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Leasehold Forestry Programme and Its Impact in the Hills of Nepal

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Abstract

The concept of poverty reduction and restoration of the eco-system through leasehold forestry was put into practice by implementing Hills Leasehold Forestry and Forage Development Project in Nepal since 1992. Under the project, a patch of degraded forestland is given to user groups for management. As the project is operating since long, it has been imperative to evaluate its impact and offer lessons. A major evaluation has recently been completed using both longitudinal and cross sectional evaluation methods.

The major findings of the evaluation study include: (i) the control of free grazing in the leasehold forest allowed natural regeneration and vegetation improved with new plantation, (ii) indigenous communities were major beneficiaries, (iii) cash income of beneficiaries from agriculture decreased, while that from livestock doubled, (iv) composition of household expenditure changed, with increased expenditure on health and education, (v) forest user groups had also been undertaking saving-credit operations, (vi) Compared to men, women's participation in harvesting forest products was higher, but women had less control on the income generated from the sale of those products, and (vii) the land leased to ultra poor and landless household groups was of poorer quality than that of other groups.

Based on the findings of the evaluation, it is concluded that the project has been contributing to restoring ecological balance and poverty reduction in the project areas of the hills of Nepal

Introduction

Hills Leasehold Forestry and Forage Development Project (HLFFDP) has been implemented in Nepal since 1992 with twin objectives of poverty reduction and restoration of eco-system. Under the project[1], a patch of degraded forestland is given to user groups for management. As the project is operating since long, it has been imperative to evaluate its impact and offer lessons.

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[1] The word 'project' in this article generally refers to the Hills Leasehold Forestry and Forage Development Project (HLFFDP).

Divided into three ecological belts, Nepal has a diverse topography ranging from 70 meters to 8,848 meters above the sea level, giving rise to diverse topography with varied flora and fauna. The country is rich in bio-diversity despite rapid deforestation in the past when forest was state property. Total area under forest cover is 29 percent, with an additional 10 percent under bush. Forest constitutes the lifeline in terms of providing sources of livelihoods and involving local people in forest management.

A poor developing country with a per capita gross national income of US$ 320 (MOF, 2008)[2], Nepal recently suffered from a decade-long conflict started from February 1996. The country enters into post-conflict situation with the signing of comprehensive peace accord (CPA) on 20 November 2006. In spite of conflict, the proportion of population below poverty line decreased from 41.8 percent to 30.8 percent during 1995-96 – 2003-04 (CBS, 2005).[3] However, rate of decrease was highly unequal across regions and caste and ethnic groups. Moreover, a significant proportion of decline was explained by remittance income.

Poverty in Nepal has both geographical and social dimension. It varies by regions, and social and economic groups. The poverty incidence was as low as 3.3 percent in urban Kathmandu to as high as 44.8 percent in Mid-Western Development Region of the country in 2003-04.[4] By caste and ethnicity, it widely varied from 14.0 percent among Newar to as high as 45.5 percent among Dalits (CBS, 2005; and CBS, The World Bank, DFID and ADB, 2006). The decrease in poverty rate was higher in urban than rural areas, and was lowest among Muslims (6%) and highest in Brahmins (46%) between 1995-96 and 2003-04 (see Annex A for details).[5] Thus, promoting regional balance, and social and economic inclusion are important development challenges for Nepal today.

Thus, Nepal has unequal development outcomes across the social groups. The root cause is the deep seated cultural discrimination, giving rise to exclusion of poor, women, Dalits, Janajati and Muslims. Therefore, inclusion forms the core agenda of CPA which it intends to address through restructuring state and transforming socio-economic fabric of nation by managing natural resources including land and forest. Now the country is governed by Communist Party of Nepal- Maoist (CPN-M), and it is expected that it could pave the way for political and socio-economic transformation.

Nepal is the most popular country in community-based forest management approaches, which started as early as late seventies. With the successful implementation of Community Forestry Programme since 1978, some other complementary models of participatory community-based resource management have been implemented. Chief among them include: leasehold forestry, collaborative forest management, user group-based watershed management and buffer zone forest management.

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[2] Cited from www.worldbank.org

[3] Nepalese year starts from mid April, and the Nepalese fiscal year starts from Mid July of English calendar.

[4] It is the Mid-Western Development region from where Maoist conflict started.

[5] Hill Dalits refers to Kami (blacksmith), Damai (tailor) and Sarki (cobbler).

The Government of Nepal (GON) has implemented the 10th plan (2002/03-2006/07) with poverty reduction as the overarching goal. All the sectoral policies and programmes have been reoriented to achieve the goal. The sectoral objective of the Forest and Soil Conservation sector is to contribute to poverty reduction by involving rural people in forest, and creating forest-based employment and income earning opportunities. Therefore, the government has been implementing leasehold forestry programme with a view to contributing to poverty reduction on the one hand and restoring ecological balance on the other.

Under the leasehold forestry programme, two projects have been implemented so far. One is the Hills Leasehold Forestry and Forage Development Project (HLFFDP) implemented in 26 districts with the support of International Fund for Agricultural Development (IFAD) and Asian Development Bank (ADB), and in one district with the support of German Technical Cooperation (GTZ). The other project is Western Upland Poverty Alleviation Project (WUPAP) implemented in four districts with the support of IFAD.

Objective and Methods

The overall objective of the paper is to evaluate the impact of HLFFDP. However, in the process of impact evaluation, the paper also covers efficiency evaluation.

The internal and external reviews and evaluations of HLFFDP are the major sources of information. The most recent evaluation of HLFFDP was the one, which had been conducted by National Planning Commission (NPC) with the support of UNDP Nepal in 2005. The study used both longitudinal (before and after situation) and cross sectional (project and control group) evaluation methods. As base line data was not available for all project districts and for all the important indicators, the study has also conducted cross sectional evaluation. The present author was involved in coordinating and monitoring this evaluation study. This paper draws heavily on the information generated from the study.

Community Based Forestry Programme in Nepal

Land and forest resources are major assets of Nepal. They are the means of livelihood for majority of the population. Out of the total land area, forest covers about 29.0 percent (4.27 million hectares), while shrubs cover 10.6 percent (1.56 million ha). Forest is the main source of energy for about 70 percent of Nepalese people. About 42 percent of the total digestible nutrient to livestock is obtained from forest. The forest products are still major items of daily requirement of ordinary people.

Although community-based approaches of forest management started in Nepal in the late seventies, the management of forestry sector has been systematized with the preparation of Master Plan of Forestry in 1988. The main reason for preparing the Forestry Master Plan was to address the need of forest products for a period of 25 years. One important component of the master plan was the establishment and management of community forests in open and degraded areas.

During the last 28 years of community forest implementation from 1978 to 2006, about 1.2 million hectares (25 percent of existing forests) of national forests had been handed over to more than 14,000 local Community Forest User Groups (CFUGs). These user groups constituted about 35 percent of country's total population. The achievements of Community Forestry Programme can be seen in terms of improved forest condition, and increased social mobilization and income generation for rural development and institutional building at grass root level (Kanel, 2006).

Several study reports indicate success of Community Forestry Programme in Nepal. Although it is generating substantial income, the distributional effects are still to be balanced. The poor users still need to get much benefit from the community forests like the better off households.

The paradox of Community Forestry Programme in Nepal is that most of the transaction costs for the management of community forests are borne by poor than richer and middle-income households. On the other hand, since the community forest management has been geared more towards timber and fuel-wood production rather than Non-Timber Forest Products (NTFPs) including fodder, the poor households have not much benefited from the programme. In view of this, as a win-win programme, leasehold forestry programme has been advanced as a means for improving the livelihood of poor as well as conserving the ecology.

An Introduction to HLFFDP

With the ushering of democracy in 1990, democratic government implemented the eighth periodic plan (1992/92 – 1996/97) introducing poverty reduction as the national goal and advanced leasehold forestry as one of the targeted programmes for poverty alleviation. Accordingly, Forest Rules 1995 made special provision for the transfer of degraded lands as leasehold forest to the people living below poverty line.

Thus, the concept of poverty reduction and restoration of eco-system was put into practice through the implementation of Hills Leasehold Forestry and Forage Development Project (HLFFDP) from 1992 to 2003. Initially, four contiguous hill districts of Central Development Region were selected by the Government of Nepal (GON) as the focus of the project during its experimental phase. They were: Sindhupalchok, Kavrepalanchok, Ramechhap and Dolakha. Later additional districts were selected based on the experience gained in experimental phase.

The HLFFDP had twin objectives: (i) raising incomes of households in hills who are below poverty line, and (ii) contributing to improve ecological conditions in the hills. This was to be achieved through leasing blocks of degraded forestlands to groups of poor households. It was planned that through assistance to regenerate the degraded forest land in an environmentally positive manner, a contribution would be made to reverse the process of ecological decline as well as to expand resource base of the poorest households for their exclusive use. Thus, the poor households would get an assured access to additional fodder

production from leased land, which increases their income earning potential from livestock production. Moreover, they would have increased access to fuel wood and timber, and obtain additional income from other commercial species grown on leased land, e.g., bamboo, fruits and medicinal plants. In addition, the project has sought for other means of improving economic status of poor households through increasing fodder production on their small areas of crop land, and starting off-farm income generating activities in order to provide a complete package for economic up-liftment.

Department of Forests (DOF), Department of Livestock Services (DLS), Agriculture Development Bank of Nepal (ADB/N) and National Agricultural Research Council (NARC) were the implementing agency of the project. The project has to perform groups-based activities related to poverty reduction through forest and livestock management. In order to undertake the activities, ADBN has provided loan and NARC has supported through research and extension to the poor farmers' groups.

Ministry of Forests and Soil Conservation (MOFSC) has the authority to handover leasehold forests for 40 years upon payment of lease rent, which was NRs. 20 per Bigha (0.65 hectares) for Terai and NRs. 1 per Ropani (0.05 hectare) for hills (Kanel, 2006).[6] However, the poor farmers' groups do not have to pay lease fee, but industrial leasehold forest users have to pay fixed amount of lease rent to the government as mentioned in the forest rules, 1995. Thus, this provision has favoured the poor farmers.

In September 1995, a Mid-Term Review (MTR) Mission of the Project validated the processes mentioning that the project has made considerable progress in establishing processes for group formation and land leasing. It has also developed effective grass and legume packages for sites up to 1,700 meter. Following the MTR, the development phase started and the project expanded to 10 districts by 1998/99, and since 2001/02 additional 16 districts were added. Thus, altogether the project was implemented in 27 districts including one district (Lamjung) implemented with the assistance of GTZ.

Ideally, HLFFDP carries a high significance in making livelihoods of rural populations sustainable. Based on the findings of an Interim Evaluation Mission, 2003, the second phase of the project has been designed. The phase two of HLFFDP, named somewhat differently as Leasehold Forestry and Livestock Programme, is implemented for a period of eight years from September 2005, with a total budget of US$ 12.77 million of Government of Nepal and International Fund for Agricultural Development (IFAD). The project is implemented in 22 out of 26 districts of the HLFFDP.[7]

The distribution of 27 districts of HLFFDP by development region is given in Table 1. By the end of 2005, 2,371 leasehold forest user groups have been formed involving 16,965 households of 26 districts. They are managing 9,450 hectares of degraded land. Further detail by district is given in Annex B.

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[6] In operational terms, individual members managed the forest on behalf of a group in some cases, which needs a scrutiny otherwise the principle of group approach will be defeated.

[7] WUPAP has been implementing the leasehold forestry approach in the other four districts (Rolpa, Rukum, Dailekh and Jajarkot).

Table 1: Distribution of Project Districts by Development Region of Nepal

Region	Districts
Eastern Development Region	Panchthar, Terhathum, Bhojpur, Khotang and Okhaldhunga
Central Development Region	Ramechhap, Dolakha, Sindhupalchok, Kavrepalanchok, Sindhuli, Makawanpur, Dhading and Chitwan
Western Development Region	Lamjung, Tanahu and Gorkha
Mid-Western Development Region	Pyuthan, Salyan, Rolpa, Rukum, Dailekh and Jajarkot
Far Western Development Region	Achham, Doti, Dandeldhura , Baitadi and Bajura
Total	**27 districts (26 IFAD districts and the one district implemented under GTZ support)**

Interim Evaluation

IFAD has conducted interim evaluation towards the end of the project in 2003. The evaluation found that the transfer of productive land with poor forest to very poor households on 40-year renewable leases could serve twin purpose of poverty reduction and reforestation of the hills of Nepal. The specific findings of the evaluation are as follows: (i) the concept of leasehold forestry in combating poverty in the mid-hill regions of Nepal is useful, and that some important changes in project design need to be introduced in future intervention; (ii) government policy has been more supportive of leasehold forestry, and leasehold programmes have been accorded top priority; (iii) in most areas, leasehold forestry initiatives have been found to coexist with the community forestry programmes without friction, but tension still exists between donor agencies supporting the two approaches; (iv) the project has been successful in terms of environmental restoration of heavily degraded forest, and contributed to improved access to forest products and livestock ownership among leasehold groups, mainly through improved supply of forage; (v) the availability of fuel has significantly been improved for many communities, and labour involved in animal grazing and fuel collection reduced; (vi) growing of imported fodder trees have been largely unsuccessful in leasehold forestry sites, but have often prospered in private land. Based on the positive outcome of the evaluation, IFAD has recommended for the implementation of its next phase which is currently under implementation.

Efficiency of the HLFFDP

Efficiency refers to how inputs are converted to outputs, among others. Thus, this section presents unit cost and explains the coordination and managerial aspects on which depends the unit cost.

By the end of fiscal year (FY) 2002/03 the total expenditure of HLFFDP was Nepalese Rupees (NRs) 371 million in 26 districts where 2,121 groups formed with 15,122 households managing 8,507 hectare. This expenditure does not include Technical Assistance (TA)

component. Of the total expenditures, 57 percent was invested on the forest, 30 percent on livestock and 2.5 percent on pasture related activities, and 11.1 percent on credit/income generating activities of the project (Table 2).

The per unit cost calculated based on the actual expenditure of the project reveals that on the average per district expenditure for the past 11 years was US$ 199,677, which accounts for US$ 2,448 per group, US$ 343 per household and US$ 610 per hectare of leased land (Table 3). These costs do not include the TA component of the project.

Various studies carried out by different agencies show different cost estimates, however, these studies generally reported that the HLFFDP is one of the expensive projects of Nepal because of the high TA component, among others. The other reasons for the higher unit cost are as follows: (i) initially forest hand over policy was more appropriate to enterprises than to groups of households, therefore delay in handling over forest to forest user groups formed under the project; (ii) centralised hand over procedure, and (iii) long time taken for group formation, preparation of operational plan, and eventually hand over of the degraded forest land.

Table 2: Annual Expenditure of HLFFDP, 1992/93 – 2002/03

FY	Total Expenditure (NRs)				
	Forestry	Livestock	NARC	ADBN	Total
1992/93	226,946	166,524	0.00	0.00	393,466
1993/94	7,450,647	941,411	0.00	167,000	8,559,058
1994/95	6,739,625	1,984,179	0.00	1,446,000	10,169,804
1995/96	18,410,847	3,619,245	0.00	2,229,000	24,259,092
1996/97	22,885,408	15,800,759	0.00	2,327,000	41,013,167
1997/98	32,420,366	15,415,519	1,703,323.	4,602,000	54,141,208
1998/99	36,350,303	19,845,758	2,070,709	7,918,000.	66,184,770
1999/00	39,776,105	20,686,618	2,011,545	7,348,000	69,822,267
2000/01	26,292,284	13,276,119	1,382,891	4,366,000	45,317,294
2001/02	0.00	0.00	0.00	5,669,000	5,669,000
2002/03	19,847,053	18,694,054	2,029,918	5,122,000	45,693,025
Total	210,399,580	110,430,186	9,198,386	41,194,000	371,222,152
Total (US$)	2,942,651.5	1,544,478.1	128,648.8	576,139.9	5,191,918.2
Percent	56.7	29.7	2.5	11.1	100

Source: HLFFDP Project Office, Department of Forest, GON, 2005.
Current Exchange Rate is about US$=NRs 71.5

Table 3: Per Unit Cost of the HLFFDP, 1992/93 - 2002/03

Achievement/Cost	Districts	Groups	Households	Area Handed Over (ha)
Number	26	2,121	15,122	8,507
Unit cost (NRs)	14,276,923	175,012	24,547	43,635
Unit cost (US $ 1 = 71.5)	199,677	2,448	343	610

Source: HLFFDP Project Office, Department of Forest, GON, 2005.

Bret, Ohler and Tamrakar (2004) reported about US$ 920 per household or US$ 1,480 per ha cost under the HLFFDP. They explain that the unit costs were high because the project was essentially pilot and experimental in nature, and that significant civil works and TA components were financed during the first phase. However, they provide current unit cost as follows: US$ 290 per household, or US$ 54 per capita. They opined that now leasehold forestry approach is well established in Nepal, and therefore current costs can be low. They advanced that this unit cost cannot be considered high for an approach, which involves tackling structural poverty issues such as providing long-term security of tenure to poor people

Although all existing leasehold forest user groups do not require intensive support as some of them are quite mature and old, there are many other groups, which are not yet self-functional and require support from the project. Therefore, some cost is to be allocated for the management of existing forest user groups as well. This will increase management cost and thus the unit cost in the future as well.

One of the problems with leasehold forestry was that the actual procedures for handing over forest to a lessee were more appropriate for commercial enterprises than for groups of poor households. Realizing such a difficulty the government has formulated Leasehold Forestry Policy 2002. The Policy made the provision of streamlining implementation process, and provided full authority to District Forest Office (DFO) to handover leasehold forest, approve leasehold forestry operational plans, renew leasing licenses, and monitor implementation. If the process of implementation is made faster the unit cost can be low.

Environmental Impact

Grazing Practices

The project has brought significant changes on the traditional free grazing systems. Grazing practices vary with the types of livestock. Almost all project households have kept stall-feed buffaloes as compared to 82.2 percent of households in control group. However, the period of free grazing was less than one month in both groups. Moreover, there was not much difference in the extent of stall-feeding of cattle and goat between project and control groups (Table 4).

Table 4: Grazing Practices under the HLFFDP

Livestock Type	Project Group (Sample)				Control Group (Sample)			
	Owner HH	Stall feeding HH	Stall feeding %	Avg month Stall fed	Owner HH	Stall feeding HH	Stall feeding %	Avg month stall fed
Buffalo	810	777	99.9	11.7	185	152	82.2	11.7
Cattle	1227	452	36.8	11.0	269	107	39.8	11.7
Goat	1045	743	71.1	11.1	243	169	69.5	11.5

Source: NPC, 2005; HH refers to household

Improvement in Forest Condition

There was improvement in the condition of forests, both in area coverage (area and crown) and in composition (density, quality, types and species diversity). This is further detailed below.

Change in Coverage

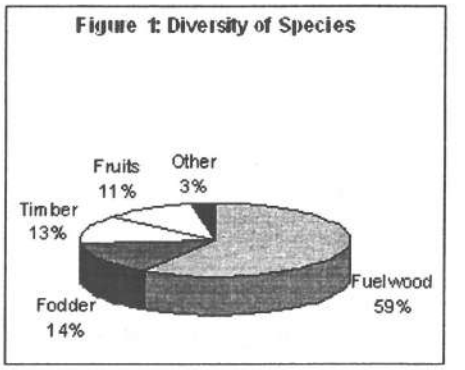
One major impact of the project was an increase in the area under leasehold forest. The coverage increased from 569 hectare in 1992/93, the first year of the project, to 8,507 hectare by the end of the first phase of the project in 2002/03. Both ground and crown cover have been improved substantially. On the average, the ground cover increased to 80 percent among the 90 percent of 2,121 leasehold forests, and the crown cover varied between 30 to 60 percent. The principle of zero grazing approach adopted in the project has contributed to the natural regeneration of forest (NPC, 2005). Excluding few patches, there was increase is greenery in almost all leasehold forests.

Composition of Forest Cover

Composition of forest vegetations has also changed through natural regeneration and plantation. On the average, there were 244 seedlings, 71 saplings per hectare; of which 132 seedlings and 54 saplings were from natural regeneration. Similarly, there was substantial improvement in the number of poles and trees. The average number of poles was found 273 per hectare. On the whole, total number of plants including trees at the time of handover was about 644 per hectare (NPC, 2005).

Density of forest varied across the project districts and life of user groups. The plant stocking per hectare was highest in Chitwan (1,828 Plants/ha), whereas it was lowest in Sindhuli (53 Plants/ha).Average stocking of plants per hectare was found satisfactory considering the objectives of the project, site quality of the forests and other species

(mainly bamboo, Amriso[8] and other grass) planted in the degraded forest areas.



Diversity of Species

Significant changes in the diversity of species were observed during the evaluation study of NPC (Figure 1). Altogether more than 95 species were recorded. Of them, majority were of fast growing fuel wood (59%) followed by fodder (14%), timber (13%), fruits (11%) and multipurpose species (3%).

Economic Impact

Change in Incomes and Expenditures

The project has brought about substantial change in the composition of income among the Leasehold Forest User Groups (LHFUGs). The LHFUGs have diversified their income sources and are gradually becoming less dependent on agricultural crops and more dependent on other income sources including livestock. There is also change in the composition of livestock. Farmers have substituted small animals such as goats, pigs and poultry with large animals such as cow and buffalo. It has been observed that average cash income of the project households from agricultural sources has decreased, whereas from livestock and livestock products it doubled compared to the base year. The average annual cash income of the project household (NRs 38,736 in 2005) was very much comparable to those of control groups, implying that the project has been contributing to the poor households to reach at the par of other non-project households who are generally not below the poverty line.[9] Of the total income of project households, major contribution was from livestock and its products (26%) followed by remittance (24%), wage labour (23%) and forest products (1%). Moreover, the proportion of income spent on food has decreased, whereas it has increased on health and education with the implementation of the project (NPC, 2005).

It has been found that there is variation in the income earning of forest user groups. This is partly explained by the quality of handed over forest. Some leasehold forests were highly degraded and were also with poor soil fertility, whereas some others were of higher soil fertility. There was some discrimination in the distribution of forest land, often the poorer groups were found with poor quality of forest either in terms of forest cover or soil fertility or both.

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[8] A type of grass used to make broom fro sweeping floors.

[9] The average annual cash income of the project households is closer to that of the non-project or control group households. This implies an improvement in income earning of poor households of the project because the control group households also consists of better of households.

Saving Mobilization, Inter-groups and Cooperatives

The social mobilization component used for targeting the poor was found weak in the initial years of the Project. As a result, there were error of inclusion of better off households on the one hand and error of exclusion of the poor households on the other.[10] However, this has been corrected in the later stage of the project through recruitment of service providers.

LHFUGs have organized themselves to establish informal local financial institutions through saving and credit activities. On an average, about 80 percent of sampled groups responded that they have saving and credit activities in their groups. More than 97 percent of members have participated in the activities but the proportion of groups regularly participating was less than 44 percent. Thus, there is enough room for increasing the amount of saving mobilisation.

Social Impact

Social Inclusion

The major caste and ethnic groups recorded in the evaluation study of the project were Tamang and Magar from *Matawali* group (caste and ethnic groups that are allowed to drink alcohol as per the National Code); and Brahmin, Chhetri, Newar and Occupational castes (Kami, Damai and Sarki – KDS) mainly from Indo-Aryan family.[11] The *Matawalis* are generally indigenous (Janajati) populations and bear larger burnt of poverty in Nepal. Therefore, they are demanding for inclusion in the mainstream development of the country.

The survey conducted by NPC found that more than a quarter of LHFUG members belong to the ethnic group of Tamang (26%) followed by Magar (12%), Newar (11%). Among the other caste groups, Chhetri (12%) followed by Brahmin (10%) and KDS (8%) have benefited from the Project (Figure 2). Besides, other indigenous communities such as Praja, Darai, Hayu, Kumal and Thami were also the beneficiaries, although their number was very low compared to the other caste groups.

Gender and Equity

Two types of groups were formed under the project: (i) only female group and (ii) mixed group with both male and females. Of the total female groups, only 32 percent were actively participating in the overall management of LHFUGs while about 25 percent groups were found less active. The mixed LHFUGs were dominated by male members. There was poor representation of females in them (NPC, 2005).

The contribution of women in lease land management, tree plantation, seedling

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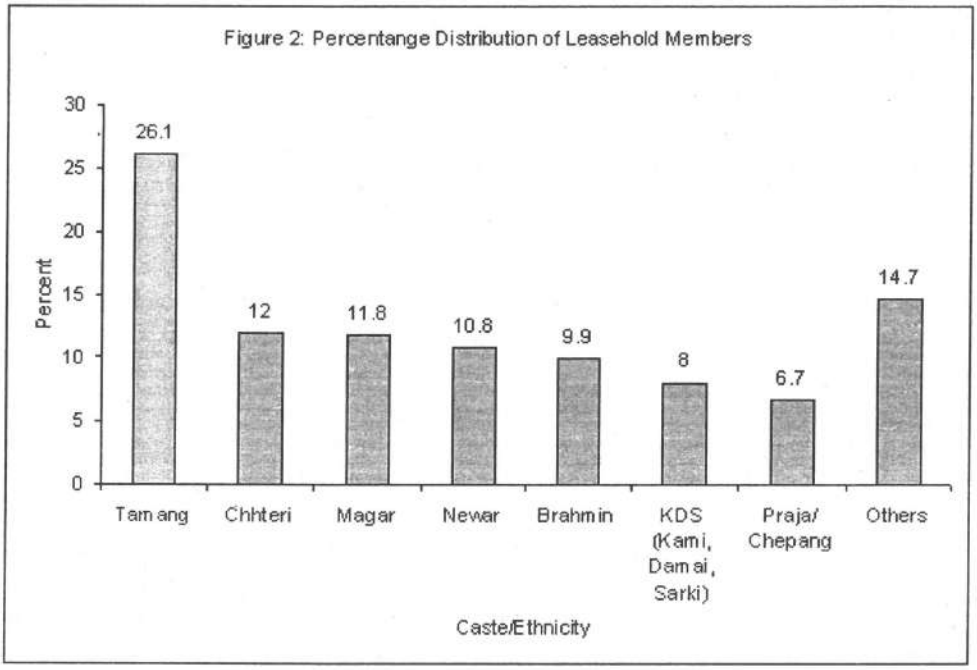
[10] There are two types of error in targeted programmes: (i) Error of exclusion occurs when some poor households are not included in the project beneficiaries, and (ii) error of inclusion occurs when some better of households are also the project beneficiaries.

[11] Matwalis refer to those ethnic groups in Nepal which drink home made alcohol.



production and transportation was lower than male members. But the female participation and contribution in activities like harvesting and collection of grass, firewood and leaf litter was much greater than male members.

The participation of women in major key positions of LHFUGs such as chairperson and secretary was low. Most of these posts were captured by male members. Similarly, the participation of women in output and benefit sharing was also not higher as compared to male members. Moreover, females' control over productive resources such as land and sale of forest and farm products was very low compared to those of their male counterparts.

Issues, Challenges and Lessons Learned

With the successful implementation of the Community Forestry Programme in Nepal, the HLFFDP has been implemented. However, after a decade of implementation, it has been realised that there is some sort of conflict between community forestry and leasehold forestry programmes in Nepal. There are studies suggesting that poverty aspect of leasehold forestry approach can be included in community forestry programme. Thus, they suggest that a separate leasehold forestry programme is not warranted.

On the other hand, there are studies revealing that community forestry programme is not pro-poor and is not targeted either. Moreover, it does not focus on economic aspect. Therefore, these studies justify for HLFFDP, which targets to poor. However, as the

HLFFDP targets to the poor, there is conflict between those who are the project beneficiaries (the poor) and those who are not (the better off). This is corroborated by some studies. For example, Nagendra, Karna and Karmacharya (2005) conducted an investigation on the interactions between leasehold forest user groups and others in the mid-hills of Nepal and found that there was high degree of social conflict between users and non-users, with an increase in forest degradation. Moreover, it has also been found that poor and marginalized people are excluded from the benefits of the HLFFDP (Bhattarai, Ojha and Wollny, 2004).

It seems that Forest Policy is in favour of Community Forestry Programme. According to the Forest Act 1993, community forestry gets priority over leasehold forest. There is no legal mechanism to form leasehold forest groups like community forest groups. Moreover, smaller group size formed under the HLFFDP is vulnerable and faces tremendous managerial problems.

In view of the above, it is necessary that leasehold forestry programme be supported with adequate government policy initiatives and is to be treated as a pro-poor programme rather than as a blanket programme benefiting all population without any positive discrimination.

The studies, which point out some negative aspects of HLFFDP, are small case studies. These studies have their own merit in the course of improving implementation of HLFFDP. However, some national level studies including the once conducted by NPC (2005) have found positive impact of the project.

Summary of Major Findings, Conclusion and Implications

Hills Leasehold Forestry and Forage Development Project has been implemented in Nepal since 1992 with twin objectives of poverty reduction and restoration of eco-system. Under the project, a patch of degraded forestland has been given to user groups for management.

Mid-term review and internal evaluations of the project were carried showing the benefits of the project. Finally, an external evaluation was carried after the completion of the first phase of the project in 2005. The evaluation used both longitudinal and cross sectional evaluation methods. The major findings of the past evaluations were: (i) the control of free grazing in the leasehold forest allowed natural regeneration and vegetation improved with new plantation, (ii) indigenous communities were major beneficiaries, (iii) cash income of beneficiaries from agriculture decreased, while that from livestock doubled, (iv) composition of household expenditure changed, with increased expenditure on health and education, (v) forest user groups had also been undertaking saving-credit operations, (vi) compared to men, women's participation in harvesting forest products was higher, but women had less control on the income generated from the sale of those products, and (vii) the land leased to ultra poor and landless household groups was of poorer quality than that of other groups. Based on the findings, it is concluded that the project has been contributing to restore ecological balance and to reduce poverty in the hills of Nepal

The implications of the findings are that degraded forest land can contribute to nation if appropriate management structure is put in place and enough investment is made, and that if resource poor households are provided with the security of tenure for sufficiently long period and are backed up by policy and necessary legal provisions, then they can turn up as able mangers and care takers of the degraded forestland.

However, granting security of tenure of public land to poor and disadvantaged groups means challenging the local power structure. It is possible that landlords and powerful people of such community could stand against such a programme. Hence, unless a sufficiently strong organization of the poor and disadvantaged groups is set-up with adequate policy provision, conflict over the resource may nullify the formal security of tenure. Therefore, the implementation of HLFFDP project should have adequate policy measures and legal provisions from the very beginning. Finally, there is also a need for donor coordination in all sectors including forestry sector if Leasehold Forestry programme is to complement Community Forestry Programme in Nepal and contribute to sustainable development.

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ANNEX A

Table 1: Poverty Measurement by Geographical Region, Nepal, 1995/96 and 2003/04

Geographic Region	Poverty Head Count rate (%)		
Sector	**1995/96**	**2003/04**	**% Change**
Urban	21.6	9.6	-56
Rural	43.3	34.6	-20
NLSS Regions			
Kathmandu	4.3	3.3	-23
Other Urban	31.6	13.0	-59
Rural Western Hill	55.0	37.4	-32
Rural Eastern Hill	36.1	42.9	19
Rural Western Terai	46.1	38.1	-17
Rural Eastern Terai	37.2	24.9	-33
Development Region			
Eastern	38.9	29.3	-25
Central	32.5	27.1	-17
Western	38.6	27.1	-30
Mid-Western	59.9	44.8	-25
Far western	63.9	41.0	-36
Ecological Belt			
Mountain	57.0	32.6	-43
Hill	40.7	34.5	-15
Terai	40.3	27.6	-32
Nepal	41.8	30.8	-26

Source: CBS, 2005.

Table 2: Poverty Incidence by Caste and Ethnicity, Nepal, 1995-96 – 2003-04

Caste/ethnicity	Poverty Headcount rate		
	1995-96	**2003-04**	**Change (%)**
Brahmin/Chhetri	34.1	18.4	-46
Terai middle caste	28.7	21.3	-26
Dalits	57.8	45.5	-21
Newar	19.3	14.0	-28
Hill Janjati	48.7	44.0	-10
Terai Janjati	53.4	35.4	-34
Muslim	43.7	41.3	-6
Other minority	46.1	31.3	-32
Total	41.8	30.8	-26

Source: CBS, The World Bank, DFID and ADB, 2006

ANNEX B

Table 1: Number of Groups Formed and Households under the HLFFDP, 2006

District	No of groups	No of House holds	Average Size of Groups	Area Covered (ha)	Average Area per Group (ha)	Average Area per House hold (ha)
Panchthar	40	275	6.9	154	3.9	0.6
Tehrathum	30	272	9.1	56	1.9	0.2
Bhojpur	23	127	5.5	63	2.7	0.5
Khotang	31	232	7.5	44	1.4	0.2
Okhandhunga	24	227	9.5	123	5.1	0.5
Ramechhap	215	1,728	8.0	1,117	5.2	0.6
Dolakha	33	291	8.8	154	4.7	0.5
Sindhupalchok	216	1,685	7.8	851	3.9	0.5
Kabhrepalanchok	232	1,626	7.0	1,139	4.9	0.7
Sindhuli	214	1,541	7.2	1,050	4.9	0.7
Makawanpur	278	1,718	6.2	1,166	4.2	0.7
Dhading	243	1,915	7.9	811	3.3	0.4
Chitawan	195	1,285	6.6	814	4.2	0.6
Lamjung	38	266	7.0	155	4.1	0.6
Tanahu	257	1,430	5.6	803	3.1	0.6
Gorkha	90	643	7.1	320	3.6	0.5
Pyuthan	23	178	7.7	89	3.9	0.5
Salyan	23	185	8.0	61	2.7	0.3
Rolpa	0	..	..	..		
Rukum	26	164	6.3	78	3.0	0.5
Dailekh	17	123	7.2	93	5.5	0.8
Jajarkot	22	213	9.7	57	2.6	0.3
Accham	21	136	6.5	41	2.0	0.3
Doti	33	280	8.5	64	1.9	0.2
Dandeldhura	21	196	9.3	48	2.3	0.2
Baitadi	15	122	8.1	40	2.7	0.3
Bajura	11	107	9.7	60	5.5	0.6
TOTAL	2,371	16,965	7.2	9,450	4.0	0.6

Source: Kanel, 2006.