



# Reflections on the Policy and Governance Component of MSFP (2012 to 2016)

THE MULTI STAKEHOLDER FORESTRY PROGRAMME  
KATHMANDU  
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Front cover photo : Encroachment in forest land in Kapilbastu District (2014)

# Abbreviations

|          |  |
|----------|--|
| AFEC     | Agriculture, Forestry and Environment Committee  |
| DFID     | Department for International Development, UK Aid   |
| DFSCC    | District Forest Sector Coordination Committee  |
| DFSP     | District Forest Sector Plan  |
| DSM      | District Support Mechanism   |
| FSS      | Forest Sector Strategy   |
| GoF      | Government of Finland  |
| GoN      | Government of Nepal  |
| GSI      | Gender equality and Social Inclusion   |
| IA       | Implementing Agency  |
| JFA      | Joint Funding Agreement  |
| LAPA     | Local Adaptation Plan of Action  |
| LSGA     | Local Self Governance Act (1999)   |
| MoFSC    | Ministry of Forests and Soil Conservation  |
| MPFS     | Master Plan for the Forestry Sector (1988)   |
| MSFP     | Multi Stakeholder Forestry Programme (2012-2016)   |
| MSSC     | Multi Stakeholder Steering Committee   |
| NAPA     | National Adaptation Programme of Action  |
| NFE      | National Forest Entity   |
| NFF      | National Forestry Forum  |
| NFSF     | National Forest Sector Forum   |
| NGO      | Non-Governmental Organization  |
| NPC      | National Planning Commission, GoN  |
| REDD+    | Reducing Emissions from Deforestation and Forest Degradation                                     |
| RSM      | Regional Support Mechanism   |
| SDC      | Swiss Agency for Development and Cooperation   |
| SEEP/ORT | The Socio-Economic and Ethno-Political Research and Training Consultancy Company, Nepal          |
| VDC      | Village Development Committee  |
| VFCC     | Village Forest Coordination Committee (formed by the MoFSC/DFID Livelihood and Forestry Project) |

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# 1

## INTRODUCTION

### The Context of the Forestry Sector

Nepal is known as a pioneer country for the development of community forestry – as a result of the Government of Nepal’s (GoN) partnership over the last 30 years with various donors, in particular the British, Swiss, Finnish and Australians, about one third of the total forest landmass is now being managed directly by local communities. The forestry sector in Nepal has become significantly participatory and more democratic after the launch of community forestry in the 1970s. Along with the development of community forestry, an increasing number of non-state actors, namely communities, civil societies, and the private sector, have been involved in the forestry sector especially during the last two decades. Amidst a fragile and transitional political situation and ever-increasing stakeholder expectations, maintaining effective forest governance has been a long standing challenge in Nepal.

The forestry sector governance was provided with broad guidelines by a 25-year Master Plan for the Forestry Sector (MPFS) developed in 1988. Legal provisions of the 1993 Forest Act and the 1995 Regulations are milestones in forest sector governance, and in ensuring legitimate rights of non-state actors in forest management. By 2010, when the MPFS expired, there was an urgent need to address emerging contemporary issues like climate change, economic reform and geo-political inclusion - at this stage, the forestry sector needed a new policy and a long term strategic plan. The Ministry of Forests and Soil Conservation (MoFSC), as the responsible lead agency, was thus expected to develop a new strategic plan for the sector by undertaking a wide multi-stakeholder deliberation. At the same time, challenges in the forestry sector governance were not only in the policy process but also in its implementation. For an effective implementation of the policies and programmes, an appropriate multi stakeholder mechanism was required, and the institutional

capacity of the key actors needed to be enhanced to remain compatible in the context of changed policies and roles.

## Relevance of MSFP

The Multi Stakeholder Forestry Programme (MSFP) was a joint initiative of the Government of Nepal with the Governments of the UK, Switzerland and Finland. MSFP carries the legacy from past forestry programmes (e.g. the Livelihoods and Forestry Programme, and the Nepal-Swiss Community Forestry Project), as well as the Master Plan for the Forestry Sector, and was designed to scale-up good practices and address emerging issues in the forestry sector. The Programme envisioned improved livelihoods and resilience for poor and disadvantaged people, and was jointly implemented by state and non-state actors, comprising civil society, Non-Government Organizations (NGOs), communities, and the private sector. Nepal has more than 40% of its landmass covered with forests and there is a high potential to manage it for economic benefits. By exploring this potential, the country will be able to generate income and support livelihoods of forest-dependent people through the creation of many thousands of jobs. The existence of MSFP to enhance the exploration of such potential was very relevant, and MSFP was well positioned to address the policy and governance issues – which was one of the four programme components. The focus of this component was on policy support, governance and institutional reforms for improved management of forests.

## MSFP aims for improved ‘Policy and Governance’

With a vision of a total 10 year duration, MSFP was planned for two distinct phases - a 4 year “transition” phase (2012-2016) and a subsequent 6 year implementation phase. The ‘Policy and Governance’ component (outcome 1) was the key area of intervention in the initial phase, and targeted improvements in policy and governance with some clear benchmarks. The component was planned as follows for the initial phase.

## Expected outcome from MSFP’s policy and governance component:

| Expected outcome:   | Indicator  | Target (2012-2016) and Status  |
|---|--|--|
| “Government and non-state actors <sup>1</sup> jointly and effectively implementing inclusive forest sector strategies, policies and plans”                  | Number of new or updated inclusive national strategies, policies and plans agreed by multistakeholder mechanism                                    | 15 strategies, policies, plans<br><i>MSFP involved in revision, development and preparation of 12 plans, policies, and strategies at national level, and many plans at district and VDC level*</i>                     |
|   | Representation of GoN, civil society organisations and the private sector at national-level multi-stakeholder meetings                             | 2 meetings pa.<br>Representation: GoN 50%, Civil Society 3%, Private Sector 17%<br><i>Fully achieved.</i>  |
|   | Forest sector governance rating  | Minimum of one traffic light improvement in at least two categories as per Global Witness checklist<br><i>Between 2011 and 2015, from a rapid appraisal, yellow indicators increased and red indicators decreased.</i> |
| Expected output 1: Multi-stakeholder National Forest Entity establishment facilitated and functional in with the GON approach paper (2010) approved by NPC. | Entity with representation from government, NGOs, civil society and the private sector approved by GoN   | Entity legally established and operating<br><i>Not achieved.</i>   |
|   | Number of meetings per year of entity steering committee or board with representation from government, NGOs, civil society and the private sector. | Biannual meetings<br><i>Not achieved.</i>  |
|   | Approved annual work plan and budget for entity.   | Annual workplan and budget in place<br><i>Not achieved.</i>  |

<sup>1</sup>Non state actors’ comprise civil societies, NGOs, communities and the private sector

\* MSFP was closely involved in the preparation of 14 District Forest Sector Plans (DFSPs).

| Expected output  | Indicator   | Target (2012-2016) and Status   |
|--|---|---|
| 2: National Forest Sector Strategy and other relevant forest sector policies, plans and guidelines preparation and/or revision processes initiated by GON through Multistakeholder approach are facilitated. | National forest sector strategy developed (incorporating GSI strategy, REDD+ NAPA and LAPAs) based on the recommendation of NFSCF and approved by GoN                       | Strategy approved<br><i>Fully achieved.</i>   |
|  | Number of new or updated policies, plans and guidelines developed through multi-stakeholder process & approved by GoN   | 8 in total (2 per year)<br><i>Fully achieved</i>  |
|  | Gender equality and Social Inclusion (GSI) strategy implementation action plan developed  | Action plan approved and implementation started<br><i>Regional level action plan developed and implementation started.</i>  |
| 3: Government and non-state actors in multistakeholders structures have optimised capacity for forestry sector governance and implementation at different levels   | Number of inclusive multi-stakeholder bodies with own plans, budgets, and multi-stakeholder steering committees   | DFSPs in 23 districts prepared; AFEC/ VFCCs formed in all VDCs in 23 districts<br><i>Fully achieved.</i>  |
|  | Number of local forestry groups receiving technical and governance support from trained and accredited resource persons from (i) government and (ii) non-state organization | (i) 66% : (ii) 33%<br>4,025 LFGs have received support from the NGO IAs; more than 40% of LFGs have received non-state support,<br><i>Target (ii) achieved.**</i> |
|  | Number of local forestry groups receiving financial support from non-programme sources.   | No target specified for the initial phase   |

**\*\*** *DFSPs in 9 districts have already been prepared; MSFP was actively involved in the preparation of the remaining 14 district plans.*



The initial phase benchmarks were defined as follows:

- a National Forest Sector Strategy developed by MoFSC through a multi-stakeholder process, prepared and approved by GoN;
- an inclusive National Forest Sector Forum (NFSF) in place, involving government, NGO, civil society and private sector;
- implementing agencies' internal governance systems (including financial and procurement systems) annually audited thus conforming to the standards of the concerned donor agencies (GoN, DFID, SDC, GoF);
- a multi-stakeholder autonomous National Forest Entity approved by the GoN.

# 2

## INTERVENTIONS

In line with the targeted outcome and output, MSFP intervened with three sets of activities within the policy and governance domain.

**First**, a range of activities was carried out to support MoFSC in the development of a National Forest Entity (NFE). The NFE was expected to be governed by multi-stakeholders, and to be an autonomous and inclusive entity under the leadership of the MoFSC. The major functions of the entity were envisioned to be a) leverage of resources, and b) implementation of forestry sector programmes. MSFP supported the MoFSC in conceptualizing and internalizing the entity according to the 2010 approach paper of the GoN. Several regional, central as well as constituency based consultations were carried out to improve the concept of the NFE, and to develop a formation order for such an entity. The MSFP support was provided through procuring third party service providers, as well as through direct technical support from MSFP professionals.

**Second**, MSFP supported the MoFSC in the development of the new forest sector policy and strategies. The recently expired MPFS was reviewed thoroughly together with separate assessments of 14 various themes. Based on the learnings from the implementation of the MPFS, the Ministry developed a new forest sector policy in 2014 by following a broad consultative process. A forest sector strategy was developed in 2015 following a similar consultation process at regional and central level, also being focused on themes. Various other strategies and guidelines were developed or updated with contemporary agenda like climate change and social inclusion, also following a multi stakeholder consultative process.

**Third**, multi stakeholder mechanisms were developed and strengthened from village to central level, and the capacity of the key stakeholders was enhanced to increase effectiveness of their role in policy processes and governance in forestry. The duty bearers, including GoN and NGO stakeholders, were supported with skill enhancement training and coaching, as well as exposure events, so as to make sure that accountability, transparency and the multi stakeholder collaborative approach were understood correctly and embedded in the intervention process. The rights holders, including communities and civil society organizations, were oriented to enhance participation, accountability and negotiation processes.

# 3

## APPROACHES

The following key approaches were followed by MSFP while implementing the policy and governance related interventions.

**The multi-stakeholder approach:** key stakeholders were provided capacity building in order to ensure that they participated more meaningfully, confidently and equally in the processes of policy deliberation. These key stakeholders included GoN staff members, civil society, communities and the private sector. Full and equal participation of all categories of stakeholder is a key to formulation of any policy and to create and maintain ownership by all. This would eventually ensure effective implementation of the policy.

**Action learning approach:** key stakeholders from village, district and central levels engaged in the policy processes, learned from ongoing practices, and fed those learnings directly into the policy. These learnings from the field enable policy to be more realistic and most likely to be implemented.

**A consultative approach:** the policy processes followed participatory and consultative approaches - though this is a time consuming process, it is essential for better outcomes and impacts from the implementation. Policies may be drafted initially by an expert and experienced team on the basis of previous experiences and reflections, but such drafts should be taken through the consultation process at all levels with the relevant constituencies for their inputs to ensure further improvement and down to earth realism.

# 4

## MSFP'S MAJOR ACHIEVEMENTS IN THE POLICY ARENA

MSFP has made a significant contribution to the following milestones.

### 4.1 The National Forest Entity

The National Forest Entity (NFE) was a new concept for Nepal's forestry sector. Following reviews of the national and international practices, a concept paper was developed for NFE establishment in Nepal. After having a series of consultations with key stakeholders, the NFE was conceptualized as a GoN-led multi stakeholder-governed body with necessary autonomy

"The process of developing the forest sector strategy has been quite consultative and our voice is heard. We look forward for its finalization soon and effective implementation."

Mr Ganesh Karki, Chairperson of the Federation of Community Forest Users Nepal on 'Ban Chautari' media dialogue programme, August 2014.

which would generate resources and manage forestry programmes. Based on the concept paper, a formation order was drafted to establish NFE as a development committee. Both the concept paper and formation order were submitted to the MoFSC for consideration and approval. In the context of the new federal Constitution and with limited Programme time left, the MoFSC in early 2016 made it clear that the establishment of NFE needs more time than envisioned in the agreed proposal.

Since the initial phase of MSFP was finishing by July 2016, a multi-stakeholder Executive Committee for MSFP was formed in late 2015 to speed up decision making. However, the government was unable to establish the NFE within the stipulated time frame.

## 4.2 Forest Policy and Strategy

The duration of the 25 year Master Plan for the Forestry Sector expired in 2010 and a new forest policy was required during the inception period of MSFP. With active support from MSFP, the implementation of the MPFS was reviewed under 14 themes. Comprehensive reports were prepared by various experienced consultants and stakeholders, and based on the learnings from this comprehensive MPFS review, a new forest policy was developed in 2014, following a series of multi-stakeholder consultations.

Following the new policy, a 10-year forest sector strategy (FSS) was approved in 2015. The forest policy and strategy formulation process was extensively consultative, thus it took two years to develop the policy and strategy. The major stakeholders (e.g. forest users, district officers, NGOs, the private sector, civil society actors, academia, GoN authorities, development partners) were involved in the policy development process, and thus both policy and strategy were owned by the key stakeholders. As a consequence, it was expected that the implementation would go smoothly and effectively. Beside the overarching policy and strategy, MSFP supported MoFSC in the review, update and development of a number of additional policies, strategies and guidelines for the forestry sector, as listed below.

Policy work with MSFP support between 2012 and 2016

| Policy document                       | Activity conducted         | Status          |
|---------------------------------------|----------------------------|-----------------|
| Master Plan 1988                      | Implementation/Review 2014 | Completed       |
| Forest policy                         | Development 2014           | Approved        |
| Forest sector strategy                | Development 2015           | Approved        |
| GESI strategy 2007                    | Implementation/Review 2014 | Completed       |
| REDD+ strategy                        | Development 2015           | Approved        |
| Community forest inventory guideline  | Revision 2015              | Completed       |
| Forest fire strategy                  | Development 2014           | Completed       |
| Scientific forest management strategy | Development 2015           | Approved        |
| Public land management directive      | Development 2015           | Draft finalized |
| MoFSC human resource strategy         | Review 2013                | Completed       |
| Biodiversity Strategy and Action Plan | Development 2014           | Approved        |
| National Conservation Strategy        | Development 2014           | Approved        |

### 4.3 Multi-stakeholder Capacity Strengthening

Along with the policy deliberations, MSFP supported enhancing the capacity of key forestry sector stakeholders in the multi stakeholder processes. This was done through the establishment of multi-stakeholder mechanisms at various levels, and the capacity building of specific stakeholders.

The key stakeholders included: GoN staff, and civil society and private sector actors, and those who were engaged in MSFP and general forestry activities through the multi-stakeholder mechanisms. These multi-stakeholder mechanisms were made operational at various levels, from the centre to the VDC. In 47% (559) of VDCs in the 23 MSFP core districts, Agriculture Forest and Environment Committees (AFECs) are now formed under the umbrella of the VDC, and in line with the Local Self Governance Act (1999). In the remaining VDCs, existing coordination committees or networks are gradually being strengthened in line with the AFEC modality. In 32 of the MSFP operational districts, the District Forest Sector Coordination Committees (DFSCCs) have been functioning well with MSFP support. In the other 9 districts supported by MSFP, DFSCCs are in the process of being strengthened. The project-based District Support Mechanism (DSM), formed by and for MSFP, also served as a multi-stakeholder committee, as the GoN, local government, NGO and project staff are all active within this mechanism. The DSM supported the DFSCCs at the operational level. A Regional Support Mechanism (RSM) has also been formed in all five development regions under the leadership of the Regional Forest Directors, but NGO and project staff are also represented, thereby improving forestry sector coordination at regional level.

Under MSFP, a Multi Stakeholder Steering Committee (MSSC) was established in 2012, and made functional at the central level. 10 effective MSSC meetings were held during the 4 years of project implementation, the first time in Nepal's forest sector that a high

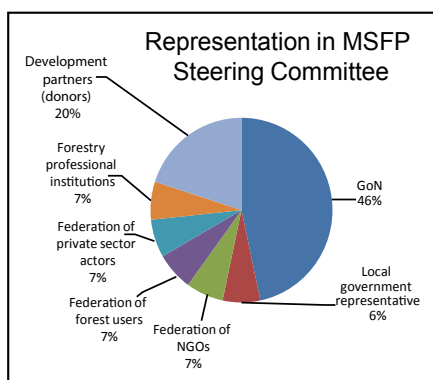
#### Frequently discussed topics at the MSSC

- Forest policy, strategy
- Involvement of stakeholders in forestry sector issues
- Conducive environment for private sector
- Scientific forest management
- Forest technicians and employment
- MSFP annual plans, budgets, progress
- MSFP future plans, NFE

number of non-GoN stakeholders were participating formally as decision makers in such steering committees.

Since major stakeholders from different forestry sectors were participating in the MSSC, it acted as a forum for discussion and deliberation on wider issues and options in the forestry sector. This has provided encouragement to the revitalizing of a forest sector-wide coordination committee at national level. A concept note and terms of reference were developed by the MoFSC for the National Forestry Forum (NFF), which builds on the experiences of the Forest Sector Coordination Committee, conducted in earlier years by the MoFSC.

The NFF is envisaged to run as a regular open forum, possibly held annually, where forestry sector-related experiences are shared and policy issues and opportunities are discussed among all stakeholders in one place. The Ministry is still considering the funding and formalization of some such forum in the near future – it is generally considered that this forum will be instrumental in maintaining good governance in the forestry sector.



In addition to the above, multi-stakeholder mechanisms at all levels practiced joint monitoring of the MSFP programme activities, and this was considered as very useful in maintaining good coordination and improving understanding between the stakeholders.

In order to enhance meaningful participation and to strengthen the multi stakeholder approach, various stakeholders including GoN, NGOs, civil society groups, user federations, and implementing partners were provided with some specific exposures, trainings, coaching and orientations under the MSFP programme, mostly through third party service providers. These capacity building efforts helped the stakeholders in addressing current issues, expressing themselves more concisely, and in turn enhanced the effectiveness of the multi-stakeholder process.



# 5

## OUTCOMES REALIZED

Over the past four years, the MSFP interventions resulted in some immediate impacts in forestry sector governance:-

- a) the MoFSC has started to follow more consultations in the process of formulating and developing policy;
- b) civil society actors are increasingly becoming more constructive, optimistic, vibrant and active within the forestry sector;
- c) the policy processes are more inclusive now - for example, the forest sector strategy is accepted by all key stakeholders as they were included in the consultations during its formulation;
- d) it is also evident that the forest sector strategy included all contemporary agenda and is based on learnings from all the work on community forestry, undertaken in recent decades;
- e) in a rapid assessment of governance indicators according to the Global Witness checklist, a clear improvement was observed in forest sector governance indicators from 2011 to 2015 (refer SEEPORT report, 2015).

“The multi-stakeholder steering committee of the Programme is a bold step that will help to bring all the actors together for forestry sector strategic planning and decision making. My Ministry is fully committed to make this Programme a success.”

Dr. KC Paudel, Former Secretary of MoFSC  
(December 2012)

In conclusion, MSFP has significantly supported the multi stakeholder process, has helped promote positive and wider dialogue in policy development, and has significantly contributed to enhanced participation and good governance practices in the past four years within the forestry sector.

# 6

## LEARNINGS

### 6.1 MSFP specific learnings

Establishing MSFP coordination mechanisms such as support committees also contributed to the institutionalization of the multi stakeholder mechanism in aid of good governance. However, the establishment of a multi stakeholder processes as such is quite expensive in terms of time, and needs to be carefully planned in a project environment.

Just establishing a governance mechanism system is not sufficient for achieving the desired outcomes - there is also a need for specific capacity building at all levels, including in gender and social inclusion aspects and in a number of topics for the key stakeholders. Capacity building in relation to the governance of the delivery organizations is expensive, but essential to reduce fiduciary risk, and improve implementation.

Ambitious benchmarking for the Programme during the initial phase was a potential risk - for example, the NFE - and high delivery targets were set for the initial phase of MSFP, which was too difficult to achieve by a small project management team. It is suggested that the policy-governance component might have been planned as a separate project or an independent component with a dedicated team of experts and professionals within these fields.

It is learned that the MoFSC is not yet ready to establish a National Forest Entity in the current political transition of Nepal, but it was specified as a benchmark in the Joint Funding Agreement. Careful and realistic planning is important to ensure that desired outcomes are achieved.

### 6.2 MSFP IA specific learnings

From the start of MSFP, the quality of governance of some of the NGO

IAs has been a continuous concern. The donors conducted a series of Fiduciary Risk Assessments of the implementing agencies, and actions were subsequently taken to minimize such fiduciary risks during project implementation. The IAs were able to maintain effective delivery to a large extent, but went through some difficulties in maintaining a high level of financial management. In such a large Programme, the fiduciary risks were high in both the national NGOs and the local partner NGOs located in the districts; in the later, multiple roles are taken up by a limited number of key staff, which is not conducive to sound financial management.

### **6.3 Learnings for the forest sector**

From four years of interventions in policy and governance, it has become evident that the multi stakeholder mechanisms helped to strengthen good governance in the forestry sector. The consultative process for promoting multi-stakeholder participation in the policy processes is time consuming and expensive, but worth the investment to ensure ownership by all stakeholders. The key stakeholders appreciate ‘our policy in the pipeline’ considerably more than ‘their policy on the table’.

There was a lack of firm commitment within government structures to endeavor to achieve the NFE benchmark for the MSFP on time - and this was in part due to the transition phase through which the country is currently embroiled. This indicates that there is still scope for improving governance in the sector. The existence of such a body would help to ensure continued external support to programmes like MSFP.

Recently, a National Forest Forum (NFF) was conceptualized as an open, advisory forum for the forestry sector. The MoFSC had yet to take firm steps to establish the NFF before the closure of MSFP. It is essential for MoFSC to broaden the sector understanding that the NFF should never be a donor or project supported mechanism – it needs to be developed by and for the MoFSC as an open multi stakeholder forum in aid of sound governance of a forward-looking forestry sector.

# 7

## WAYS FORWARD AND SUSTAINABILITY

In order to encourage sustainability and better outcomes of forest policies and governance, the MoFSC, other key stakeholders and the donor community may take the following points into account for future reference:-

- the forestry sector strategy needs to be rolled out clearly and translated into actions in future annual plans of the Ministry of Forest and Soil Conservation, starting from 2073/74;
- new and revised policies and laws need to be developed in the context of the emerging federal structure under the new Constitution of Nepal, with clearly defined roles and responsibilities for each of the central state, district and local level GoN actors;
- there is a need to include and build on existing good practices in the forest sector – for example, community forestry, scientific forest management, and the established and proven multi stakeholder approach;
- programme delivery by the NGO implementing agencies is effective at ground level – this needs to be continued while ensuring appropriate governance mechanisms are in place;
- the multi-stakeholder mechanism should be applied at all levels, from the VDC to national level and should be continued and further strengthened in support of good governance and continually improved ownership;
- if the National Forestry Forum was initiated as an open learning forum for the forestry sector at some stage in the not too distant future, it would be instrumental in strengthening the multi-stakeholder approach. In addition, it would be a primary vehicle for maintaining good governance at the national level, and a forum for policy dialogue and discussion concerning new technologies and current issues within the sector.

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