

PERC REPORTS

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COVER STORY

The story is the same around the world: Local decisions are usually based on better information than decisions imposed from on high. Above, in Bhimeshwar, Nepal, members of a local forest users' group meet with government officials to discuss forest management.

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After years of national control, governments allow local people to share the resource. *By Trupti Parekh Mehta*
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FROM THE EDITOR

MOVING TOWARD MARKETS

"Local control" is a watchword for free market environmentalists, as it should be. That's because people who are near one another often find that voluntary transactions can solve environmental problems. And even if that doesn't happen, local information improves the quality of decisions. The benefits are just as real in Asia as they are in the United States. In this issue of *PERC Reports*, Trupti Parekh Mehta tells us about the benefits slowly emerging now that the national governments of India and Nepal are turning some control of forests over to local groups.

Mehta's report stems from her work for ARCH (Action Research in Community Health and Development), a nonprofit organization located in a small town in the state of Gujarat, India. She analyzed her findings last year when she attended the first Kinship Conservation Institute (KCI), a month-long program for environmental leaders sponsored by PERC and the Kinship Foundation.

The Kinship Conservation Institute, by the way, enters its second year this month. Directed by PERC Senior Associate Bruce Yandle and Clemson University economist Robert McCormick, this innovative program held at the Montana State University campus in Bozeman is designed to help early-career conservationists understand and act upon market principles. Carol Ferrie, who joined PERC last October, coordinates KCI (see www.kinshipconservationinstitute.org).

Another topic in this issue of *PERC Reports* was sparked by the Senate decision in April to prohibit oil drilling in ANWR. That led to some soul-searching on the FME Roundtable, an e-mail list-serve for free market environmentalists. We have reproduced (with permission) some of that conversation.

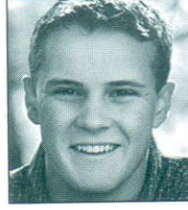
We also write about "enviro-capitalists" Tom and Mary Kay Milesnick, whose Montana ranch raises cattle and protects trout. The author is Kris Kumlien, a Montana State University student who served as a PERC intern last year and who has just returned from working for a semester in Washington, D.C.

At press time, there was still snow in Montana but elsewhere the U.S. Forest Service was already fighting fires. In this issue, Roger Sedjo, a former PERC Julian Simon Fellow and a widely published expert on forestry, explains that the fires reflect deeper problems in the agency.

Finally, our readers will find the regular columns, "Tangents" by Daniel K. Benjamin (this time on interstate trading of trash and efforts to curtail it), and "Greener Pastures," prepared by Linda Platts, with some help from our editorial intern Sam Westlind.

Jane S. Shaw

From left: Mehta; Ferrie; Sedjo; Kumlien.



PERC

The Center for Free Market Environmentalism

502 South 19th Avenue, Suite 211
Bozeman, Montana 59718-6821
www.perc.org 406.587.9591

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COMMUNITY FORESTRY IN INDIA AND NEPAL

REVERSING DEGRADATION FROM YEARS OF NATIONAL CONTROL

By Trupti Parekh Mehta

Alarmed by massive loss of forest cover, and under pressure from environmentalists, the governments of India and Nepal began to decentralize forest management in the late 1980s. The process has a long way to go, but there are signs—in Nepal and two Indian states—that control by local communities may be reversing the tragedy of government control of forests.

In 2000, I visited about twenty villages in Nepal and the Indian state of Gujarat. I found that wherever forest lands are handed over to user groups, the vegetative cover has improved dramatically, even where the land has lost its trees and is severely eroded. Just by looking at the area, I could predict whether it was locally or nationally managed. “One can see the difference between the community forests and other forests,” K. B. Shrestha, Director-General of Community and Private Forests, Ministry of Forests and Soil Conservation, told a reporter for *Down to Earth*, a magazine published in Delhi.

For example, grazing too many cattle can stunt the regeneration of forests. With the new steps toward local control, people have begun to reduce the number of livestock they graze and have initiated stall feeding. I was told in Kande in Pokhara, Nepal, that the cattle population has been cut in half. “We have voluntarily disposed of our cattle because now we are confident that whatever more will be produced in the forest would belong to us. So now we are more responsible toward growth of forest. We have seen with our own eyes the wonderful results of natural regeneration.”

Both India and Nepal have a wide variety of forests, ranging from tropical forests to sub-alpine scrub forests in the Himalayas. For centuries, these forests have provided people with timber, fuel, and fodder for cattle. At one time, use of the forests followed traditions of local community control. These were disrupted when national governments took over and local communities lost incentives for stewardship. What was once a well-regulated common resource became a free-for-all open-access resource, although nominally under the control of the national government. These forests have been severely degraded as a result.

In India, national control goes back to the 1860s, when the British nationalized all India’s forests, taking away traditional rights and privileges of the local communities with a stroke of a pen. After independence, India’s government maintained and even strengthened colonial policies. The massive forest bureaucracy is still very powerful and resists the

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devolution of power to the local communities.

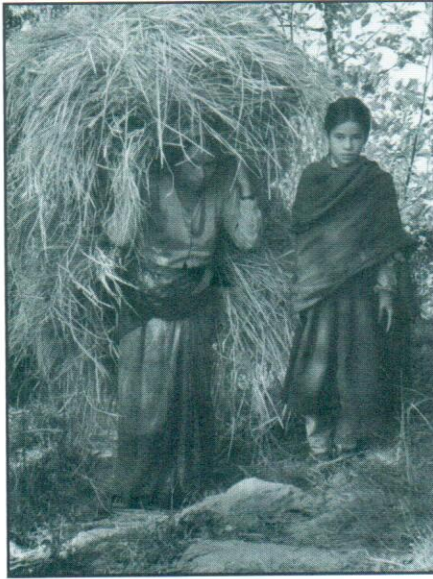
In contrast, Nepal remained free from British colonial influence. However, it attempted to create a forest bureaucracy along the Indian model in the late 1940s and nationalized all private forests a decade later in 1957. In both countries, forests are logged primarily under contracts sold by governments. Sale of wood by individuals is not permitted. However, since many communities depend on the forests, timber and fuel wood are sold clandestinely in nearby towns, often at very meager prices and sometimes in connivance with forest guards. A great deal of timber is cut, both legally through contracts and illegally under the patronage of higher forest officials and politicians.

The community forestry programs are designed to give communities a financial stake in the forest so that they have an incentive to preserve them. The master plan for Nepal's program, adopted in 1988, states that the forest administration should "allow people to have full control over the forests. . . ." The program, codified in 1993, goes farther than India's does in turning management over to local groups. Any national forest on which a community depends can be transferred to a Forest Users' Group (although proposed amendments may set some limits on which forests can change hands).

Nepalese Forest Users' Groups are independent corporate bodies, with powers to buy or sell property, to negotiate and sell timber, to hold separate bank accounts and transact independently, to punish offenders, etc. The groups receive 100 percent of the proceeds of a timber sale, and are required to spend it on village development and forest regeneration (although amendments may reduce the percentage). By 1999–2000, the government of Nepal had given control of 17 percent of the total forestland to Forest User Groups in 73 districts.

I found many success stories in Nepal. In Siranmati, a village in Dolkha, Nepal, I was told: "The surrounding hills you see were totally naked some twenty years ago. Then the Swiss agency planted these pine trees. But nobody was interested in its protection, because it was not ours. Now every household is involved in the protection."

The most striking feature of this turnaround is that it



Trupti Parekh Mehta

User groups in Nepal instituted rules of conduct fine-tuned to local conditions—such as detailed rules for how much grass and fuel wood each household can collect, and when. Violators are fined.

came about without expensive intervention like planting or physical fencing. The user groups simply instituted rules of conduct that were fine-tuned to local conditions. In some cases, grazing is totally banned, while in others it is banned for specific time periods. Some villages employ watchmen, while in others, members of each household take turns as guards against violators. Detailed rules are set for how much grass and fuel wood each household can collect, and when. Violators are fined. The result has been natural regeneration of trees.

India's Joint Forestry Management program, established in 1990, does not go as far as Nepal's. Forest Officers, government officials, can withdraw the program unilaterally without compensation. Joint management (that is, partial community control) is allowed only for forests that are already degraded. (An amendment allows good forests to be transferred but the conditions are so restrictive that this right is in effect denied.) Local committees have only user rights to fuel wood, fodder, and small timber, and only 25 to 60 percent of the net income reaches the committees. The program is not a statute, just a government circular, and therefore less binding. Overall, only 13 percent of the forests have been turned over to local communities in India.

Nevertheless, some important changes have occurred. According to a government report, in the Nizamabad district of Andhra Pradesh, 80 percent of the total forestland was given to Forest Protection Committees during 1993–95. Satellite images confirm that the dense forest area increased by 60 percent from 1996 to 1998. Similarly, there are reports from the Jhabhuwa district of Madhya Pradesh that the once denuded hills have turned green in a short span of four to five years.

In a few cases, the forests are beginning to generate income for the community. Another heartening feature is the evolving process of dispute resolutions by the groups through negotiations and discussions and with the help of nongovernmental organizations and, in Nepal, by a countrywide organization of users' groups. But much remains to be done. Even in Nepal, there is an attempt to backtrack on the government's commitment. In short, these policies are merely first steps in the right direction.

Trupti Parekh Mehta, a native of India, is a trustee and full-time activist for Action Research in Community Health and Development, a private non-profit organization based in Mangrol in eastern Gujarat. This article is adapted from the paper Mehta prepared for the Kinship Conservation Institute in 2001.