

Poor-Focused Common Forest Management: Lessons from Leasehold Forestry in Nepal

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Abstract: In Nepal, the poor-focused Leasehold Forestry Programme (LHFP) is taken as an important programme to halt forest degradation and address poverty. This paper aims to analyse the policies and practices of the LHFP and identify lessons with regard to when, how and under what conditions the programme can benefit the poorer sections of the community. Our analysis shows that provisioning pro-poor forest policies has served as a good starter towards poverty reduction, but several dimensions need to be considered to maximise benefits and services for poor households. Such dimensions include: appropriate implementation mechanisms are instituted and local institutions promoted; community-level deliberations take place to maximise benefits for the poor; good condition forests are handed over to the poor to enhance their access to forest-based products; the programme works with multiple programmes and partners to address poverty on a fuller scale to go beyond the current level of involvement of few development sectors.

Key words: leasehold forestry, pro-poor, poverty reduction

INTRODUCTION

In 1993, the Government of Nepal (GoN) initiated a pro-poor Leasehold Forestry Programme¹ (LHFP), which was later backed by regulatory arrangements in Forest Regulations 1995. This programme was justified by the fact that there was no other forestry programme that specifically focused on the poor. Although it is at its infancy, it is often claimed that the community approach to community forestry with limited impact on poverty is the basis of the emergence of the household-focused pro-poor LHFP. Ohler (2000), for example, explains that the limited focus and contribution of other programmes formed an important basis to design and implement the Leasehold Forestry programme so that the poor could be reached more directly and effectively.

Since the programme was started when the community forestry programme was at its early stage to evaluate its livelihoods impact on the poor, the rationale suggested above has limited appreciation. However, studies indicate that, despite two decades of community forestry practices and the consequent reversal of forest degradation trends through community forest user groups (CFUGs)-based forest management strategies, there is no clear and consistent contribution to enhance the livelihoods of forest-dependent poor people in community forest areas (Maharjan 1998; Paudel 1999;

Malla 2000; Ojha 2004). Some researchers claim that inequity within CFUGs is a common phenomenon rather than an exception and that resource-poor households and socially marginalised groups of people, such as women and low caste groups, receive disproportionately small shares of benefits that emerge from the management of community forest (Paudel 1999; Bhattarai and Ojha 2001). Nonetheless, from 2000 onwards, along with the poverty reduction goal consistent with the Millennium Development Goals, there are also a number of cases of community forestry in which poor and marginalised are targeted through various income-generating programmes (Kanel and Subedi 2004). In fact, the community forestry policy is silent on provisioning exclusive use of resources and benefits to poor users.

Regarding the impact of LHFP, there are evidences that leasehold forestry is successful in enhancing various livelihood capitals of the poor through increased livestock production, rehabilitated degraded land (Ohler 2000) and saved time in collecting forest products (Douglas 2000; Ghimire 2000). Alongside these claims of success, there is a resurgence of critiques on the approach of leasehold forestry. The main criticisms of the programme are: a) the apparent paradoxical notion of 'degraded

land' for 'poor people" b) lengthy and complex bureaucratic process for establishing community resource tenure; c) conflicts between community forestry and leasehold forestry during implementation; and d) hijacking of the leasehold programme by rich farmers (Schuler 1997; Bhattarai *et al.* 2003; Thoms *et al.* 2003; Yadav and Dhakal 2000; Thoms *et al.* 2006; Bhattarai *et al.* 2005; Ojha *et al.* 2005).

With this background, this paper aims to analyse the policy and practices of leasehold forestry and identify lessons with regard to when, under what conditions and how the

programme can benefit the poorer sections of communities. In the next section of the paper, we provide the emergence of pro-poor LHFP and strategies, along with a brief description of relevant policies and the socioeconomic and ecological contexts. Then, in the third section, we will highlight some outcomes of the programme in terms of providing livelihood support for the poor and sustainability dimensions of resource management, and finally we will present the issues and lessons that had emerged during the implementation of the programme.

DEVELOPMENT OF LEASEHOLD FORESTRY IN NEPAL

It is increasingly recognised that forest resources can be used to enhance livelihoods of the forest-dependent poor in developing countries without undermining the natural resource base (e.g. Carney 1998). This concept supports forest-based poverty alleviation, which justifies the use of forest resources as a means to lessen deprivation of well-being temporarily or permanently (Sunderlin *et al.* 2005). One of the inherent characteristics of the rural poor in developing countries is their extreme dependence on common property resources, especially forests. It implies that more the productive forest land, the better the livelihoods of the forest-dependent people.

The conventional practices that considered forests as 'closed off' resources often barring the poor from entering is untenable. Instead, a new approach to poverty alleviation and environmental conservation in and around forest ecosystems has been widely accepted (Tikkanen *et al.* 2003). A good combination of people's access to forest resources and environmental conservation through an interface between sustainable forest management and sustainable livelihoods approach is a way to achieve a win-win outcome.

Various community-based forest management (CBFM) approaches have been practised to resolve the poverty-environment nexus in the developing world (Mahanty *et al.* 2006; Hobley 2005). In Nepal, pro-poor leasehold forestry is one of the CBFMs that seek to address livelihood enhancement through subsequent resource conservation (Chhetri 2006). The concept has been specifically designed to alleviate poverty using forest land.

In Nepal, the concept of leasing out public forests to private sector was officially conceptualised in mid-1970s with the promulgation of the Leasehold Forestry Regulations, pursuant to the 4th Amendment of the Forest Act 1961. The primary objective of the Leasehold Forestry Regulations was to mobilise private resources to increase the productivity of forest lands for the benefit of both government and investors. The Forest Act of 1993 classified leasehold forest as one of the five categories of national forests in terms of management modalities. There are three modes of leasehold forestry in Nepal, depending on the agency that manages it: corporate bodies, industries (forest-based or eco-tourism based) and communities. The Act defines 'leasehold forest' as a national

Box 1: Some facts on Leasehold Forestry in Nepal

In the Hills Leasehold Forest and Forage Development Project (HLFFDP) period (1993-2003), forest land was allocated in such a way that each household of a group got an average of 0.62 hectare (ha) (IFAD 2003). The allocation of area per household increased to 0.63 ha till 2006 (LFLP 2007). However, the Western Upland Poverty Alleviation Project (WUPAP) has provision to hand over leasehold forests of up to 50 ha each to a group comprising maximum 25 households, thus allocating 2 ha to a household on an average. Thus, the total forest area of 14,734 ha had been handed over to 2,871 leasehold forest user groups (LFUG) consisting of 23,243 households by the end of 2006 (LFLP 2006).

forest handed over as a leasehold forest to any institution established under prevailing laws, industry based on forest products or community for the purposes mentioned in Section 31² (HMG 1995). Leasehold forest can be leased out on tenure of 40 years, subject to renewal for another 40 years. Annual fees are charged against leasehold forests handed over to industries or corporate bodies depending on ecological region and area of the land. However, the fees are exempted for pro-poor leasehold forests.

Recognising the role of forest for poverty reduction, the Eighth Plan (1992-97), which gave priority to poverty alleviation, targeted 25,000 underprivileged families for benefiting from the LHFP. To accommodate poverty alleviation activities, Forest Regulations 1995 embraced a special provision for pro-poor leasehold forestry. Similarly, The Tenth Plan (2002-2007) and its accompaniment, the Poverty Reduction Strategy Paper (PRSP), acknowledge the contribution of leasehold forestry to reduce poverty level and even emphasise the integration of the pro-poor leasehold forestry concept into community forestry. Community-based pro-poor leasehold forestry is targeted at households below poverty line organised into small groups with the twin objective of environmental amelioration and income generation of target households. Given activities on the lease land are a part and parcel of poor people's livelihood strategies, immediate returns from each and every work of leaseholders is expected. It requires that returns to leaseholders be short term as opposed to the traditional timber-based forest management with a relatively long gestation period.

In terms of availability of forests for pro-poor leasehold forestry, only degraded forests are eligible. Shrub land, land recovered from forest encroachers and natural calamities, forests with less than 20% crown cover and areas vulnerable to soil erosion are recognised as potential leasehold forest (MFSC). Singh (2004) presents an estimate that, out of 5.5 million hectares (ha) of total forest land in Nepal, less than 10% is potential for leasehold forestry. Even within this figure, the actual land available for leasehold forestry might be less as this land is also eligible for community forestry.

To implement poor-focused leasehold forestry, the GoN has launched basically two types of projects: one based on forage and the other on medicinal and aromatic plants (MAPs). Both these projects are supported by the International Fund for Agricultural Development (IFAD), mainly through loans. The first forage-based project, which was called Hills Leasehold Forest and Forage Development Project (HLFFDP), ran from 1993 till 2003.³ The Department of Forest (DoF) took a lead role in the project. Other supporting line agencies were the Department of Livestock (DLS), Agricultural Development Bank of Nepal (ADBN) and Nepal Agricultural Research Council (NARC). The DoF also had the major responsibility of identifying lease land, supporting the preparation of management plans and channelling the handover process. ADBN, through the Small Farmer Development Programme (SFDP), was responsible for identifying families below poverty line, registering leasehold groups and providing credit services for such groups. It granted loans to registered leasehold groups against collateral. Similarly, DLS was responsible for animal husbandry, coupled with forage production and development, in leased land as well as private land. NARC, on the other hand, was responsible for carrying out the required applied research and providing inputs such as grasses and legume seeds, rootstock and improved breeding stocks for the groups. The project covered 10 mid-hill districts, mainly in Central Nepal. The project worked between 2003 and 2005 without any external support but with an extension of 16 more project districts. Another project, Leasehold Forestry and Livestock Programme (LFLP), which is an extension of HLFFDP, has started since 2005 in a programme approach between the DoF and the DLS covering 22 districts, especially in the mid-hills across the country.

LFLP is no longer restricted to forage development, but it includes the livestock development programme within it. The principal rationale to launch LFLP as the continuation of pro-poor leasehold forestry stems from the findings of the Interim Evaluation of HLFFDP that the transfer of degraded forests to the very poor could both reduce poverty and reforest the hills (IFAD 2004).

A MAP-based project, with leasehold forestry as one of its components, namely Western Upland Poverty Alleviation Project (WUPAP), is also being implemented since 2003 under the Ministry of Local Development. It was launched in five mid-western hill districts and aims at covering six more districts, including four of LFLP districts, to be taken over by 2015. The projects operate in collaboration with international organisations such as the International Centre for Integrated Mountain Development (ICIMOD), Centre for International Forestry Research (CIFOR), government organisations

and local NGOs. The LFLP (2005-2012) has been designed with a programme approach tying with two government departments, namely DoF and DLS.⁴ For financial services, internal mandatory savings and credit activities have been provisioned within leasehold groups. To sustain the savings, each leaseholder receiving goats in grant (each household fulfilling certain criteria get two she-goats) has to deposit NRs. 1,000 per goat to group fund as deposit for three years, after which the deposit can be taken back by the households concerned.

Box 2: Leasing process to the group of poor users

The Forest Regulations 1995 requires that the demand for leasehold forests be initiated by the respective applicants. However, in practice the process is initiated by the project support staff on behalf of the community. The leasing process consists of three major consecutive steps: filing an application; preparing operational plans; and getting approval from the Ministry (recently, Ministry has delegated this power to District Forest Officers). The operational plans are based on a financial analysis so that plans with positive net benefits are forwarded.

The area applied for the leasehold forest is put under a notification of 35 days to find out whether the communities are willing to take over the forest as community forest. Pro-poor leasehold forests are handed over to community groups below poverty line. Each leasehold forest is handed over to a group of five to fifteen households in a way that a maximum of 1 ha of forest area is provided to a household. Given the threshold identified by the National Planning Commission of Nepal, the programme follows that a household with private land less than 0.5 ha or an annual income less than NRs. 6,100 (according to 2002 base year income) falls below poverty line, thus the household being eligible to enter a leasehold forest user group. The usual area of a leasehold forest is 5 to 10 ha under LFLP.

OUTCOMES ON LIVELIHOODS AND RESOURCE SUSTAINABILITY

The impact of leasehold forestry is assessed against its two objectives: to reduce poverty and reclaim degraded forest land. The ecological impacts are observed by the change in natural capitals, including increase in greenery, forage and trees, increase in the productivity of forestland and in biodiversity. The livelihood impacts are examined through the changes in human, physical, social and financial capitals of leaseholders.

There is a growing consensus among researchers that the leasehold forestry programme has, on an average, significantly improved the condition of degraded forests of Nepal (IFRI 1996; Douglas 2000; Ohler 2000; Singh and Shrestha 2000). Analysing the data of 147 households of Makawanpur and Kavre districts, Ohler (2000) reports that the ground cover of the degraded land increased from 32% to 78% within a period of six to seven years. The growing stock and species diversity also substantially increased

in the two districts. The percentage of increase in species diversity was found to be 57 in Makawanpur and 86 in Kavrepalanchok (IFAD 2003:22). Similarly, NPC (2005) reports 644 plants per hectare, which includes 253 poles and 56 trees, as against the baseline data, which counted maximum 20 trees per hectare during the hand-over. Although the figures for ecological improvement represent only a few leasehold forestry sites, there is a general consensus that the trend of improvement is positive. Such positive impact on the forest cover and quality has been attributed to the stall-feeding of more than 95% of the livestock due to the project's intervention (ibid). However, in some highland areas, grazing in leasehold sites resulted in further degradation of land with a conversion of forest to shrub land and grassland (IFAD 2003).

The impact of the LHFP on human assets is mostly indirect. The programme increased the asset ownership of land and livestock, which resulted in improved health, nutrition, education and literacy. Within human capital, three major aspects of change are considered: increased food security, improved skill through training and increased literacy of leasehold members. The evaluation claims that increase in food security, improvement in quality of food, children being able to go to school, better health and time saved in collecting fodder and firewood occurred due to project intervention (IFAD 2003). Ohler (2000) reports that food security increased by 16% per person per month due to leasehold forestry, against 4% decrease in control households. The time for collecting fuelwood and fodder was saved by 2.5 hours per household per day. The households used the saved time for additional business and social activities such as livestock rearing, agricultural labour, kitchen gardening, attending meetings, and tending children in order to enhance their quality of life (IFAD 2003). A survey carried out in 1999 shows that the HLFFDP conducted 285 training sessions and study tours for leasehold members on different topics, such as land development, animal husbandry, seed production, improved cooking stoves, rabbit keeping, nursery development and handicraft making (IFAD 2003). However, the impact of training was found to be less effective than anticipated for leaseholders partly due to the classroom approach rather than field-based demonstration (IFAD 2003). The HLFFDP also provided literacy classes in some leasehold forestry groups, directly contributing to increased women literacy (Douglas 2000).

Though a detailed analysis to observe the significance of the financial improvement is lacking, there are indications that financial capital of communities has increased due to leasehold forestry. The poor households increased their income by selling buffalo milk, improved grass seeds and some forest products. Increase in the number of livestock, conversion of livestock into more productive ones, and production of grass and trees have also occurred in leasehold sites. NPC (2005) notes a decrease in large ruminant livestock number but an increase in milk production, indicating a decline in

unproductive ruminants in leasehold forestry households. Credits provided by ADBN as seed money were invested in some income-generating activities, such as goat rearing, cardamom plantation, horticulture and beekeeping at subsidised interest rate.⁵ However, significant cash incomes came from the sale of seeds, seedlings, fruits and milk (IFAD 2003; NPC 2005). The leasehold families have earned up to NRs. 30,000 per year from the sale of these products (IFAD 2003). The project intervention on the number of livestock reared by leasehold families has mixed results. The number of buffaloes remained constant, while the number of goats increased substantially (IFAD 2003; Joshi *et al.* 2000). In line with financial capital of leaseholders, credit and savings activities provided by the ADBN were reported to be unsustainable, resulting in loan defaults.

In many cases, the credit schemes of the ADBN were restricted only to those who had collateral to deposit against credit, thus denying access to the landless people who might have been the important target group of the project. NPC (2005) observes 88% of the leaseholders being engaged in group savings and credit, out of which 43% are effectively mobilising funds.

The formation of leasehold groups followed by their inter-group cooperatives has a positive impact on their social capital. The exclusive use rights secured for the group of the poor has contributed to enhancing their collective well-being. The recognition of the access of the poor to forest resources built self-confidence and self-esteem of the poor to cope with their vulnerability. The groups also use their social ties in other collective activities such as cleaning up villages and improving forest trails (IFAD 2003). By 2005, altogether 184 inter-groups comprising eight LFUGs on an average were formed, out of which only 18 inter-groups succeeded in transforming into multipurpose cooperatives (NPC 2005). Group cohesion, engendered by inter-groups and cooperatives, has also contributed to providing training to the poor, acquiring collective bargaining power of the poor for higher farm-gate prices and accessing market information (IFAD 2003). Another example of group cohesion, shown in some cases, is that of willingness of group members to put up collateral for other members to get loans (Bhattarai 2006). The

formation of inter-groups and multipurpose cooperatives has also contributed to the mobilisation of savings. Women empowerment is another aspect that has been reported as a positive impact of leasehold forestry. Some studies have noted that the role of women in decision-making process in leasehold groups has increased from 10% to 25% in a period of five years (Douglas and Cameroon 2000; Ghimire 2001).

Specific studies on the correlation of leasehold forestry with the subsequent change in physical assets of leaseholders are lacking. However, leasehold groups with project support have been able to gain access to small infrastructures in building culverts, renovating school, improving local trails, drinking water supply and improved toilets (IFAD 2003; NPC 2005). Increase in using improved cook stoves has also occurred (NPC 2005).

ISSUES AND DISCUSSIONS

LHFP is an emphasised agenda for poverty reduction in forestry sector in Nepal. The livelihoods paradigm in forestry sector is an emerging concept which has gradually been adapted to both management and politics of forest resources. Positive change in the livelihoods of the forest-dependent poor with subsequent reclamation of land ecosystems is being sought to attain win-win strategies in the forestry sector. With the experience to date, in this section we highlight the key issues and lessons.

Degraded Forests, Forest Restoration and Livelihood Improvement

Although LHFP has made fairly good contribution to the restoration of degraded forests, its contribution to the livelihood improvement of the poor as against its potential is yet little. Majority of well-stocked forests in Nepal have either already been handed over as community forests or are under protected areas, often not exclusively accessible to the poorest households. The priority of the state for community forestry to leasehold forestry implies that communities would prefer well-stocked forests, thus reducing the availability of such forests for the exclusive use rights of the poor as leasehold forests. Provision to hand over land with apparently degraded forests has some challenges to alleviate poverty if the programme depends on forest-based resources, although the land could be used for alternative practices, such as silvo-pastoral systems. Forest with less than 20% crown cover is the general practice. If some large trees are left during the handover, leasehold groups do not have the right to use them, but they have to protect these trees until the government removes them with some compensation for them (MFSC).

When looked at a production model that has a long gestation period, subsistence-level households find it hard to participate. Forestry is generally a production system requiring a relatively long time period to harvest products. Since the pro-poor leasehold forestry provides patches of degraded forest to groups of poor households, they do not yield instantaneous production to support their livelihoods. Thus, the government has to come forward to compensate for the resumption of productivity and ameliorating the environment. In the same context, the ownership of the initial trees at the time of handover should go to leaseholders.

Opportunities to choose diverse income-generating activities in a sparsely covered land than in well-stock forests are usually contingent upon the availability of financial capital the poor can invest. A new provision that the poor get exclusive use rights over patches of well-stock forests could resolve the issue. Specific schemes of growing non-timber forest products (NTFPs), which have shorter production period in the under-stocked forest patches, could also help the poor in satisfying short- to medium-term livelihoods needs.

Complex Handover Process

The lengthy and complex process of forest handover is not affordable to the target poor households without external support. Irrespective of who is benefited by leasehold forestry, the process is complex and generally beyond the reach of the poor (Dhungel 1997; Yadav and Dhakal 2000). Reflecting on this issue, the Leasehold Forestry Policy 2002 envisages differentiation between the leasehold forestry for the poor and other forms of leasehold forestry. Therefore, the pro-poor leasehold

forest handover process is completely devolved to the district forest offices (DFOs) so as to minimise the transaction cost of the poor for application procedures. However, it is yet to be incorporated in the legal document.

Savings and Credit Services

During the implementation of the HLFFDP, credit policies were in place in coordination with ADBN to provide credits for poor households across the country through the SFDP. The leasehold groups or their members borrowed loans from the ADBN to undertake land development and off-farm income-generating activities such as livestock keeping, poultry, apiculture and cottage industry (Sharma and Shrestha 1997). ADBN's credit guidelines on providing loans against collateral and stopping loans to previous defaulters significantly constrained effective savings and credit opportunities for leasehold households, especially because the poor do not have any collateral and often fail to pay back without significant change in their livelihoods (Dhakal 1997). In addition to credit services, the government also encouraged leaseholders towards compulsory savings. In some cases, such savings have opened up avenues to leaseholders providing money to the village, but in some cases they became a burden in terms of allocating time for meeting, managing regular savings and managing money for deposit.

The IFAD-funded programme has made savings in the group fund compulsory for all members in return for the goats they get free of cost from the programme. In LFLP, mechanisms for savings and credit within and between inter-groups and multipurpose cooperatives have been introduced in place of the ADBN component.

Post-Formation Support for Earlier Leasehold Groups

The post-formation support for the leasehold groups formed during HLFFDP has been virtually stopped since the commencement of LFLP. The new programme targets the formation of new groups and leasing out of the leftover degraded forests. Leaving aside the previously formed more than 2,000 groups, a significant number of poor families have been ignored in terms of post-formation support for poverty reduction and further

enhancement of natural capitals in the leased out forests. The customary services of the DFOs are not sufficient to channel leasehold households into the mainstream of poverty reduction agenda. An intensive continued service for the groups at least for the first 10 years would be noteworthy for establishing sustained livelihood and environmental impacts.

Complementarities with Community Forestry

Leasehold forestry (LHF) and community forestry are the two prominent community-based forest management modes in Nepal. LHF by law gets second priority to CF, and, therefore, disputes have arisen over how the poor get higher benefits from the lessons of these two modes. The existing forest laws, which apparently favour community forestry over leasehold forestry, have been criticised particularly due to the implication that the poor, who would otherwise have got first priority, have got second priority in terms of their exclusive use rights over the communal resource base. A good compromise between the two forestry concepts could address the issue. The best way would be to maintain 'flexibility in transposing between CF and LHF'. This option is to consider CF and LHF as separate programmes while maintaining sufficient flexibility between them so that the status of the forest land can alter as and when the demands and requirements of the groups concerned change. An LHF group could apply for the status of CF, if the members cannot work in it intensively. Similarly, a sub-group of the poor within a CFUG could apply for a block of the CF to become LHF so that they could escape from the elite-dominated decision-making and control. Both CF and LHF are community-based forest management modalities, and thus it should not be much difficult to transfer from one to the other, but it may increase the workload of service providers such as DFO to keep track of the changes.

Diversification of Livelihoods Improvement Opportunities

The allocation of forest area only cannot accommodate all the poor into its mainstream; a functional collaboration with other sectors is also crucial. Poverty alleviation is very complex, and, therefore, all the line agencies working for the cause of the poorest should be encouraged to

consider the information of well-being ranking as an entry point and focus the same target group for synergistic effects.

Diversification of income-generating opportunities is the area with which leasehold forestry should build linkages.

LESSONS

Given the complex scenario of poverty-environment nexus, several lessons can be drawn from the implementation of the LHFP. First, having a pro-poor concept within the framework of forestry development is noteworthy. Pro-poor leasehold forestry has also opened an avenue for other programmes to rethink on their existing modalities to develop pro-poor strategies within their programmes.

Second, one-time policy formulation is not enough; it requires continuous revisits and amendments to make policies and programmes more workable in local conditions. The practical lessons gained from the implementation of policies and programmes are important bases for the policy formulation and programme design. For instance, the apparent notion of allocating degraded forest land to the poor might not contribute to reducing the level of poverty as expected as it can offer limited products and services to poor households.

Third, pro-poor policies do not work alone unless appropriate implementation mechanisms are instituted and local institutions adequately internalise them. It is important to keep in mind that the capacity and readiness of the implementing institutions is the key to successfully implement policies and programmes.

Similarly, the level of understanding of the members of local institutions is crucial to obtain support for pro-poor programmes in a particular locality.

Fourth, community-level deliberations are necessary and important to maximise benefits for the poor and also lessen the level of conflict between intra- and inter-community members. Since, in many instances, leasehold forestry groups are blamed for operating in isolation, resulting in their getting less benefits and services from the programme because of the resistance posed by non-members. This situation can be solved if proper deliberation is held with all community members right from the initiation of the programme at local level.

Fifth, due to the complex and diverse nature of poverty, the programme has to go beyond the current level of involvement of few development sectors (i.e. forestry and livestock development). In an agrarian society like Nepal, people are heavily dependent on forestry and livestock resources, but many other sectors are also equally important to contribute to reducing poverty level. What LHFP can do is to collaborate with other sectors locally and nationally.

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¹ Unless otherwise specified, the Leasehold Forestry Programme (LHFP) in this paper refers to the pro-poor leasehold forestry embraced by the Forest Regulations 1995. See section 2 for greater elaboration of different LHFPs.

² Section 31: The Government of Nepal may grant any part of the National Forest in the form of Leasehold Forest for the following purposes: a) To produce raw materials required for the industries based on Forest Products; b) To sell and distribute or utilize the Forest Products by promoting its production through afforestation; c) To operate the tourism industry in a way that is compatible with the conservation and development of the Forest; d) To operate agro-forestry in a way that is compatible with the conservation and development of the Forest; and e) To operate farm of insects, butterflies, and wildlife in a way that is compatible with the conservation and development of the Forest.

³ HLFFDP was funded by IFAD and technically supported by the Dutch-funded FAO programme.

⁴ The major responsibilities of the DoF through both government agencies and NGOs include identification of potential households, demarcation of leasehold forests, participatory preparation and renewal of operational plans, registration of leasehold groups, handing over of leasehold forests, social mobilisation and facilitating forest land development. The DLS is responsible for livestock development, especially goat-rearing and forage production in the leasehold areas with the help of both government and nongovernmental service providers. Unlike in the first project, the services of ADBN and NARC have been cut out in LFLP.

⁵ Until 2001, ADBN report showed that the project disbursed NRs. 30.4 million loans to the leaseholders, which is equivalent to 56% of the project target (IFAD 2003).