

Pro-poor Leasehold Forestry: A Community-based Tenure Regime in Nepal

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Abstract

Nepal's Leasehold Forestry (LHF) programme, which has the twin goals of degraded forest rehabilitation and rural poverty alleviation, started in the early 1990s and is regarded as a priority forestry programme in Nepal. There has been limited documentation of the impact of the LHF programme as well as of the issues and challenges faced by it. On the basis of scarce existing literature and of our long experience working in the programme, we, in this paper, discuss such impacts, issues and challenges. We suggest that the programme has so far been quite positive in meeting the stated objectives; however, there remains a range of issues that deserve on-going attention. While the programme, in general, is criticized for its strategy of handing over poor quality land to the poor people, the communities' tenure rights over land and forest resources is not fully secured either. Provisions regarding the transfer of tenure rights to the kin and/or in the context of absentees are absent, and the benefit sharing mechanisms are unclear in case of trees which were present at the time of handover, and compete across other overlapping forest management activities. Support services available to the LHF user groups are inadequate and discontinuous, limiting the opportunities for the poor leaseholders to harness their potential to pool resources from other poverty reduction programmes and influence policy processes. We indicate some areas of intervention at policy and programme levels that seek to overcome these issues and to provide wider space for LHF user groups to exercise their agency towards achieving the programme's goals effectively, efficiently and equitably.

Key words: Degraded forest, leasehold forest, Nepal, poverty reduction, tenure regime

INTRODUCTION

Pro-poor Leasehold Forestry (LHF) is a unique forest management modality in Nepal, which seeks to achieve twin goals: rehabilitation of degraded forest ecosystems and the enhancement of livelihoods of the forest dependent poor. Introduced in the early 1990s and exponentially expanded, largely in collaboration with development partners, it is regarded as a very useful forestry programme, especially for the forest dependent poor who have limited livelihood options. The introduction of this programme was partly rationalized due to the shortcomings of Nepal's community forestry programme, which is often criticized for exclusion and marginalization of the poor and

weaker sections of the society. LHF is a specifically pro-poor programme aimed at capacitating and supporting the poorest to derive benefits from small patches of degraded forests.

As improved livelihoods through sustainable forest management are one of the major objectives of LHF, it is combined with multiple other interventions that allow forest user groups to use their forestlands for different purposes and access inputs, technologies and marketing services. There are certain roles, responsibilities and benefits of forest user groups defined in the legal and regulatory instruments associated with LHF. Also, there is little

research on communities' tenure rights and their security, particularly focusing on the specific institutional arrangements and capacity of forest user groups in relation to their negotiations with government officers and neighboring communities.

Security of LHF user groups' tenure rights depends on the policy, legal and regulatory provisions, and governance practices, which are often prepared and shaped by the broader political economy of the country. As Nepal is going through a profound political transformation process, almost all policies and legal frameworks (e.g., national constitution to the sectorial operational guidelines) and their orientations have been changing with an appreciation of the link between forests and rural livelihoods and emphasizing that the country's forests should contribute to reducing rural poverty (Jhaveri and Adhikari 2015). However, those legal instruments are formulated, interpreted and implemented based on political populism with less consideration of the knowledge and experience of forest dependent people. Ojha (2006) argues that the policies in Nepal fail to capture the true spirit and context of the forest-dependent poor because they are developed and implemented solely by techno-bureaucratic mindsets governed by thin liberal accountability of electoral politics. A consideration of issues of access and tenure security, which are fundamental to the livelihoods of forest dependent communities in the long-run, has therefore been lacking.

We, in this paper, examine the Nepalese pro-poor LHF tenure arrangement and its security in terms of bundles of rights (e.g., Schlager and Ostrom 1992), security of rights (e.g., Sjaastad and Bromley 2000)

and enforceability of rights including mechanisms of adjudication (e.g., ITTO and RRI 2011). We also demonstrate how tenure arrangement in LHF has become compatible with the ecological restoration and livelihoods enhancement goals of the forest dependent poor. This paper is organised in six sections. After this first section, section two briefly presents the historical evolution of the pro-poor LHF programme. Section three then highlights the current status of LHF, including the formation of LHF user group, its programmatic focus and the activities that can be carried out under the LHF programme, the number of groups/households involved, and the institutional partners and their roles. Section four reports the preliminary contributions of LHF programme towards meeting ecological restoration and poverty alleviation goals based on the experiences and knowledge of the authors. Section five briefly talks about the issues and challenges of the LHF programme, specifically focusing on the security of communities' tenure rights over the land and forest resources. Finally, section six concludes the paper with some policy and programmatic implications.

HISTORICAL EVOLUTION OF PRO-POOR LEASEHOLD FORESTRY

The concept of leasehold forestry was initiated with the promulgation of the Leasehold Forest Regulation 1978, which paved the way to lease certain parts of national forests to forest-based industries. Such leasehold forestry was primarily aimed at producing timber and fuelwood, industrial raw materials, fodder trees, commercial ornamental trees and non-timber forest products. Later, the Master Plan for Forestry Sector (HMG/N

1989) made a broader provision for LHF, providing space for the community-based or pro-poor LHF programme. Consequently, the pro-poor LHF programme and the Hill Leasehold Forestry and Forage Development Project, was initially initiated in two districts and later extended to 10 Hill districts in 1992 with financial support from the International Fund for Agriculture Development and technical support from the Food and Agriculture Organization of the United Nations. This initiative is also supported by legal frameworks, including the Forest Regulation 1995.

LHF was needed in order to address shortcomings of community-based forestry approaches, such as community forestry, which emerged in the mid-1970s. Despite their popularity in conservation outcomes over the last four decades, poor and marginalized households were not able to access forest resources that facilitated their escape from the vicious cycle of poverty. Lessons learned from community forestry in and their relevance for REDD + forest carbon, markets and communities (FCMC) program (2014) argue that in some case there are no or relatively little positive impacts of community forestry programs and projects on poverty reduction. Such a scenario suggests that securing forest tenure rights for communities may not necessarily benefit the poor. Jhaveri and Adhikari (2015) argue that despite the state recognition of rights as a necessary condition for tenure security, it is often the case that communities, or some marginalized groups, have been losing their rights. In response to such a situation, the pro-poor LHF emerged with the explicit objectives of poverty reduction and restoration of degraded forests in the rural Nepal.

The pro-poor LHF model was not the outcome of a recognition of the rural poor's usufruct right over forest resources; rather, it was initiated based on a combination of 'positive discrimination' towards the interests of the poor and due to the limited success of the 'Small Farmers Development Project' of the Agricultural Development Bank of Nepal which had aimed to enhance the household economy of small land holding farmers. The pro-poor LHF evolved and was thus institutionalised also based on the field experiences and lessons learned from the Hill Leasehold Forestry and Forage Development Project, which aimed to alleviate rural poverty and rehabilitate degraded forestland in the hills. With field experience, the government realized the importance of the pro-poor LHF programme and formulated the Leasehold Forestry Policy 2002 to further its institutionalisation. Based on the mandates of Forest Regulation 1995, the Policy clearly distinguished the LHF into three categories: pro-poor, industrial and ecotourism LHFs. In addition, periodic plans, including the Tenth Five Year Plan (2002-2007) and Interim plans (2007-2010 and 2010-2013), clearly recognized pro-poor LHF as one of the primary programmes of the forestry sector. The provision made in the Policy however is yet to be backed-up by the Forest Act 1993, so as to institutionalize the fundamental forest tenure reform of LHF, thus recognizing the poor people's rights over forestland.

CURRENT SITUATION OF PRO-POOR LEASEHOLD FORESTRY

LHF User Group Formation

The formation of pro-poor LHF involves a series of processes, including site identification, awareness raising,

community consensus building, identification of the poor households and group formation. Based on administrative operational guidelines, District Forest Offices facilitate these processes in collaboration with other partners and the local communities themselves, following locally suitable and agreeable participatory processes. As the main objectives of pro-poor LHF are to restore degraded forest ecosystems and to alleviate rural poverty, the selection of the forest to be handed over and the creation of the appropriate user group are critical. To be considered as degraded forest, and therefore eligible to be handed over as LHF, forests ought to be effectively open i.e., have less than 20 per cent canopy cover, or are covered with invasive species such as Banmara (*Lantana camara*), or are over grazed or fully eroded. Initially, a patch of degraded forestland is identified for the LHF in consensus with local communities. Membership of the pro-poor LHF user group is restricted to those who own less than 0.5 hectare land per household and have less than NPR 14,430 per capita income per year as of Nepal Living Standard Survey III (was NPR 2000 for the base year 1992). The eligible households then place themselves into different categories of poor based on the level of poverty; 'ultra-poor' being the poorest of the poor, and gradually to less poor such as 'very poor' and 'poor'. The communities then select five to fifteen households from across these categories to be the members of LHF user group. Such groups are provided with awareness-raising programmes regarding operational processes and the benefits of LHF so as to facilitate and enable them to build effective groups.

The District Forest Office facilitates the LHF user group in preparing a consensus-based five-year forest operational plan. On the basis of the operational plan, the forest is handed over to the LHF user group for up to 40 years, which can be renewed for another 40 years subject to satisfactory performance of the group. LHF users groups are exempted from land tax associated with the forest handed over to them and to any royalty they accrue from the forest. The operational plan needs to be renewed every five years. Based on the operational plan, group members can produce, use and sell any kind of forage, horticultural crops and non-timber forest products from the forest. More emphasis is given however to forage production, on the assumption that through this the group members can raise their livestock and get tangible benefits as early and as easily as possible.

Activities Supporting LHF

Once the forest is handed over, a series of supporting activities are carried out in collaboration with partner organizations. Awareness-raising (e.g., training, study tours and extension activities) and capacity building (e.g., hands on training) in relation to land improvement¹ and forest

¹ Land improvement starts with the halting of grazing and control of forest fire on the leasehold forests and gradually includes enrichment plantation of grasses and/or leguminous forage or ground cover species, fruit and fodder tree species and bamboo. Gradually, the natural vegetation regenerates, creating a multi-storey productive forest. Land development training, which is provided to all new leasehold farmers, both men and women of the household, plays a crucial part of land development. Land improvement generally lasts from two to five years, based on the land's condition, budget and trained manpower. However, it overlaps both the group formation stage (site protection usually starts before the leasehold forest is formally handed over), and the management and utilization stage (utilisation usually starts while development is undergoing).

management constitute the major focus of the activities. Such activities are then followed by material support (e.g., seeds for improved grass, and saplings of fruit, fodder, non-timber forest products and medicinal plants) and technical support (e.g., livestock management, veterinary services).

LHF user groups are also encouraged to establish their own saving credit systems, so that they can generate group funds and use them as a loan when required. Though inadequate, to make such initiatives effective, locally hired and trained group promoters have been constantly monitoring and supporting the programme. Following a gender and social inclusion strategy in 2007, both men and women from each household of LHF user groups are trained and mobilized, with the lease fee waived to attract women, Dalits, Indigenous Peoples and the poor. All of the social mobilizers recruited are women, which helps to create meaningful and effective participation of other women in the implementation of LHF activities. More recently, LHF user groups are encouraged to federate into inter-group networks and/or cooperatives with about 10 groups participating in one, to look after their broader interests.

Programmatic Focus on LHF

Nepal's Poverty Reduction Strategy Paper 2002, its tenth Five Year Plan (2002-2007), and subsequent periodic plans have the main objective of poverty reduction and have provided a large push towards pro-poor LHF. The forestry sector objective in these plans includes the increase of livelihood opportunities for people living below the poverty line by increasing their effective and meaningful participation in the LHF programme. Following these plans, the focus of LHF has expanded into economic, social and human capacity

development of poor families. In addition, the concept of leasehold forestry for the poor was made mandatory and to be incorporated into the community forestry programme to benefit poor and marginalized households (HMG 2002).

Current Status of LHF

As of 2016, there are 76,482 poor households organized into 7,622 LHF user groups which are managing 43,993.6 hectare of forest in 39 districts across Nepal (DoF 2016). The average area handed over to each LHF user group is around 5.8 hectare and the area per household is around 0.58 hectare. These figures are small compared to those of community forests in Nepal, but it should be noted that every square meter of the handed over forest in LHF is brought under active management, unlike with the community forests. LHF has been one of the prioritized programmes of the forestry sector in the mid and high hills, even after the withdrawal of the support from donors who have been active in Nepal's forestry for about 20 years.

Key Institutions Involved in LHF

By its design, the LHF programme demands an integrated approach, where forest, agriculture, livestock and local finance related institutions should work together, to provide input into LHF user groups effectively, efficiently and equitably. Such design may empower LHF user groups in connecting with a wide range of institutions and thereby build strong social networks at local and district levels. Figure 1 depicts our understanding of the institutional links within LHF. Such networks may encourage and lead the user groups towards better forest management, community development, income generation, and good governance, so as to improve the ecological condition of degraded forests and reduce rural poverty at the local level.

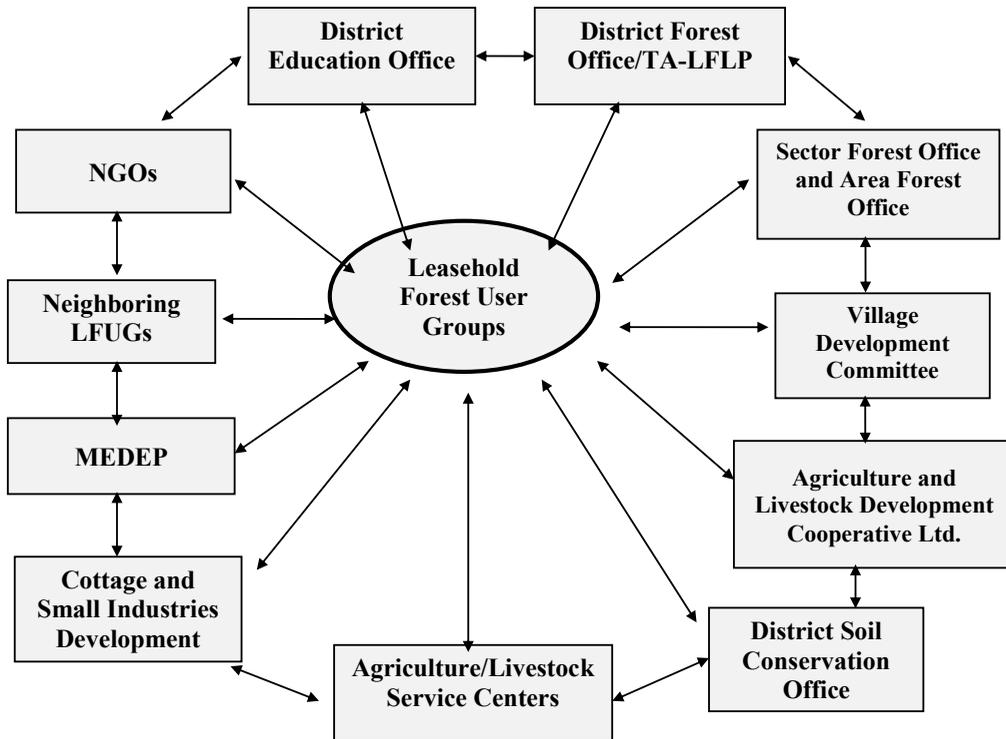


Figure 1: Networking at District Level within LHF Programme Implementation

As the main organization responsible for the management of the LHF programme, the Ministry of Forest and Soil Conservation enables coordination across different institutional levels in order to ease LHF implementation. For instance, at the central level, the Secretary of the Ministry of Forest and Soil Conservation chairs the coordination committee and the Director General of the Department of Forest chairs the working group. Similarly, the Regional Director of the Department of Forest coordinates at the regional level. At the district level, Chiefs

of District Development Committees chair the coordination committees and the District Forest Officers chair the working groups.

At the local level, at least four community-based institutions are crucial in making the LHF programme effective. These institutions include LHF user groups, cooperative organizations, women's groups and mothers group, which are engaged in a wide range of activities (Table 1).

Table 1: Community-based Institutions and their Roles in LHF

Institution	Roles
LHF user groups	Form the group and promulgate the group rules (such as for reward, punishment, meeting, assembly, etc.) Assess the resources; Prepare the forest operational and land improvement plans; Implement the plans and mobilize the resources; Harvest, utilize and sell the resources.
Cooperative organization	Prepare and implement local business plans and projects; Collect and mobilize funds for forest and land development; Fix the interest rates; Support for emergency fund for member(s).
Women's groups	Carry out awareness activities regarding LHF and poverty reduction; Plan and carry out agricultural and income generating activities, including trainings; Promote locally suitable socio-cultural activities; Promote joint land registration system.
Mothers groups	Provide advisory services to solve problems related to women; Promote saving among women; Support for local level development; Help maintain peace and harmony in the community.

Source: Adapted from Koirala *et al.* (2014)

ENVIRONMENTAL AND SOCIO-ECONOMIC CONTRIBUTIONS OF LEASEHOLD FORESTRY

LHF has been remarkable in rehabilitating degraded forest ecosystems, in obtaining forest resources for household consumption and in generating income at the household level (Appanah 2016). Based on the key achievements and lessons learned from the field, the government also recognises it as a successful, priority programme of the forestry sector and has awarded “Mountain Development Awards²” to several LHF user groups.

2 The “Mountain Development Award” is a prize that the Ministry of Forest and Soil Conservation awards to individuals and/or groups for their contribution to sustainable mountain development and environmental conservation for the welfare of the people. A certificate along with a cash prize of NPR 200000 is provided to the winner.

Revitalization of Degraded Forest Ecosystems

The degraded forestlands handed over to LHF user groups have improved in quality in terms of both vegetation coverage and biodiversity. Ohler (2000) suggests that after seven years of LHF implementation, natural regeneration has taken place vigorously and thereby vegetation cover increased from 32 per cent to 90 per cent, particularly due to grazing control and enrichment plantation. Ohler (2000) also reports that the rejuvenation of natural herbs, shrubs and woody vegetation has been great, particularly in the situation where seed source were nearby. FAO (2013) reported that 57 per cent of LHF groups perceived an increase in the vegetation and re-occurrence of many birds, reptiles and mammals. It was also noted in this study that canopy and

ground cover increased with native and other useful plants species in about 61 per cent of the forests (FAO 2013). Similarly, SEEPOR (2014) reports that the ground coverage increased from 10-20 per cent at the time of hand over of the LHF to 70-80 per cent. Such changes in forest ecosystems also help to reduce soil erosion.

Reduction of Household Poverty

Some studies have reflected on the contribution of LHF in reducing poverty in terms of household income. Ohler (2000) reported that the number of household earning cash income had increased by 24 per cent over three years, as against a decline by 4 per cent in control households in the same period. Kafley and Bhattarai (2014) reported an income of NPR. 300,000 per household per year in the piloted area of LHF, which meant eradication of absolute financial poverty even if the member per household is six. Similarly, by looking at the case of a LHF user group in Palpa district (Jhirubas LHF user group), Bhattarai (2016) reports that the absolute poverty of the household was reduced to zero due to the addition of income gained from broom grass for five years from the LHF, indicating 100 per cent poverty reduction from LHF.

Improvement in Food Security and Livelihoods

Some studies have reported positive impacts of LHF programme in the production of agricultural and livestock products, that increased households' food security and consumption. Ohler (2000) reported that household food self-sufficiency in the LHF user groups had increased by 16 per cent over three years, against a decline by 4 per cent in control households in the same period. Through a participatory

assessment, Oli (2014) found that the proportion of the poorest households having less than 3 months food security had decreased from 41 per cent in 2006 to 19 per cent in 2013 (also 29% in 2010, and 23% in 2012) (FAO 2013). FAO (2013) notes that before the LHF programme, about 58.3 per cent of the households were food secure for less than three months per year, whereas after the implementation of the LHF programme, this proportion decreased to 6.7 per cent. As the supply of fodder, grasses and fuelwood increased, the time needed for women to collect those products drastically decreased. The women were able to use the saved time and efforts to pursue other productive activities such as income-generating activities, literacy class attendance, and capacity building trainings.

Increased Access to Rural Financing

A total of 52 cooperatives were running basic savings and credit programmes in a participatory and democratic way within LHF user groups. Cooperatives, apart from financial services, provide training, enhance bargaining power, provide market information and serve as a forum for decision-making. Over 90 per cent of the group members participated in saving and credit schemes through these institutions. Four forest user groups cooperatives in Chitwan, Gorkha, Kavre and Makawanpur districts have established functional linkages with the Rural Self Reliant Fund (RSRF) of the Nepal Rastra Bank. Repayment rate of these cooperatives ranged between 64 per cent (very poor cooperatives) to 99 per cent (good cooperatives) (Thakur and Yadav 2014). SEEPOR (2014) report that more than 93 per cent of LHF member

households saved money on a monthly basis, and 77 per cent of the saved money was mobilized as soft loans among the group members.

Enhancement of Institutional Practices and Social Capital

LHF has been playing a crucial role in building and materializing social capital at the local level. It provides space for poor people not only to organize but also to discuss about their needs and problems among themselves so as to arrive at a common consensus for their benefit. The programme has helped the rural poor to gain confidence and self-esteem; now, such poor people and groups can establish common consensus and effectively express their views regarding their needs and problems. Apart from the concerns regarding forest and land management, and poverty reduction, LHF user groups are now more concerned with social inclusion, women's empowerment, children's education, health care, capacity building, and participation in decision-making.

Strengthening of Gender and Social Inclusion

Women's leadership in the LHF is increasing remarkably. Based on an evaluation of 352 LHF user groups, FAO (2013) reported that 42 per cent of LHF user group members have women as a lead member, which is a remarkable progress against 15 per cent in 2006. Ohler (2000) and FAO (2013) both report that the participation of Dalits had increased, with one estimate suggesting an increase from 11 per cent to 18 per cent, in addition to remarkably high participation (i.e., about 50%) of ethnic minorities (FAO 2013). The proportion of women, poor, indigenous peoples and Dalits participating in

decision-making position of the group i.e., Chairperson, Secretary and Treasurer, is 33 per cent, 15 per cent and 54 per cent, respectively, which is remarkable in LHF program (FAO 2013). FAO (2013) also noted that the LHF was inclusive in nature and that it had accommodated representation according to the ethnic population structure of the sample of VDCs by focusing mostly on indigenous peoples (74%), Dalit (11%), Brahmin/Chhetri/Thakuri/Sanyasi (15%) and women-headed households (16%).

Such environmental and socio-economic contributions of LHF can be attributed to several features of the programme. Firstly, it provides tenure security with clear rights and responsibilities that are backed-up by supportive policies and regulations. Such policies and regulations are also supportive of poverty reduction. Secondly, as the LHF user groups are small, individual or quasi-individual ownership and decision-making processes are prevalent, which makes the group functions easier, simpler and more effective. Constant and effective monitoring is also possible through local women community mobilizers. Thirdly, taking an integrated and participatory approach, the programme focuses on the needs of the poorest communities with particular attention to avoid elite capture and ensuring equitable distribution of benefits. It is a bold step towards establishing social norms, against social exclusion and in favor of creating pro-poor institutions at the local level. Fourthly, saving credit systems act as a fulcrum of self-reliance and coping mechanism of the poor to reduce their vulnerability. As the incomes go directly to the household level, the households have more incentives for being involved in the programme. Lastly, the programme has a good combination of social awareness, capacity building, and

technical and material supports, which have favorable impact on the confidence, capacity, life quality and social capital of the LHF user groups and the society as a whole.

TENURE RIGHTS SECURITY IN PRO-POOR LEASEHOLD FORESTRY: ANALYSIS, ISSUES AND CHALLENGES

Despite many positive outcomes of LHF as outline earlier, issues and concerns remain, particularly regarding the security of tenure rights. We present here some of the pertinent issues and challenges related to the realization of security of

tenure rights at different levels for LHF implementation.

Partial Tenure Rights Security of Communities

We discuss the current status of LHF in relation to a framework adapted from CIFOR (Banjade *et al.*) which contains three normative tenure security principles, ten indicators and 21 variables (Table 2). In doing so, we indicate areas of strength and weakness and those that need improvement to make the LHF programme more effective and sustainable. This assessment is based on our analysis of the relevant official government policies and laws related to LHF.

Table 2: Status of Tenure Rights Security of Communities under LHF Programme

Tenure security principles	Indicator	Variables	LHF status	
Rights to robustness	1. Legality	Strong and stable legal basis.	Yes	
		Recognized or granted by lawful authority.	Yes	
		Clear division of authority and responsibilities among different level of government regarding right granting and protection.	Yes	
		Harmonized legal provisions within laws and regulations.	Yes	
	2. Clarity	Clear criteria of right holder as the subject of rights.	Clear type and boundaries of right object.	No
			Clear content of rights and obligations.	Yes
			Clear procedure to obtain and enforce rights	Yes
				Yes
	3. Bundles of rights	Right to access.	Right to withdrawal.	Partial
			Right to management.	Yes
			Right to exclusion.	Yes
			Right to transfer/alienate.	No
				No
	4. Duration	40 years, with possibility of another 40 years based on performance	Yes	

Rights to protection	1. Complaint handling	Accessible complaint mechanisms.	Partial
	2. Conflict resolution	Accessible, affordable and fair mechanisms of conflict resolution.	Partial
	3. Compensation	Appropriate forms of compensation for losing rights or access to land and forest. Adequate mechanism for obtaining compensation.	No No
Rights to assurance	1. Participation	People's participation in government's decision-making about forestland and resources.	Yes
	2. Forest sustainability assurance	Government's assurance to good quality of forest ecosystem.	Partial
	3. Economic empowerment assurance	Government at any level facilitates the improvement of livelihood of right holders.	Partial

In terms of tenure security principles, LHF programme is found to have a mixed strength. The principle of rights to robustness under the LHF programme is strong, as it is legally recognized and there exists an appropriate and stable legal basis that clarifies and harmonizes the division of authorities and responsibilities among different levels of governance. After the amendment of the Forest Act 1993, other regulations and policies and operation guidelines have either partially or fully adopted the provisions that are supportive of tenure rights security under LHF. There exists clarity in the types and boundaries of forest resources, types of rights and obligations, and procedures to obtain and enforce rights in LHF. Such clarity is reflected in the day-to-day operational level of LHF user groups. While the LHF user groups have been fully exercising their withdrawal and management rights, they are not able to fully exercise their rights to access (particularly to the resources below the earth surface like mine, quarry, water and minerals, and trees transferred to the community at the time of forest handover) as well as their rights to transfer or alienate.

The LHF user groups clearly enjoy rights over resources in terms of the duration of tenure subject to satisfactory performance, although they are not always certain about the continuation of supporting programmes and services. Despite all this, the principles of rights to protection and rights to assurance of tenure security under the LHF programme are quite weak and only partially adopted. While the LHF users have limited access to affordable and fair mechanisms for complaint and conflict resolution mechanisms, it is not possible to obtain appropriate compensation for the loss of rights over land and forest. Similarly, despite having rights to participation in decision making regarding land and forest management, assurance of sustainable management of forest and economic empowerment is not fully guaranteed.

Poor Land to Poor People and Limited Geographical Focus

There is widespread criticism that it is only poor land which is given to poor people under the LHF programme and thereby, such a strategy may contradict with the

ecological and socio-economic objectives of the programme itself. Despite such criticism, the LHF programme started about 10 years later than the popular community forestry programme. As most of the degraded forest in the vicinity of the hill community were already handed over to communities as community forests, it was difficult to find appropriate degraded forestland for LHF. As such, it was degraded land rather than degraded forest which was available for LHF and this takes a longer period of time to be productive again. Despite being discussed as a successful and prioritized programme, the LHF has not been expanded beyond 40 districts.

Unclear and Competing Benefit Sharing Mechanisms

There are issues with the benefit sharing mechanisms which existed between the government and leaseholders of the trees before the forests were handed over. Although the recent (2016) amendment of the Forest Act 1993 has a provision for benefit sharing, it is yet to be translated into forest regulation, meaning the percentage of the benefits that are to be retained within the group is unclear. Due to conflicting policy decisions within the Ministry of Forest and Soil Conservation, LHF user groups within the buffer zone of protected areas are facing difficulties in implementing their LHF programmes. The LHF user groups have already invested significant inputs, human resources and time to improve land and manage forest but after they are gazetted under buffer zones, user groups are barred from utilizing their resources and revising their plans. Such a situation leads to the creation not only of turmoil and huge disappointment among the LHF

user groups, but also increased conflict between forest managing communities and forest administration at large, questioning the government's intention towards community-based forestry.

Absence of Tenure Rights Transfer Provisions

Legal provisions are absent regarding the transfer of tenure right to the next kin after the death of the lease-holder. There could be the situation that the current leaseholders come out of the vicious cycle, and absolute level of poverty by the time the lease is to be renewed or transferred to their kin. In such a situation, they or their kin may not meet the criteria to be the member of LHF user group, while their investment may still be in the forest. Similarly, there are no clear provisions regarding how to deal with absentee leaseholders, including the provision for compensation for absentees. Also, the addition of group members after the group has been formed is also not clear.

Inadequate and Discontinuous Support Services

As LHF user groups have limited capacity to carry out land improvement, forest management, socio-economic and capacity building activities, and continuous post formation support is essential. However, the government is not able to provide the required support and services after the termination of the technical and financial support of donors. Due to the lack of adequate incentives, resources and capable human resources, District Forest Offices have not prioritized the LHF programme, resulting in weak coordination with other stakeholders supporting LHF user groups. There is also a lack of provisioning of the private sector's services and the ability

of the LHF user groups to seek required services and supports from the market. The private sector in Nepal is also not well developed to provide the required services.

Unharnessed Potential of the LHF Programme

LHF user groups could be used as a launching pad to be used as an entry point for other poverty reduction programmes that the Nepalese government has been carrying out. However, the LHF user groups have not been considered as an entry point for rural poverty reduction and integrated rural development. This could partly be attributed to the limited or lack of political will of the major actors, including the leadership of the Ministry of Forest and Soil Conservation, working in the field of poverty reduction to coordinate with different stakeholders. Rather they might have preferred working alone or with a small group of partners focusing on certain themes or areas.

The newly formed LHF user groups' networks at local to national levels are weak and are not adequately supported by the government and other partners and collaborators. Such a situation constrains the potential of such networks to voice the concerns of LHF user groups and poor peoples, particularly in the consultative process of policy formulation, operational guidelines development, and implementation of those instruments.

CONCLUSIONS AND RECOMMENDATIONS

The LHF programme has twin goals of rural poverty alleviation and degraded forest rehabilitation in the hills, and has been one of the prioritized forestry programmes in Nepal. Initiated with a

donor-funded project in 10 districts, it gradually expanded to cover 40 districts and is currently running with little or no support from the donor community. So far, the impacts of the programme have been found to be quite positive in terms of both ecological and socio-economic indicators. There remains however a range of issues that deserve urgent attention. These issues include (i) the tenure rights of communities over land and forest resources are partially secured; (ii) poor quality land is handed over to the poor people of limited geographical locations, which, at a glance, contradicts the very objectives of the programme itself; (iii) the benefit sharing mechanisms for the trees present before handover are unclear and competing across other overlapping forest management modalities; (iv) the tenure rights transfer provisions to the kin and/or in the context of absentees are absent; (v) the support services are inadequate and discontinuous, limiting the opportunities for the poor leaseholders; and (vi) the potentials of LHF programme, such as to pool resources from other poverty reduction programmes and influence policy process through strengthening network, are unharnessed.

A clear legislative provision that sets a priority of handing over national forest and public land to the poorest section of communities could be a crucial step in achieving the twin objectives of ecological restoration of degraded forestland and the enhancement of livelihoods of the poor and marginalized. Also, a clear legal provision regarding the transfer, inheritance compensation and insurance against damage by natural calamities of leasehold forestlands are critical. An amendment of Forest Regulation 1995 in accordance with

the Leasehold Forest Policy 2002 could be a concrete step towards this. Also, provisions for pro-poor LHF in buffer zones of protected areas are crucial in order to reduce the contradiction between different forest management modalities. And finally, capacity building of frontline service providers and the necessary and adequate services and supports to the LHF user groups are needed for the effective outcomes of the programme to be realised.

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