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Contribution of Community Forestry in Reducing Rural Poverty in Nepal

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1. Introduction

Nepal is basically an agrarian country with the area of 14.7 million hectare and 23 million populations with 2.2 percent annual growth rate and the population density of the country is about 157 per square kilometer (**CBS 2001**).

The World Bank has described Nepal as one of the least developed countries in the world (**IBRD, 1991**). The World Bank widely accepts the poverty benchmark 1US \$ per capita per day. To take this as the poverty bench mark 38% of Nepalese people falls in this category and while taking 2 US \$ income per capita per day 82% of people comes under the poverty line (**Mahanty et al, 2006**). The Nepal Living Standard Survey 2003/04 shows higher poverty levels in rural areas. It reports rural poverty at 35% compared to urban areas 10%.

The country has the 5.5 million hectare (39.4%) of natural forest out of which 61% (3.5million hectare) can be handed over to community as the community forests for the protection, management and utilization of forests (**MPFS, 1989**). Nepal has started the community forestry since 1978 however the devolution of power to manage the forest has been geared up after 1993 with the promulgation of Forest Act (1993) and Forest Regulation (1995). Community forestry is playing vital role in reducing rural poverty although it is still to be quantified.

Key words: Community forestry, Livelihood, Poverty, CFUG (Community Forest User Group), FUG (Forest User Group), FUGC (Forest User Group Committee), Nepal.

1.1 The livelihoods and Poverty in Nepal

Poverty is defined as a pronounced deprivation of well being related to lack of material income or consumption, low levels of education and health, vulnerability and exposure to risk, lack of opportunity to be heard and powerlessness (**World Bank, 2002**).

Poverty is not regarded as a single dimension, but instead a multifaceted one. Many people in Nepal are struggling for their survival under extremely harsh conditions. The prevalent high

illiteracy rate, poor health and sanitation, low consumption of foods, high child malnutrition and poor access to the governmental and other services compel rural people to live difficult lives.

The Poverty Reduction Strategy Paper (Tenth Plan) 2002-2007 has aimed to reduce the level of poverty in Nepal at 30% by the end of the plan. In the forestry sector, the Plan has focusing on CF and Leasehold Forestry to address poverty reduction. It envisages CF as a means for poverty reduction, fulfilling basic needs of people and conserving ecosystems and genetic resources.

1.2 Community Forestry

Community forests are national forests handed over to the local user groups for protection, management and utilization. The management authority has been devolved to the users where it can act as self-governing entities to generate, utilize and sell the forest products as mentioned in the Operational Plan. They have **access, withdrawal, exclusion and management** rights over the national forests handed over to them.

This highly prioritized participatory programme has been widely acclaimed as a successful forest management approach. It has resulted in rural farmers gaining increased access to forest resources, together with the improvements in biodiversity and landscape values.

About 1.65 million households or 35% of the population of Nepal is involved in CF management program. To date 14,337 CFUGs have been formed of which 778 are composed of women only as the committee members. A total of 1,219,111 hectares of national forest has been handed over to community (**Department of Forests, 2007**).

2. Community Forestry as the vehicle for rural livelihood

As Nepal is an agrarian country and more than 80% of the population lives in the rural areas (**CBS, 2004**), the participatory forest management provides the ground for its economic and institutional development. There are very less financial supports and fiscal budget allocated by the government. With the limited supports and budget, the rural areas can hardly fulfill its desires of development and poverty reduction. For this reason, they should rely more on the resources what they have. In these contexts, the natural resource, like forest can be potential resources to turn on their development fate.



Photo: 1. Bee keeping inside CF

Most of the rural people are poor and their incomes in several occasions are insufficient to fulfill their basic needs (**HMG/N, PRSP 2003**). The infrastructure, education, and health facilities are far less than requirements. They do not have off farm working opportunities. Hence, the problems of under and unemployment are severe there. They are really striving for their survival and minimum livelihoods opportunities. In this aspect, the community forestry and its contribution towards rural livelihood is expected to be high since most of the forests lies in the rural areas of the country.

Community forestry can open up new livelihood opportunities for FUG members (**Adhikari, 2004**). The sustainable level of 'income' can be improved, with fewer concerns about gathered forest products and / or more secure livestock production. They may accrue as income to individual households or to the community as a whole, allowing them to invest in local public facilities such as water schemes, nurseries or schools.

The creation of new local institutions, access to new resources and new patterns of social relations all have implications for the resilience of different households to cope with vulnerabilities and not just those related to forests. The impacts of CF to improve the livelihood assets can be described as:

2.1 Improved and More Sustainable Forest Product Flows

Improved and more sustainable forest product flows are due to the improved condition of the forest resource ‘natural capital’, and changed entitlements to use it (**Acharya, 2004**). The legal reform of forest management has improved community entitlements to forest resources, and their ability to influence its management.

In most of the FUGs, the forest resource is improving. This has been achieved through effective protection of forests from forest fire, illegal felling and unregulated extraction of forest products. There have also been plantations on barren land and prevention of encroachments.

2.2 Improved ‘Social Capital’

FUGs create a new social forum, with the potential for local-level development planning, improved social support structures and social cohesion (**Ojha *et al* cited in Luintel & Bhattarai, 2006**). FUGs act as local institutions that provide a forum for community decision-making.

At the local level, the institutional capacity of the FUGs has been greatly improved after implementation of CF programme.



Photo: 2. CFUGs in discussion

2.3 Improved Community Infrastructure ‘physical capital’

FUG’s community development activities have led to improved village level infrastructure in the majority of places (**K.C., 2004**). The main examples are as follows:

- Road and trail construction and maintenance, drinking water supply and sanitation.
- Support to schools in the form of teachers’ salaries, fund and timber contribution for constructing school building and furniture.
- Construction & maintenance of community halls, meeting places and training centres.
- Village electrification, irrigation set up, agricultural and veterinary services.
- Support to post office, communication, and health institution and so on.
- Extension of forest, demarcation, forest road and fire line constructions.

2.4 Improved Credit Opportunities ‘financial capital’

Most of FUGs have accumulated funds. Some have generated a significant amount of funds. The generation of larger funds generally depends on availability of marketable forest products and a nearby market.

Beyond forest management costs, most of the FUGs use their funds to improve community infrastructure. Few FUGs have moved towards mobilizing their funds for micro-credit. Savings and credit activities have played an important role in household livelihoods. This practice has been effective due to the high demand from users, particularly poorer ones.

They can borrow small loan without any deposits at nominal interest rate to start income generation activities such as pig rearing, goat raising, poultry farming, small business initiation and so on.

2.5 Improved ‘Human Capital’

Community forestry has been contributing to improve ‘human capital’ in various ways. The governmental and non governmental organization involved provides training, skill development and literacy programme contributing in the promotion of human capital in the society.

2.6 Increased Household Livelihood Opportunities

This is one of the most obvious and measurable impacts of community forestry upon livelihoods. Impacts can be traced to the direct provision of new income opportunities, the enhancement of human and financial capital, and possibly in the pay-offs of each activity. Several FUGs have promoted a number of income-generating livelihood opportunities. For example, some FUGs have been able to provide some employments for poorer households in resin tapping, forest guarding, and nursery operation and plantation activities.

3. Income generation for rural development

The CF has been providing almost all the production factors to the community (K.C., 2002). The CF Programmes could be suitable mode that provides land, labour, capital and enterprises factors and opportunities. In the society like Nepal, where problems of unemployment and under employment is rampant, CF in many places supplies land for timber and NWFP, capital to establish entrepreneurships, the NTFP cultivation, and establishment of cooperatives and so on.

Furthermore, varieties of forest products are collected, used or sold by CFUGs and generate fund that is spent mainly on forest and community development activities. Community forest user charge nominal price for the use of their forest products for them, but if it is to be sold for outsiders, they charge the market price. The Department of Forest has estimated that CFs has earned about NRs. 747 million (at user price) and NRs.1.8 billion (at market price) from different sources (Kanel K.R., 2004).

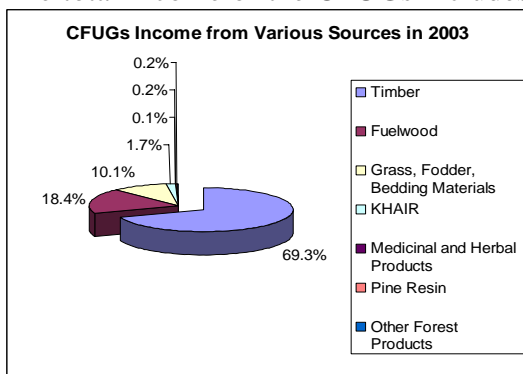
Table: 1. Revenue Collected from Forest Products by CFUGs in 2003

(1 €= 85.17 NRs. as per 24 Sep, 2003)

Forest Products	Quantity	Revenue (NRs.)		Percentage
		User Price	Market price	
Timber	10,938,622 Cft	643,388,315	1,270,739,677	69.3
Fuelwood	337,971,038 Kg	39,972,955	337,971,038	18.4
Grass, Fodder, Bedding Materials	370,644,865 Kg	14,226,944	185,322,433	10.1
<i>Acacia catechu</i>	3,130,982 Kg	37,040,774	31,309,818	1.7
Medicinal & Herbal Products	94,477 Kg	1,529,197	1,529,197	0.1
Pine Resin	1,347,791 Kg	7,303,183	4,043,373	0.2
Other Forest Products	372,882Kg	3,881,586	3,881,586	0.2
Grand total		747,342,954	1,834,797,122	100

(Adopted from Kanel K.R., 2004)

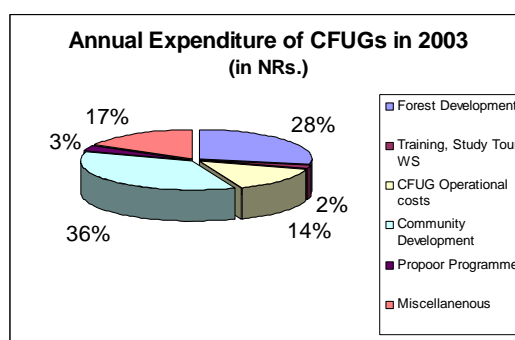
The total income of the CFUGs includes income from forest products and the income from other sources. Based on user price, annual income of CFUG in Nepal is Rs. 892.7 million. Forest products are the major sources of income which constitutes 83% of total income (Kanel *et al*, 2004).



They are free to spend these sums on different beneficial purposes. The data show that CFUGs are spending 28.5% of their income in forest protection and management.

Community development comprises the highest proportion of CFUG expenses 36%, which include school support, road construction

and other infrastructural development. Besides they are spending 17% in running cost, 17% in unidentified miscellaneous activities and 2% in training and extension activities. Further, they are spending around 3% of their income for pro poor programme (Kanel, 2004).



4. Few successful practices

4.1 Pro poor activities and their impacts

A range of activities have been implemented within CFUGs with support from range of service providers, and their effects are started to be seen. Some of them are:

4.1.1 Community Forest land allocation to the poor

The barren and unproductive land within CF has been allocated to the poorest people of group for specific period from 5-10 years (K.C., 2004). They are allowed to use the land for Income Generation Activities such as NTFP cultivation, Fodder farming etc. This has proved to be benefiting and empowering for landless families.



4.1.2 Pro poor micro enterprises

It has been realized that CF has immense opportunities for creating and developing forest as well as non forest based micro enterprises. There is potentiality of generating income and employment for the poor. Some examples are:

Tab: 2. Forest based Enterprises in Baglung *, Parbat* and Myagdi* Districts of Western Nepal

Name of Enterprises	No. of CFUG	No. of enterprise	Households involved	Present Status
Saw Mill & Furniture	14	14	71	72 persons, partial employment around 3 months a year.
Agricultural implements	15	15	9	*NRs. 37000 income.
Bamboo, Rattan handicraft	16	16	78	*NRs. 25000 income
Rope making	1	1	4	*NRs. 4800 income
Allo processing	11	2	23	*NRs. 25000 income
Sal Leaf plates	5	1	24	

Ketuki (<i>Agave americana</i>) processing	1	1	7	
Broom making	9	9	18	Mass production
Others (Pine needle crafts, Beehives, Chiuri processing, Wooden pots, Musical instruments, and Nepali paper making).	17	17	65	
Total	89	73	329	* Nepalese currency

(Adopted from Kanel and Subedi, 2004)

4.1.3 Equitable forest products distributions

In many CF Operational Plans, special provision have been made for poor users in collection and distribution of forest products such as free distribution of forest products to the poor, lower prices and no restrictions in time and amount while collecting firewood, leaf litter and grasses etc.

4.1.4 Self employment skills development training

The employment oriented several technical trainings baked up by material supports such as carpentry, allo processing, broom making, bamboo handicraft, beehive making, etc have been provided to them which has proved very successful to generate self employment among poor.

5. Conclusion

The community forestry programme has been successful to avail the rural people with all the livelihood opportunities. The rural people are getting improved production factors on nearby. They are getting somewhat employments opportunities and developed small scale enterprises.

Due to the successful implementation of CF, not only the larger section of society has been benefiting, but also the resource bases have improved tremendously. Undoubtedly, it can be concluded that the CF has been successful in reducing the rural poverty however it is still not quantified by how much!

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