

**Influencing Policy and Good Governance in NRM Sector: Focusing on
Community Forestry and NTFP Sub-sectors in Nepal**

Policy Development Process Study Report

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Acronyms

ADB	Asian Development Bank
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
BCP	Bhaktapur Craft Printers
CF	Community Forestry
CFUG	Community Forest Users Group
DFO	District Forest Office
DDC	District Development Committee
FUGC	Forest Users Group Committee
FECOFUN	Federation of Community Forestry Users, Nepal
HHs	Households
HJSS	Himali Jadibuti Sarokar Samuha
IDRC	International Development Research Center
INGO	International Non Governmental Organization
MAP	Medicinal and Aromatic Plant
MAPPA	Medicinal and Aromatic Plants Program in Asia
MFSC	Ministry of Forests and Soil Conservation
NNN	Nepal NTFP Network
NARMSAP	Natural Resources Management Sector Assistance Programme
NGO	Non Governmental Organization
NTFP	Non Timber Forest Products
OP	Operational Plan
PAR	Participatory Action Research
PPA	Private Public Alliance
SFDP	Small Farmers Development Project
VDC	Village Development Committee

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Synthesis

Community forestry is recognized as the hallmark of forest resource development in Nepal. A key innovation in community forestry is its governance structure through community forest user groups (CFUGs). User groups were conceptualized as a way of assuring conservation of resources and promoting local livelihood opportunities. User groups are new “strong democratic” institutions, transcending social norms and traditional village level politics. Nepal is advancing towards creating conducive policy environment as well as promoting and up-scaling best practices in the process of community forestry including Non-timber Forest Products (NTFPs) management. To date, considerable progress has been realized in this area with the involvement of a variety of stakeholders including government, non-government and private sectors. However, evolution of community forestry is not a smooth process, and a number of policy issues that emerged over time with the advancement in community forestry have not been analyzed and synthesized from various perspectives of concerned stakeholders. Moreover, there are very limited policy research, scanty documentations and unconsolidated information in relation to community forestry and NTFPs as reflected by various authors and pertinent stakeholders of the sector.

In this context, Medicinal and Aromatic Plants Program in Asia (MAPPA) of International Development Research Centre (IDRC), South Asia Regional Office (SARO) and ANSAB (Asia Network for Sustainable Agriculture and Bioresources) having worked together for a number of years realized the need to initiate a joint project in the area of community forestry and NTFP policy research. A pilot collaborative research project *Influencing Policy and Good Governance in NRM Sector: Focusing on Community Forestry and NTFP Sub-sectors in Nepal* was designed and implemented from February 1, 2004 to January 31, 2005. This report presents the progress and outcome of the project.

The core objective of the research project was to reflect back, analyze, synthesize and document the experiential learning of different actors and stakeholders in the evolution of community forestry and NTFP oriented policy formulation at local to national levels in Nepal. The study was an exploratory and investigative in nature, and the participatory action research (PAR) framework was the basis for the development of policy cases. Therefore, the study started selecting few but important policy issues/decisions of national interest in relation to community forestry and NTFPs.

During the project period, one national level policy research workshop was organized involving a wide range of national stakeholders and policy makers, four policy champions within Ministry of Forests and Soil Conservation (MFSC) were selected to reflect and share their experiential learning in the framework of participatory action research process, five districts were selected for the field research to develop policy cases, and a number of consultations were made with key stakeholders and forums like Nepal NTFP Network (NNN) were employed to explore and validate research information. Moreover, the project made use of past and ongoing experiences of ANSAB and others, and successful initiatives sponsored by IDRC in Nepal. The overall

conclusion of the study findings is that the decisions which are analyzed and formulated through bottom up, democratic, and multistakeholders process will result to not only better outcomes but likelihoods of proper implementation will be high as stakeholders take ownership of the decision.

Research problem

Decentralization has been a recurrent theme in the process of development in general, and forest management in relation to poverty reduction and good governance in particular. Community forestry in Nepal is cited to be one of the best models in the world in terms of decentralization for forest resources conservation and potential for poverty reductions. Nepal is advancing towards creating conducive policy environment as well as promoting and up-scaling best practices in the process of community forestry including Non-timber Forest Products (NTFPs) management. Till date, considerable progress has been realized in this area with the involvement of a variety of stakeholders including government, non-government and private sectors. Nationwide there is 1,094,106 hectares of forestland under community management by 13,397 forest user groups representing 1,509,023 member households (DoF 2004), about a third of Nepal's total households.

However, evolution of community forestry is not a smooth process. For example, as the forest resource become valuable or the production from forest resource in question increases, tension between the state, local political bodies, and local forest user groups crop up regarding the sharing of benefits that accrue from these valuable resources. Similarly, other important dimension is related to how the rules and regulation relating to resource management and utilization are interpreted and acted upon by various factors, actors, and interest groups. So is also the question in terms of mainstreaming the grassroots perspectives and research experiences in policy analysis and synthesis, and reflecting the impacts of the policy decisions in resources conservation and livelihoods. Conversely, research is very limited on the evolution of policy as such in Nepal, and the policy issues have not been analyzed and synthesized from different perspectives in relation to community forestry and NTFPs.

Therefore, a pilot research project was initiated to reflect back, analyze, synthesize and document the experiential learning of different actors and stakeholders in the evolution of community forestry and NTFP oriented policy formulation at local to national levels in Nepal. More specifically the study was focused to:

- reflect back, assess and share the methods and processes of formulating policies in the areas of community forestry and NTFP sub-sectors in Nepal;
- examine how research and grassroots experiences influenced the forest policy making and shaping process in Nepal;
- assess the effectiveness of the specific tools, experiences and insights in formulating forest policies targeting the gender and marginalized communities;
- develop national strategies for future policy reforms in forestry and related NRM sectors;
- recommend different policy influencing options for appropriate policy reforms in community forestry and NTFP sub-sectors; and
- disseminate the policy research outcomes to the key stakeholders.

Project design and implementation

Methodology

This study was designed in order to diagnose how community forestry and NTFPs research and development experiences including IDRC sponsored initiatives at grassroots in Nepal influenced and or contributed policy development process by looking closely into and making analysis of various cases. The study was therefore qualitative and exploratory in nature, and relied on the primary and secondary sources of information. The techniques inherent in participatory rural appraisal (PRA) such as interviews, multistakeholders workshops, field observations, and triangulation, review meetings, and review of relevant literature were employed. Moreover, the experiences gained and initiatives taken by ANSAB and other organizations in community forestry and NTFPs promotion were reviewed in terms of the whole research framework.

Using the following criteria five districts namely Darchula, Dolpa, Baglung, Dolakha, and Ilam were selected taking one from each Development Region for data collection and understanding grassroots perspectives:

- Advancement in community forestry (CF) and NTFPs harvesting
- Presence of local policy issue of national interest
- Multistakeholders interaction and wider variation among them
- One district from each development region
- ANSAB's past initiatives and experiences
- Security situation

Federation of community forestry users, Nepal (FECOFUN) district chapters, Himali Jadibuti Sarokar Samuha (HJSS) district branches, District Forest Office (DFO) staff, local NTFPs traders, community based forest enterprises (CBFEs) personnel, community forest user groups (CFUGs) members and other relevant stakeholders were involved at the district and grassroots levels consultation. Moreover, emphasis was given to involve most vulnerable members of the communities including the economically poor, *dalit*, and women and otherwise marginalized sections in the research and consultation process to ensure the understanding of their perspectives in the study. The district and grassroots levels consultations formed a fundamental basis for the development of policy cases.

A national level workshop was organized comprising of high ranking officials from line agencies of His Majesty's Government (HMG) Nepal, centre FECOFUN, Nepal NTFPs Network (NNN) members and other pertinent stakeholders, in which the research framework was shared among the national level participants, and 5 papers were presented at the workshop from policy champions and experts including Dr. Madhav B. Karki (IDRC). Besides, the research process employed various forums organized by other organizations, and NNN meetings in exploring and validating research information.

Analytical framework

The study was an explorative/investigative one but through the approach of case study analysis. Therefore, the study started selecting few but important policy issues/decisions

of national interest in relation to community forestry and NTFPs (**Figure 1**). Each policy issue/decision was a departure point as a case for the research so as to reflect back, assess and share the methods and processes of formulating the policy, examine how research and grassroots experiences influenced the policy making and shaping process, and assess the effectiveness of the specific tools, experiences and insights in formulating the policy targeting the gender and marginalized communities. Moreover, in each case, the acceptability and enforceability of the policy decision was also analyzed in the framework of multistakeholders perspectives. The policy outcome was analyzed through multistakeholders process and perspectives in view of conservation of the biological resources, production and productivity of the resources, and equity impact due to each decision/issue.



Figure 1: Case study approach of the research

The core of the analytical framework of the research was to objectively synthesize the experiential learning of different actors and stakeholders in relation to the policy issue as indicated below (**Figure 2**).

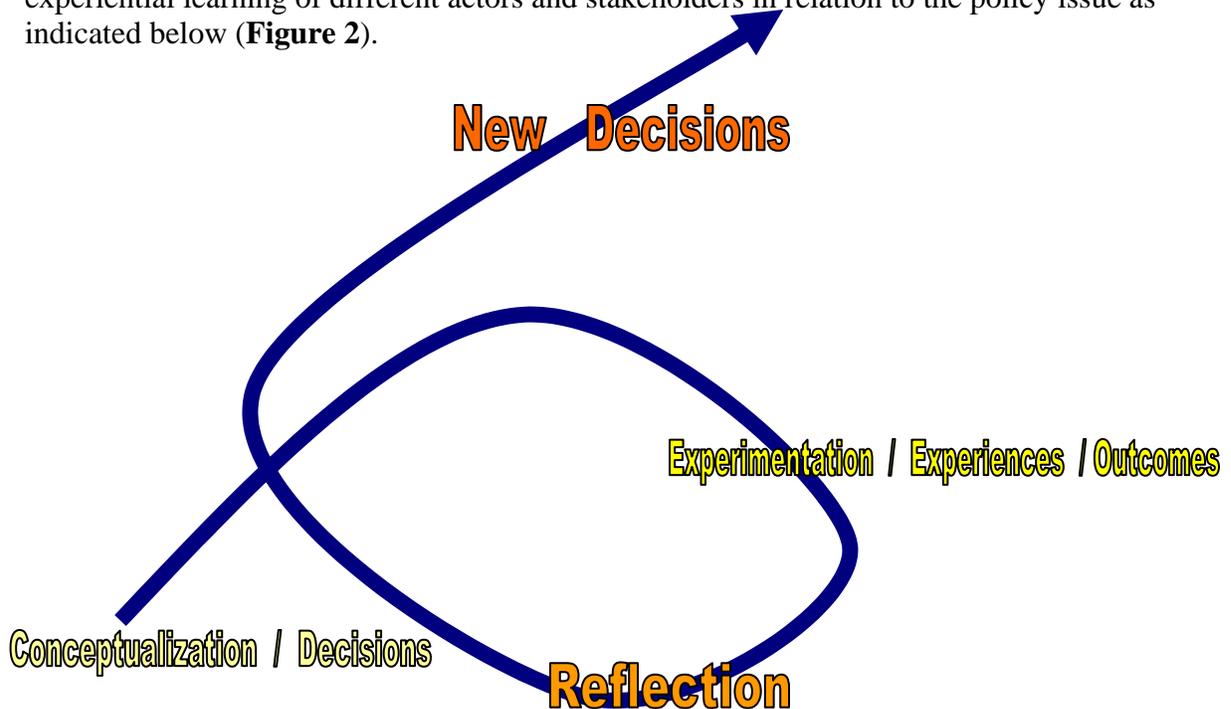


Figure 2: Participatory action research framework adopted in the study

Based on the above mentioned methodological framework, a detail action plan was designed at the beginning of research process with the inputs from relevant stakeholders, which became a guide for activities implementation.

Fulfillment of objectives

The study was completed with all the planned activities achieving the main objective of reflecting back, analyzing, synthesizing, and documenting the experiential learning of different actors and stakeholders in the evolution of community forestry and NTFP oriented policy formulation at local to national levels analyzing 5 cases in Nepal.

A national level workshop was organized in order to document the experiential learning of national level actors and stakeholders in the evolution of community forestry and NTFP oriented policy formulation in Nepal. The detail of the workshop program, participants and synthesis of the workshop is included in Workshop Proceedings as **Annex 1**. The highlight of the workshop is given in **Box 1**.

Box 1: Highlights of the National Policy Research Workshop

ANSAB organized a national workshop Community Forestry and NTFP Policy Research on July 28-30, 2004 in Kathmandu congregating high level representatives from government (DPR, DoF, and MFSC); donors (IDRC, NARMSAP); grassroots community, private sector organizations, FECOFUN, HJSS and relevant NGOs and INGOs.

The objective of the workshop was to reflect and share experiential learning of the key stakeholders using the framework of participatory action research on policy formulation process of the decisions made in the past digging into the processes, bases, participation, experiences and outcomes. To come up with the objectives there were efforts made on how different processes followed in the past have helped in formulating policy. And then, the workshop tried to get to the strategies to further go on participatory action research.

The first day of the workshop initiated with an introduction of research agenda that Dr. Bishma P. Subedi offered along with a presentation on overview of policy research rationale, framework and methodology. Dr. Subedi articulated that in the research process we will with a selected policy decision find and assess the factors influencing upon the decision, the basis of it; tools, environment, how it was implemented; and what are the outcomes. Dr. Udaya Raj Sharma, Dr. Keshav Kanel, Mr. Bhola Bhattarai, Mr. Lal Kumar KC and other participants also addressed the workshop along with their expectations and suggestions in the session.

After the introductory session, Dr. Madhav Karki, Dr. Udaya Raj Sharma, Dr. Keshav Kanel and Dr. Mohan Wagle made presentations amassing the policy process related issues. Then in the group work session, the participants individually identified current policy issues, mutually prioritized them and selected issues for further analysis. Participants were divided into three groups and the groups made presentations on royalty, taxation, ban, restriction and lifting, inventory and institutional structure.

The major recommendations made in the meeting were implementation of policy issues that would address conservation and livelihood together and their balance in

implementation influencing the politicians to make effective policy decisions and avoidance of policy implementation without consultation.

The attempt of policy research itself was a new step in the community forestry and NTFP sub-sector. Participants from high level government body, donor organizations, FECOFUN, HJSS, NGOs, INGOs and relevant stakeholders appreciated the initiative with an expectation that the research outcome would help the government to make new or refine policy decisions, and improve the implementation. The another productive substance is that some representatives on behalf of their organizations gave hands to completely support working towards the policy research model while others appreciated and encouraged to step on further strides. The positive responses from the government bodies and happiness towards it from the grassroots representative were encouraging to the research team.

The workshop went fruitful drawing out clear ways and making findings of some cases of policy decisions made in the past. Initiative in the policy research work and wise discussion among grassroots to the national level participants in the workshop were appreciated by all the participants.

In order to document experiential learning of the key stakeholders especially of the government sectors, 4 policy champions within the Ministry of Forests and Soil Conservation (MFSC) were identified. They were requested to prepare the paper in the suggested thematic areas as follows:

- a) Dr. Keshav R. Kanel (Chief, Community Forest Division, Department of Forests): Decentralized forest management in Nepal: Synergy of economic development, governance and local capacity building
- b) Dr. Udaya R. Sharma (Director General, Department of Plant Resources): Complementarities and contradictions between conservations and livelihoods
- c) Dr. Mohan Wagle (Chief, Planning Division, Ministry of Forests and Soil Conservation): Integrated watershed approach and policy outcomes in relation to community forestry and NTFPs management in Nepal
- d) Dr. Damodar Parajuli (Chief, Foreign Aid Coordination Division, Ministry of Forests and Soil Conservation): Role of research and information dissemination in policy analysis and formulation in Nepal.

These papers are included in the workshop proceedings as **Annex 1**.

Moreover, through interactions at NNN meeting, grassroots and district level consultations and field observations, and incorporating feedback and learning from the above national level research workshop, 5 cases were developed in the framework as discussed in the project design and implementation section. These cases are mentioned hereafter. All the stakeholders consulted during the research process were given in **Annex 2**.

Case 1: Livelihood improvement through enterprise oriented community forest management in Darchula district

Darchula, situated in the far western region of Nepal, is an isolated, remote, mountain district. A vicious circle of economic poverty resulting from limited agricultural land, illiteracy, and remoteness are the major problems of the district. Therefore, wage labor in India is a single source of livelihood for majority of the community people. Forest and pastures ecosystems harboring diverse range of high value NTFPs is an alternative resource for livelihood. Local community has apathy towards sustainable resource management due to inadequate information about the value of NTFPs, trade and enterprises opportunities and government control of major forest areas. It is therefore paramount to initiate programs focusing on sustainable resource management, ensuring community tenure over resources and systematic plan for local resources based enterprises development.

The concept of enterprise development through sustainable resources management was relatively new to Darchula. Unlike traditional community forestry approach meant for the fulfillment of subsistence needs of local communities, this new approach involved a participatory process that required strong technical assistance and encompasses sub-sector analysis, threats analysis, strategies development and planning, action research, implementation and reviews. Expanding the property rights of local communities over resources and empowering them with knowledge, information, technologies, and required skills for forest management and institution building were basic building blocks for the enterprise oriented community forestry. Gender and equity concerns were addressed from the beginning of the process of the community forestry through out implementation so that the poor, women, and marginalized would receive fair benefits from the initiatives. It had not only become a strategic tool for conservation, but also positioned as a new avenue for poverty reduction of the mountainous communities in Nepal.

According to the stakeholders consulted at the district, this strategic shift towards enterprise oriented CFUG, started with ANSAB's interventions in the district in the form of conservation of medicinal and aromatic plants for sustainable livelihood in Asia (CMAPSL) project (2001-2004) funded by IDRC. The main goal of the project was to conserve valuable natural resources and implementation of enterprise development activities through participatory resource management and building capacity of local community and institutions. Given the prevalent subsistence driven forestry, in the beginning key stakeholders such as DFO showed reluctance towards implementation of the enterprise oriented CFUG program in the district. The objective of the project was extensively debated in the project management committee meetings, comprising of district level stakeholders for project management at district level. Monthly coordination meetings organized by the DDC also became instrumental in building consensus on enterprise-oriented CFUG approach. In these meetings, ANSAB staff actively apprised district stakeholders about the approach and methodology, best practices and cases of enterprise-oriented models (such as Malika Handmade Paper Ltd in Bajhang), and progress made in Darchula. Similarly, close coordination with DFO in every aspect of the program planning and implementation was established. This created momentum for

incorporating NTFPs in Operational Plan (OP), and handover of large areas to the community for collective enterprise development.

In the implementation part, partnership with Federation of Community Forest Users, Nepal (FECOFUN) played a crucial role in creating awareness about the sustainable resource management and the importance of NTFPs based enterprise in the district. The project selected 6 CFUGs for the pilot initiative. As reflected by the community forest user group members, participatory resource inventory of the forest including important NTFPs was undertaken, and OP revision completed. During the process, NTFPs based enterprise options were identified. According to them, the communities received extensive backstopping on participatory resource management, sustainable use of resources, pre-and post-harvesting, entrepreneurship development and different aspects of enterprise planning and implementation. After identifying potential enterprise options, a detailed sub-sector analysis for enterprise development was completed. The analysis identified pangar (*Aesculus indica*) based soap making, lokta handmade paper and timur packaging as potential options for enterprises development. Communities were also encouraged to start nurseries and demonstration plots of high value NTFPs, that have enterprise potentials. Capacity building of FECOUN district chapter and CFUGs remained a cross cutting agenda throughout the program implementation.

Enterprise oriented CFUGs approach has given communities economic incentives for the conservation of their natural resources because they are better equipped with necessary skills for resource management, enterprise development and the marketing information. With such facilitation and technical assistance in their locality, they became interested to get tenure of larger areas of forest and be assured of regular income from the sustainable collection of NTFPs resulting in enhanced conservation and trade of NTFPs harvested from their respective community forests with increased priority to poor and disadvantaged members. Dumling CFUG's success shows how NTFPs/MAPs dependent poor and disadvantaged people were benefited from enterprise oriented approach.

Almost all poor and disadvantages members of the Dumling CFUG had not been benefited from the CFUG activities because of the lack of adequate financial resources to cover the cost of daily foods during the period of MAPs/ NTFPs collection and trading. With capitalization fund from ANSAB and voluntary monthly saving (monthly savings of Rs 10/month/household) a revolving fund has been created to provide loan for the poor and disadvantages to engage in NTFPs/MAPs collection and trade. Besides, ANSAB also encouraged the poor people to build on their entrepreneurship skill through training. 15 poor and disadvantaged people, as identified by the community members themselves, received loan of NRs.22,600 to carry out NTFPs/MAPs based income generating activities. By the end of the year, the income from the NTFPs/MAPs was ploughed back to animal husbandry (goat farming, poultry farming etc) and house construction, which was worth NRs 95,000 in 2001. Similarly, their dependency on NTFPs traders decreased and interest on NTFPs/MAPs conservation increased.

As opined by the FECOFUN district members, the approach has a very positive impact on resource conservation as well. Communities have given importance to the conservation of many high value species such as chiraito (*Swertia chirayita*), satuwa (*Paris polyphylla*), kutki (*Neopicrorhiza scrophularii Pennell*), okhar (*Juglans regia*), timur (*Zanthoxylum armatum DC*), sugandhaval (*Valeriana jatamansi Jones*), pakhan bhed (*Bergenia ciliata*), rittha (*Sapindus mukorossi*), yarshagumba (*Cordyceps sinensis*), morel mushroom (*Morchella conica*) and lokta (*Daphne spp*). Following case shows how incentive based biodiversity conservation approach promotes biodiversity conservation together with livelihoods improvement.

Before CMAPSL interventions, because of its thorny structure, timur was one of the unpopular species among the community forest users of Rapla VDC, which used to be cut down and thrown away. Except for some local use, users were unaware of the commercial benefits of the species. After getting marketing information about the species, the attitude of CFUG members towards timur changed dramatically. CFUGs started to conserve timur plants in both private and CF areas, and some others have established timur demonstration plot. Similarly, Dumling, Goraknath and Numjung CFUGs gave emphasis on in-situ conservation of the species in their community forests. Numjung CFUG grew timur seedlings in their NTFPs research nursery and planted about 300 seedlings in community forest and private land.

Within a year, the CFUGs have begun to receive economic benefits from timur. The three CFUGs established a timur network for trading purpose. In year 2004, for example, Dumling CFUG collected over 112 kg of timur from its own community forest. The CFUG paid collectors NRs. 50 per kg. The CFUG after primary cleaning and drying made a package of 100 gram of the collected amount. The cost of 100 gram timur after packaging has reached NRs. 20. The CFUG has placed a top priority to poor, women and underprivileged caste and ethnic people for timur collection, processing and packaging. 13 CFUG members were involved in timur collection, grading and packaging in the year. Timur was sold at district headquarters as well as to Indian markets. CFUG earned NRs. 10,000 net profit from timur trade. In this way, poor families got direct economic benefits from the timur trading enterprise and timur has become a source of economic benefits for the underprivileged groups and the CFUGs themselves. The economic benefits due to timur trading encouraged the community members to conserve the species as well as the community forests where it grows.

The case shows that stakeholders have started realizing the importance of enterprise oriented approach for sustainable resource management and poverty reduction. Institutions such as DDC, FECOFUN have internalized the approach signifying the strategic shift from subsistence based CFUGs. On the part of DFO, there are still hesitations to move towards enterprise oriented approach partly due to inadequate technical skills in the areas of NTFPs management and ambiguous policies. This might lead to inconsistency in forest area handover and restrictive approach in the use of NTFPs for enterprise development. Therefore, changes in relevant forestry policy to include

provisions and guidelines for handing over large areas necessary for enterprise oriented CFUGs are desirable.

A key lesson is that empowered local communities are more likely to sustainably manage their resources, take stewardship of large forest areas and engage in enterprise activities. Thus paving way to replicate of the success of enterprise oriented CFUGs across the country is crucial. In the implementation part, close coordination with key stakeholders such as DFO, FECOFUN and CFUGs in every aspect of program planning and implementation is desirable. Capacity building of CFUGs for participatory resource management, enterprise planning and development and accessing marketing information would comprise the core of program activities. Planning for income generating activities for poor, women and disadvantaged groups should be clearly worked out in the program design. Economic incentives to these groups help increase their participation in resource conservation and reduce their vulnerability.

Case 2: Bhapktpur Craft Printers (BCP) and community forestry handover in Baglung district

In Nepal, the handmade paper is in use from time immemorial. It is made from the lokta (*Daphne spp*), a shrub of Thymelaeaceae family found in the hills of Nepal. The inner bark (bast) is used for Nepali handmade paper making. Lokta handmade paper is widely used for preparing legal documents in courts and land revenue offices. In recent years, different types of gift and stationary items made from the lokta paper have carved a niche in international markets.

In Nepal, handmade paper making is one of the potential livelihood options for people living in the hills. Majority of people involved in this profession are poor, women and disadvantaged groups. Since the collection and paper making is a seasonal activity, the poor have the opportunity to earn cash in their idle time. In this context, Bhapktpur Craft Printers (BCP) was established with the support of UNICEF/Nepal. According to BCP, its model envisages sustainable resources management, fair price to the local collectors, local value addition, international marketing, and investing the profit for community development. The company has a mission of community development through greeting cards. In order to ensure smooth supply of raw materials for paper making, HMG has provided an exclusive right to BCP for lokta collection in the district since 1976/77. Its agreement is renewed in every eight year based on the resource management plan. Lokta collection is done by farmers affiliated with Small Farmers Development Project (SFDP), who are entitled to receive working capital for lokta collection through ADB/N. According to the BCP resource plan, lokta harvesting is done in 8 years rotational basis. The harvesting rotates from one block or VDC to another each year, receiving second collection permit at 8 years interval. DFO issues permit to farmers affiliated to SFDP. Lokta collected from different parts of the district used to be processed at Taman. At present, BCP is implementing its 4th phase plan (2001-2008). This case tries to analyze the role and impact of BCP on economic incentives for farmers for sustainable management of lokta in terms of community forestry handover and inclusion of lokta in community forest operational plan.

Despite an extensive supply chain management system, credit facilities and community welfare activities, BCP operations in Baglung faced problems related to policy ambiguity (handing over large lokta area to the communities). In terms of resources conservation, BCP argued that it has adopted a highly scientific rotational system that takes care of sustainable resource management. They claimed that in some clusters they have harvested lokta for 3rd time in the gap of 8 years. Similarly, its lokta collection as percentage of the stock, as outlined in the resource management plan, is only 60%. As reflected by community members, they have no idea of the resource management plans as such, and BCP authorizes collection from specific cluster for single harvesting season. Detailed studies conducted in Parbat about BCP's operation shows negative impact on resources conservation as communities have disincentives in resources management because of BCP monopoly. In terms of equity, communities are paid less than the prevalent market price and the paper demanded by BCP is odd in size that cannot be sold in the market. BCP argues that the gap is offset by investing certain portion of profit in community welfare activities. In recent years, the community development activities have been stopped because of the deteriorating law and order situations in the area.

The BCP case shows that contractor holding exclusive right has faced problems to implement the contract if community asserts tenure over their resources because of the importance of the resource in their livelihood. This situation puts question over implementing contractors exclusive right and hence creates conflict of interest between contractor and the community. For example, Bhungadovan, one of the 24 major lokta production areas in the district, declined to collect lokta for BCP. From the very beginning of BCP interventions, the community wanted to collect and process lokta available in their forest on their own because it is one of the lucrative options in the area. Even today, lokta paper making is one of the top businessmen propositions for the community trailing behind foreign employment. For many years communities wanted BCP to set up a processing plant in their area as it would generate employment opportunities. But the demand never materialized and communities declined to supply lokta to BCP.

From 2000/01, district level stakeholders started to acknowledge the role of lokta in livelihood of Bhungadovan area. LFP/Baglung and ANSAB came forward in implementing enterprise oriented biodiversity conservation in Baglung. LFP has given a priority to sustainable utilization of NTFPs including lokta for income generating activities. As BCP has scaled down its sourcing, CFUGs with facilitation from different organizations have started to include lokta in their OP. CFUGs have faced reluctance of DFO in handing over large forest areas to the community, citing an exclusive right of BCP. As two following cases show that the role of BCP in this delay was not explicit as to draw any conclusion that it obstructed handover process. BCP also argues that national forest with lower lokta strata and small area in middle lokta strata was handed over to the community. Still, the high lokta strata are under government control. BCP gets its major supply from medium and high strata; therefore they reason no collusion of interest was appeared between CFUGs and BCP.

ANSAB and LFP facilitated the formulation of Bhungakani CFUG in 2001/02. The proposed CFUG covered an area of 1400 ha. A detailed participatory resource assessment was undertaken and forest OP was developed, with a detailed lokta management plan for paper making. The DFO, however, declined to approve the plan and entertain any request from the community in this regards. The reason given by the DFO was the large size of CFUG, as it went against the prevalent practice of handing over small patch to the community for subsistence. The CFUGs lobbied extensively with DFO but could not yield any results. They approached the DDC and other district level stakeholders to convince DFO to approve OP. Only after the issue was raised on DDC meeting, the DFO showed flexibility to negotiate with the community. However, the forest area was scaled down to 700 ha from the proposed 1400 ha. The approval process took more than 5 months after the OP was submitted.

From 2003 CFUGs in Lekhani area have started lokta paper making enterprises with the support of Himalayan Light Foundations. They collect lokta from Lekhani and Kadera CFUGs. At the beginning, DFO refused to accept the OP because of extensive provision regarding lokta in OP. After extensive lobby by the community and LFP, OP was approved. As per the OP, CFUGs levied NRs. 2 per Kg as royalty on the lokta supplied to the enterprise. The enterprise is facing shortage of lokta despite the burgeoning market demand. They have not been able to increase the size of their forest due to resistance from the DFO.

A key lesson from the case is that community tends to resist all form of control over their resources by outsiders. It is also noted that exclusive agreement fails to provide fair share of profit to local communities as exclusive right holders employ different tactics. This might lead to fewer incentives for local communities in conserving their resources. Moreover attitude of DFO office seems to play vital role in the development of enterprise oriented CFs than the rights of exclusive contractor. DFO very often citing the right of exclusive contractor tries to linger in handing over large forest areas to the communities. However, this hesitations and delay have become less frequent as major stakeholders such as CFUGs and donors agencies become more assertive.

Case 3: Ban, high royalty, and conservation; a case of yarshagumba (Dolpa)

Yarshagumba (*Cordyceps sinensis*) is a rare and unique product (half-caterpillar-half-mushroom) that grows in meadows between 3200 to 4500 meters above sea level in the Himalayan region of Nepal. Yarshagumba literally means summer plant (Yarsa) and winter insect (Gumbu) in Tibetan language. It is also known as Kiraghans (grass insect), Jeebanbuti or yarchagumba and a Himalayan Herbal Viagra. Yarshagumba is very popular for its uses for multipurpose, and contributes to the mountain people for their livelihood. Majority of the rural poor and marginalized people from High Mountain of Mid and Far Western Development Region depend on these herbs for partial incomes and health care. It generates seasonal employment and hence improving economic condition of the mountainous rural communities.

For the last couple of years, the trade of yarshagumba is increasing and it has been regarded as an expensive life saving tonic and aphrodisiac (sex stimulant). According to Nepalese herbalists and herbal healers, yarshagumba is an effective treatment for impotence in men and lack of sex drive in women and has been used extensively as a traditional medicine in China and other countries in East Asia. It is also believed that this unique herb is used for the treatment of headache, toothache and cardiac diseases. Traditionally, this species is helpful for curing liver dysfunctions, kidney disorders, pulmonary diseases, immune imbalance, fatigue, weakness and many more other diseases including cancer. It has a potential for preparing anti-impotence drug which is highly demanded around the world that could bring millions of dollars of revenue into the Himalayan kingdom of Nepal.

Yarshagumba is a renewable bio-resource that has high value in terms of the economic and medicinal uses. But, this precious and invaluable unique species is threatened due to irrational policies and poverty leading to habitat destruction and unmanaged harvesting. The Department of Forests, under the Ministry of Forests and Soil Conservation, is the legal authority that oversees the harvesting of naturally occurring medicinal and aromatic plants. Its activities and responsibilities include the collection of royalties on harvested items and regular monitoring of the indigenous flora. Illegal collection/harvesting or export of timber or non-timber forest products is punishable according to existing laws. As a result of indiscriminate collection for swift monetary gains, such valuable species of yarshagumba is facing the threat of extinction.

The main legislation to protect medicinal plants including yarshagumba in Nepal is the Forest Act 1993 and forest regulations 1995. The notification published under the Forest Act 1993 regulates the protection and trade activities of certain medicinal plants. All the medicinal plants including yarshagumba fall under the definition as “forest products” in the Forest Act 1993. The District Forest Officer may grant license as prescribed for the collection, utilization, removal or state and distribution, export or transportation of the forest products.

It has been over a decade or two that the community people of Nepal recognized the commercial importance of such high value product, yarshagumba. Since then, yarshagumba used to be sold in the high prices, community people of the mountainous districts like Darchula, Dolpa, Jumla, Humla and others started voluminous harvesting of yarshagumba. While the much collection mounted up, the government imposed many series of provisions for ban and restrictions over the decade (see Table 1).

Table 1: Time frame and government policy decisions in relation to yarshagumba

Time	Decisions
Before 1980s	No specific policy recognition and legal provision of taxes and royalties for collecting and trading yarshagumba in Nepal
1986	The royalty rate of yarshagumba was fixed at NRs. 180 per kg (through amending Forest Products Sales and Distribution Rules and Regulations 1971)
Between 1990-1993	Penalty NRs. 500 per piece imposed for illegal collection and trade
1993	The royalty rate of yarshagumba was revised and fixed at NRs. 500 per piece (through provision of Forest Act 1993)
1996	Complete banned for collection, transportation and trade
2001	Ban lifted for collection; ban on export without processing only; royalty remain NRs. 500 per piece; after a few months royalty revised and fixed at NRs. 20,000 per kg, and processing defined as steaming
2004	Requirement of processing (steaming) for export released

Before 1980s, there was no more specific policy recognition and legal provision of taxes and royalties for collecting and/or trading yarshagumba in Nepal. Anyone could collect, transport, use and sale. Traditionally, local people residing near by Tibetan borders collect the product for their local use and bartering goods from Tibetan traders. Realizing potential commercial value of yarshagumba, His Majesty's Government of Nepal has, first time, introduced a provision of royalty for collection and sale through amendment of Forest Products Sales and Distribution Rules and Regulations 1971 in 1986. The royalty rate of the yarshagumba was fixed at Rs.180 per kg, which was the highest among all the medicinal and aromatic plants.

The royalty was fixed intending to collect more revenue as well as executing a control mechanism. However, the objective was made without any prior research, consultations with stakeholders, and reasoning. The implication of this policy provision remained ineffective and no more revenue was collected as expected even though the people continued collecting and trading of yarshagumba as before or even higher quantity. As reflected by local communities and district level stakeholders in Dolpa, the provision promoted illegal collection and trade of yarshagumba. Some negligible efforts were made to avert such policy provision but remained futile.

On the other hand, as the increasing rumor for its multipurpose use as medicinal tonic and aphrodisiac, the demand of yarshagumba in international markets (especially in China) was on rise. As stated by local forestry officials, collection of yarshagumba was accelerated and people have been involved for the collection without considering any scientific harvesting measure. Then again, there have been no such effective technical input and monitoring mechanism for the sustainable harvesting of this product from the concerned authorities. This was a question for sustainability as indicated by local forestry staff at Dolpa.

Local people believe that a small group of people and some conservationists raised the issue of sustainability of yarshagumba collection to the His Majesty's late King Birendra during his Surkhet visit in 1989/90 and demanded to enforce high penalties for illegal collectors. According to the royal directives, the ministry of forest and soil conservation fixed NRs. 500 per piece as a penalty for illegal collection and trading. Later, under the provision of Forest Act 1993, royalty of yarshagumba was drastically raised at Rs 500 per piece from NRs.180 per Kg (2,800-3,300 pieces per Kg) in forest regulation 1995 with an ad-hoc decision. There is no any specific reason other than a basis of the royal directives for strict controlling measure against the over exploitation of yarshagumba. It is said that a single piece of yarshagumba cost around NRs 30 to 35 in the local market whereas the royalty tax for the same stand for NRs. 500 per piece. This decision of royalty again did not work as desired by the Government. Much to the chagrin, the illegal trade and collection continued unabated that a large amount of yarshagumba was illegally exported to China or Tibet and India and no significant revenue was realized. As reflected by the MFSC officials, HMG of Nepal realized that yarshagumba become threatened species with over exploitation and must be taken immediate protective measures for sustainable use of the species.

The Constitution of the Kingdom of Nepal 1991 formally recognized the need to preserve the environment and to use natural resources wisely. Through interpretation of this constitutional provision, the earlier provision of yarshagumba collection was turned to complete ban by the government decision in 1996. With this decision, there was no any provision for collection, and national and international trades of the product. This decision was again made without consulting other stakeholders except some senior MFSC officials. Contrary to their expectations, this decision further led to boost illegal collection and smuggling. The ban on yarshagumba has been a double loss for both parties: the government was losing revenue; and local poor people were losing opportunity for earning cash income. As reflected in the stakeholders' perspectives, the government's ineffective tax policy, enforcement mechanism and capacity were responsible factor for such unchecked smuggling of yarshagumba.

There was no sufficient basis and research/study to make such decision for banning this product and it was not found effective in real sense of conservation. Some NGOs, INGOs and relevant stakeholders expressed concern towards this decision of the government and suggested to lift its ban. Suggestions by experts who said if yarshagumba is not collected after it sprouts, it decays and goes to waste. They also suggested that a managed collection does not effect its propagation. Yarshagumba is collected during the spring and early summer when the snow melts and fungus sprouts out. Thousands of people are involved for yarshagumba harvesting or collection for short period. Unlike the experts' view, as reflected by government forestry staff, trampling around in the alpine meadows every season by the ever increasing number of collectors must have significant effect on habitat and annual yields, since the germination period of yarshagumba coincides with the collection period. Moreover, not leaving a significant percentage of yarshagumba undisturbed as "mother plants" for regeneration may likely threaten its sustainability. However, according to local communities, it was noted that reproduction of the product is affected more by weather conditions than by the level of collection.

Following its popularity for livelihood for poor people living in remote areas and unfair decision of the government, strong voices were raised from the relevant NGOs and INGOs like ANSAB, networks such as FECOFUN and NNN, collectors and other concerned bodies. While ANSAB was organizing a workshop in 2001 to discuss NTFPs promotion opportunities and constraints in Nepal, a new policy advocacy forum named Himali Jadibuti Sarokar Samuha (HJSS) was evolved at the workshop, which strongly put forward its concern to the government with regard to lifting ban on yarshagumba. Participants of ANSAB annual progress review and planning workshop in Nepaljung each year raised concerned and put pressure in writing to address the yarshagumba issue. After a series of recommendations and such pressures, the government lifted the ban for collection with conditions in 2001. According to the new decision, only the processed product was allowed to export with prior permission from Department of Forests, but the royalty remained NRs. 500 per piece. After few months time, the royalty rate was again changed to NRs. 20,000 (US\$ 280) per kg (2.2lbs). However, the processing technology was not known, and the royalty was too high. This decision was again proven to be impractical, and it was neither able to gather significant revenue nor to check collection and trade. The official record has shown that the amount of NRs. 89,000 for 4.5 kg of yarshagumba was collected during fiscal year 2003/04. However, several quintals of yarshagumba were being exported illegally to Tibet/China and some in India.

Again, various organizations and networks such as ANSAB, HJSS, FECOFUN and NNN put much pressure to the government to reduce royalty and to withdraw processing requirement for its export. In 2004, the restriction for requirement of processing of the product was released, but the royalty rate of NRs. 20,000 per kg was still imposed. The official record has shown that the amount of NRs. 1,372,000 for 76.05 kg of yarshagumba was collected during fiscal year 2004/05 after the lifting of export restriction. Still, the large amount continued to be exported illegally. After this decision also, there has been a continuous pressure and recommendations made to the government from above organizations and networks to curtail the royalty rate to around NRs. 5000 per kg so as to keep down illegal trade and to promote conservation of yarshagumba and local livelihoods of the mountainous communities. It was also reported from concerned DFOs in the mountainous districts that people are not prepared to go through the legal deal on the business due to too high royalty rate. DFOs said nobody approached them to obtain a license for yarshagumba collection, although the ban on its collection and sales was lifted. Thus, one of the main reasons for insignificant revenue collection from yarshagumba as reflected by the forestry officers was also due to the high rate of royalty on its trade.

From the above analysis, a key lesson is that only ban and increasing the royalty rate does not help conserve the valuable resources like yarshagumba. The government has imposed different policy provisions for royalty, tax, ban and restrictions without any prior consultations, research and studies. The communities during over a decade of tradition did not seem to practice the legal provision decided by the government. Imposition of high tax in one hand promoted the illegal trade of yarshagumba and, on the other hand led to low incentive to the collectors and more economic benefit to the outside traders. The provision has neither helped community people to increase economic incentives nor

the government to collect revenue. The government should conduct research and incorporate the result along with the perspectives of multiple stakeholders before making the decision that creates direct implication to the poor community people's livelihood.

Case 4: Community forestry and income generation opportunities for the communities in Ilam district

Ilam district is one of the largest producers of high value cash crops (Cardamom, Ginger, Broom Grass, Dairy products, Chilies), popularly known as "5 Aha" in Nepali. The community forestry handover in Ilam started from 1992/93. The Forest Act 1993 provided impetus for handing over forest areas to the community. However, the real progress in community forest handover started only in 1995/96. Ilam DFO observed that CFUGs formulated from 1995 to 2002, focused primarily on fulfilling daily needs of fodder, forage, fuel wood and timber. During the period DFO and donors agencies focused mainly on forest handover process, especially helping CFUGs undertake resource inventory, social mobilization, drafting of operational plan, and constitution. Similarly, establishment of FECOFUN and extensive lobbying by concerned stakeholders helped accelerate CF handover process. As a result, by the end of 2004/05, 80,926 ha (53.8%) of the total forest area has been handed over to the CFUGs comprising 27,423 households.

CF handover activities from 1995 to 2002 brought about many positive results. The conservation activities implemented by CFs had helped check de-forestation, overgrazing and forest fire. The involvement of community in these activities was overwhelming and their basic needs were fulfilled to a large extent. Besides conservation activities, they were actively engaged in rural infrastructure such as drinking water, roads and small loan programs for income generating activities. Investment was made from CF's earnings through collective decision.

As a result, in the district level, a consensual understanding emerged among different stakeholders (such as DFO staff, projects, FECOFUN, and CFUGs members) that community forestry should be better utilized for income generating activities while promoting conservation. Similarly, the national level policies such as forestry sector master plan and 10th five years plan internalized the learning from the grassroots level and emphasized on income generating activities in the CFs. As per the norm and spirit of these plans, the CFUG is entitled to initiate different income generating activities for poverty reduction for its members. This has led to innovation in approaches and model development for income generating activities within the framework of community forestry.

Different activities undertaken by different actors triggered the paradigm shift towards income generating activities in the district. The exposure visits, trainings and technical backstopping conducted by different stakeholders, especially DFO, NARMSAP, FECOFUN and ANSAB have provided impetus for best utilizations of forest resources for income generating activities. Ms. Tika Ghimire, former FECOFUN district president, opined that they benefited from the learning from "best practices" across the country through exposure visits, trainings etc. FECOFUN is also attributed by stakeholders as an important factor in this regard which has been striving towards incorporating provisions

of income generating activities in operational plan (OP). In addition, a deep rooted commercial farming culture among people of Ilam also played a pivotal role to efficient use of forest resources for economic betterment.

It seems that the shift from traditional subsistence mode to enterprising mode has taken place due to following reasons:

- Disadvantaged members lack productive resources (land and capital) for livelihood options, which can be potentially bridged by the CF activities;
- Earnings from CFUGs can be effectively used to promote enterprising activities for the welfare of all community members, irrespective of their economic status, because of democratic decision making process in terms of community forests management; and
- In some cases, income generation activities in the CFUG started as a practical solution to stop encroachment of forest area especially by legitimate landless members. According to the forest users, this has proved to be a win-win situation: the community is in control of its forest area; additional fund is generated for CFUGs operations; and the encroachers (especially the landless) have the prospect of income generation activities without the threat of forceful eviction.

A number of CFUGs have started income generating activities for poverty reduction in the district. According to the DFO, all newly formulated /revised CFUGs have incorporated income generation activities in the CFUGs. Three CFUGs- Gumba Dada women CFUG, Kaharepuawjung CFUG and Odhare Bhaludhunga -are sampled for the study. Sampled CFUGs were formed during 1997 to 1999, and are within Ilam municipality. Income generating activities –small scale loan for animal husbandry- and welfare activities- such as preferential treatment to DAG members in the use of fodder, fuel wood, timber and scholarship to their children etc- are incorporated in their respective OPs from the inception. Odhare Bhaludhunga CFUG in Ilam provides an example of evolution from protection-oriented CFUG to an enterprise-oriented one within the span of 7 years.

Odhare Bhaludhunga CFUG organized in 1999 has an area of 15 ha with 76 members HHs. FECOFUN district chapter assisted in resource inventory and drafting OP. During the drafting period, FECOFUN suggested that income generating activities and preferential policies for disadvantaged member be included in the OP. The idea was put into discussion, and accepted by majority of members. A wealth ranking exercise identified 24 members as disadvantaged group (DAG) member. The income generating activities provisioned in OP included loan for small scale animal husbandry. The OP was approved by the DFO without any hassle.

In order to start the income generating activities, CFUG decided to start monthly voluntary saving schemes. This saving supplemented with CFUG's income became equity fund for income generating activities. In the beginning, very few DAG members took part in the loan program. By 2001/02 the program became

popular among members and the number of members applying for loan increased. In 2002/03, 17 members HHs were given a total loan of NRs. 25,500 for animal husbandry. The loan amount was NRs. 1500 per HHs. Goat and pig farming has been popular among them. The loan repayment period is one year, and the interest amount is NRs. 200. Encouraged with the good response from the members, in 2003/04 the CFUG increased the loan amount to NRs 31,500, and 21 members HHs availed the loan. As the repayment rate was as high as 99%, the CF was planning to enlarge the loan fund for more commercial husbandry activities to its members.

In 2003/04, the CFUG received a proposal from one of its members (medium level in wealth ranking) to start broom grass cultivation in some marginal land within the CF. The leasing of CF land for income generating activities was not included in its OP. The proposal was extensively debated in the CFUG meeting. The CFUG meeting decided to enter into four years lease agreement with the proponent. According to the agreement, the lessee would bear the expenses for the cost of saplings, labor and other costs. He would be entitled to get all the income from the cultivations.

Moreover, with this idea, CFUG members started thinking on other income generating activities of their other unused parts of CF land. They came up with collective cardamom farming on the land. To facilitate the process detailed plan was developed, and the OP was revised very recently. According to the revised OP, the CF can lease its unused land to its members with priority to DAGs or start collective farming. However, the small area of forest has impeded its plan to lease unused forest areas for 20 disadvantages member HHs. It is negotiating with DFOs for increasing the forest area.

A key learning from the case is that when stakeholders have realized the strategic role of CFUGs in poverty reduction, the transition from subsistence driven to enterprise oriented approach has been smooth. This paradigm shift has been triggered by CFUGs effective implementation of conservation, welfare activities and small scale exemplary income generating activities. Many CFUGs have started small scale loan program for animal husbandry, especially goat and pig farming for their DAGs members. With increasing demand of meat in the local market, the loan program for animal husbandry is set for quantum growth. As the loan program is based on fulfilling local demand, this has also ensured the viability of the program. Identification of DAG members was done in a participatory wealth ranking of member HHs. Some CFUGs have also started leasing unused CFUGs land for HVCs cultivation to their members, including DAGs, poor and women. In order to facilitate the process, CFUGs are in the process of OP revisions.

Case 5: Contracting versus conservation, a case of Taxus collection in Dolakha district

Taxus (Taxus baccata L. subsps. Wallichiana (Zucc.)Pilger), locally called lauthsalla, barmesalla, dhengre salla, silangi, thuner, is found in temperate and lower sub-alpine zones between 2100-3400 meters above sea level. Traditionally, Taxus leaves are

considered nutritious fodder for Yaks, and the timber is used for making wooden furniture. Before 1992/93, the collection and trade of Taxus was banned in Nepal. It was known as Talispatra. In recent years, Taxus leaves are increasingly harvested for extracting Taxol, an anti-cancer compound. In terms of Taxus, there were various decisions made by the government over a decade (see Table 2).

Table 2: Time frame and government policy decisions in relation to Taxus

Time	Decisions
Before 1992/93	Complete ban on collection, transportation and trade
1993/94	Collection permit given to Dabur Nepal for 25 districts including Dolakha; initial contract made at the rate of NRs. 0.75 per kg, and in due course of time changed to NRs. 25 per kg
1997 and 1998	Environment Protection Act 1997 and Regulation 1998 promulgated; Environment Impact Assessment (EIA) for large scale harvest of natural resources became mandatory
1998/99	Dolakha District Development Committee (DDC) increased its service charge from NRs. 1/kg to NRs. 15/kg on Taxus trade
1999	Contract to collect Taxus renewed for Dabur Nepal for 5 years

Because of its high medicinal value, traders have been trying to get permission for the collection and trade of Taxus in Nepal. In 1993/94, HMG/Nepal with its decision granted Taxus leaves collection permit to Dabur Nepal, HPPCL and Machhapuchre Herbal for five years from different districts of Nepal. It was banned for export without processing. Dabur Nepal was eligible for Taxus collection from 25 districts, including Dolakha. The contract was made initially at NRs. 0.75 per kg, and in due course of time it was changed to NRs. 25 per kg. Prior to the policy decision, neither resource inventory was undertaken, nor were other stakeholders except Dabur Nepal consulted.

During consultation with the stakeholders, it was found that Taxus found in the natural state in Dolakha, Ramechhap and Sindhuli was envy of many traders, much before the official decision. The traders had tried to manipulate the decision making process at the district level. A former Dolakha DFO recalled that an Indian trader approached him for the collection permit of Taxus, and in return, was willing to pay NRs. 150,000 to him.

As a result of the decision, rampant collection of Taxus leaves occurred within the district. Collectors started to collect Taxus leaves whenever and wherever they found in the forest. For the convenience collecting leaves, many collectors used to chop down the tree. Even though Dabur had provided some technical training on harvesting to its traders, the information did not percolate down to the collectors. It is due to a complex trade channel put in place comprising of Dabur (the final buyer), its district based agents, village level traders and the collectors. Collectors were given NRs. 10-12 per dharni (1 dharni = 2.4 kg). During the initial years, DDC had imposed a tax of Rs 1 per kg. In the beginning when village traders approached collectors for Taxus leaves, they were unaware of the medicinal value of the plant. They took it as an opportunity to earn extra money by selling leaves that was found in abundance in nearby forests.

During that period, community forest formation was still in initial stage. This gave an ample opportunity to crooked traders to exploit Taxus available in government forest. However, CFUGs during that time were subsistence oriented and had no plan for sustainable commercial use of resources found in their area. Bhitteeri CFUG can be taken as an example. It was organized in 1996/97 and NTFPs including Taxus were not included in the OP. Most of the CFUG members were engaged in Taxus collection within the community forest, but not regulated by the CFUG.

The collection of Taxus as such continued even after the promulgation of Environment Protection Act 1997 and Regulation 1998. The Act stipulates the need for Environment Impact Assessment (EIA) for large scale harvest of natural resources. Much to the chagrin, the rule was not followed properly and rampant collection and trade continued unabated. According to a former DFO, the traders were so powerful and well connected that they pressurized the Department to undertake environment impact assessment and issuing collection permit simultaneously.

In 1998/99, Dolakha District Development Committee (DDC) increased its tax from NRs. 1/kg to NRs. 15/kg on Taxus trade. There is a divergence of view about the intent of this decision. Some stakeholders believe that it was prompted by the motivation to check rampant collection and trade. However, others believe increasing Taxus trade was seen as an opportunity to increase DDC revenue. It seems that the decision was motivated by the prospect of income opportunity from the rapidly increasing Taxus trade rather than environmental concerns.

The collectors perceived that they did not get fair price from the Taxus trade. They tried to negotiate and increase the price but it was in vain. In 1997/98, two collectors Dhana Tamang and Deepak Tamang filed a complain at DFO requesting to “.....check the adverse impact of rampant Taxus collection in the environment of Boach VDC.” However, the DFO did not take any action because lobby and advocacy organizations such as FECOFUN were still in infant stage.

Collection permit were issued for the traders who bribed the DFO. On the other hand, the community suffered high-handedness from DFO officials, who were deprived of the right to trade Taxus available in their CFUGs. Following incident narrated by the district stakeholder during the Taxus rush period.

In 1998/99, a contactor named Gupta knew about the availability of Taxus in Duddhkopakha CFUG. He contacted DFO and the CFUG for the supply of Taxus leaves. DFO agreed to help him despite the fact that Taxus was not included in the CFUG Operational Plan. He paid about NRs. 30,000 to CFUG for the all available Taxus in the CFUG. After knowing the market value of Taxus, the CFUG in the following year, decided to harvest and trade on its own. They collected approximately 2000 Kg Taxus, from their CFUGs and neighboring forest, and contacted DFO for Chod purji (transport permit). The DFO, however,

denied issuing the Chod purji. After sometimes, Gupta purchased the consignment at a throw away price, without the notice of the DFO.

Even after such a rampant collection and adverse impact on the ecosystem, Dabur Nepal's license to collect Taxus was renewed in 1999 for next five years. As a goodwill gesture, Dabur Nepal, on the request of DFO, distributed 10,000 Taxus samplings in 1999/00. It was distributed on first come first serve basis, and did not reach the CFUGs that had heavily harvested Taxus. The mortality rate of the sapling is as high as 75-80%, and planters did not receive any pre and post plantation technical support.

It is apparent from the above discussion that the Taxus collection in Dolakha was destructive to the environment, and skewed towards the big traders. As a result of Taxus collection and trade, many CFUGs have given increased attention to the conservation of Taxus. Similarly, as in the case of Bhitleri CFUG, other CFUGs also included sustainable management of Taxus in their respective OPs.

A key lesson from the case is that exclusive rights to contractor run contrary to the norms of CF framework, providing fewer incentives for conservation. There is equally a pressing need for capacitating CFUGs in different aspects of resources management. The case signifies that in an absence of scientific resource assessment large scale commercial extraction of natural resources is burdened with danger of destructive harvesting practices. It is also necessary to capacitate concerned stakeholders, especially DFO in monitoring of such harvesting and enforcing of different environment rules and regulations meant for environmental protection.

Research findings and discussion

The overall finding of the research is that decisions related to natural resources management that are formulated through bottom up, democratic, and multistakeholders process, and based on research and experiences result not only to better outcomes in terms of conservation, production, and improvement of local livelihoods but likelihoods of proper implementation will also be high as the concerned stakeholders take ownership of the decision. This finding is drawn from the analysis of perspectives of government officials, national stakeholders, district level stakeholders, and grassroots communities.

In the perspectives of government officials and national level stakeholders, community forestry policy is one of the most advanced and progressive approach ever adopted for resource conservation in Nepal. Compared to past practices, the community forestry puts people at forefront in resource conservation. Overwhelming participation of people in community forestry activities proves this fact. Majority of participants in community forestry are economically poor and disadvantaged people who are engrossed with subsistence. Therefore, the main challenge is how to sustain this enthusiasm of the people to involve in community forestry activities over time, and make them realize that long term conservation yield positive results to their livelihoods. It was found that the major focus should be on meeting livelihood of the resources dependent poor communities - people might think of conservation if it takes care of their livelihood options. From the historical perspective also, forest polices and activities designed at segregating

conservation and livelihood did not yield any positive results in conservation. Conservation was portrayed as contradiction not as complementary for livelihood. Government officials and national stakeholders seem to have taken note of some pilot initiatives taking place in the grassroots level, such as enterprise oriented community forestry initiative in Darchula and Ilam, which links conservation with livelihood.

Grassroots experiences have shown that local communities and stakeholders have embraced upon the importance of linking conservation with livelihood options, including NTFPs. For example in Darchula district, district level institutions such as DDC and FECOFUN district chapter have internalized the approach signifying the strategic shift from subsistence oriented community forests management. However, there is still confusion and hesitation on the part of DFO staff to move towards enterprise oriented approach partly due to inadequate technical skills -in the areas of NTFPs management- and ambiguous policies. The approach seems to be easy to implement and replicate across the district if consensual understanding emerge between all stakeholders as in the case of income generating activities in CF in Ilam district. In Ilam district, all major district level stakeholders have realized and internalized the role of community forestry in conservation and making use of CFs resources (capital, land and cooperative spirit) for income generating activities for their members. As a result, many CFUGs are successfully implementing small scale loan program for goats and pig farming as well as other income generation activities. Innovation in the utilization of unused CFs land is also taking place in the form of leasing such land to members, with priority to DAGs and poor members of the communities.

As reflected in the study cases, the government put bans on NTFP species for their collection and trade without any resource assessment and consultation with relevant stakeholders, and these bans have had a negative impact in terms of equity to poor and disadvantage sections of the society. Some policy champions and most of the national level stakeholders and experts are of the view that policy decisions related to ban and royalty rates are most of the time controversial, contradictory and counter-productive. It is found the harvest levels of banned species did not go down significantly as was expected. On the other hand, it decreased the incomes of primary collectors and small traders, while the large traders might have actually financially gained from the ban. Putting ban on plant species for their collection, transportation, or export without provisions for controlling mechanisms to enforce such provisions has not resulted to conservation, but kept the rural primary collectors and small traders at loss. As analyzed in the case of yarshagumba, different policy decisions taken over time have failed to check its unmanaged collection and trade.

Another problem cited by government officials and national level stakeholders is an ambitious policy target, and lack of capacity of concerned stakeholders to translate targets into actions. Some government officials blame on donor influence for ambitious policy targets. One of the biggest drawback in forestry sector policies is a lack of clear roadmap to translate policy into action. For example, existing policy documents have emphasized and documented repeatedly that community forests, leasehold and other categories of national forests should be managed for sustainable utilization of NTFPs to

alleviate poverty and enhance livelihoods of rural poor. However, no appropriate plan of actions based on these policies is developed. Building capacity of real managers and their institutions is a must if we plan to manage forest resources in a sustainable manner.

Experiences from Darchula district shows that capacitated community groups are more motivated to take tenure over larger area of forest needed for undertaking enterprise development activities. A key lesson learnt is that regular and integrated supply of technical services is a must for success of the enterprise oriented CF management approach. Similarly, economic incentives from conservation to DAG and the poor help increase their participation in resource conservation and reduce their vulnerability. As reflected from Dolakha case, lack of capacity of district level stakeholders especially DFO to monitor and implement large scale commercial harvesting of high value species such as Taxus is faced with danger of rampant resources exploitation.

All stakeholders from grassroots to national level have a common view that property rights over forests are very important in the longer term management of forests and sustainable community development. Two types of situation were seen in this regard. The first is that as the resources become scarce, interests to take control of the resources evolve such as frequent changes of government decisions in terms of yarshagumba collection and trade. On the other hand, grassroots perspectives as reflected in the case of Baglung shows that community tends to resist all form of control over their resources by outsiders, if the resources are vital to their livelihoods. It is also noted that granting exclusive collection and trade rights to contractors infringe upon the rights of communities. Exclusive rights give disincentives to local communities as in the case with BCP operations in Baglung and Taxus collection in Dolkha. However, as communities become assertive there is increasing number of cases of difficulty in enforcing exclusive rights of contractor.

National stakeholders are of the opinion that government's role should be that of a facilitator for creating enabling policy for forestry sector. This will give impetus for livelihood based conservation activities. It is often blamed that policy formulation in Nepal is plagued by ad-hocism and hardly analyzed and evaluated. People also criticized that there are marked gaps between policies, plan, program and budget and also commented for inadequate consultation with stakeholders. Therefore, policy research should get higher priority, in order to make policy formulation process efficient and responsive to needs of resource dependent communities. What is more important is that the policy must be based on felt need, for desired outcome and for betterment of its stakeholders.

Moreover, forest policies have been stated in many documents. It is observed that forest polices and other policies coming from other sectors have influences in the way forests are managed at the local level. How to harmonize these multiple policies and to increase the capacity of these polycentric organizations is also challenge in policy design. As discussed earlier in the policy cases, it was found that multi-stakeholders consultation at national to district level help not only to identify research questions but also to explore contradictions, ambiguity and shortcomings of policies. Therefore, policy should be

periodically reviewed; research findings and experiences learned should be considered in view of multistakeholders perspectives in the policy formulation process.

Project management

The research project activities took place as planned, and stakeholders from grassroots to national level were found enthusiastic in the research process. From project initiation to implementation and management, IDRC continuously played a crucial role, without which the research project would not have achieved its objectives. Not only as a donor, IDRC also provided a lot of technical advice, research inputs and managerial support, and allowed the project team to become innovative, adaptive and flexible to carry out the research work.

Project outputs and dissemination

The study project synthesized a number of policy issues on community forestry and NTFPs/MAPs in relation to management, conservation, research, cultivation and trade from grassroots consultations, district and national level interactions, and contributed to reflect back, analyze, synthesize and document the experiential learning of different actors and stakeholders in the evolution of community forestry and NTFP oriented policy formulation at local to national levels in Nepal. The papers from government officials, the outcomes of the national policy research workshops, and the 5 cases that were prepared from grassroots to national level consultations were chief outputs of the projects. In preparing national policy on herbs and NTFPs, the policy research workshop became useful in identifying policy challenges as well as designing strategies to address them. Through organizing forums such as NNN, Private Public Alliance (PPA) for NTFPs promotion, production of proceedings and reports, as well as through sharing project activities and findings at various forums, the outcomes of the project initiatives are being disseminated. Moreover, producing and disseminating the government policy on herbs and NTFPs to the target clients being undertaken will help increase the level of awareness among the grassroots communities and districts level stakeholders.

Impact

Although it would be too early to assess the impacts in terms of the nature of research project, but this project was able to generate and synthesize information on some local policy issues of national interests from grassroots to national levels perspectives regarding community forestry and NTFPs management and conservation that has been influencing on the policy development process in Nepal. This research process sensitized the senior policy makers, national level and districts level key stakeholders on how and why policy reflections from multiple perspectives are important in terms of developing new policy or making a policy decision so as to contribute to poverty reductions while conserving natural resources. As the research project itself was an initiative in the community forestry and NTFP sectors of Nepal, it has created an enabling ambience for the policy research, and prepared foundation for upcoming relevant efforts made in the sector to promote conservation and livelihood opportunities.

Overall assessment

Besides the contribution of the project in analyzing policy process in the framework of multiple stakeholders including grassroots communities, it was a learning opportunity for most of the stakeholders who participated in the process. The activities took place as planned, and it received a strategic support from IDRC for the research process.

Moreover, the research project provided a discussion and interaction forum for grassroots and the national level stakeholders. From the time of its implementation, all the relevant stakeholders have realized that policy research is crucial. Despite the fact that the research has been done in different cases and through consultative process in a certain period, the approach and lessons learned made from the research stands for and can be applicable to other numerous cases. The research findings are expected to be useful to the government and other relevant organizations to build on their works and it will be an important asset for the whole NTFP sub-sector of Nepal.

Recommendations

- When subsistence oriented community forestry gradually moves to enterprise oriented mode, it elevates the concerns of equity, gender, and good governance, and adds on new challenges of resources management and commercial production of forest products, enterprise planning and development, marketing, and ensuring biodiversity status. A program that is focused towards enterprise-oriented resources management but complete to encompass all the steps along the value chain is likely to achieve the success in conservation and poverty reduction goal. Hence, enterprise oriented community forests management across the country is crucial in order to replicate the approach through which biodiversity conservation and livelihood generation is possible.
- Only increasing the royalty (such as the case of yarshagumba) does not help conserve the resources, appropriate royalty rates should be beneficial both to the poor communities, and to the nation. Putting ban on plant species for their collection, transportation, or export without provisions for effective enforcement mechanism does not help the conservation and would only keep the rural primary collectors and small traders at loss. Support to livelihood concerns with an aim to achieve conservation goal may be sustainable in the long-run and easier to implement. Community people should have the right over the resources; it is important to ensure the ownership of the local communities on both resources and enterprises.
- As suggested by the study, policies should be formulated through wider consultation, bringing together grassroots people to the national level policy makers and other concerned stakeholders. Therefore, research works in terms of understanding stakeholders' perspectives is crucial. Policies introduced through the multistakeholders process is more likely to be practical and easy to implement as they will take ownership in the implementation. Furthermore, policy decisions which are analyzed and formulated based on principles of conservation, sustainability and social justice will result to better outcomes. Policy should be

periodically reviewed; research findings and experiences learned should be considered in the policy formulation process.

- Despite the limitation of the study such as time frame, issues covered, geographic completeness, and the nature of the research process, this study was successful to attain its objectives. Building on the research process, a follow up program would be designed to contribute to policy reforms and process encompassing these and other pertinent policy issues. The issues will be fully analyzed and understood to recommend for policy changes to advance community forestry and NTFPs management for conservation as well as livelihoods improvement. Moreover, it should cover activities which increase local awareness on policy framework and build their capacity to influence for creating enabling policy environment in the movement of participatory natural resources management.

Annexes

Annex 1: Workshop Proceedings: National Policy Research Workshop

Annex 2: Stakeholders consulted during the research process

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1. Nagendra Tinkari, Member FECOFUN District Chapter, Darchula
2. Jaman Singh Kunwar, Chairman Sampal CFUG, Darchula
3. Bir Singh Dhama, Member Siddheshwari CFUG, Darchula
4. Jaman Singh Dhama, Member Siddheshwari CFUG, Darchula
5. Ramesh Singh Kunwar, Member Siddheshwari CFUG, Darchula
6. Indra Singh Kunwar, Bramhadev CFUG, Darchula
7. Shukulwati Budhathoki, Member Namjung CFUG, Darchula
8. Aarati Budhathoki, Member Dumling CFUG, Darchula
9. Bir Singh Kunwar, Member Ramlek CFUG, Darchula
10. Ramesh Singh Budhathoki, Member Dumling CFUG, Darchula
11. Bhupendra Raj Awasthi, Secretary FECOFUN District Chapter, Darchula
12. Dharendra Budhathoki, Chairman, FECOFUN District Chapter, Darchula
13. Rishi Ram Gautam, Lekhani CFUG, Baglung
14. Anahowti Lal Prasad Gupta, Ranger, Baglung
15. Ram Krishna Shrestha, DFO Office, Baglung
16. Bharat Giri, BCP Baglung
17. Nirmal Thapa , LFP Baglung
18. Kedar Nath Dahal, DFO Baglung
19. Manoj Koirala, Member Odhare Bhaludhunga CFUG, Ilam
20. Dik Badhur Koirala, Chairperson, Odhare Bhaludhunga CFUG, Ilam
21. Shambu Naryan Das, Secretary, Odhare Bhaludhunga CFUG, Ilam
22. Tika Ghimire, Community forestry activist , member Gumba Dada women, Ilam
23. Kedar Man Chauhan, Chairperson, Kaharepuawjung CFUG, Ilam
24. Tenjing Gimba, Seceatary, Kaharepuawjung CFUG, Ilam
25. Thir Maya Basnet, Member, Kaharepuawjung CFUG, Ilam
26. Budhi Maya Basnet, Member, Kaharepuawjung CFUG, Ilam
27. Pramila Thapa, Member Kaharepuawjung CFUG, Ilam
28. DFO, Ilam
29. DFO, Dolpa
30. Nabraj Pantha, Dolpa
31. Om Buda, Dolpa
32. Kalyan Gauli, Dolpa
33. Sarda Ranabhat, Dolpa
34. Mukunda Aryal, Dolpa
35. FECOFUN Chairperson, Dolpa
36. Tek Raj Gwali, Dolpa
37. Harihar Neupane, Chairperson FECOFUN Dolakha
38. Dhana Lama, NTFP trader, Dolakha
39. Thilen Sherpa, NTFP trader, Dolakha
40. Ramsharan Budathoki, NTFP trader, Dolakha
41. Bhuvan KC, Chairperson Bhitteer FUG, Dolakha
42. Bishnu Badhur Bhujel, Vice-Chairperson, Bhitteer FUG, Dolakha
43. Hari Shrestha, AFO, Dolakha
44. Nabaraj Baral, Former DFO Dolakha

45. Min Kumar Acharya, Dolakha
46. Dr. Udaya Raj Sharma, DPR
47. Dr. Keshav R. Kanel, DoF
48. Dr. Mohan Wagle, MFSC,
49. Dr. Damodar Parajuli, MFSC
50. Bhairab Risal, NEFEJ
51. Dr. Nirmal Bhattarai, IDRC/MAPPA
52. Hari Raj Neupane, Forest Action
53. Rakshya Pandey, CRT/N
54. Rajiv Pradhan, BDS-MaPS
55. Bhola Bhattarai, FECOFUN
56. Lal Kumar KC, HJSS
57. Dr. Bishnu Hari Pandit, NEW/ERA
58. Francisco Tolentino, SNV/Nepal
59. Amrit. L. Joshi, NARMSAP
60. Prem Raj Tiwari, GAC
61. Ajaya Bikram Manandhar, WATCH
62. Munni Gautam, CFD/DoF
63. Bhim Pd. Shrestha, FECOFUN
64. Ram P. Lamsal, Far-western Regional Forestry Directorate
65. Mr. Shambhu Rai, BDS-MaPS