefits from the CF is lack of forest management skills and knowledge (Bushley 2001; Nepal 2002; DRMP 2002).

(4) Surplus sale of timber

Many FUGs are selling surplus timber to outsiders. According to the forest policy, 40 percent of the earnings from the sale of surplus timber from the Terai and Inner-Terai CFs to outsiders will be collected by the government for program implementation. The policy is viewed differently by different stakeholders, although FUGs selling the surplus timber do not object to paying the 40 percent of the sale value to the government.

(5) The destitute in the community

CF has been criticized for not providing benefits to the very poor. An evaluation of CF showed that disadvantaged people represent more than 47 percent in the FUGs (DRMP 2002). However, equity in sharing forest products is deplorable. The elite among the FUG members tend to dominate decision-making, although facilitators in the CF program try to change this bias.

(6) High altitude forests

CF was initiated in the middle mountain regions of Nepal and after nearly two decades of program implementation it is evident that the less-populated high altitudes have been neglected with a negative impact on the quality of high altitude forests. Since the time for rejuvenation of a high altitude forest is extremely long compared to low altitudes, it is time for the establishment of CFs at high altitudes. The forthcoming phase of the Nepal–Australian CF program is expected to address the issue of high altitude forests in their support districts. JTRC (2000) has recommended that areas of potential threat in high altitude forests need to be identified and managed for non-wood forest products (NWFPs), grazing lands and protection of biodiversity, among others, on a priority basis.

#### (7) Biodiversity conservation

Nepal is a signatory to the Convention on Biological Diversity (CBD). The MFSC is the focal point for biodiversity-related activities in the country. Consequently, the activities carried out under the banner of the ministry need to be oriented towards biodiversity conservation. All the stakeholders including FUG members have to be made aware of the importance of the conservation of biodiversity and genetic resources. With the involvement of local people, biodiversity conservation needs to be promoted in all ecosystems as envisioned by the Biodiversity Strategy Plan. However, as the objective of CF management is to maximize the value of local forests, FUGs tend to prefer commercially valuable tree species compared to less valuable ones. Unless adequate measures are taken to compromise between the choices, in the future CFs in Nepal will be composed predominantly of high value trees.

#### (8) Income generation

##### *(i) From the CFs*

The management of CFs focuses mainly on timber and fuelwood production. To generate short-term income the introduction of various NWFPs in CFs should be encouraged. Most FUGs are either unaware of this opportunity or they do not possess the necessary technical knowledge for the development and utilization of NWFPs. The development and utilization of NWFPs, especially medicinal and aromatic plants, will greatly enhance the income of FUGs and create employment in the rural areas. The cultivation of medium- or long-term cash crops in CFs, as provisioned in the Forest Rules of 1995, will also ensure a sustained income to FUGs.

##### *(ii) From the government-managed forests*

Poverty has been linked to the deterioration of forest resources in the rural areas. The poor are highly dependent on forest resources. However, the collection of forest products contributes to the degradation of government-managed forests. Forest conservation cannot be justified if the poor have to bear the costs. Income-generation activities, such as livestock husbandry, need few external inputs and are traditional activities that have been implemented successfully in many locations.

#### (9) Forest inventory and revision of the operation plans

The government decision in January 2000 for a mandatory inventory of sustainable CF management based on the annual increment is an important decision for the scientific management of forests. However, the capacity of the forestry staff in the field to carry out the inventory is very limited owing to the wide range of duties they have to perform. In the absence of much needed technical support for FUGs, many CF operational plans (CFOPs) are due for revision. Similarly, new operational plans are in the pipeline. Many communities have not been able to have their CFOPs approved in the absence of the inventory. There is a need for outside assistance. The DFOs, the service providers and the bilateral support programs are all involved in conducting inventories throughout the country. However, completing the inventory is difficult for security reasons.

#### (10) Institutional strengthening



According to the latest records available in the DoF, there are more than 11 000 registered FUGs throughout the country and more than 1.2 million households are involved. The CF network encompasses six to seven million people – about one-third of the total population of the country or more than 60 percent of the rural population. Strengthening the capacity of such a large network is challenging. Although training events are organized, the training does not bridge the wide knowledge gap. This is particularly the case for women and disadvantaged groups. A concerted effort is needed for training on income-generation activities to improve their livelihoods. Unfortunately, the capacity and knowledge of district forest staff to offer such training is limited.

### ***Other emerging issues***

Apart from the most prominent issues discussed above, other issues relate to macro-economic aspects of forestry and international commitments. Biodiversity, the contribution of forestry to the national economy, leasehold forestry, expansion of forestry organization, transboundaries (corridors and connectivity), action research and contradiction of forest laws with other laws and by-laws are among other emerging issues affecting forest management. Recently, a national biodiversity action plan has been prepared. Nepal is trying to become a member of the World Trade Organization (WTO). In this regard, various line ministries are working towards finalizing the proposal. The MFSC is currently analysing the advantages and disadvantages of WTO membership particularly regarding biodiversity and trade of forest products, including timber.

Sub-sectors with direct effects on forestry are tourism, water resources, agriculture and rural development. It has been acknowledged widely that forestry has been instrumental in establishing the rights of civil societies to the resources they deserve to manage.

### **Expected contribution to the GDP**

The GDP assessment figures in the MPFS and the Agriculture Perspective Plan do not correspond. It is felt that the contribution made by forestry to the national economy has been underestimated grossly. The forestry sector contributes to both the agricultural and non-agricultural sectors. For example, tourism flourishes because of the wilderness in the country. It is time to consider the sector's contribution to the national economy so that the forestry sector is regarded as the priority sector.

Involvement of NGOs in the development of the forestry sector shall be promoted to reduce the workload of government organizations and to deliver services to user groups. Frontline staff, the poor, women and deprived groups shall be awarded priority in all capacity-building activities.

### **International processes**

Nepal has been working closely with the international community since the 1950s. It is a member of numerous international initiatives and a signatory to various conventions (Table 3). The focal points for these conventions/charters are scattered among many government organizations. The affiliation with international initiatives has affected national policies. In forestry, the most important impact on policy is seen in biodiversity conservation. The government has prepared a biodiversity action plan and protected areas now cover 18 percent of the total land area. The government has categorized 26 mammals, three reptiles and nine birds as endangered species (NPWCA 1973). This is in line with the CITES categorization for these species. The Department of National Parks and Wildlife Conservation (DNPWC) is responsible for the management of faunal species and Tribhuvan University and the Natural History Museum are the associated technical authorities. The DoF is the management authority and the Department of Plant Resources (DPR) is the technical authority for plants. The Forest Act of 1993 was amended in 1999, and new regulations are being enforced related to the export of certain products, particularly NWFPs. Some floral species are banned from harvesting or transport in accordance with the CITES rules.

Table 3. International conventions and charters signed by Nepal

Name of convention	Venue	Ratified	Ratified by Nepal	Focal point
Plant Protection Agreement for Asia and the Pacific Region	Italy	12 Aug 1965	12 Aug 1965	-
Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)	Washington DC, USA	1 July 1975	16 Sep 1975	DNPWR
Convention on Wetlands	Ramsar, Iran	21 Dec 1975	17 Apr 1988	DNPWR
Regional Convention on Aquaculture Network for Asia and the Pacific Region	Bangkok, Thailand	4 Jan 1990	11 Nov 1990	-
Convention on Biological Diversity (CBD)	Nairobi, Kenya	29 Dec 1993	21 Feb 1994	MFSC
Convention on Acute Drought and Desertification	Paris, France	26 Dec 1996	13 Jan 1997	MOPE
Convention on Conservation of World Cultural and Natural Heritage	Paris, France	17 Dec 1975	20 Sep 1978	-
International Timber Trade Organization (ITTO)	Tokyo, Japan	-	1983	DoF
Regional Remote Sensing Programme	Bangkok, Thailand	-	-	DFRS

## Current national forest policies

### ***National statement or objective related to forests***

The National Forest Plan of 1976, developed by the MFSC, was the first long-term plan that indicated the government's intentions concerning the use and management of forest resources. The plan listed the major constraints and formulated policies to tackle them. In 1978, the government formulated the “Panchayat Forest (later revised as CF) Rules” and the “Panchayat Protected Forest (also later revised as CF) Rules” to achieve people's participation in forest management. The policies of the plan were adopted in the Seventh Five-year Plan period (1985-1990) by the NPC, and were developed further. The policy objectives were to meet the people's needs for forest products including timber, fuelwood and fodder, to maintain or restore the ecological balance through reforestation and watershed management and to derive maximum economic gains from forest products by promoting the export of medicinal herbs. The main forestry sector policies of the previous five-year plans were to supply the day-to-day needs for forest products, to carry out large-scale afforestation and to protect afforested areas, all by encouraging maximum people's participation in afforestation programs.

### **MPFS (1988)**

The MPFS, prepared between 1986 and 1988 and approved in 1989, provides a 25-year policy and planning framework for the forestry sector (RFSP 2000). The long-term objectives of the MPFS (MPFS 1988a) are to:

- meet the people's needs for forest products on a sustained basis;
- conserve ecosystem and genetic resources;
- protect land against degradation and other effects of ecological imbalance; and
- contribute to local and national economic growth.

The MPFS guides forestry development within the comprehensive framework of six primary and six supportive programs. The primary programs are:

1. Community and private forestry development;
2. National and leasehold forestry development;
3. Wood-based industries development;
4. Development of medicinal and aromatic plants;
5. Soil conservation and watershed management; and
6. Conservation of ecosystem and genetic resources.

The secondary programs include:

1. Policy and legal reform;
2. Institutional reform;
3. Human resource development;
4. Research and extension;
5. A forest resource information system and management planning; and
6. Monitoring and evaluation (M&E).

The MPFS is an integrated and program-oriented approach for developing the forestry sector. The adoption of the approach was a turning point in the history of Nepal's policy for the forestry sector. The NPC incorporated the policies of the MPFS during the Eighth Five-year Plan (1992-1997). The basic objectives of the Eighth Plan for the forestry sector were to:

- Stabilize the supply the public needs for timber, fuelwood, fodder and other forestry products;
- Increase the productivity of the forest to ensure the supply of raw materials to forest-based industries;
- Increase income and employment opportunities in the forestry sector for underprivileged families;
- Develop national parks, wildlife reserves and protected areas to preserve biological diversity, to maintain ecological processes and ecosystems and to create recreational areas; and
- Help maintain soil fertility through soil and water conservation.

The main policies adopted in the Eighth Five-year Plan included:

- Intensifying public participation through the implementation of private and leasehold forestry and users' group-based CF programs;
- Giving priority to deprived sections of the society while allocating land for leasehold forestry to create employment opportunities;
- Developing industrial forestry in appropriate areas;
- Encouraging the private sector to sell forest products;
- Allowing local people to help manage the national parks and reserves so as to reduce conflicts; and
- Encouraging public participation in the control of soil erosion.

The Ninth Five-year Plan (1997–2002) also adhered to the MPFS and continued its main thrust of people's participation in forest management. The main objective of the Plan was poverty alleviation by providing economic opportunities for poor people and encouraging their participation in development activities.

The main objectives of the Plan for the forestry sector were to:

- Mobilize, conserve and manage forest resources to reduce the gap between demand and supply;
- Create income-generating and employment opportunities for poor and disadvantaged groups;
- Mobilize the local people to enhance forest productivity; and
- Adopt proper land-use practices.

The main policies and strategies adopted by the Plan were to:

- Encourage the local users in their efforts to meet their needs for timber, fuelwood, fodder and other forest products through the CF program;
- Promote and establish participatory forest management and community-based development activities to alleviate poverty;
- Maintain the renewable capacity of the groundwater reserve with the priority to conserve soil and water in the Siwalik area;

- Provide support towards management, marketing, industrial development, processing and export of herbs and forest products; and
- Encourage the private sector by allowing commercial management of potential areas in government-owned forest.

The Tenth Five-year Plan (2002-2007) started in mid-July 2002. The overall goal of the Plan is poverty reduction (NPC 2002). The main objectives of the Plan are to:

- Manage and utilize forest resources in a sustainable manner while balancing environmental and socio-economic development;
- Promote the community and leasehold forestry development programs to generate employment for poor and disadvantaged groups;
- Increase private sector involvement in forest management;
- Stabilize the supply of various forest products in a sustainable manner and conserve or improve biodiversity; and
- Assist in the adoption of proper land-use practices.

The following policies and strategies will be adopted during the Plan period to:

- Maintain forest cover (including shrubland) at 40 percent;
- Develop community and leasehold forestry programs;
- Encourage private sector involvement in forest management;
- Utilize forest resources optimally;
- Emphasize afforestation and agroforestry programs;
- Implement integrated watershed management programs;
- Emphasize research and development of plant resources;
- Enhance forest protection programs in the Siwalik region;
- Enhance research and survey activities for the development of the forestry sector;
- Protect biodiversity and adopt proper land-use systems; and
- Encourage cultivation of high-value NWFPs.

#### Revised Forestry Sector Policy (2000)

The Forestry Sector Policy was revised in 2000. The revised policy (RFSP) emphasizes the management of the forests of the Terai, the Inner-Terai and the Siwalik regions. It recognizes the MPFS, the Agricultural Prospective Plan and the Nepal Environmental Policy and Action Plan, all of which pay special attention to the management of forests in the Hills and the Siwaliks (RFSP 2000).

The objectives of the RFSP are categorized as:

- (i) Long-term objectives
  - To meet on a sustained basis the people's basic needs for fuelwood, timber, fodder and other forest products;
  - To contribute to food production through effective interaction between forestry and farming practices;
  - To protect land from degradation and other natural hazards such as soil erosion, floods and landslides;
  - To conserve and use the biological diversity and genetic resources in a sustainable manner for maintenance of prevailing ecosystems; and
  - To contribute to the growth of local and national economies by managing land and forest resources, developing forest-based industries and creating opportunities for income generation and employment.

(ii) Medium-term objectives

- To promote people's participation in the development, management and conservation of land and forest resources;
- To improve the legal framework needed to enhance the contribution of the public to the development, management and conservation of land and forest resources; and
- To improve and strengthen the organizational framework and the forestry sector institutions so that they can perform their missions more efficiently.

(iii) Short-term objectives

- To provide increased opportunities for forest resource management under the community, private and leasehold forestry programs together with the biodiversity programs;
- To manage the Terai and the Inner-Terai forest resources more effectively so as to contribute towards the socio-economic development of the country; and
- To continue to strengthen institutions and legislation including the development of clear operational guidelines for those entrusted with administering forestry sector legislation in line with the program approach in the forestry sector.

The forests of Nepal have been classified into the following conservation and management categories (RFSP 2000):

- 1) *Government managed forests*: all the national forest areas managed by the government.
- 2) *Community forests*: parts of the national forests transferred to users as CFs.
- 3) *Leasehold forests*: forests leased by central or local government agencies to private owners.
- 4) *Religious forests*: forests managed by religious institutions.
- 5) *Private forests*: forests or trees raised and managed on privately owned land.
- 6) *Protected areas*: national forests declared by the government as protected forests pursuant to the Act of 1993.
- 7) *Conservation areas*: all national parks, wildlife reserves, protected areas or other areas gazetted under the National Parks and Wildlife Conservation Act of 1973.
- 8) *Protected watersheds*: all lands under public or private ownership designated as protected watersheds under the Soil and Watershed Conservation Act of 1982.

The preceding policies are being implemented under the Forest Act of 1993 and the Forest Rules of 1995 (RFSP 2000). The act and regulations are a result of past experience, which has demonstrated that people's participation is necessary for the management of forests. The Forest Act of 1993 and the Forest Rules of 1995 aim to develop the forestry sector through decentralization and the participation of individuals and groups. The chronological development of the Forestry Sector Policy is highlighted in Appendixes 1 to 4.

### ***Specific forest policies in Nepal***

#### CF policy

The CF development program is the first to be prioritized and the most successful specific forestry policy. It is one of the six primary programs of the government. According to the MPFS, the objectives of CF are to conserve the forests and to meet the basic needs of the forest users for forest products especially in the Hills. The ultimate policy objective of CF is the improved livelihoods of rural communities (JTRC 2000). The government's Ninth Five-year Plan has also considered CF as a sub-sector, having a dynamic role in contributing to poverty alleviation.

For the last 15 years, the CF approach has ranked first in developing the forestry sector. Some noteworthy policy guidelines for CF, according to the MPFS (1988b) are:

- Promotion of CF, entrusting forest protection and management to actual users;
- Phased transfer of all accessible hill forests to communities that are able and willing to manage them;
- Retraining the staff of the MFSC for their new roles as advisors and extensionists; and
- Giving priority to CF management in the allocation of research and development resources.

The developed CFs have reached various stages and are benefiting the communities concerned. CF appears to be an innovative approach that has the potential to benefit a larger section of the rural population (NPC 1998).

The overall CF process, its stakeholders and their roles and impacts in rural livelihoods are shown in Figure 2. The vision of CF users in relation to the sustainable development of the rural society of Nepal is depicted in Figure 3. This vision was developed by the FUGs during the third National Community Forestry Workshop in Nepal (Acharya 1999).

#### Leasehold forestry policy

Leasehold forestry is another important forestry management scheme. The main policy objective is to ensure the participation of the private sector in the management of national forests. The MPFS has afforded secondary priority to this program and has set aside about 20 percent of its total plan budget for the development of leasehold forestry together with national forests. According to the leasehold scheme, there are two types of leasehold forestry program: (i) the general-purpose leasehold forestry program, and (ii) the special leasehold forestry program. The government may hand over a degraded national forest area to a lessee (any individual or industry or a community) for a period of up to 40 years that may be renewed for another 40 years subject to the adherence of the lessee to the leasehold plan agreed upon between the government and the party.

In the case of the general-purpose leasehold forestry program, the lessee has to pay an annual leasehold fee for the leased forestland. The objectives of the leasehold forestry program are to:

- Plant trees and supply forest products;
- Supply raw materials for industry; and
- Develop agroforestry, ecotourism and wildlife ranching.

As of August 2002, only 283 ha of degraded forests have been transferred as general-purpose leasehold forest to 12 lessees in different parts of the country. To enhance the process, the government has introduced a new policy, which enables each DFO to select some forest area with less than 20 percent crown coverage to be transferred as general-purpose leasehold forest to the private sector. Prospective lessees have to apply to the local DFO. The DFO will then forward the application to the DoF through the concerned regional directorate for approval. The DoF will finally send it to the MFSC for final approval.

The Forest Rules of 1995 have made a special provision for the transfer of degraded forests as “special leasehold forests” to people living below the poverty line. The main objectives of this program are to raise the income of poor families, especially in the Hills, and to contribute to improved ecological conditions in the Hills. According to the policy, small groups are entitled to receive this type of leasehold forest. They are exempted from paying the annual leasehold fee. In addition, there is the special promotion of a collateral-free loan scheme in selected districts of the country where this program has been ongoing for the last few years. In August 2002, 7 011 ha of degraded forest have been transferred to 1 655 poor/disadvantaged groups and 11 253 households are involved in this scheme. This household number is increasing every year. The regional directorate has the authority to approve the leasehold plan and transfer special leasehold forests to selected groups of people.

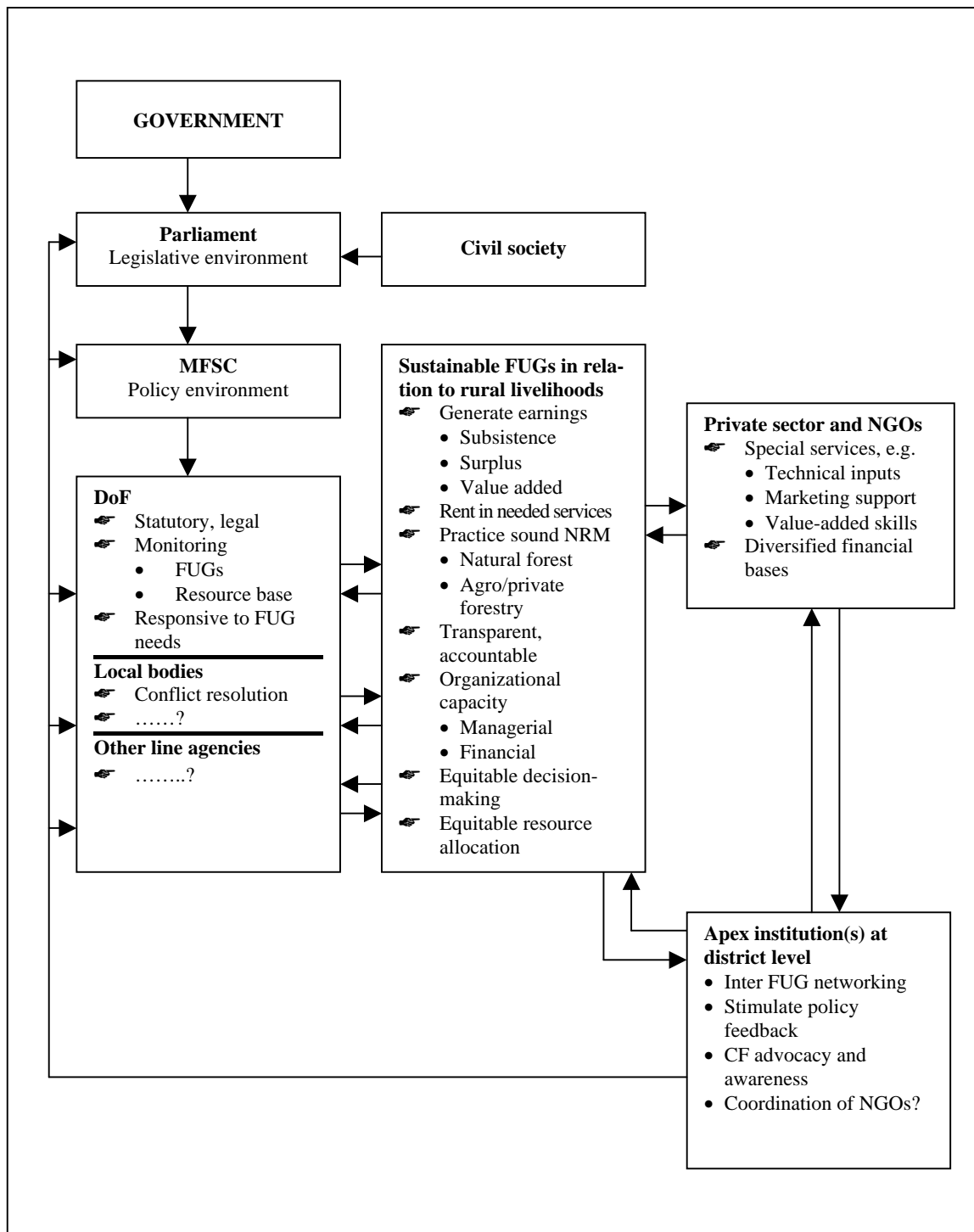
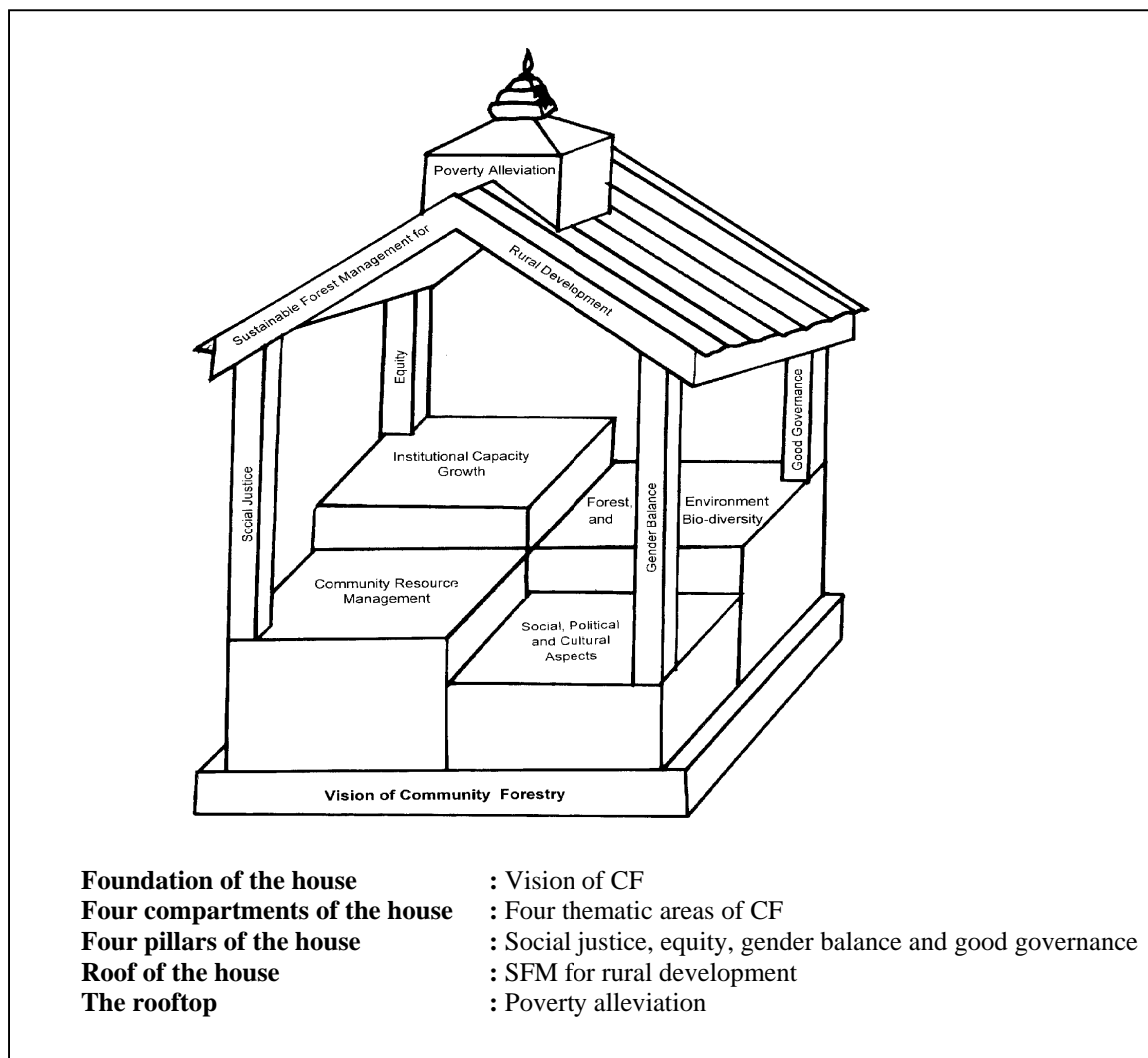


Figure 2. Various stakeholders and their roles in CF (SDC 2000)



**Figure 3. Vision of CF as deemed by the FUGs (Acharya 1999)**

### ***Policy instruments and implementation processes***

The Forest Act of 1993 and the Forest Rules of 1995 are major regulating instruments both for community as well as national forestry development. Clause 25 of the act empowers the DFOs to transfer any national forest to the concerned FUG. The act and rules were followed by the Community Forestry Directives of 1994 and the Community Forestry Guidelines of 1995 (amended in 2002) together with various manuals. The act, regulation and directives are obligatory instruments while the guidelines and manuals are not. An administrative order, which ensures an inventory of the government forest before transferring it to the concerned community, also controls the harvesting of forest crops. Similarly, the working policy (later summarized as the RFSP) on the Terai and Inner-Terai forests controls the transfer of national forests to local communities. The same working policy provides an option to transfer the surplus sale share (40 percent) to the central government. It is expected that a part or the whole of this share will be returned to the same district for development activities.

Two complementary interests are reflected through the CF process. The government as a public agency has the mandate to improve the condition of the forest. The local users, on the other hand, have to support themselves through appropriate forest management practices. The government along with other agencies of civil society functions as a service provider while the user groups are beneficiaries. The thrust of such service is capacity building for beneficiaries through information



sharing and training. Every year, more than 140 training and extension activities are carried out (Nepal 2002). They enhance practical knowledge and skills, which in turn helps to improve livelihoods. Women's participation is emphasized. The CF process introduced democracy to rural communities throughout the country. Participation in local CF has, no doubt, become a starting point of the political career of many local-level and district-level representatives.

### ***Specific non-forestry policies affecting the management of forests and trees***

#### **Agriculture policy**

The Nepal Agriculture Perspective Plan of 1995 identified four top forestry priorities: (i) CF in the hills and mountains; (ii) commercial forest management in the Terai; (iii) private and leasehold forestry; and (iv) training, research and development (APROSC 1995). It supports the development and management of forage and pasture areas to enhance production in the livestock sector. According to the plan, silvicultural activities need to be incorporated in the operational plans of CFs, and the communities need proper supervision and technical guidance in their implementation. The Plan also indicates that the commercial management of state forests needs strong political and bureaucratic commitment.

The Plan suggests the strengthening of the forestry extension service and the establishment of demonstration plots in different CFs with the help of communities. The plan further suggests that transport regulations for products from private, leasehold and community forests need to be simplified, and the sale of surplus products should be promoted.

Encouragement of private nurseries to produce quality seedlings; review of the existing practice of providing subsidized timber to meet social needs; legal reforms to resolve the conflicts especially in the CF; measures to improve the efficiency of forestry staff; availability of credit for viable large-scale forestry projects; research to develop appropriate technologies; and reassessment of the contribution of the forestry sector to the national economy are some of the key recommendations made in the Plan.

#### **Environment policy**

In 1988, a National Conservation Strategy was endorsed to set a conservation action agenda for potable water, forestry, national parks and protected areas, medicinal plants, agriculture, pesticide control, livestock development and pasture management, conservation and large-scale projects, trekking and mountaineering activities, environmental quality and cultural heritage. In 1993, the National Environmental Policy Action Plan (NEPAP) was prepared to operationalize the National Conservation Strategy. The NEPAP identified solutions to environmental protection problems as the sustainable management of natural resources, population and health management issues, national heritage conservation and biodiversity protection, mitigating the adverse impact of development and law, education and institutional development.

In 1996, the Environment Protection Act (EPA) was promulgated, and in 1997 the Environment Protection Regulations (EPR) were formulated. The EPA is the first of its kind to be promulgated in Nepal, although some sectoral ministries have made environmental impact assessment (EIA) mandatory for certain programs (FORESC 1998). The act stresses the important relationship between economic development and environmental protection, and recognizes the importance of mitigation measures to reduce the negative biophysical and socio-economic impacts of environmental degradation. The act makes it obligatory to prepare either an IEE or EIA for various sectoral programs that have been listed by the EPR.

According to FORESC (1998), the establishment of an Environment Protection Council, chaired by the Prime Minister, arrangements to establish an Environment Protection Fund and provisions to declare environment protection areas are steps taken by the government to protect the environment.

The following institutions are involved in macro policy-making and programming with regard to environmental protection in Nepal:

- 1) A Parliamentary Committee on Natural Resources and Environment oversees the actions of the government related to the conservation of natural resources and environmental protection.
- 2) The Environmental Protection Council provides guidance on the formulation and implementation of environmental policies.
- 3) The National Development Council, chaired by the Prime Minister, gives directives to the NPC on various development issues.
- 4) The NPC prepares periodic development plans for the country and guides the environmental protection policy through its Environment Division.
- 5) The Ministry of Population and Environment, formed in 1995, is responsible for formulating and implementing policies, plans and programs related to population and the environment.

### Rural development policy

The Local Self Governance Act of 1998 empowers district development committees (DDCs) and village development committees (VDCs) to generate revenue. It requests each local government unit to draw up a development plan (RFSP 2000), which serves as input into district plans. The NPC is responsible for coordinating the district plans to ensure their consistency with national policies and guidelines. The Local Self Governance Act and the Local Self Governance Rules of 1999 have made provisions for VDCs and DDCs to carry out afforestation on fallow lands and hills, and for the planning and implementation of different programs concerned with soil and biodiversity conservation.

### Industrial development policy

According to the Industrial Enterprise Act of 1992 and the EPR of 1997, the industrial policy underscores simplification of procedures, transparency in implementation and productivity increases through upgrading technical expertise and the efficiency of industries. It promotes the international competitiveness of companies in Nepal while trying to minimize adverse environmental impacts (DoI 2001).

The new Foreign Investment and One Window Policy of the government aims to:

- Build a strong and dynamic economy by generating additional opportunities for income and employment by expanding production;
- Increase the participation of the private sector in the process of industrialization;
- Increase productivity by mobilizing internal resources and materials in productive sectors and by attracting foreign capital, importing modern technology and strengthening management and technical skills; and
- Enhance the competitiveness of Nepalese industry in international markets.

### Infrastructure development policy

The government policies concerned with various infrastructure development programs such as construction of roads, high-tension lines and canals, resettlement, housing and city development adversely affect the environment and forests to some extent.

### Employment-generation policy

One of the principal policies envisaged in the concept paper for the Tenth Five-year Plan (2002-2006) is employment generation for the poor and disadvantaged groups through the promotion of community and leasehold forestry development programs.

## Trade policy

The import and export of various commodities are regulated by the Import Export Control Act of 1957 and the Import Export Rules of 1977 (FORESC 1998), which prohibit the export of wood (both round- and sawntimber). In addition, the Public Roads Act of 1974, which deals with the acquisition of land for the protection of roads, the Electricity and Water Resources Act of 1967, the Electricity Rules of 1969 and the Canal Management Rules of 1974 concern public utilities that affect forestry (RFSP 2000). Furthermore, the policies concerned with land tax, plant protection, conservation of aquatic life and tourism development are important policies affecting the management of forests and trees.

## **Forest policy formulation**

### **Process of forest policy formulation**

The policy-making mechanism in Nepal is well defined. Generally the sectoral policy formulation initiative is taken at the sectoral ministry level, the MFSC in the case of forestry (Mathema *et al.* 1998). When issues on forest protection, management or utilization of national dimensions arise or are felt by field officers, they are reported to the head of the concerned department. The department carefully scrutinizes the issues and once convinced that a new policy is needed, this is communicated to the MFSC, generally to the secretary who is the administrative head of the ministry. At the ministry level, senior officials discuss the issues and if a need is felt for the formulation of a new policy, the secretary informs the Minister of Forests and Soil Conservation. At times, when a new government is formed, the minister responsible for the MFSC instructs the secretary to formulate a new policy in line with the ruling government's declared policy.

According to Mathema *et al.* (1998), consultations and discussions are held among top level officials of the MFSC and other stakeholders including donor communities, and a task force is usually formed to draft a policy paper. Directors-General of the concerned departments are involved in providing inputs. In theory, the task force has to interact with and take note of the views of other interested people or agencies. But in practice, limited interaction or discussion takes place due to time constraints or to maintain a degree of official secrecy. However, a recent approach by the MFSC enables interaction among all concerned parties (e.g. donors, FUGs, NGOs). In addition, interaction with donors is also facilitated at meetings of the Forestry Sector Coordination Committee (FSCC) headed by the secretary within the MFSC, at which all the donors involved in the forestry sector are represented. The policy and the legislation-working group of the FSCC also facilitates the process of policy formulation.

### Approval of policy

Once a policy paper is drafted, the secretary of the MFSC forwards it to the minister for approval. The approved policy paper is then presented to the cabinet secretariat as the forestry sector policy proposal for endorsement by the Council of Ministers (cabinet) headed by the Prime Minister. The cabinet secretariat, headed by the Chief Secretary, scrutinizes the proposed policy for its appropriateness and then presents it to the cabinet meeting for approval. Finally, the approved proposal comes out as the forestry sector policy of the government.

### Approval of regulations

Usually, a new policy requires changes of the Forest Rules or Acts. When amendments of the regulations are necessary, the concerned department or the parastatal organization under the MFSC drafts the amendment, with the help of the legal officer. The draft is presented to the secretary of the MFSC and then to the minister for approval. The approved draft is sent subsequently to the Ministry of Law and Justice to ensure its conformity with existing laws. The Ministry of Law and Justice then presents the edited version of the amendment to the cabinet secretariat for approval by the cabinet. The approved amendment is effective legally after it has been published in the official Gazette.

### Approval of acts

If an act requires amendment, the same drafting process is followed. The only difference is that the amendment approved by the cabinet is tabled through the Ministry of Parliamentary Affairs at both houses of parliament as a government bill. The bill is passed first by the House of Representatives and then by the National Assembly before being presented to the King, the constitutional head of the country, for royal assent. After assent has been granted, the bill is published in the official Gazette for legal recognition.

The institutional framework for policy formulation is presented in Figure 4.

### ***Responsible organizations and the formalization and legitimization of the process***

All the departments/organizations under the MFSC and the ministry itself are responsible for the process of policy formulation. The field offices of all the departments/organizations within the MFSC are basically the grassroots stakeholders involved in the formulation of forest policy. In addition, donor agencies, NGOs, political parties, FUGs, community-based organizations (CBOs) and all those concerned with forestry and the environment can also provide input into the process.

### ***Arrangements for policy formulation, implementation, monitoring and evaluation***

The MFSC is responsible for policy formulation, coordination and the development of a conducive environment for program implementation. The DoF is responsible for the implementation of the community and private forestry development programs, and the national and leasehold forestry development programs. Parastatals and the private sector implement the wood-based industries development program. The DPR together with the parastatals and the private sector implement the development of medicinal and aromatic plants. The soil conservation and watershed management program and the conservation of ecosystem and genetic resources are implemented respectively by the Department of Soil Conservation and Watershed Management (DSCWM) and the DNPWC. The Department of Forestry Research and Survey (DFRS) is responsible for research and extension, and the development of the forest resource information system. Four parastatals under the MFSC are responsible for the promotion and marketing of different forest products. Thus, all the five departments together with the four parastatals and a large section of civil society are engaged in translating forest policy into practice. The support programs are intended to facilitate the effective implementation of the policy.

### ***Forest policy implementation and impacts***

The MPFS is the guiding document for policy and program formulation for the forestry sector. It continues to provide the basis for the translation of forest policies into practice, although various stakeholders have called for its review and potential revision.

### ***Institutional arrangements***

The MFSC consists of central, regional and local level offices (Figure 5). The MFSC and its departments constitute the central body for organizing the forestry sector. The regional offices represent the ministry at the regional level while the district offices represent the concerned departments in the districts.

At present, there are 74 DFOs with 92 Ilaka forest offices and 696 range posts. More than 7 000 personnel (two-thirds being foresters) are involved in the protection and management of forest resources (DoF 2002).

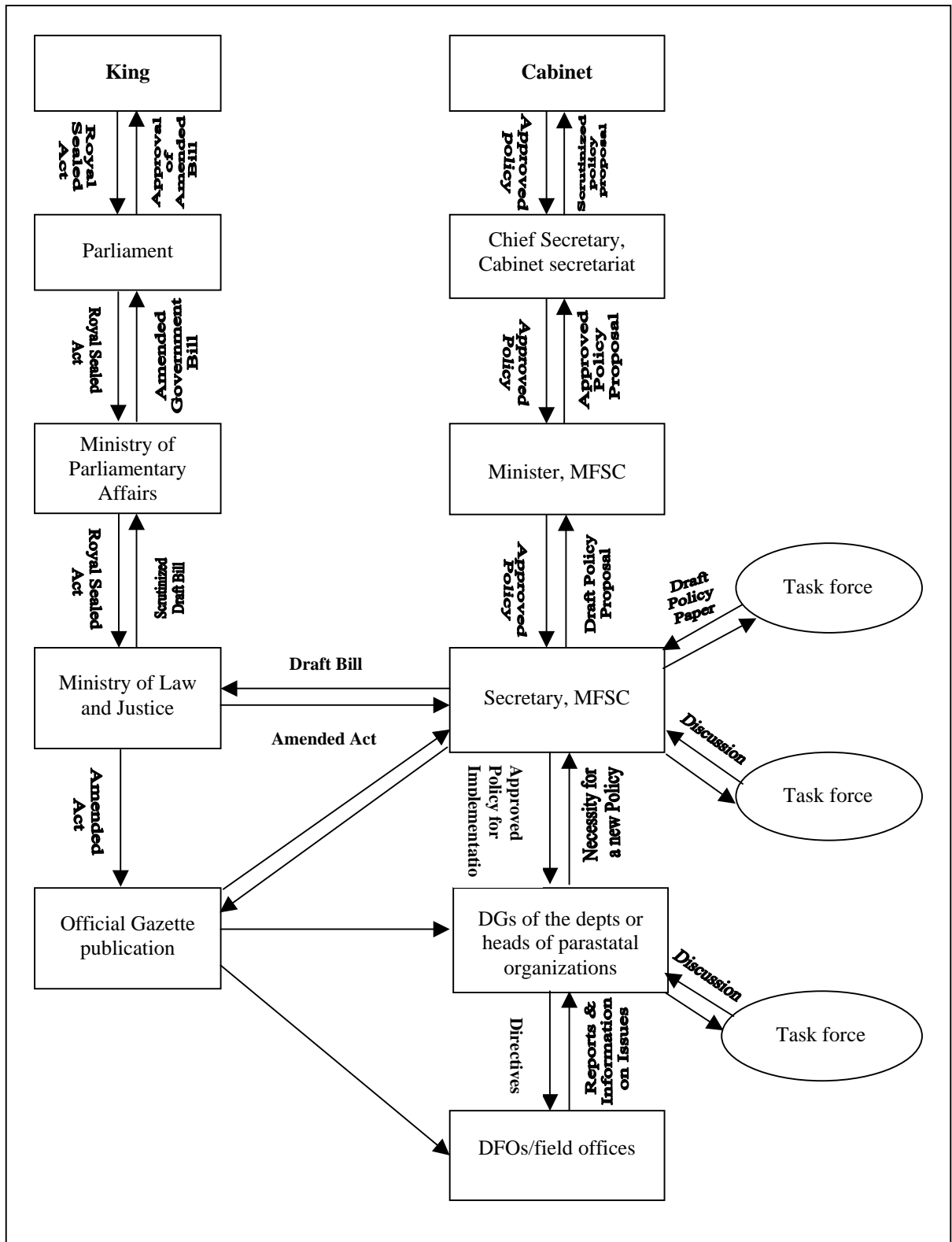


Figure 4. The institutional framework for policy formation (Mathema et al. 1998)

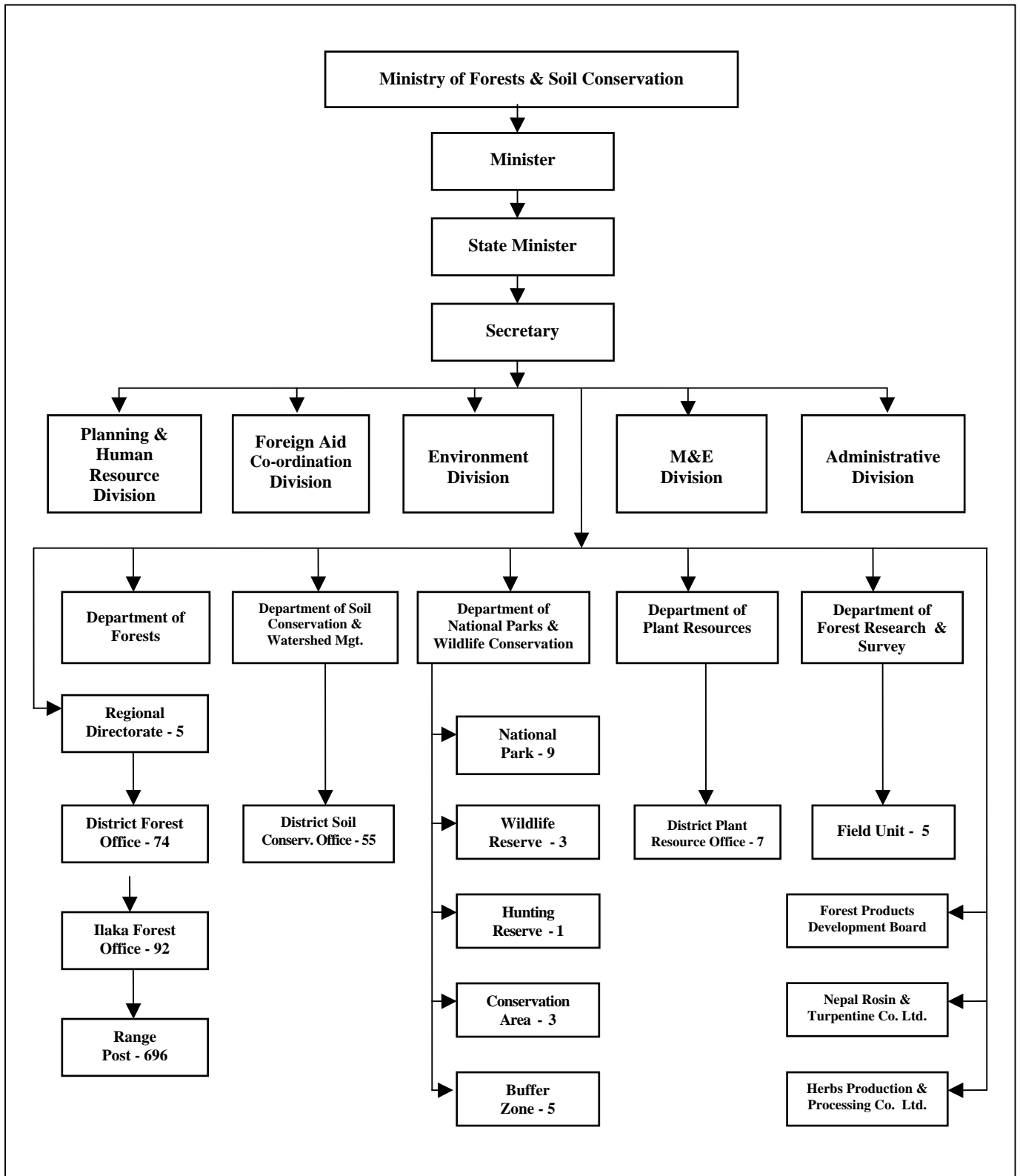


Figure 5. Organizational structure of the MFSC (MFSC 2002)

Fifty-five district soil conservation offices represent the DSCWM. The DNPWC has an extensive PAS network. Out of the 21 PAS units (nine national parks, three wildlife reserves, one hunting reserve, three conservation areas and five buffer zones), 19 units are managed directly by the DNPWC. The Annapurna and Manaslu conservation areas are managed by the King Mahendra Trust for Nature Conservation. The responsibility for protecting 11 out of 19 PAS units is with 4 500 personnel of the Royal Nepalese Army. The protection of buffer zones is the responsibility of the DFOs concerned.

The DPR is represented by seven district plant resource offices. There are no district offices, although there are five field units, one in each of the five development regions.

The government has authorized the MFSC and its departments to implement particular laws or by-laws in all regions and districts. The responsibilities for activities, policies, programs and acts are shown in Table 4.

**Table 4. Responsibilities of activities and policies/programs/acts**

<b>Org.</b>	<b>Reg./district offices</b>	<b>Main activities</b>	<b>Policy/program/act</b>
MFSC	Regional directorates	<ol style="list-style-type: none"> <li>1. M&amp;E of various forestry development activities within the region</li> <li>2. Coordination amongst all district level organizations under the MFSC</li> <li>3. Appraisal of staff performance</li> </ol>	<ol style="list-style-type: none"> <li>1. M&amp;E policy of the MFSC</li> <li>2. -</li> <li>3. As per the Personal Service Act (1993)</li> </ol>
DoF	District forest offices	<ol style="list-style-type: none"> <li>1. Implementation of district forest management plans</li> <li>2. Planning and implementation of various forestry development activities</li> <li>3. M&amp;E of various forestry development activities within the districts</li> </ol>	<ol style="list-style-type: none"> <li>1. As per the Forest Act (1993), Forest Regulation (1995) and NPWC Act, 1973 (outside PAS)</li> <li>2. -</li> <li>3. M&amp;E policy of the MFSC</li> </ol>
DSCWM	District soil conservation offices	<ol style="list-style-type: none"> <li>1. Planning and implementation of various activities concerned with soil conservation and watershed management</li> <li>2. M&amp;E of various activities concerned with soil conservation and watershed management within the districts</li> </ol>	<ol style="list-style-type: none"> <li>1. As per the Soil and Watershed Conservation Act (1992)</li> <li>2. M&amp;E policy of the MFSC</li> </ol>
DNPWC	National parks; wildlife/ hunting reserves and conservation offices	<ol style="list-style-type: none"> <li>1. Conservation of biodiversity and PAS</li> <li>2. Planning and implementation of various activities concerned with conservation of biodiversity and the PAS</li> </ol>	<ol style="list-style-type: none"> <li>1. As per the NPWC Act (1973)</li> <li>2. Conservation policy of the MFSC</li> </ol>
DPR	District offices	Planning and implementation of various activities concerned with management of plant resources within the districts	-
DFRS	Field units	Carry out different forest research and survey activities throughout the nation	As per the research and extension program and FRIS development program of the MFSC
FPDB	Program offices	Carry out plantation and its management together with the sale of timber and fuelwood	As per the Company Act (1964)
TCN	Field units	Harvesting and sale of round-/sawnwood to the public	As per the Company Act (1964)
HPPCL	Program sites/ collection centres	Production and processing of medicinal herbs	As per the Company Act (1964)
NEROT	Collection centres	Collection of resin and its processing together with marketing of rosin and turpentine	As per the Company Act (1964)

### Constraints

The major constraints in forest policy implementation are:

- Political instability and lack of commitment by the political leadership;
- High dependency of people on forest resources;
- Underestimation of the forestry sector contribution forestry to the national economy;
- Insufficient linkage between the forestry sector and other sectors; interdependencies are not understood properly;
- Lack of financial and human resources;
- Weak governance and M&E system;
- Civil society is not well developed;
- Threats from terrorism and insurgency; and
- Overlapping of nested legal bases influencing cross-sectoral issues.

The relative importance of these issues is location- and time specific. The forestry sector as a whole, the DoF in particular, is trying to declare forestry a priority sector of national development, along with the agriculture and water resources sectors. Categorizing forestry as a national priority ensures:

- Recognition of the sector's cross-sectoral linkage and its contribution to poverty reduction according to the Tenth Five-year Plan;
- Adequate resource allocation from the government;
- Sectoral functions are disseminated to a wider audience;
- Commitment from the government in the macro political context; and
- Support on national and international fronts.

However, efforts should not be confined to making forestry a priority sector because constraints are too diverse. For example, the state of insurgency is beyond the control of the sector. Since 2000, terrorism has resulted in tremendous resource loss through theft and weak governance, as it is impossible to enter the forests and carry out activities in insecure areas.

Other issues need time to be addressed properly. Once democracy has matured, the role of civil society will become clearer to the public, which will be empowered gradually. It is hoped that this will lead ultimately to preventing complex and overlapping clauses of acts and by-laws, which occur at the moment.

Another important activity being discussed currently is the actual contribution of the forestry sector to the GDP. A detailed study on the issue is proposed under the Tenth Five-year Plan. Presently, the sectoral contribution to the GDP is regarded to be less than three percent. If calculated properly, it might be as high 17 percent (DoF 2002).

### Impact

Forest policy in Nepal is regarded as more novel, democratic and bold compared to other countries in the region. The turning point in the recent history of Nepalese forestry was in 1990 when the people-centred approach to forest management started. This paradigm shift introduced a number of changes. The impact of forest policy since 1990 can be assessed at three levels:

#### Resource level

The world community warned Nepal as early as the 1970s that the high rate of resource use might incur zero forest cover before 2000. The country reacted immediately, although it took nearly a decade to finalize the appropriate model for involving civil society in resource management. A new forest act has enforced since the mid-1990s. By 2000, significant forest areas (approximately 900 000 ha) equivalent to about 29 percent of the total forest, excluding PAS, have been handed over to many users, which has benefited communities as well as the environment with pressure on national forests being reduced to some extent.



## Delivery level

Although no national level survey on fuelwood availability and use has been conducted in the recent past, it is evident that the supply of fuelwood has increased satisfactorily. There is also no fodder shortage. Alarmed by the gloomy scenario depicted in the MPFS, the government started supporting activities like the introduction of energy-efficient cooking stoves, promoted alternative energy sources and increased the supply of raw materials through private forestry. In addition, new knowledge and management skills have been delivered at grassroot levels. The best example is the skill development of the people in remote rural areas (e.g. medicinal herbs processing in the Karnali zone in mid-west Nepal). The increased participation of women in training (Nepal 2002) also indicates the positive effect of the forest policy. Another interesting impact is the involvement of local people in the management of national parks. As up to 50 percent of revenue generated from the national parks is allocated to the residents of the buffer zones for community developmental activities, the “park and people conflict” subsided after 1996.

## Institutional level

The implementation of the new forest policy triggered the development of local-level institutions for common property resource management. The government’s buffer zone policy introduced buffer zone councils and the CF policy introduced CF user groups. Various interest groups were identified and their concerns regarding disadvantaged groups, women and the poor were incorporated into the national development agenda. The general public became aware of their rights and the importance of equity issues. The government started the OFMP approach for the management of productive natural forests of the Terai and Inner-Terai regions. Almost all the OFMPs were prepared in the mid-1990s without much public hearing. Much confusion arose during the implementation of the plans. Local CBOs, NGOs and elected bodies were not informed about it. Although technical plans were made, social parameters were not addressed properly. In this state of confusion, mistrust between local-level bodies and the MFSC/DoF arose. Even political bodies were not convinced. As a result, the OFMPs were not implemented effectively. The management of Terai forest has become a more political issue. Various NGOs dedicated to Terai forest management are against the implementation of OFMPs.

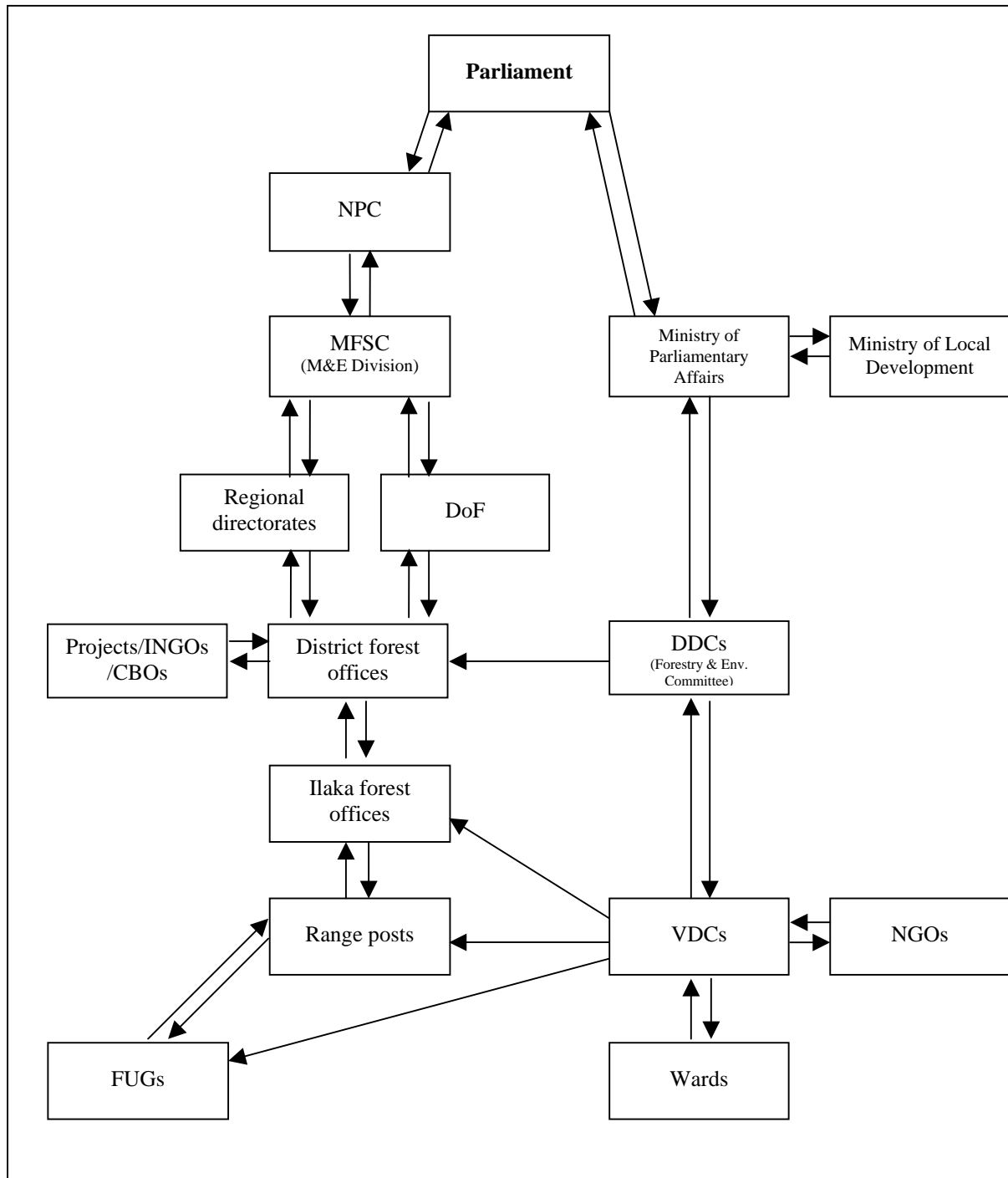
## Monitoring and evaluation (M&E)

The MFSC is the main institution responsible for enforcing forestry laws, administering forestry resources and M&E of policy implementation. It reports to the NPC, in connection with the preparation of its annual plans, on policy implementation and on how problems are being tackled. A complete, updated policy statement is presented in every five-year plan. Coordination between all sectors for policy implementation is the responsibility of the government, especially the NPC. The planning and M&E in the forestry sector is highlighted in Figure 6.

## Conclusions

Policy formulation and implementation are dynamic processes. While this report was being prepared, the concerned authorities were busy in amending the forestry sector policy to capture the essence of a rights-based approach for the stakeholders, to make it sufficiently flexible for various biophysical settings and to reflect the concerns of the entire society. This kind of periodic policy review of effect and efficiency highlights strengths and weaknesses and helps to fill gaps.

The Nepalese forestry sector is guided by a well-articulated long-term plan (the MPFS of 1988) with linkages to the periodic national development plans, forest acts/regulations and formal organizational structures to implement forestry development programs. The country adheres to various international processes and commitments. The role of the forestry sector in safeguarding the agriculture, tourism, water resource and industrial sectors is recognized. Discussions at all hierarchical levels clarify most problems and enable the smooth implementation of national development programs.



**Figure 6. Planning, monitoring and evaluation in the forestry sector**

The forestry sector is dominated by foresters. However, social scientists, economists and administrators representing about one-third of all the human resources in different organizations under the MFSC assist in the development of the sector. Multi-disciplinary input is enabled through various networks, commissions and advisory committees.

### **Suggested actions for policy formulation**

Suggested actions for achieving SFM include:

- All the forestry sector stakeholders should be aware that they constitute one step in the policy formulation ladder. Therefore, their concerns on issues related to forest policy are important and they should not refrain from raising them.
- The MFSC and its regional, district and local offices should always refer emerging issues to higher levels where such issues are treated or set aside for future attention.
- Wider consultation with field-level implementers, researchers and cross-sectoral experts is necessary to ensure conformity of forestry policies with other policies.
- At all workshops, training events or meetings a special session should be dedicated to discussing policy anomalies and problems encountered; they should be reported to the concerned authority for action.
- In Nepal, forestry has a direct impact on the livelihoods of more than 80 percent of the total population. Therefore, all stakeholders need to be informed about any new process, activity or guiding principle that has an impact on forest and thus on their livelihoods. A mechanism for linking DDCs, VDCs, NGOs, CBOs and civil society through various political parties and FUGs needs to be developed. Legal instruments need to be amended to address this issue.
- Good governance at the macro level is absolutely essential for achieving SFM. Therefore, democracy, transparency, decentralization, gender equity and participation from the centre to the local or community level are indispensable.

### **Acknowledgements**

This report deals with the review of the overall forestry sector policy of Nepal. An attempt has been made to assess the effectiveness and efficiency of the forestry sector policy of Nepal. We are grateful to Thomas Enters and Ma Qiang for providing comments during the preparation of this report and also for bringing out the report in this form.

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## Appendix 1. Chronology of forest policy development in Nepal

Year	Event	Effect	
(Autocratic era) 1946 - 1950	<ol style="list-style-type: none"> <li>1. Allocation of national forest to the Rana family members as Birta land;</li> <li>2. Clearance of the Terai forest along the border with India for the purpose of settlement; and</li> <li>3. Indigenous management system (group efforts) and traditional forest management (Talukdar) practice in the hills</li> </ol>	<ol style="list-style-type: none"> <li>1. Conversion of forest to agricultural land</li> <li>2. Revenue generation</li> <li>3.1 Protection of forest land</li> <li>3.2 Fulfillment of basic needs for fuelwood, fodder and construction wood</li> </ol>	
(Post Rev. Era) 1957	Private Forest Nationalization Act	<p>Indiscriminate cutting of forests</p> <p>Conversion of private forest into farmland in the Terai plains</p>	
(Panchayat era)	1961	Forest Act	<p>Categorization of forest</p> <p>Forestry officials empowered</p>
	1967	Forest Conservation Act (special management act)	<p>Judicial powers to forestry officials</p> <p>Law enforcement power reinforced</p>
	1976	National Forestry Plan	<p>Recognition of people's participation in forest management</p> <p>Concept of village Panchayat Forest</p>
	1977	Amendment of Forest Act 1961	Provision of Panchayat Forest and Panchayat Protected Forest
	1978	Panchayat Forest and Panchayat Protected Forest Regulation	<p>Transfer of national forest to village Panchayat (elected village body)</p> <p>Formal recognition of rights of local people for forest management</p>
	1982	Decentralization Act	<p>Authority to district and village Panchayats</p> <p>Promotion of users' committee concept</p>
	1987	Revision of PF and PPF Regulation 1978	Earnings from Panchayat Forest and Panchayat Protected Forest channeled back to the concerned Panchayats
	1989	Master Plan for the Forestry Sector	<ul style="list-style-type: none"> <li>• Initiation of program approach in the forestry sector</li> <li>• Provision of users' committees for forest management</li> <li>• Detailed planning and vision developed for each aspects of forestry development</li> </ul>
(Democratic era)	1993	Forest Act	<ul style="list-style-type: none"> <li>• Extent of quasi-judicial authority of forestry officials reduced</li> <li>• FUGs empowered for forest management</li> <li>• Act oriented towards people-based management</li> </ul>
	1995	Forest Regulations	<ul style="list-style-type: none"> <li>• Legalization of the process of CF</li> <li>• Process of CF outlined</li> <li>• Forestry staff's role changed from custodial to facilitatory</li> </ul>
	1999	Revision of Forest Act, 1993	<ul style="list-style-type: none"> <li>• Control mechanism for violation of operational plans by FUG members developed</li> <li>• Provision for spending the FUG fund in various developmental activities</li> </ul>
	2000	<ol style="list-style-type: none"> <li>1. Revision of CF Directives, 1994</li> <li>2. Revision of MPFS, 1988</li> <li>3. Government decision on new concept of forest management in Terai, Inner-Terai and Siwalik regions</li> </ol>	<ol style="list-style-type: none"> <li>1. Provision for compulsory inclusion of growing stock of CF and annual allowable cut in operational plans</li> <li>2. Collaborative management of national forests on the basis of the landscape planning approach</li> <li>3.1 Management of degraded and open forest areas in the Terai and Inner-Terai regions</li> <li>3.2 Conservation of Siwalik forests</li> </ol>
	2002	Leasehold Forestry Policy	Provision of basis for the transfer of national forests to the private sector in the form of leasehold forests

## Appendix 2. Chronology of the development of conservation initiatives

Year	Event	Effect
1769-1950	Royal directives	Protection of trees and wild animals in specific areas
1959	Wildlife Act	Protection and conservation of wild animals
1972	National Park and Wildlife Conservation Act	Conservation of wild animals and habitats Regulation of hunting Conservation, development and management of special significant forest Categorization of protected areas
1973	Royal Chitwan National Park Regulation	Declaration of Royal Chitwan National Park, the first national park of Nepal
1974	Amendment of National Park and Wildlife Conservation Act, 1972	Provision of ownership certificates for possessing wildlife trophies Declaration of Royal Sukla Phanta Wildlife Reserve for conservation of swamp deer and habitats
1975	-	Declaration of Royal Bardia, Sagarmatha, Langtang and Rara national parks and Koshi Tappu Wildlife Reserve for: Conservation of wild animal i.e. tiger, wild buffalo, musk deer and their habitats Conservation of the High Himalaya ecosystem Conservation of wetlands
1977	Wildlife Reserve Regulation	Management of reserves
1979	Himalayan National Park Regulation	Management of Himalayan national parks (entrance fee, permit etc.)
1982	1. King Mahendra Trust for Nature Conservation Act 2. Amendment of National Park and Wildlife Conservation Act, 1972	1.1 Involvement of NGOs in nature conservation 1.2 Conservation and management of nature and natural heritage 2. Definition of wild animals widened
1983	-	Declaration of Shey-Phoksundo National Park and Parsa Wildlife Reserve
1985	-	Declaration of Khaptad National Park
1987	-	Declaration of Dhor Patan Hunting Reserve
1989	Amendment of National Park and Wildlife Conservation Act, 1972	Legalization of NGO involvement in the management of conservation areas
1992	-	Declaration of Annapurna Conservation Area for people's participation in nature conservation management through NGOs
1993	Amendment of National Park and Wildlife Conservation Act, 1972	Provision of buffer zone area
1996	Buffer Zone Management Regulation	Government empowered to declare buffer zones for Royal Chitwan and Royal Bardia national parks for minimal biotic interference in core areas Community participation in nature conservation
1998	-	Declaration of Kanchanjunga and Manaslu conservation areas for initiation of transboundary cooperation in conservation Declaration of Langtang and Shey-Phoksundo buffer zones for community participation in conservation work
1999	-	Declaration of Makalu Buffer Zone Area for community participation in conservation work
2000	Terai Arc Landscape (TAL) concept	Landscape approach for biodiversity conservation Declaration of transboundary protected area corridor and connectivity
2002	-	Declaration of Sagarmatha Buffer Zone for community participation in conservation work Declaration of Shivapuri National Park for nature conservation and watershed protection

### Appendix 3. Chronology of the development of soil conservation initiatives

Year	Event	Effect
1974	Establishment of Department of Soil and Water Conservation	Creation of district soil conservation offices
1980	The title of the Ministry for Forests changed to Ministry of Forests and Soil Conservation	-
1982	Soil and Watershed Conservation Act	-
1984	Soil and Watershed Conservation Regulations	-

### Appendix 4. Chronology of the development of environmental protection policies

Year	Event	Effect
1988	National Conservation Strategy	Conservation action agendas for drinking water, forestry, national parks and protected areas etc.
1993	Nepal Environmental Policy Action Plan (NEPAP)	Sustainable management of natural resources; Conservation of biodiversity etc.
1996	Environmental Protection Act	EIA or IEA mandatory for development projects
1997	Environmental Protection Regulations	Environmental Protection Act effective