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The Importance of Leasehold Forestry in Karnali Province, Nepal

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Abstract

This study examines the role of leasehold forestry in Karnali Province, Nepal, Highlighting its contributions to environmental sustainability, economic development and community empowerment. By analyzing various socio-economic impacts of the importance of sustainable forest management practices and the need for supportive policies to enhance community livelihoods, this article illustrates the strategies for improving leasehold forestry in Karnali, including capacity building and market access. It discusses the importance of leasehold forestry in Karnali Province to address persistent poverty, food insecurity, and environmental degradation. The findings show that leasehold forestry has been promoted as a means to improve household livelihoods, empower marginalized groups, and restore degraded forest land. The study suggests that it is imperative to manage the control of free grazing in leasehold forest natural regeneration with new plantation, mobilizing indigenous communities, generation of cash income of beneficiaries from livestock composition of household expenditure with increased expenditure on health and education encouraging forest user groups saving. The study found that compared to men, women's participations in harvesting forest product was higher, though women had less control on the income generated from the sale of those products. The land

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leased to ultra poor and landless household groups was poorer quality than that of other groups. Based on the findings of the evaluation, it is concluded that the study has been contributing to restoring ecological balance and poverty reduction in the study areas of Nepal.

Keyword: Community empowerment, Karnali Province, leasehold forestry, per-capita gross national income sustainable development.

Introduction

Nepal is a country exceptionally rich in biodiversity, owing to its wide range of climatic zones and altitudes that stretch from as low as 100 meters above sea level in the southern plains to over 8848 meters in the Himalayas. With a predominantly hilly and mountainous terrain, the country is geographically positioned between India and China, nestled in the Himalayas. This unique location provides ecological wealth but also poses serious developmental challenges. Due to its geographical isolation, limited cultivable land, and a steadily growing population, Nepal faces increasing pressure on its natural resources. A significant proportion of the rural population depends on forests to meet their daily needs for fuelwood, fodder, and timber. However, unsustainable practices such as overgrazing, deforestation, and shifting cultivation have placed immense strain on the forest ecosystem. Forests, nonetheless, remain one of Nepal's most valuable natural assets, playing a crucial role in the livelihoods of rural households by supporting agriculture, providing fodder for livestock, and offering supplementary income through forest products. Despite this, almost 70% of Nepalese households own less than one hectare of land, which is insufficient to meet basic subsistence requirements. This situation contributes to persistent food insecurity and malnutrition, especially among vulnerable social groups, including smallholder farmers, landless laborers, lower castes (Dalits), indigenous peoples (Janajatis), and women. These groups often face social discrimination, unequal access to resources, and economic marginalization, and making them highly dependent on forests for survival. The leasehold forest approach aims to promote forest regeneration in degraded areas while reducing rural poverty. By 2014, the Government of Nepal had handed over around 41,730 hectares of state-owned, degraded, and open-access forest lands to Leasehold Forest User Groups (LFUGs).

Leasehold forestry is a Vital component of Nepal's effort to manage its extensive forest resources sustainability. In Karnali Province, characterized by its diverse

ecosystems and high poverty levels, leasehold forestry provides an essential avenue for improving livelihoods while promoting environmental conservation (Dev & Rijal, 2018). This paper explores the significance of leasehold forestry in Karnali, focusing on its socio-economic and environmental impacts and providing recommendations for enhancing its effectiveness. 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, 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.

Divided into three ecological belts, Nepal has a diverse topography ranging from 70 meters to 8,848 meters above sea level, giving rise to a varied flora and fauna. The country is rich in bio-diversity rapid deforestation in the past when the 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) Nepal recently suffered from a decade-long conflict that started from February 1996. The country enters into a post-conflict situation with the signing Comprehensive Peace accord (CPA) on 20 November 2016. Despite conflict, the proportion of population below poverty line decreased from 41.8 percent during 1995-96-2003-04 (CBS, 2005) 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 dimensions. It varies by province and social and economic groups. The Poverty gap was as low as 11.8 percent in Gandaki province to as high as 34.16 percent in Sudurpashim province of the country of in 2023-24. By Cast and ethnicity, it widely varied from 19 percent among Magar to as high as 45.3 percent Dalits (CBS, 2024), The World Bank ADB, 2023). 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 discriminations, giving rise to exclusion of poor, women, Dalits, janajati and Barmans. Therefore, inclusion. The overall objective of the study is to evaluate

the impact of the leasehold forestry programme. However, in the process of social and economic impact evaluation, the paper also evaluation efficiency evaluation.

Literature Review

Community-based approaches of forest management started in Nepal in the late 1970s'. The management of the forestry sector has been systematized with the preparation of a master plan of forestry in 1988. The main reason for preparing the forest master plan was to address the need for forest products for the period of 35 years. With the ushering of democracy in 1990, the democratically implemented the eighth periodic plan (1992/93-1996/97), introducing poverty reduction as the national goal and advanced forestry as one of the targeted programs for poverty alleviation. HLFFDP project report (2004), Hills Leasehold Forestry and Forage Development Project from 1992 to 2003. The project was the Western Upland Poverty Alleviation project report WUPAP (2009). Bhattarai (2004) Innovation policy options for poverty Alleviation, A case study of leasehold in Nepal and Rural Poverty Reduction through Research for development. Nagendra (2005) examines institutional change and reducing social conflicts in Nepal's leasehold forestry programme.

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Methodology

The present study is descriptive as well as analytical in nature. All analysis and discussion have been based on secondary sources of data. Data were categorized, tabulated, and analyzed using content analysis, descriptive, and cross-sectional evaluation methods. As baseline data was not available for all 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 study draws heavily on the information generated from the study.

Results and Discussion

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

Although community-based approaches to forest management started in Nepal in the late seventies, the management of the forestry sector has been systematized with the preparation of a master plan of forestry in 1988. The reason for preparing the forest 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 the country's total population. The achievements of the 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 the grassroots level (Kanel, 2006). Several study reports indicate the success of the 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 the Community Forestry Programme in Nepal is that most of the transaction costs for the management of the community forest are borne by poorer 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 benefited much 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 the poor as well as conserving the ecology.

With the ushering of democracy in 1990, democratic government implemented the eight periodic plan (1991/92-1996/97), 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 the poverty line. Thus, the concept of poverty reduction and restoration of the ecosystem was put into practice through the implementation of the Hills Leasehold Forestry and Development project (HLFFDP) from 1992 to 2003. Initially, four contiguous hill districts of the Central Development Region were selected by the Government of Nepal (GON) as the focus of the project during its experimental phase.

Leasehold Forestry was introduced in Nepal in the late 1980s to empower the local community and promote sustainable forest management. Under this system, the government grants forest user groups rights to manage and benefit from designated forest areas for provide typically ranging from 40 to 50 years (MoFE, 2020). This policy aims to mitigate deforestation and enhance local livelihoods. Details of given below;

Table 1

Forest Distribution by Province

Forest Type	Number of Units	Ara (in hectares)
Total Forest Area of the Province (38.04%)	-----	1181033 ha
1.1 Community Forest	2579	445425 ha
1.3 Leasehold Forest	784	5737 ha
1.4 Religious Forest	32	51.0 ha
1.6 Private Forest	414	405 ha

Source: Province Forest Office, Surkhet

Karnali Province has a total forest cover of 11,81,033 hectares, which constitutes 38.04% of the total land area of the province. There is a forest managed by local community forest user groups. Karnali has 2,579 community forests covering 4,45,425 hectares, showing strong community involvement in forest management. These forests are leased mainly to poor and marginalized groups for long-term use and management. There are 787 leasehold forests covering 5737 hectares. Forests are preserved and used for religious or cultural purposes. There are 32 such forests covering a small area of 51 hectares.

Table 2

Forest Distribution by District

District	Community forest			Religious forest			Private forest			Leasehold Forest		
	Number	Area in hector	Household no.	Number	Area in hector	Household no.	Number	Area in hector	Household no.	Number	Area in hector	Household no.
Surkhet	271	51432	49715	3	23	3	66	42	66	0	0	0
Kalikot	224	8812	15137	0	0	0	10	3.96	10	43	4968.75	608
Daiekh	397	39985	48454	2	3.44	0	14	17.34	14	66	391	0
Jajarkot	304	56266.6	31561	1	9.64	0	9	6.51	9	60	831.74	0
Salyan	613	64146	63908	1	44	0	51	14.98	51	203	1098	0
Rukum West	372	22067.5	36910	1	4	71	4	5.1	2	66	345	0
Mugu	90	10940	0	0	0	1	6	316	6	29	418	0
Dolpa	52	8484.8	532	0	0	66	011	2	4	321	0	2
Humla	103	25518	8172	1	6		2	9	2	124	2422	0
Jumla	204204	31278	23098	0	0	127	0	0	0	1916.03	0	0

Source: Province Forest Office Surkhet, 2024

Table 2 presents the status of community forest, religious forest, leasehold forest and private forest programs implemented across a district in Kernali Province. Leasehold forestry is aimed at improving I livelihoods by providing poor and marinization household with rights to use small plots of forest land. Kalikot has the largest area under leasehold forestry area 4968.75 hearted and number of households 608 are employed and Rukum West has the lowest area under leasehold forestry area 345 hectares and 66 Number of Member of the benefited. No leasehold forestry program has been implemented yet in Surkhet. It is either in the planning phase of awaiting program approval. The leasehold forestry program primarily targets Dalit, Marginalized and poor families to enhance their livelihoods through sustainable forest use.

Socio-economic Contributions

Karnali Province is one of the most geographically remote and economically backward area of Nepal, with rugged terrain, high poverty and limited access to basic services. Many rural households rely on the forest for their subsistence. That the legal forestry program (LHFPs) especially supported by the government of Nepal with FAO and IFAD assessment, has played a transformed role in uplifting the socio-economic conditions of poor households in this province.

Leasehold forestry program has brought about substantial change in the composition of income among the Leasehold Forest User Groups (LHFUGs). The LHFUGs has diversified their income sources and are gradually becoming less dependent on agricultural crops and more dependent on their income sources, including livestock. There, I also changed the composition of livestock. Formers have substituted small animals such as goats. Pgs. and poverty with large animal ush as cow and buffalo it has been observed that average case income of the LHFGs form agricultural sours high decreased, whereas form livestock and livestock products in it doubled compared to the base year The average annual cash income the household very much comparable to those of control groups, implying that the projects has been with hinging to the poor household to reach as the part of other non-leasehold forest groups households who are generally not below the poverty line.

Table 3

Poverty Level in Province of Nepal

By Province	Poverty Percentage	Poverty GAP
Koshi	17.19	3.84
Madesh	22.53	4.62
Bagmati	12.59	2.64
Gandaki	11.88	2.33
Lumbini	24.35	5.84
Karnali	26.67	6.25
Sudurpaschim	34.16	8.41

Source: Central Bureau of Statistics, 2024

The above table shows that roughly 1 in 5 Nepalis (20.27%) live below the national poverty line. Regional disparities are stark. Sudurpaschim has the highest rate (34.16%) while Gandaki shows the lowest (11.88%) and Karnali these areas face not only more poverty, but more severe poverty. Poverty gap measures the average income shortfall among the poor. Severity squares that gap to the highest deep poverty.

Leasehold Forestry directly benefits local communities by improving access to timber, fuelwood, and non-timber forest products (NTFPs). A study highlighted that household participating in household forestry report increased income levels and enhanced food security (Pokharel, 2019). The Establishment of community enterprises associated with leasehold forestry creates job opportunities in forest management, tourism, and agricultural ventures, contributing to local economic development (WWF, 2021).

Leasehold forestry plays a crucial role in conserving biodiversity by involving local communities in sustainable management practices. This participation helps to protect ecosystems and habitats vital for diverse flora and fauna (Pokharel, 2019). Forests managed through leasehold act as carbon sinks, assisting in climate change mitigation efforts. Effective management practices can help maintain forest cover and enhance carbon sequestration (MoFE, 2020).

Research Gaps

In Karnali Province, quite a few studies have been done on leasehold Forestry (LHF) but most of them focus only on general impacts like poverty reduction, livestock grazing or forest condition improvement. However, there are still some gaps in studies or what is not yet fully studied. Which can be framed as;

- a) Inclusion and sustainability gap: - Most studies look at overall community benefits, but there is limited research on who benefits the most (e.g. poor vs ultra-poor, women-headed household Dailet vs Janajati groups). It also studies and often measures short-term changes (like income, greenery, fodder) but does not assess' long-term sustainability of forests and livelihoods once external support like donor projects ends.
- b) Market and livelihood and comparative analysis gap: -Less focus on whether leasehold groups in Karnali are able to sell surplus products like fodder, NTFPs, vegetables, goat meat etc. in markets and how profitable or value added they are.

Little is studied comparing leasehold forestry vs community forestry models in Karnali regarding effectiveness, equity and sustainability.

- c) Policy, environmental and institutional gap: - Few studies have analyzed the role of leasehold forestry in carbon sequestration, and climate change adoption in Karnali's fragile mountain ecosystem and very few studies assess government policies, institutional capacity, and how local governments integrate leasehold forestry into development planning.

Despite its benefits, leasehold forestry faces challenges such as political instability and inadequate access to markets. Enhancing its effectiveness requires strengthening policy frameworks, improving market access, providing technical support, and promoting research and development (Dev & Rijal, 2018).

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 this project, a path of degraded forestland has been given to user groups for management. The major findings are;

- a. The control of free grazing in the leasehold forest allowed natural regeneration and vegetation improvement with the new plantation.
- b. Indigenous communities are major beneficiaries
- c. Cash income of beneficiaries from agriculture decreased, while that from livestock doubled.
- d. Composition of household expenditure changed, with increased expenditure on health and education.
- e. Compared to men, women's participation in harvesting forest products was higher, but women have less control over the income generated from the sale of those produces.
- f. Forest user groups have also been undertaking saving-credit options.

The land leased to ultra-poor and landless household groups was of poorer quality than that of other groups. Based on those findings, it is concluded that it has been contributing to restoring ecological balance and to reducing poverty in the Karnali of Nepal.

Environment Impact

Grazing Practices

The programme has brought significant changes to the traditional free grazing systems. Grazing practices vary with the types of livestock. Almost all programme households have kept stall-fed buffaloes as compared to 82.2 percent of households in the 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 the project and control groups (Table 4).

Table 4

Grazing Practices under the HLFDP

Livestock	Project Group (Sample)				Control Group (Sample)			
Type	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, 2024; 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 programme was an increase in the area under leasehold forest. The coverage increased from 569 hectares in 1992/93, the first year of the programme, to 8,507 hectares by the end of the first phase of the programme in 2021/22. Both ground and crown cover have been improved substantially. On 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 zero-grazing approach adopted in the programme, has contributed to the natural regeneration of the forest (NPC, 2024). Excluding few patches, there was an increase in greenery in almost all leasehold forests.

Composition of Forest Cover

The composition of forest vegetation has also changed through natural regeneration and plantation. On average, there were 244 seedlings, 71 saplings per hectare, of which 132 seedlings and 54 saplings were from natural regeneration. Similarly, there was a substantial improvement in the number of poles and trees. The average number of poles was found 273 per hectare. On the whole, the total number of plants, including trees at the time of handover was about 644 per hectare (NPC, 2024).

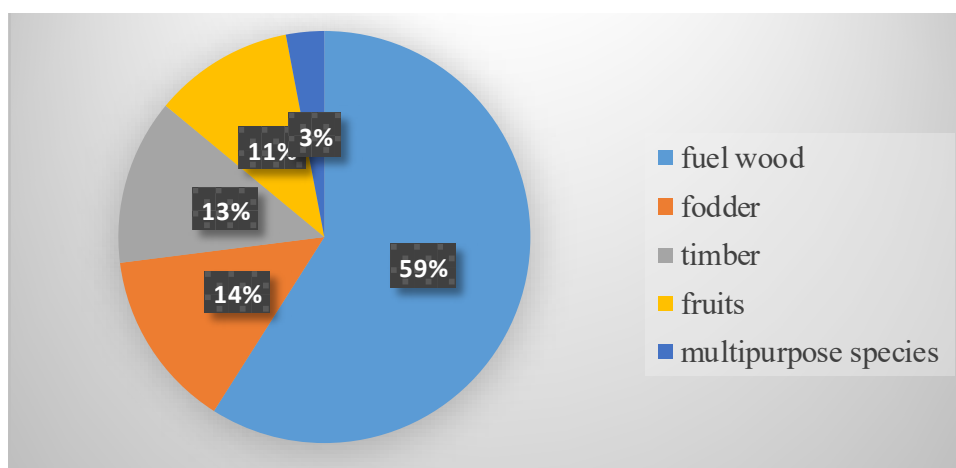
The density of forest varied across the programme districts and the lives of user groups. The plants stocking per hectare was highest in Chitwan (1,828 Plants/ha), where it was lowest in Sindhuli (53 Plants/ha). Average stocking of plants per hectare was found satisfactory considering the objective of the programme, site quality of the forests, and other species (mainly Bamboo, Amriso 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, the majority were of fast-growing fuel wood (59%) followed by fodder (14%), timber (13%), fruits (11%) and multipurpose species (3%).

Figure 1

Diversity of Species



Economic Impact

Change in Incomes and Expenditures

The Programme has brought about substantial change in the composition of income among the Leasehold Forest User Group (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 a change in the composition of livestock. Farmers have substituted small animals such as goats, pigs and poultry with large animals such as cows and buffalo. It has been observed that the average cash income of the programme 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 programme household (NRs 38, 736 in 2024) was very much comparable to those of control groups, implying that the programme has been contributing to the poor household to reach at the level as other non-programme households which are generally not below the poverty line. Of the total income of project households, the 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 programme (NPC, 2024).

It has been found that there is variation in the income of forest user groups. This is partly explained by the quality of forest handed over. Some leasehold forests were highly degraded and were also with poor soil fertility, whereas some others had 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. Saving Mobilization, Inter-group and Cooperatives

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

LHFUGs have organized themselves to establish informal local financial institutions through saving and credit activities. On 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 savings mobilization.

Social Impact

Social impact was evaluated based on social inclusion and gender equity.

Social Inclusion

The major caste and ethnic groups recorded in the evaluation study of the project were Tamang and Magar from the Matawali group (caste and ethnic groups that are allowed to drink alcohol as per the National Code); and Brahmin, Chhetri, Newar, and the Occupational caste (Kami Damai and Sarki – KDS) mainly from the Indo-Aryan Family.” The Matawalis use generally indigenous (Janajati) populations and bear a 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%), and Newar (11%). Among the other caste groups, Chhetri (12%) followed by Brahmin (10%) and KDS (8%) have benefited from the Programme (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 programme: (i) only female group and (ii) mixed group with both males 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, 2024).

The contribution of women in lease land management, tree plantation, seedling 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 than compared to male members. Moreover, females' control over productive resources such as land and the sale of forest and farm products was very low compared to that of their male counterparts.

Conclusion

Leasehold forestry in Karnali Province represents a significant opportunity for sustainable development and community empowerment. By addressing existing challenges and optimizing supportive policies, this system makes profound contributions to both local livelihoods and environmental conservation in Nepal. The Implications of the findings are that degraded forestland can contribute to nation its appropriate management structure is put in place and enough mistrust is made and that it resources poor households are provided with the security of tenure for sufficiently long period and are backed up by policy and necessary long provision then they can turn up as able managers and are 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 a community could stand against such a program. Hence, unless a sufficiently strong organization of the poor and disadvantaged groups is set up with adequate policy provision conflict over the resources may nullify the security of tenure. Therefore, the implementation of the leasehold forest program should have adequate policy measures and legal provisions from the very beginning. Finally, there's also a need for donor coordination in all sectors including sector it leasehold forestry program is to complement community forestry programs in Nepal and contribute to sustainable development.

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