



ASIA PACIFIC FORESTRY WEEK

22-26 FEBRUARY 2016

CLARK, THE PHILIPPINES



Raising Governance Standards:

Building Capacity for Cross Sectoral Investment in Forestry, Climate Change and Livelihoods

Wednesday, 24 February 2016

INVESTMENT IN COMMUNITY GOVERNANCE

CASE OF NEPAL

Yam Malla

Senior Advisor, IUCN Nepal



In This Presentation

- Key message
- CBF Evidence – facts & figures
- Expanding/ potential investments in community governance
- Financing community forestry
- Concluding remarks



Key Message (1)

- Nepal's 3 decades of experience - investment in CG of forests - one of the most appropriate strategies
- Policy/ legislation that guarantees community access/ use rights - key to effective CG
- FUGs generally harvest very small, negligible quantities of forest products - mainly for h-hold consumption - little effort in harvesting products for commercial use
- Meanwhile, private forest enterprises have been expanding
 - Some 41,000 forest based enterprises operating
 - 85% of raw material required by some >10,000 wood based enterprises met by private/ farm forests (P/FFs)

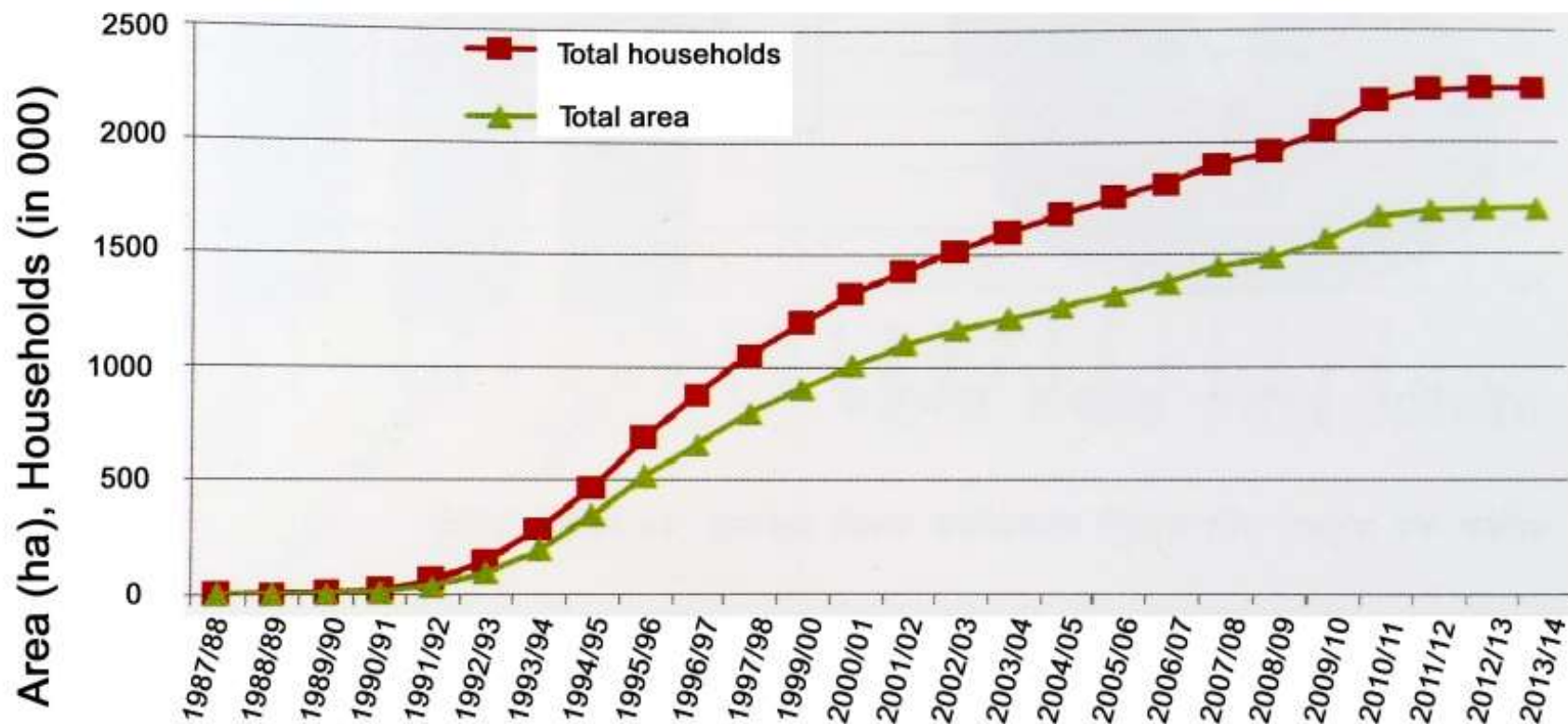


Key Message (2)

- The passive response of CF mgmt has undermined:
 - Actual economic value of the CF forest resources
 - Potential contribution of CF to local & national economies
- Such action has also resulted in the poor growth/ mgmt of forests – the very objective of the CF initiative
- Need to reconsider current approach to finance CG
 - To date, financial assistance to CF mostly by outside donors
 - Govt budget barely sufficient to cover operational costs
 - Most P/FF work & forest enterprises financed privately
 - Long overdue to commercialize CFs (along with P/FFs)
 - New financing windows: bio-energy, eco-tourism, carbon trade

CBF Evidence - Facts & Figures

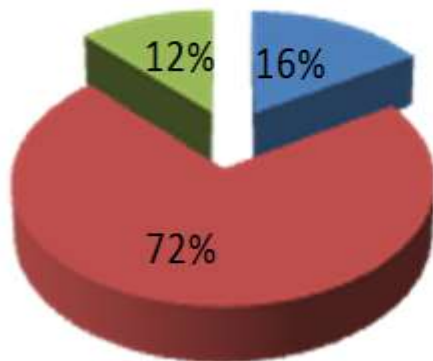
Total households and CF area





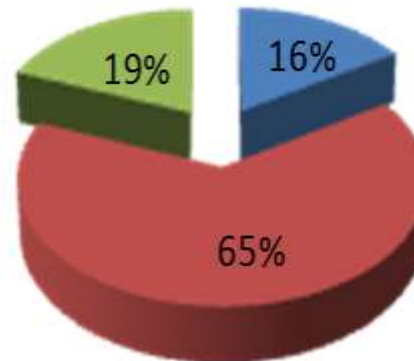
CBF Evidence - Facts & Figures

Geographical distribution of CFUGs



■ High Mountain ■ Mid-hill ■ Terai/ Inner Terai

Geographical distribution of handed over forest area



■ High Mountain ■ Mid-hill ■ Terai/ Inner Terai



Evidence - Facts & Figures

Degraded and recovered forests



Serabasi -1974



Serabasi - 2010



Dandapakhar -1975



Dandapakhar -2010



Evidence - Facts & Figures

Degraded and recovered forests



Bonch -1989



Bonch - 2010



Namdu, Dolkha -1989



Namdu, Dolkha -2010

Evidence - Facts & Figures

CF before harvesting



CF after harvesting/ thinning





Expanding/ Potential Investment in CG Missed/ New Opportunities (1)

- Some 40% of Nepal's land is covered with forests
 - Forests can generate some US\$ 490 M & 1.8 M jobs annually
 - Many forests are dense, include decaying/ old trees - should be removed/ used; create space for healthy/ young trees
 - Instead, Nepal annually imports US\$ 35 M worth of w/ products
 - Present annual wood demand stands at 3.3 M CFT, but only 113,000 CFT supplied.
 - Possible to supply up to 1.6 M CFT wood from local forests
- Over 30 years, only 30% of forest area - handed over to local communities for management (1% per year)
 - Up to 60% of the country's forest could be managed as CFs (according to estimate by CFD in 1980)
 - Hand over could be at faster rate



Expanding/ Potential Investment in CG Missed/ New Opportunities (2)

- Expanding forest based enterprises
 - Some 41,000 forest based enterprises operates in the country
 - Over 10,000 wood based enterprises
 - Annual turn over of these enterprises >US\$320 M
- Private/ Farm Forests (PFFs)
 - Some 0.7 M ha non agri land registered as private 0.55M ha of this covered with forests/ trees (P/FFs)
 - With limited product flows from govt managed & CFs, most forest enterprises buy raw materials from P/FFs
 - 85% of the raw material needed by some 10,000 wood based enterprises – met from the P/FFs
 - With increasing rural outmigration, agri. land being abandoned & regenerating with trees - more P/FFs likely



Expanding/ Potential Investment in CG Emerging/ New Opportunities

- Bio-energy
 - There are some 40 bio-energy enterprises in Nepal
 - Potential of non-wood forest biomass (weeds, shrubs, twigs) to produce 90,000 T bio-briquettes and 375,000 T palettes
- Eco/ environment friendly tourism
 - There are about 1,700 eco/ env friendly tourism enterprises, generating around US\$650,000 annually
 - There is potential to increase 8 to 10 folds
- Carbon trade
 - This is a new area of forest financing
 - Potential for Nepal to trade up to 200,000 T of carbon annually
 - Possible to use up to 1.0 M ha of forests for carbon trade



Financing Community Forestry

- To date, support to CF mostly by outside donors - declining
- Only 2% of the govt. annual budget for the forest sector – barely sufficient to cover operational costs
- All P/FF work/ forest based enterprises financed privately
- Time to commercialize CFs, like P/FFs, engage private sector
- Capitalize on new financing windows (e.g. bio-energy, eco-tourism, carbon trade)
- Consider ways for self-sustaining CF – i.e. to generating income and financing own regeneration & management



Concluding Remarks

- Many examples where CF income being used to:
 - Provide low interest loans to poor h-holds for IGAs
 - Support local dev work e.g. schools, drinking water, roads etc.
 - Re-invest part of the income in forest regeneration/ mgmt
- Huge potential to generate green jobs and to contribute to local/ national economies & to national targets of the SDGs
- CG ultimate aim for CF to enhance prosperity of h-holds and communities, thereby prosperity of the nation as a whole, while maintaining the forests
- **CF for Sustainable Prosperity should be the motto of CG**



THANK YOU