

Perception or reality? A case study of corrupt practices in the forestry sector in Nepal

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Summary

Corrupt practices are endemic in the forestry sector in Nepal. Corruption features prominently in the transfer and promotion of forest officials where large sums of money are paid to secure transfers to the more profitable of the range posts. The issuing of collection and transport permits for forest products is a rich source of extra money for officials as payments are demanded from traders under an established 'system' to speed and smooth the process. For those involved, such transactions are perceived to be corrupt only when additional money is paid on top of the already established rate. Money is also made from the preparation of reports such as environmental impact assessments. Training programmes organised by the governmental and non-governmental organisations are another source of illicit income. As forest products are transported from the collection sites to their destinations large sums have to be paid to forest officials, and many others. These conclusions are based on evidence provided by semi-structured interviews of a wide selection of forest officials, traders and others in a district administrative centre in central Nepal. This article concludes that although this level of corruption contradicts Agenda 21's demand for good and honest administration it may nevertheless be a positive factor in development as a lubricant for an as yet incomplete and imperfectly functioning state bureaucracy.

Keywords: Corrupt practices, Forest management, Agenda 21 and Nepal

Introduction

Much of the general scholarly and political discussion of corruption starts with the Corruption Perception Index (CPI) prepared by Transparency International (TI). TI is an international civil society organisation which is devoted to monitoring and publishing corporate and political corruption and which has played a major role in a global campaign mounted against corruption. It has been trying to build a coalition between the major

international donor institutions, the international business community and local politicians with the aim of improving governance in corrupt societies (Sampson 2005). Its CPI measures perceptions rather than actual corrupt practices. It is a composite of the opinions of a range of officials, management executives, business experts and US-resident country experts and, according to one of its originators Fredrik Galtung, it “relies on an imprecise, yet narrow, definition of corruption, focuses only on the takers and not the givers, and draws its information from often ignorant sources” (Harrison 2007: 674).

The CPI perceived a high level of public sector corruption in developing countries. Nepal ranked 154th out of the 183 countries listed in 2011, scoring 2.2 for public sector corruption on a scale of 0-10, where 0 means that a country is perceived as highly corrupt and 10 means that a country is perceived as very ‘clean’ (TI 2011). In 2014, Nepal’s position had improved marginally and it now ranked 126th out of the 175 countries then listed and scored 2.9 for public sector corruption (TI 2014).

The results produced by TI in its CPI need to be taken with a pinch of salt. Elizabeth Harrison warns us that a strong anti-corruption lobby has developed in the western world which adopts a simplistic definition of corruption and underplays the very different meanings and contexts of the transactions involved. It provides an all too neat explanation for the ills of the giver and taker countries and continents, and attaches moral culpability entirely to the supposedly corrupt (Harrison 2007).

The CPI has encouraged the prevailing negative view of corruption. Jennifer Hasty (2005) argues that corruption has become a matter of central concern with the development of the global neoliberal order. The widespread failure of neoliberal development models is explained by the corrosive influence of corruption. As early as the 1970s, it was normal to perceive corruption as a consequence of “Third World instability” and a lack of social discipline. However, after a series of scandals involving private-sector firms, such as Enron and the global telecoms giant WorldCom in the USA, it became apparent that corruption was not confined to public sector officials in defective state bureaucracies or to developing as opposed to developed societies (Shore and Haller 2005).

Akhil Gupta defines corruption as “a violation of norms and standards of conduct”. In his examination of the discourses of corruption in contemporary India, he argues that a discourse of accountability is the

other face of a discourse of corruption (Gupta 1995: 388). Rather than treating corruption as a dysfunctional aspect of state organisations, he sees it as a mechanism through which the state itself is discursively constituted. Quoting Herzfeld (1992) he argues that standards of accountability and norms of conduct of state officials come from social groups as well as from the state, and often diverge. Consequently, assessments differ as to whether a particular action is corrupt or not. Not just subjects but also state officials are involved since they too are “multiply positioned within different regimes of power: in consequence, they simultaneously employ, and are subject to, quite varying discourses of accountability” (Gupta 1995: 388). There are variations in the discourse of corruption within regions and between different historical periods. Corruption is a transnational problem transcending individuals and even individual countries. It “is always relational, mutually implicating, and boundary crossing” (Hasty 2005: 280).

Gupta argues that the analysis of corruption as a social phenomenon is inherently complex. It cannot be grasped in separation from narratives of corruption. The experience of corruption by all the parties involved in such acts is reiterated by each and every one of them. This enables participants to make sense of their actions. Crucial insight into corruption may be gained from the stories produced by state officials, who are “essential cogs in the machine greased by corruption” (Gupta 2005: 176).

Shore and Haller have argued that corruption eases the transition to modernity and has a positive function in development “because it ‘fills the gap’ left by partial bureaucratization and the incomplete penetration of the state” (2005: 3). This is not a view shared by international bodies such as the International Monetary Fund (IMF). After a World Bank report of 1989 had blamed Africa’s development problems on a crisis of governance, the IMF made good governance a condition of aid and insisted that the many financial and other reforms which it demanded were core components of this. Its macroeconomic policies were sacrosanct and were maintained even when they did not lead to the expected outcomes (Mkandawire 2007).

Following the line adopted by the IMF, Agenda 21 stressed the importance of good and honest administration. This agenda for the 21st century was negotiated in 1992 in Rio de Janeiro at the inter-governmental United Nations Conference on Environment and Development (UNCED). It called for increased efforts to “eradicate mismanagement of public

and private affairs, including corruption". This was seen to be essential for sustainable and broadly based development and sound economic performance (UNCED 1992: 25). The Nepali government has officially committed itself to Agenda 21 and its goals including the eradication of corruption and the sustainable use of forest resources. However, corrupt practices continue to operate in the forestry sector and make the achievement of these goals problematic (Adhikari 2014).

Corrupt practices in the forestry sector are not confined to Nepal. They have increasingly been recognised as a global phenomenon (Callister 1999). Various types of corrupt practices in general and specifically in the forestry sector have been identified in India (Hill 2000). Current publications on forestry in Nepal largely concern themselves with governance. There is often a specific focus on community forestry (for instance Nightingale and Ojha 2012, Ojha, Cameron and Kumar 2009, Nightingale 2005, and Varughese and Ostrom 2001). Climate change has also attracted much attention and specifically the implementation of REDD+ (Reducing Emissions from Deforestation and Forest Degradation) (for example Paudel *et al.* 2013 and Larson 2011). However, there have as yet been no in-depth academic studies published on corrupt practices in the forestry sector in Nepal, although this issue has been addressed in passing in articles on Nepal's forests and forest products (Paudel, Khanal and Branney 2011, Satyal-Pravat 2006, Larsen, Olsen and Boon 2000). By contrast, the subject has received much attention in popular journalism and the media. This article is an attempt to address this research gap.

The article is based on a case study of a District Forest Office (DFO) in central Nepal and shows how corrupt practices are described and viewed by the wide range of participants involved. It shows the situation to be more complex and nuanced than outsiders perhaps realise. It considers two broad questions: 1) What is perceived as corrupt practice by the people involved in the exploitation and management of plants? and 2) How do these practices operate in the management and trade in forest products? It illustrates the various ways through which people linked with the exploitation and management of plant resources are making extra money. These include the appointment and transfer of forest officials, the issuing and obtaining of permits, keeping records and writing reports, the implementation of district Five Year Work Plans, and the transportation as well as the smuggling of forest products. These operate through the

'system', an English word which is frequently used by Nepali people to refer to an established tradition in bureaucratic institutions. The 'system' is an unwritten but very powerful working mechanism under which unofficial payments on a clearly understood and accepted scale are made to speed or accomplish passage over particular bureaucratic hurdles.

Forestry in Nepal

Forests cover 39.6% of Nepal's land area (Nepal Government 2014). It has been estimated that Nepal's forestry sector contributes about 15% towards Gross Domestic Product (GDP) (ERI 2011), although the Food and Agriculture Organisation (FAO) made an estimate of only 3.5% in 2000 (FAO 2009). Nepal's forests were nationalised in 1957 following the demise of the previous Rana regime in 1951 (Gilmour and Fisher 1991). A formal bureaucratic structure for forest administration was established which operates throughout the country at the central, district and local levels. The Department of Forests (DOF) has offices in the regional administrative centres of each of the five development regions into which Nepal is politically divided. These regions are sub-divided in turn into a total of 75 districts; in each of these, DOF has a DFO with the exception of the Himalayan district of Mustang, the forested areas of which fall under the Annapurna Conservation Area Project (ACAP). Further subordinate forest offices have been set up; the number of these in each district depends on the size of its forested area. Each subordinate forest office is again sub-divided into a number of range posts, each commanded by a ranger in charge of a few forest guards. Each range post looks after two to three villages. The function of the forest officials is to supervise and enforce the law and regulations to protect the forest, to deal with forest fires, to provide training programmes and to supervise the Community Forestry Users Groups (CFUGs).

The DFO is the main body responsible for the implementation of the policies of the DOF and for the management of the forest in its catchment area. Each DFO has to produce a Five Year Work Plan. This work plan may be produced by the DFO's own experts or by experts hired by them. In either case, the plan has to be ratified by the DOF. This work plan governs all the activities of the DFO. It specifies exactly which projects, which Environmental Impact Assessments (EIAs) and Initial Environmental Examinations (IEEs), and which training programmes are to be carried

out. It includes how many Community Forests (CFs) and nurseries are to be established and how much barren land is to be planted. It provides a general framework to cover all the activities of the DFO. Nothing may be initiated unless included in it.

Methods

This article builds on a qualitative research project that lasted from September 2010 to June 2011 and mainly used interviewing, ethnographic fieldwork and textual analysis. Data were collected, for example, through observation, documentary and conversation analysis, whilst other data were generated through individual interviews and group discussions (Ritchie 2003). All interviews were open-ended and semi-structured. An open-ended purposive qualitative sampling technique (Briggs 1986, Bernard 2006) was used while conducting interviews. Interviews were conducted with 45 key-informants, including forest officials, researchers, conservation workers, herbal plant traders, journalists and members of the Federation of Community Forestry Users' Groups Nepal (FECOFUN). This article also draws upon the author's previous experience of working as a consultant botanist in different parts of Nepal from 2003 to 2007.

The administrative structure of Nepal made it necessary to work at the central level in Kathmandu and at the district administrative level as well as at the local level in a village. Interviews were conducted with forest officials and others at all three levels. A DFO in central Nepal was chosen for this research because it was accessible by foot from Kathmandu, an important consideration because of the unstable political situation and frequency of general strikes in Nepal at that time. The DOF classifies the district chosen for this study as one of the top 10 in terms of the popular pressure on its forest resources and its vulnerability in conservation issues (Nepal Government 2014). This DFO had three subordinate forest offices, each of which had five range posts. These 15 range posts covered all the forests in the district. There were about 180 forest officials in all, who worked either in a range post or the subordinate forest offices or, in a few cases, the central district office.

The next section considers the five main ways of making extra money in the forestry sector.

Corrupt practices in the forestry sector

Transfer and promotion

The Ministry of Forests and Soil Conservation (MOFSC) and the DOF deal with the transfer and promotion (*saruwā badhuwā*) of senior forest officials. However, the internal transfer of lower level forest officials and their yearly evaluations are conducted by the District Forest Officer. Corruption is commonly believed to feature prominently in the transfer and promotion of government officials in Nepal (Dangal 2005, Upreti 2004). My research in central Nepal concludes that this is true of the forestry sector. Forest officials generally want a transfer from one place to another after serving in one location for a certain period of time. Typically, they opt for a transfer to the cities from the remote rural areas because they wish their children to grow up in a better place and to go to schools with a better reputation. In the cities there is better provision of infrastructure and services. They also want to transfer in order to make more money, as some posts are more profitable than others. This holds true for those located in more densely forested areas which provide more money-making opportunities. Honest officials in real need of a transfer always tend to lose out, while those who wish to transfer in order to make money, and are prepared to offer a bribe, tend to take priority.

One forest officer asserted that junior officials have to be loyal to their seniors because their work performance is evaluated at the end of the year by seniors in a process which takes only a couple of minutes. This assessment is the key component for their promotion. The evaluation is perceived as often being influenced by bribery, serving and appeasing bosses or by political connections. Again, other genuine and hardworking officials who are not involved in any corruption tend to lose out. The forest officer mentioned was certain that the evaluation system in the forestry sector is influenced by corruption. He stated that while officials may have secured good marks in the written examination, i.e. in the open competition route to promotion, others with lower marks may still be appointed ahead of them through *file badhuwā*, or 'internal promotion', based on the yearly appraisal of government employees. Corruption does not always prevail and talented candidates are still sometimes successful through the open competition route.

Another forest officer said that there was no encouragement from

the government to take the evaluation of forest officials' achievement seriously nor was there any scientific mechanism to punish or reward them. He added: "One ranger's monthly household expenses equals another ranger's pee" (Interview, 6 May 2011). By this he meant that the amount of money one better placed ranger spends in a day in a pub for his drink could be more than enough for another less well placed ranger to pay his monthly household expenses. This wry comment indicated how great the variation in profitability might be between one range post and another.

Only the key officials amongst those who are appointed internally to the profitable range posts within the district can make such large sums of money. The term *mili bhagat* is used to describe an unethical financial deal between these officials and traders, which the former saw as one of the main ways of making money for themselves. For example, a trader who had received a permit from the DFO to cut and transport five tonnes of timber could secretly pay the key official to turn a blind eye when he took two or three times as much. This movement of timber should be recorded and checked off on a register by subordinate officials at check points. The key officials would appoint to these check points only people from their staff who were reliable, obedient and loyal to them, and would wave the illicit timber through without recording it on the register. Those who are less well trusted are appointed to places where there are either less forest resources available to sell or which are located far from the district administrative centre or which are not accessible by road.

Some forest officials were said to have paid a huge amount of money to be transferred to a district, and to be appointed to the better range posts inside the district. They had expected to make a profit on their investment. This, however, had not been possible because of the government's decision to impose a complete ban on trade in timber in 2010. Officials are mostly appointed for a two year term which is not automatically renewed, least of all in the most profitable areas. Even if the government decided to lift its ban, they had less than a year remaining to make their money. One of the forest officials, who had denied making any payment for his transfer, said that a number of forest officials were 'ill' at that time because they were running out of time to recoup their investment and make the expected profit. According to him:

Normally a forest officer stays in one district for two years and then gets transferred to another district unless he has a strong political or any other network. He comes with the mentality of making money. He explores which district has a large number of trees, who is his boss, whether he can strike up a good relationship with his boss or not; if he can make a good relationship, he then makes a plan to sell that many trees and to make that amount of money and so on. When a forest official comes with this mentality, how can he be bothered to protect forests? He thinks "I am here for two years. I will be transferred somewhere else after two years. This is not my district either. I do not care whether these streams and rivers are dried up or landslides occur in the forests". That is the mentality of most of the forest officials (Interview, 9 May 2011).

In the past, one officer had mostly worked in the hilly districts of Nepal which were not regarded as good places for making money. He had then been transferred to a new district, which was considered as one of the best in Nepal for that purpose, just at the time when the government had imposed its complete ban. However, in the end he had anyway been appointed as an in-charge of a range post which was not considered to be a good one in terms of "making money". He explained that the main person in the DFO through whom bargains were struck for internal transfers within the district was a mediator entrusted by the District Forest Officer to carry out negotiations on his behalf with the staff. He had been asked to pay 50,000 rupees through the mediator to secure a transfer to the better post where he could have made a good amount of money. He stated:

I was not sure whether to pay the 50,000 rupees or not. However, my plan was to pay if I had transferred and started making money. What happened? They thought I was not clear and did not have enough money to pay them quickly. They [the District Forest Officer and the mediator] believed I had no money as I had not made money in the past. As a result, they appointed another person to that good range post (Interview, 12 May 2011).

Payments may also be made to stay in a profitable post. One forest officer recalled the words of his senior at a briefing meeting to staff at the DFO:

I have just come back from Kathmandu where I distributed one million rupees to some senior officials at the DOF and MOFSC. What am I to do? If we do not pay up, nothing will happen. And here as well, we have paid 10 rupees per cubic foot to the journalists in the district. Do not take any stress. Work smoothly and carefully (Interview, 12 May 2011).

Information gathered from several sources makes clear the scale of financial gain to be expected under the existing 'system'. For each cubic foot of timber harvested the District Forest Officer would receive 100 rupees. 50 to 60 would go to the administration section of the DFO, 15 to 20 rupees to the sub-district forest office involved and the same amount to the range post. If it is all added up, and given that there are 300,000 cubic feet of annually harvestable timber in the district, the District Forest Officer would make thirty million rupees in a year.

These interviews indicate how wide ranging the 'system' is. It not only brought money to some officials at the DFO from the traders, but also enriched some of the key senior officials at the DOF and MOFSC in Kathmandu. These key senior officials have the power to transfer their staff from one district to another. Juniors may well therefore consider it to be worth their while to make such payments.

Rumours were also heard that payments were made to facilitate appointments at senior or even ministerial level. An interviewee said that a District Forest Officer had paid four million rupees to the Forest Minister to get a transfer. These rumours cannot be substantiated although the then Forest Minister Dipak Bohara was investigated by the Commission for the Investigation of Abuse of Authority (CIAA) for involvement in taking bribes when transferring District Forest Officers to better districts (Miya 2010: 2). The minister himself was alleged by the interviewee to have paid ten million rupees to his party to get a ministerial position in the government.

Issuing and obtaining permits

The issuing of collection and transport permits for forest products provides further opportunities to forest officials to gain a significant amount of extra money. Traders pay extra to obtain their permits, based on the established 'system' in the DFO, as one experienced forest officer described:

It is different from district to district. One district has one system. A second district has another system. It is quite interesting. When ... an official goes to a new district ... while he goes on working, he automatically receives 'speed money' or whatever you call it. There is a system. He receives another type of money if he follows the advice of his fellow officials and this involves corruption. The level of corruption depends on the extent to which this new official follows his experienced fellow worker. If he only follows the legal documents while performing his duties, he receives less money based on the established 'system'. This is not identical in all districts and the amount varies from district to district and person to person. Not all clients agree with the existing 'system', and so they do not want to pay. But there are those who are willing to pay more, this could mean that they are trying to corrupt more [by taking even more timber than the allocated amount] (Interview, 3 June 2011).

Legally the traders are not required to pay any more than the fixed government tax but if they do not want to pay a supplement, the process of receiving their collection and transport permit can be delayed. 'Speed money', based on the 'system', can speed the process of receiving the necessary documents from the DFOs. This 'speed money' has not generally been perceived as corruption. However, a person who pays more than the going rate would be perceived as corrupt, and in such cases both givers and takers are considered to be corrupt. 'UT' money is different from 'speed money'. It refers to money passed under the table as a bribe to an official, a procedure which is clearly regarded as corrupt. On one occasion, a freelance botanist said that some smugglers had been detained because they had not provided UT. People normally pay up and so avoid arrest.

How it is seen from the point of view of the trader was explained clearly to me by a herbal plant trader. In his words:

There is a 'system'. They [the forest officials] do not have to ask for a bribe. The 'system' has been running for ages. It applies to all forest products, including timber. The Minister and the Secretary for Forests and senior officials at the Department of Forests are all taking bribes. There is not a fixed rate. It could start from one and two rupees. It

depends on how expensive the material is. If it is expensive, it could be four to five rupees per kilogram. This is compulsory (Interview, 5 May 2011).

Another entrepreneur, who runs an incense factory, told me that the fragrant bay tree bark used in his factory would not cost more than 50 rupees per kilogram if they did not have to pay on average an additional 20 rupees per kilogram to forest officials and other groups. The conversation with him was really important because I was interviewing him in a room at the DFO at his suggestion, but this location did not stop him talking loudly about corruption among forest officials.

A herbal plant trader related how the District Forest Officer had demanded a bribe when he went to see him to renew his transport permit. The District Forest Officer asked him to pay one to two rupees for each kilogram of fragrant bay tree bark. He said that he refused to pay the bribe, so the District Forest Officer took his truck filled with the fragrant bay tree bark. They weighed it but found that it in fact was 250 kilograms lighter than the permitted amount. He later received his goods back as the District Forest Officer could not succeed in finding any faults. But he admitted paying sometimes 50, and on other occasions 100 or even up to 200 rupees as *chiyā kharcha*, or 'tea expenses', to forest officials during the loading of herbal plants.

A timber trader specified the rate per cubic foot of timber to be paid to forest officials under the current 'system' was 100 rupees on top of the market price and its value added tax. He continued:

We do not [legally] have to pay any money [to the DFO] except the 13% VAT [value added tax]. On top of that we have to pay 100 rupees and still we have to suffer their rudeness. The District Forest Officer does not take the extra money directly. He takes it through an intermediary, a junior staff member. No work is done without paying them money. ... They even ask 200 rupees per cubic foot of timber from the community forests. When forest officials go to the forest to verify the amount of timber, they again ask 1,000 to 2,000 rupees per visit. We have to arrange a vehicle and food for them. Recently, I spent 30,000 rupees but I am not sure whether I will make 30,000 profit or not this time (Interview, 13 May 2011).

Another trader gave a few more reasons for giving bribes to forest officials:

Why do businessmen give *ghus* [bribes] to government officials? It is because they ask us to submit this and that document within a specific time. We have to rush to register our application but they do not work quickly. If we do not act ourselves, they may take more than 15 days to perform that task. Sometimes, they also pass our ideas to their own friends and relatives and create an environment of competitive bargaining with them. ... We altogether pay 1,300 rupees per cubic foot for catechu wood. What is included here? A 150 rupee bribe goes directly to the District Forest Officer. It is compulsory. If we do not pay, they do not work. It is crystal clear that everyone knows about this. But that is not written in the government policy. They are paid their salary by the government (Interview, 5 June 2011).

The same trader told a story to illustrate how a District Forest Officer had made his work difficult. Once, he had gone to a DFO in western Nepal to get a transport permit to transport his resin up to his factory at Nepalganj. The District Forest Officer was angry with him as one of his staff had not organised a jeep for him in the past. After having waited for 15 days, he passed a certain amount of money to the District Forest Officer to speed up the process and obtain his transport permit. He asked: "When I was compelled, what should I do? Do I need to give him the 'speed money' or not?" He was not only paying the government officials but also the senior members of the FECOFUN in the guise of supporting their institutions, for instance by several times buying computers and furniture for their offices, buying air tickets for their travel, paying their hotel bills and filling up their vehicles with petrol.

Bribes, already established as a 'system' in the DFOs in various districts, are perceived as legal money by both business entrepreneurs and forest officials. One of the traders said that the extra money which they give to the forest officials is based on the established 'system'. They clearly said that such money was legal and also claimed that they had not been involved in illegal trade. Here again, corruption was perceived as being when people paid additional money on top of the already established rate. They said that business entrepreneurs were sometimes asked, through

the mediator, to host senior government officials and even ministers when they visited their districts.

Preparing reports: EIAs and IEEs

Money can also be made from the preparation of reports such as EIAs and IEEs in those districts which have forest resources to be exploited. These reports are prepared according to a set formula. The research team is the same; the pine forests are similar; as is the process of writing the EIA reports and of obtaining approval from the ministry concerned. In theory, these reports should be prepared by experts after they have made a full assessment based on field research. However, in some cases they are prepared by modifying someone else's work. There have been some allegations that some researchers stay in Kathmandu and write their report by raiding other people's work.

On one occasion, a team was asked to conduct an IEE and to write a Five Year Work Plan for one of the DFOs in western Nepal. Each project was allocated 70,000 rupees, after tax. For the most part, existing data available at the DFO were used; some information was taken from earlier reports from other districts; and the rest was artificially made up and calculated by the research team. Two reports were made and submitted to the DFO for their approval. Once they were approved, the research team requested the release of their consultancy fee. To secure this release, an accountant at the DFO took 5,000 rupees and the District Forest Officer took around 10,000 rupees. Their signature was required; it was part of their job for which they were being paid a salary. Nevertheless, they expected something extra. An entrepreneur who was one of the top three investors in a rosin and turpentine company said that he had paid 40,000 rupees to the same District Forest Officer to ensure that provision was made in the Five Year Work Plan for his company to be allowed to tap the amount of resin that he had requested. This was nominally a contribution towards the expenses involved in preparing these reports.

A freelance botanist had also sometimes been involved in making reports for the government, based on the use of already existing data, simply to use up the allocated funds. He said that he was soon going to make a report for one of the DFOs. He said that 70,000 rupees had been allocated for the completion of this project. In a verbal agreement, 3% of the total had to be paid to an accountant, 10% to the District Forest

Officer, and the remainder was for him as payment for writing the report. Although the report should in theory have been based on new research, it in reality recycled existing data. He admitted that he had been doing this type of work to keep the wolf from the door¹.

The government had made an EIA or an IEE compulsory for the extraction of forest products, based on the amount requested to be harvested. A few big forest-based companies conducted EIAs and were granted exploitation rights over specific forests. The next step in the procedure was to check that the forest products were being exploited in a sustainable manner according to the rules. Although the environmental act provides for environmental inspectors, the ministry of environment had only one office based in Kathmandu and in practice had no environmental inspectors in post. As a result, authority was given to the District Forest Officer to check the sustainable tapping of resin from the pine trees. The District Forest Officer monitors irregularities but does not have the authority to file a case against offenders. By contrast, an environmental inspector does have the authority, but no one had yet been appointed. This loophole in the policy was used by business entrepreneurs and the District Forest Officer to exploit the forest resources.

The company involved was supposed itself to hire the research team preparing the EIA report and submit the report directly to the relevant ministry. In practice, however, current and retired senior forest officials were involved in the preparation of these reports. The companies were charged a certain amount for the preparation of EIA reports. Although the company theoretically formed the research team, it was in reality assembled by these officials. Through their contacts the officials were able to underpay experts from Kathmandu who had no bargaining power over wages because of the high unemployment rate among educated people². They were therefore able to make a significant profit out of their deal with the company. A few forest officials also made a substantial amount of money from moonlighting as consultants in the preparation of these

1 More generally in the international context, Chambers (1997: 86) observes that research and consultancy reports are often self-censored, and their findings interpreted in a light favourable to their commissioners, as their authors do not wish to bite the hand that feeds them.

2 This comment is based on my personal experience of the hiring process as a consultant botanist.

reports. The forest officials used their contacts to make sure that these EIAs were approved speedily and without any hitches. The big forest-based companies therefore did not complain. The money they had handed over to officials meant that they could then heavily exploit the pine forests and thereby make a huge profit.

These companies also had direct links with senior members of the Unified Communist Party of Nepal (Maoist) and paid a certain percentage of their income as a levy to them. One entrepreneur said: “Maoists used to take 30 million rupees per year” (Interview, 5 June 2011). The Maoists controlled large sections of the countryside during their ‘People’s War’ which meant that no government officer could go to these areas to conduct inspections. These companies were left free to over-exploit the forest resources as much as they wanted. The companies and the government officials involved profited from this process (Adhikari and Dhungana 2010), as did the Maoists.

During my field work in 2011, I interviewed two of the entrepreneurs involved in the exploitation of forest-based products. I found their extreme anger to be against the bureaucrats rather than the politicians, even though they were still able to make a good profit from their business. They believed that these bureaucrats were the key figures in corruption, dragging politicians in and showing the entrepreneurs how to cheat. They said that when they go to the government offices, they are perceived as smugglers by the bureaucrats. One of them said:

We are businessmen and we are in business to make a profit. We invest money in our business but these bureaucrats and politicians keep their money in sacks. We expand our business if we make a profit but these people either put their money in sacks or deposit it in foreign banks (Interview, 5 June 2011).

Another added: “We are one of the top tax payers in the country but we are insulted when we go to the government offices”. They said that government officials also taught people how to evade tax and involved business entrepreneurs and politicians in corruption.

Traditionally there was a 10 year agreement between the companies and the government once an EIA had been successfully prepared. During my research period in 2010 to 2011, the government was proposing to

introduce an auction method for the extraction of resin. These traders said that this new proposal was a way for forest officials to make money from the businessmen and a means to encourage corruption rather than the sustainable use of pine trees. They argued that if specific pine forests were to be allocated to particular companies for a longer period of time, these companies would have a vested interest in sustainable management of those pine forests for their long-term benefit.

A small scale businessman said that the government's demand for an EIA and IEE before allowing the extraction of forest resources was only possible for the big companies and not for small traders like him. He did not have enough money to make an EIA or an IEE report. He said that he had received support neither from the DFO nor from the DOF but he continued to tap resin on a small scale from the pine forests which were owned by the CFUGs. In that case an EIA and IEE report was not legally required. His complaint was against the government for making policy only for the rich people. He said that he was also harassed by the sister organisations of the main political parties, and in particular by the Youth Force, an affiliated sister organisation of the Communist Party of Nepal (Unified Marxist-Leninist).

Awareness training programmes

Money can also be made on the side from the training programmes organised by the government, NGOs and INGOs. This section focuses on training programmes organised by the DFO itself on the cultivation of herbal plants as listed in its district Five Year Work Plan, and on nurseries and plantation programmes.

A hotel owner gave an example of how this money was made in practice. As all funds allocated to a particular programme had to be used up, the training programme organisers sometimes asked him to make out a bill for 1,000 rupees per person, even though less than 500 rupees had actually been spent on the lunch in his hotel. Some forest officials openly stated that all the money allocated to conduct these training programmes could not be spent. Such unspent sums were pocketed by the forest officials. The final reports from these awareness training programmes seem fantastic on paper. However, only a few participants really benefit from these projects although most participants enjoy their daily allowance and the lunch provided in the programmes. People are ultimately encouraged to

become more corrupt than before as one successful corrupt deed leads to another.

In the case of forest officials, this type of money making activity extends beyond training programmes to the establishment of nurseries and plantation programmes. This again may involve the submission of inflated estimates. One story of making a fake estimate was heard by a forest official in his working area where he was the range post in-charge. He reports about a colleague who had prepared an estimate of 300,000 rupees to establish a nursery in one CF. After this money had been released from the DFO, the District Forest Officer took half of it, the officer who had made the fake estimate received around 20,000 rupees, the other officials who were involved also received their share and the rest of the money was taken by the chairperson of the CFUG.

Opinions varied on the effectiveness of these programmes. The hotel owner, as an outside observer, doubted that the training programmes on awareness of herbal plants and their cultivation had had any positive impact on the participants. He believed that the information about important natural resources could be disseminated to a wider audience if it was included in school text books in the school curriculum.

One day I was walking towards a village along with a forest official from the DFO. An old man from that village told me that not even a single seedling of a few species of fodder plants had survived in the nursery established by DFO officials. He said that the sowing and transplanting had been done without consulting the local people, at the wrong time and in the wrong place. Many forest officials had been involved in and had conducted awareness training programmes even though they had no vested or emotional interest in the conservation of plant resources. These helped to justify their existence and at least to utilise the allocated funds.

A freelance researcher gave a more positive evaluation. He accepted that the awareness training programmes, for all their association with corrupt practices, had had some positive impact on the conservation and utilisation of plant resources by increasing knowledge of their importance and possible uses. For instance, some farmers had begun to grow herbal plants from which essential oils could be extracted for sale on the international market.

The amount of money involved in individual acts of petty corruption

may be small but when petty corruption is widespread the cumulative total becomes significant.

Transportation of forest products

The transportation of forest products from the collection sites to their destinations also provides significant opportunities for making money on the side. Large sums are paid to forest officials and also to various other groups, including policemen, the army, political parties and their sister organisations, youth clubs, women's groups and *chulthe mundre*.³ They have all been seen to be actively involved in asking for bribes and donations from herbal traders. Interestingly, a herbal plant trader mentioned that the local people also ask for money by saying 'we protect this forest and you are taking'. Here money seems to be a powerful agent to seal the villagers' mouths.

This contention was supported by an incense factory owner who mentioned that the youth clubs in the villages, *chulthe mundre*, women's groups in the villages and sometimes even individuals demand a huge amount of money to let the bark through on its way from the collection point to the factory. He added: "Although these herbal plants were collected legally, these groups would not let us take herbal plants out if we did not pay money as per their demand". He further quoted the warning given by the groups: "We do not care about the paper work. You are a businessman. You have to pay otherwise you won't take these herbal plants out". Most of the herbal plant traders had a similar experience of paying extra money to these groups even though a few traders denied paying more money than the government tax and the money based on the already established 'system'.

A big herbal plant trader was very precise in describing his experiences and explaining how extensive, intrusive and expensive the 'system' is from his point of view:

3 *Chulthe mundre* is a term for those people with long hair and wear earrings, and are morally considered to be a group of bad people. Usually, they do not go to study or work, but are involved in stealing, bullying, and misbehaving in society. They are often employed by the tax collectors appointed by the DDCs to scare drivers into paying their road tax. In some cases, drivers try to cheat on their road tax if these *chulthe mundre* are not employed by the contractors.

Policemen take [money] anyway. If we do not pay them, there is no chance to escape. We can't win even if we discuss the matter. They threaten our truck drivers and helpers, and get some money. ... Forest officials have to sign our release order and we need their stamp on it. They ask for money at that time. They often give us trouble even if they are paid extra money. They ask for money while we are transporting rice, salt and even while carrying chickens. ... The District Development Committees [DDCs] appoint contractors to collect tax from goods which are transported from one district to other. They also give us trouble. They harass us and say "this document is not correct, this word is not correct and that word is not correct". And they ask for money unnecessarily. Oh my god! When will our country's situation improve? (Interview, 4 December 2010).

Another herbal plant trader said that he had been cutting back on his herbal plant business. When I asked him the reasons behind that, he said:

First of all, there is less resource [herbal plants] available than before. Tension arises from ten sides. On the one hand, policemen, and all the other people, including forest guards, started looking at the herbal plants as a source of extra income. They did not care whether a kilogram of herbal plants costs five rupees or not, they demanded 50 rupees per kilogram as a donation [bribe]. On the other hand, the Maoist Communist Party of Nepal went to the jungle. They began to demand not a thousand rupees; their demand was up to a million, two million and sometimes five million rupees. That business became loss-making instead of making a profit. That's why I asked myself, why should I do this business? Then I decided to give up (Interview, 23 April 2011).

A middleman detailed the purchase price, other expenses, the selling price and his profits from the herbal plant trade. Even though he had been made aware that the conversation was being recorded and though it was being conducted in the presence of the current range post head, he carried on regardless and specified the rate which had to be paid to forest officials. He said:

I used to buy fragrant bay tree bark for 13 rupees per kilogram. Two rupees per kilogram was for the ranger, some was for the Maoist communist party, the village development committee tax, the local clubs, the government tax and transportation. Total expenditure added up to 34 rupees per kilogram and I sold it for 37. I did not make much profit. If I include my time, I was operating at a loss. ... At that time, I paid altogether 40,000 to 50,000 rupees to the Maoists (Interview, 6 January 2011).

A freelance botanist said that some of the forest officials had themselves been involved in the over-exploitation of plant resources by recording on the relevant permits a lesser amount of plant materials than that which had actually been exported. He recalled:

In one conversation, a herbal plant trader told me the story of how he had managed to export 1,000 kilograms of herbal plants even though he only had an export permit for 300 kilograms. He had paid tax to the government for just these 300 kilograms. He had paid an equivalent amount of money to the ranger as a bribe, and so had managed to pocket the amount due in tax on the remaining 400 kilograms (Interview, 27 May 2011).

Some forest officials accepted these allegations. One forest officer mentioned that there was some possibility of irregularities in the behaviour of both the forest officials and the traders. He said that the irregularities also depend on peoples' morality. On the one hand, some morally corrupt forest officials could provide a release order to the trader for a smaller amount of goods than what was actually being taken, so that the trader could save some money by paying less tax. On the other hand, some clever traders could also cheat forest officials by hiding the real amount. This was possible, in contrast to the firewood and timber trade, because there was no requirement for herbal plants to be properly sealed by the forest officials.

Conclusion

This article has attempted to elucidate how corrupt practices operate in forest management and trade in forest resources in Nepal. The English word

'system' was widely used by my informants when describing unauthorised extra payments and bribes which are regarded as routine and a normal part of life at the DFO. Traders encounter the unwritten 'system' as they have to make payments to officials to receive a wide range of permits and certificates and to pass check points. This is only considered to be corrupt when more than the going rate is paid or demanded. Those who disregard it soon find that forest and other officials have ways of putting obstacles in their path. Officials benefit from it as they receive this additional income above their normal salary. Journalists may receive money not to report the unsavoury aspects of this process. It also comes into play in transfers and promotions. It has become routine to make payments to secure transfers to the more lucrative posts. Heavily forested districts have more resources to be exploited as a source of additional income. Promotions are also facilitated by payments to relevant superiors. False invoices and fake estimates enable rich extra pickings to be made from the commissioning of reports and the organisation of training programmes. It is therefore not surprising that ordinary people are suspicious of officials and tend to regard them as corrupt.

The objectives of Agenda 21 are undermined by these corrupt practices not least because some forest officials work primarily just for personal benefit and lack the motivation to work for the conservation and management of forest products. Their career path moves them from district to district. The frequent changes of location do not allow the development of emotional attachment to the area for which they are responsible at any given moment. Pride of place is given to making money through operation of the 'system', to compensate them for the inadequacy of their salaries.

Agenda 21 specifies good and honest administration as an essential element of sustainable development. However, the evidence produced in this article tends to support the argument of many scholars that corruption can in fact ease the transition to modernity and have a positive function in development, filling the gap left by incomplete bureaucratization (Shore and Haller 2005). This article documents a whole series of corrupt practices in the forestry sector in Nepal which flourish in the absence of a properly functioning and complete state bureaucracy. Nevertheless, the widespread acceptance of the 'system' acts as a substitute and produces a set of rules which are clearly understood and in general accepted by the

actors involved. The interests of development are thereby served, albeit imperfectly.

At its current stage of development, Nepal has a state bureaucracy but one that is as yet imperfectly formed and not fully functional. The existing cultural practices, the current educational system, the unstable political situation, international influences and demand, and the porous border are further destabilising factors. In these circumstances corruption, to use the terminology adopted by Gupta (2005), becomes the grease lubricating the machine in which state officials are 'essential cogs' and makes it function. Although this level of corruption contradicts Agenda 21's demand for good and honest administration for sustainable development it nevertheless helps to keep the forest administration functioning under informal rules understood by the participants. Rampant over-exploitation is checked but sustainability has at best been only partially achieved.

Acknowledgement

This research was funded by the Scottish Government's Overseas Research Studentship Awards Scheme (ORSAS), the University of Aberdeen, the Rufford Foundation and the Hardy Plant Society, UK. Forest officials, herbal plant traders, entrepreneurs, journalists, politicians and community forestry users groups in a district administrative centre in central Nepal provided information, encouragement and much practical help. Help from Martin Mills, Rob Wishart, John Morison, Andrea Nightingale, Ben Campbell, Piers Vitebsky, Judith Pettigrew, Pashupati Nath Koirala, Dipesh Pyakurel, Sanjaya Tiwari, Amul Acharya, Hari Khadka and many others was invaluable. I am also grateful for the helpful comments made by the two anonymous reviewers.

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