

Community forestry in Nepal : gradual move from subsistence to monetise sector of economy

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Passing over different obstacles and difficulties, community forestry in Nepal has now found a certain direction through the support of forest policy, legislation, departmental guidelines and extension-oriented forestry staff. Many forest users groups (FUGs), after gratifying the basic forestry needs (fuelwood, fodder, leaf litter and timber), have earned a significant amount of money in their group funds from the management of community forest and other viable sources. Although book-keeping and financial auditing of FUG are at a rudimentary stage, collection of substantial amount of fund by many FUGs signifies that community forestry is gradually moving towards monetised sector of economy albeit it does not seem profit-oriented.

Keywords : Community forestry, FUGs, monetising, economy, Nepal.

Nepal (area 147,181 square kilometre,) is a small hilly country. About 90 percent of the twenty million people of this country live in rural setting mainly with subsistence agriculture of which forest is an integral part. Of the 5.8 million hectares of forest, about 61 percent (3.5 million hectare) is categorised as potential community forest which could be handed over to the local communities for management and utilisation (MFSC 1988).

Pioneering in the Asia-Pacific Region, Nepal has made a tremendous progress in community forestry. Of the various objectives outlined by the Master Plan for Forestry Sector (1989), one very important objective is to meet peoples' basic need of fuelwood, fodder, timber and other forest products, and to contribute to food production through an effective interaction between forestry and farming practices. The forest policy, therefore, gives much priority to community and private forestry over other forestry programmes. This is because the policy seeks peoples' active participation in developing, managing and utilising forest resources in the lands that is owned by the government (HMG). This is however, a bit different thought than that of FAO (1978) which defines community forestry as *any situation which intimately involves local people in the forestry activity*.

Background of community forestry

The Panchayat Forest Rules and Panchayat Protected Forest Rules (1978) had provision of forest hand-over

and management to the political units (Village Panchayat) which, after the dissolution of all Panchayat units in 1990, were handed over to Forest User Groups (FUGs). The Forest Act of 1993 and Forest Regulation 1995 provided a sound legal and institutional footing to the FUGs and empowered DFO to hand-over accessible forests to the extent that communities are willing to, and capable of managing them. These factors to a large extent, accelerated handing-over process of community forest (see Management Information System record of the Community and Private Forestry Development Division) to the traditional forest users. In other words, community forestry is the official recognition of peoples' customary rights of use and traditional forest management practices (Singh 1996). Noronha (1982), however, suggested that the social approach to forestry differs from traditional (commercial) in the sense that it is concerned with the non-monetised sector of economy. It is in this context, the present paper attempts to outline how community forestry in Nepal is now gradually moving from non-monetised (subsistence) to monetise sector of economy and at same time satisfying the basic forestry needs of people.

Non-monetise environment

Non-monetised refers to subsistence use, goods or services which are limited to local use. The prime motive and *sine qua non* of the management of community forestry is, both from policy directives

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and people's perspective, to fulfil the basic forestry needs in terms of fuelwood, fodder, timber, animal bedding etc. harmonious to the local environment. This signifies the non-monetised economy of community forestry. However, the inclination of FUGs to accept better and well-stocked forests, and least interest or even no interest shown to take degraded forest lands because of immediate investment and efforts needed for reforestation of such sites, and also because of waiting for a longer period to harvest forestry products, indicates FUGs intention other than that of non-monetise aspect.

Institutional aspect

The institutional development of FUGs is in well progress; user members follow their traditional systems of forest management which are also well recognised. The national level federation of FUGs have also been formed all indicating that the FUGs have started working as an institution. The institutional development of FUGs has also strengthened the social ties between the members of FUGs. Such development has certainly eased FUGs to concentrate through their operational plan, on the technical matters of forest management. It is therefore, the established CFs have now begin to show the positive impact on the overall environment related to forests. An example of one such FUG is given in the box.

With 170 households Aahal Danda Forest User Group (13 membered executive committee) of the Bandipur VDC of Tanahun District have a formal office of the Users' Committee, signboard, stamp, official records of user household, minute-book, approved operational plan, and a permit card for each household to enter in the forest (LHFFDP, 1994).

Such FUGs have its own fund and bank account which is operated with the joint signature of officially elected two persons- chiefly chairperson and secretary/treasurer. The sale of forest products, membership fee, fines from rule-violators, grants, donations, and government subsidy are the sources of income for FUGs. The benefits from the community forest is not shared with government rather all such incomes are accrued in the fund of FUGs. Punishment to violators and reward system to informants are established. FUG fund is used on forest management (protection, seedling production, plantation and other related to forest development), running office, and community development (construction or maintenance of road, school drinking water) works. Financial book-keeping of income and expenditure is still at learning stage. In order to get

final clearance, financial report is presented to the general assembly of the user group. However, financial auditing with registered auditors has yet to be started.

Indicators of gradual move towards monetise sector of economy

Although, community forests at present are limited to fulfil the basic forestry needs and has limited contribution in the supply of timber and other products in the national markets, a number of user groups have stepped in to monetised sector of economy with maintaining their basic forestry needs. *Monetisation of community forestry refers to accrue a considerable amount of money from management of forest and sale of forestry products.* Indicators show that selling of such products and through the other sources of income, most of the group members have become capable to collect a sizeable group fund. The present trend signifies that group funds of most of user groups are swelling each year. Few examples are cited in the box:

Till November 1996, Baghmare Forest User Group of Dang district has Rs 450,000 and Kankai Forest User Group of Jhapa district has Rs 578,000 in their group fund accrued from the sale of the forest product and through other sources. These are perhaps the largest amount of group fund of any forest user group in Nepal. Many FUGs which have collected more than Rs 100,000 in their group fund are also there.
(US\$ 1 = Rs 63.10)

Sale of non-timber forest products: Commercially harvested and marketed in the Koshi hills are some of the important non-timber forest products such as pine resin, and *Swertia chiraito* (chiraito), cardamum (Maharjan 1994). Likewise, forest user group members of Parbat and Baglung districts collect 'lokta' (*Daphne bholua*) from the community forests after paying a certain amount to the CF. In the remote Himalayan district such as Jumla, Humla, a huge amount of medicinal herb are collected from forests and sold. For export purpose, commercial plantations of Michumata (*Edgeworthia papyrifera*) which is used for making Japanese Yen (currency), in Kavre and Lalitpur districts of Gaughureswar CF and Patle Lamatar CF respectively, and *Swertia chiraito* cultivation in Dhankuta CF are the indicators of monetising the community forestry.

Forest entry token and its renewal is charged for the collection and use of forest products obtained from community forest.

Sawmill of forest user groups: Establishment of a sawmill through the joint effort of four forest user groups (Chapani Ghadhi, Dharapani Hile, Thagar Khola and Rachhama FUGs) of Kavre District with the loan and technical support of Nepal-Australia Community Forestry Development Project, is the first sawmill installed by the endeavour of FUG in Nepal. For this enterprises, a total Rs 450,000 (Rs 350,000 fixed capital and Rs 100,000 running capital) was invested. The establishment of sawmill intends to process the logs from community forests and sale to the nearest market to accrue better income for user groups. The donor driven establishment of sawmill is albeit questionable in terms of its sustainability for a longer period.

Management of forests for income: The condition of the most of community forests has been improved chiefly through protection and management by the forest user groups. It has also furnished a good source of income in the group fund. Retaining of only selected and better stands indicates that forest user groups would be the major supplier of timber in the national markets in the future.

The evaluation of Koshi Hills Project Districts shows that there are a number of user groups which have increased access to the forest resources for most of their members and the quality of the forest resources they manage is improving over time (Soussan *et al*, 1991).

There are however, some unpleasant examples of forest logging. The big harvest (13,915 cubic feet sawn timber) of sal (*Shorea robusta*) (local price of this timber at government rate is Rs 4,800,000 equivalent to US\$ 84,000) from the community forests of Koedim Forest User Group of Tanahun district with the intention of making a big money, is one such example. Such a big harvest of timber in hilly area has exerted negative impact on environment and also against the operational plan, the Koedim FUG was withdrawn by the DFO. The district forest officer was alleged for not monitoring the forest user groups, action was taken against him. However, a few lessons that could be learnt from this cases are:

- (i) it created a milieu of suspicion and cautioned FUGs as well as DFOs.
- (ii) bulk harvest of timber for money is the indicator of monetise intention of FUGs.

Rewards and international visitors to FUGs: For the better management of community forests, FUGs have been honoured with local, national and international rewards. In 1992, Paul J. Getty International Reward was awarded with US\$ 25,000, and Global 500 Rolls Honour 1994 to the Ghandruk

Conservation and Development Committee, Kaski district of Western Region. Likewise, Ban Devi Reward 1996 has been recently awarded to the Gaukhureswar FUG of Dhulikhel Municipality of Kavre district. Besides, Best FUG Reward is also provided at each district. In the sponsorship of the Ford Foundation, executive members of the Federation of Community Forestry Users in Nepal (FECOFUN) actively participated at 6th Annual Conference of International Association for the Study of Common Property held at Berkeley, California in June 1996 and shared their valuable experiences. The number of visitors from Sri Lanka, Pakistan, Bangladesh, India, Thailand, Philippines and many other countries of the Asia-Pacific and African regions are increasing to learn the success story of community forestry in Nepal. These rewards and international visitors have heightened social status of FUGs and encouraged them to make better management of their forests. Voluntary donation of national and international visitors is also a good source of income for many FUGs.

Financial auditing

The status of book-keeping system of their income and expenditure of FUGs is albeit not known exactly, it is suggested that, this component is to be strengthened through training. However, few FUGs have started submitting their financial audited report in the district forest office. This audit report proves that FUG as an organised and legal entity has not only earned money from the management of forest but also spent its fund properly.

Discussion

Approved operational plan of any community forest is the main tool which opens (or closes) the door of users group from non-monetised to monetised economy. All the forest management prescriptions including competitive sale of surplus timber should be included in the operational plan of community forest. The DFO is the ultimate authority to approve the operational plan of community forest, thus, has dynamic role either to allow or control to enter into the monetise sector of economy. The forest user groups are free to fix the price of forest product, however the rate so fixed is to be informed to the DFO. For the transportation of timber outside the area of user group, registered seal of FUGs can be used for the official marking with permission letter of forest user group. However, its prior information is given to the concerned forest offices, and the permission letter of timber transportation should be approved (*Darpith*) en route forest check-posts.

Forest user groups are free to sale the surplus forest products elsewhere in the competitive markets within the country where better price could be obtained. Export of round log and sawn timber from Nepal has been banned by the government since 1980. Although, neighbouring communities and many forestry professionals argue that only surplus forest products (such as fuelwood, timber) of any FUGs should be sold within the district. Non-timber forest products if not used by the FUG, could be directly sold to outsiders. At present, both FUGs and forestry officials are at transitional predicament of non-monetise or monetise community forestry. It will need some initiatives to get rid of such situation.

Risks

Considering the market-oriented economy of community forestry, the following risks have been foreseen:

- (i) The role of middlemen might be very crucial in the marketing of the timber and NTFPs.
- (ii) Greed to make quick money from the forest might threaten the environmental condition.
- (iii) Use and/or misuse of group funds would be a sensitive issue.

Recommendations

- (i) Many FUGs have at present, enough funds therefore, they should also share on the cost of training for book-keeping and diversification of multiple forest products.
- (ii) Local employment generation through diverse income generating activities should be created for poor families of the community.
- (iii) Gender issue in the community forestry which should be properly handled and social equity in terms of a 'say' of women, poor, and low caste people in all kinds of decision making process of community forestry is questionable which should be seriously taken into consideration.
- (v) Marketing of timber and other forest products should be done through cooperatives of FUGs on the basis of competitive price.
- (vi) Participatory monitoring and evaluation system should be developed to assess their own work by the FUGs themselves.

- (vii) This new concept should be studied in-depth for its socio-economic and cost-benefit aspects.

Conclusion

Most of the forest user groups have developed consolidated institutional capacity and adopted locally suitable forest management system. This has enabled them not only to fulfil their basic forestry needs but also to accrue a considerable amount of money in their FUGs' fund. At large, FUGs are legally authorised to collect, disburse, sell and transport forest products within country following the operational plan, and the various examples have indicated that forest user groups in their institutional endeavours, are gradually manoeuvred towards monetised sector of economy.

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