The Government of Nepal has provided exclusive offers for communities of the poorest of the poor in the mid-hills by providing forest lands on lease for a period of 40 years in order to raise household incomes and contribute to environmental amelioration. The Leasehold Forestry and Livestock Programme (LFLP) is being implemented in 22 mid-hill districts with support from IFAD; more than 60,000 poor families are managing about 38,000 ha of leasehold forests. This paper assesses the results of the programme intervention in terms of (i) restoration of degraded hill forests; (ii) increased and active participation of women in both operational activities and decision making processes; (iii) empowerment of poor, women, and disadvantaged members; and (iv) benefits accrued from lease plots. Data collected from 352 sample leasehold forest user groups from the 22 districts during an outcome study by LFLP form the basis of the paper. The findings reveal that forest coverage has been restored in up to 25% of lease plots in 38% of leasehold forests. Over the last six years, the proportions of women, dalits ('untouchable' castes), indigenous groups/janajatis, and the poorest, in key positions (chairperson, treasurer, and secretary) have reached 36%, 12%, 32%, and 24%, respectively. Capacity building of both male and female household members has been instrumental in mainstreaming gender in the programme. Increased production of forage, fodder, and fuelwood in lease plots has also diversified the livelihood options.