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International Agricultural Research

## Developing a Partnership Framework between Community Forestry and Local Governments under Federalism in Nepal



Volume 2021-04

ISSN 2208-0392

RESEARCH PAPER SERIES on

**Agroforestry and Community Forestry in Nepal**

The *Research Paper Series on Agroforestry and Community Forestry in Nepal* is published by “Enhancing livelihoods from improved forest management in Nepal” or the EnLiFT2 Project (<http://enliftnepal.org/>). EnLiFT2 Project (ACIAR FST/2017/037) is the second phase of the EnLiFT (ACIAR Project FST/2011/076) and is funded by the Australian Centre of International Agricultural Research. EnLiFT2 commenced on 2018 and is a collaboration between: University of Adelaide, University of New South Wales, Department of Forests and Soil Conservation, Forest Research and Training Center (Government of Nepal), ForestAction Nepal, Nepal Agroforestry Foundation, RECOFTC Nepal.

This is a peer-reviewed publication. The publication is based on the research project funded by Australian Centre for International Agricultural Research (ACIAR). Manuscripts are reviewed typically by two or three reviewers. Manuscripts are sometimes subject to an additional review process from a national advisory group of the project. The editors make a decision based on the reviewers' advice, which often involves the invitation to authors to revise the manuscript to address specific concern before final publication.

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**ISSN: 2208-0392**

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#### **Suggested Manuscript Citation**

**Banjade, M.R., Paudel, N.S., Jha, B.N., Poudel, M., Shrestha, K.K. and Ojha, H.** (2021). Developing a Partnership Framework between Community Forestry and Local Governments under Federalism in Nepal, *Research Paper Series on Agroforestry and Community Forestry in Nepal*, 2021-04: 1-10.

#### **Our Cover**

A Joint meeting of Ward Officials, FECOFUN and CFUG members of Sansari Danda. Photo by Shyam Bhandari.

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# **Developing a Partnership Framework between Community Forestry and Local Governments under Federalism in Nepal**

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## Executive summary

In Nepal, with the recent state restructuring and the rise of elected local government (LG) as a democratic institution at the local level, many environmental responsibilities and authorities of local government are overlapping, and at times, competing with those of Community Forest User Groups (CFUGs), there is a unique opportunity for local governments to partner with CFUGs to maximise local benefits and sustain the local environment. However, there is no clarity on policy, or institutional arrangement that enables a robust partnership to emerge and function. A significant gap in knowledge and policy exists as to how, when and why an effective partnership between local governments and CFUGs can be developed and nurtured. This paper aims to analyse opportunities to develop an effective partnership model between local governments and CFUGs.

By reviewing legal texts, interview with LG representatives, leaders of FECOFUN, Divisional Forestry Staff, leaders of CFUGs and workshops of CF stakeholders on CF - LG partnership options, we offer a hands-on analysis of the likely scenarios of cooperation and conflicts between CFUGs and LGs under federalism in Nepal and recommend strategies and mechanisms for developing an evolving partnership model that might work for all parties.

Under the Forest Act 1993, the role of LGs in forest governance did not exist. Nepal's Community Forestry (CF) evolved through the confronting and confirming states of 'technobureaucratic control' and 'self-governance by people'. Technobureaucratic control was often touted as bottleneck for community rights and autonomy of CFUGs.

Within the new legal space, CF and LGs can collaborate to promote ecotourism, conservation, prevention of and fighting against forest fire, plantation inside and outside of CFs, environmental conservation awareness and infrastructure development. There are mandatory provisions that CFUGs shall coordinate with LGs in poverty reduction, women's empowerment and related activities.

Despite new avenues of collaboration, conflict between CFUGs and LGs likely largely because LG leaders might attempt to constrain CFUGs; LGs attempt to use CF land for construction of roads and other infrastructure; use of CF land as landfill site, utilization of water resources originated from CFs; political interest of LG leaders in CF, and imposition of tax on forest products.

In the changing context, we propose a framework for enhancing cooperation between CFUG and LGs by designing and promoting deliberative forums and synergizing available resources.

## Introduction

Decentralization as a development approach to fortify the democratic benefits into the grassroots people has been sought as the mainstay approach around the globe. This was a result of long-term dissatisfaction of centralization approach to public service delivery which took the path into the new direction towards decentralization in every field (Ahmad et al, 2005). Before 1980, Nepal undertook the policy of forest management through centralized approach chiefly aimed at restoring degraded forests and satisfying subsistence forest needs. While initial thrust rested on giving rights to local government, it was not effectively implemented on the ground, which is largely attributed for not been able to garner needed support of local people. However, in line with the political changes that occurred in Nepal, it has instituted a drastic change in forest policy towards empowering the locals. The user group forestry, which follows the principles of decentralization and devolution, is the major policy initiative of Nepal after the promulgation of Forest Act 1993. This forestry decentralization in the beginning was comprising three steps: a) formation of user groups (CFUGs), b) decision-making rights for forest management to the CFUGs, and c) benefit decentralization in CFUG (Gilmour and Fisher, 1989).

Meanwhile, community forestry remained a key approach for forest governance globally, and more prominently in Nepal. It is argued that state failure of conserving forest, and resulting massive deforestation, was a key trigger for adopting community-based forestry (Malla, 2001; Ojha, 2009; Gutman, 1997). Despite the rhetoric of community forestry as a success modality, we saw continued contestations between forestry officials and communities managing a patch of forest. The conflicts are observed across use rights, trade of valuable resources, and monitoring aspects. The evolving policies and politics around climate change in general and REDD+ in particular have strengthened the role of the state (Phelps et al., 2010).

The Constitution of Nepal 2015 is a historical moment, which converted Nepal from a unitary state to federal one. In line with the new constitution the government of Nepal and legislative bodies are in rush in crafting legal, institutional and operational frameworks in line with federalism. These frameworks are critical in defining power distribution across local, province and federal governments as well as their relationship with citizens and community groups such as (CFUGs). The CFUGs under the unitary state used to enjoy *de jure* autonomy as perpetual institutions bearing rights to manage and use forest territory handed over to them by the government. They could make decisions regarding management, use, setting price and selling forest resources.

Though government's high handedness in practice, and collusion with a selected yet powerful local leaders and timber mafias, are criticized by various researches, the CF's legal and institutional frameworks and resulting positive outcomes in terms of forest conservation and contribution to community development are acclaimed as exemplary for other sectors and to other countries as well.

Many researchers (Goutam 2017; Paudel et al. 2006) claim that the collusion originates from the vested interests of timber trade network comprising of some government employees, committee members, village elites, timber contractors and others at large.

The constitution of Nepal 2015, Local Government Operation Act, 2018 (2074 BS) and Forest Act 2019 are three defining legal instruments that essentially shape the future of community forestry. Bagmati Provincial Government has recently enacted its own Provincial Forest Act 2019. Similarly, the Local Government Planning Guidelines 2018 also details out the possibility of institutional cooperation between local governments and other local institutions. The constitution adopts the principle of collaboration, coordination and co-existence across different levels of government. While constitutional supremacy persists, key to promoting community forestry depends on: i) whether the existing rights of CFUGs are further extended, or at least kept intact; ii) whether democratic virtues and deliberative credentials are improved; iii) whether inclusive and participatory processes are the key norms of CFUG governance; and iv) whether all these frameworks and processes ensure equality, equity and prosperity.

The allocation of power across local, provincial and federal governments also stipulates the authority, responsibility and accountability of these governments in managing natural resources including forests. Under the unitary state, governed largely by the Forest Act 1993, the role of local governments in forest governance was not existence. Now, the local governments are turning to be the key players in managing all kinds of local affairs including natural resources, they have little authority over forests. Introduction of new legitimate player in forest governance brings about the critical elements of opportunities and potential conflicts. Nepal has newly elected local government authorities, which has been place after about two decades of political vacuum at the local level.

Recent policy discourses and stakeholder perspectives show that the role of the state in forest governance in general cannot be underestimated but its role has to be transformed for enabling local participation and linking them to technology, resources and markets. The local governments can be instrumental to play the 'linking role'.

This paper offers a hands-on analysis of the likely scenarios of cooperation and conflicts between CFUGs and local governments under federalism. In the section below, we discuss the emerging legal landscapes under federalism in Nepal in light of unprecedented authority of local governments entrusted to them amidst the sole authority enjoyed by forestry authorities under the previous unitary state.

## **Key constitutional and legal provisions providing basis for CFUG-LG collaboration**

One of the directive principles of the state as defined by the Constitution of Nepal 2015 is establishing an inclusive and just system; and key policy related to forest governance is to conserve, promote, and sustainably use forests, wildlife, birds, vegetation and bio-diversity, by mitigating possible risks to environment from industrial and physical development.

Forests fall under the federal, state and concurrent list of all three levels of governments. 'National forests' fall under the jurisdiction of state governments. There is no exclusive authority of local government over forest governance except protection of watersheds and wildlife. As forests are also

kept under concurrent powers of federal, state and local governments, the local governments can exercise power as defined by the federal and state governments.

**Table 1. Distribution of authority and responsibility between local, state and federal governments in relation to forest sector governance in Nepal**

Schedule-5 Federal Power	Schedule-6 State Power	Concurrent Powers of Federation and State	Schedule-8 Local Level Power	Schedule-9 Concurrent Powers of Federation, State and Local Level
National and international environment management, national parks, wildlife reserves and wetlands, national forest policies, carbon services	Use of forests and waters and management of environment within the State	Utilization of forests, mountains, forest conservation areas	Protection of watersheds, wildlife, mines and minerals	Forests, wildlife, birds, water uses, environment, ecology and biodiversity

The federal parliament has constitutional rights and obligation to developing and amending the national forest policies and regulatory frameworks in general, setting standards and mechanisms for carbon services and ensuring international commitments regarding forestry and environment. The federal government also holds the authority to manage national parks, wildlife reserves, and Ramsar wetlands.

The management rights of 'National forests' are vested under state government. All forests under public ownership except protected areas (PAs) are defined as 'national forests', which also include all community-based forest management (CBFM) modalities outside of PAs. In other words, all the community-based forest management area except the private forests fall within category of 'National Forest'. The state government can formulate the laws for managing national forests under the purview of the national forestry policy and federal forestry legislations.

As such the Constitution has given very limited power to the local government in term of forest management. The local governments shall use power considering the federal forestry laws (Forest Act) and the state forestry law. The federal forestry law has already been passed and state forestry laws are under preparation. Forest Act 2019 has specific provisions regarding consultation by CFUGs with local governments while preparing or amending operational plan and preparing poverty reduction and woman empowerment related activities. In addition, the law also opens the door for CFUGs to collaborate with local governments and other actors in forest enterprise and eco-tourism related activities. So, local government can prepare their own forestry laws in line with the federal and state forestry laws and implement them. Nonetheless, as stated in the article 59 and 60 of the Constitution of Nepal and Inter-governmental Fiscal Management Act 2017, the local government will get 25% royalty generated from the forestry sector at the federal level.

Likewise, based on the LG Operation Act (LGOA) 2017, local government has right to collect local taxes from commercial mobilization of timber and NTFPs as per the decision made by the assembly of municipal council. The LGOA 2018 also gave authority to local government in registration and management of community forestry with technical support of forestry agencies. However, the Forest Act 2019 supersedes the LGOA and gives insignificant role and authority to local governments over community forestry governance. The Province National Forest Act 2019 (Bagmati Province) also endorses the provisions of the Federal law. Instead, the new legal arrangements emanated from federal as well as the provincial level retain the authority of government forestry offices, nonetheless, for the first time formally recognizes some role of local governments.

Planning Commission of Nepal issued the Local Government Planning Guidelines 2018 (2075), which describes the detailed steps to be followed while selecting annual programs and activities. Local governments should plan their programs and activities and cluster them into five themes, one of which is forest, environment and disaster management (5.5.3 pages 40-41). There is a provision of forming a thematic committee for each theme led by the council member nominated by the respective local government; other members constituted by two council members and respective section head working as member-secretary.

While developing ward<sup>1</sup> level plans and setting priorities, the Ward requires to consult with each toles (Tol/Basti) (5.5.6). The priority should be given to those programs that contribute directly to attaining sustainable development goals. While selecting projects/programs at settlement or hamlet (tol/basti) level, the active community-based organizations (tol development committees, women groups, children's networks, youth clubs, local NGOS, citizen awareness centers, and other groups formed by different government agencies) should also be involved. This offers the space that local CFUGs and tol committees can actively participate in the planning process of the local government.

In following section Four we describe the areas of potential collaboration between CFUGs and respective local governments followed by, in Section Five, the potential areas of conflict between these two institutions.

## **Areas of collaboration**

The federal Forest Act 2019 and Province National Forest Act 2019 (Bagmati Province) mandate CFUGs to consult LGs for preparing or reviewing operational plan, and disbursement of budget in mandatory activities related to poverty reduction and woman's empowerment. These Acts also open the door for securing partnerships with LGs in infrastructure development and promoting eco-tourism in the territory. Forest Act has adhered provisions of its previous version on status of CFUGs as an independent institution. As CFUGs are independent institutions legally recognized as entities having rights to manage assets and other capitals, they can collaborate with LGs in a range of other activities including enterprise development, physical infrastructure development, environment conservation programs, technical services, complaints handling and conflict resolution, monitoring and evaluation, forest conservation, forest fire control, promoting urban greenery and mobilizing revolving funds. These and other areas of collaboration are elaborated below:

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<sup>1</sup> The smallest political unit under federal governance system in Nepal.

*Synergy in ecotourism:* The Forest Act 2019 is one step ahead of the Forest Act 1993 in promoting ecotourism in CF territories. As local governments are also promoting tourism activities, coordination between CFUGs and LGs could have a synergetic effect, or least minimise the duplication of similar activities. The CFUGs can seek collaboration beyond local governments. CFUG as an entity can coordinate with Federal Department of Tourism (Kathmandu), Nepal Tourism Board (Kathmandu) and Bagmati Tourism Project (for Bagmati Province) to seek funds and provide their programs to be included. CFUG members can participate in the Tourist Guide training, Nature Based Tourism Trainings and many other capacity development programs run by above organizations with some sort of funding and technology transfer.

*Sharing and monitoring:* LGs may realistically expect some level of transparency and fairness in CFUG governance and other activities. LGs can coordinate monitoring activities, and CFUGs can regularly share their plans, budget, performances and other information to LGs. Local Government Operation Act (LGOA, 2017) has provided local governments the authority to monitor any project within its jurisdiction and submit report to District Coordination Committee (DCC). DCC can itself monitor the district level projects and its outcome and report to the province and federal ministry if anything found objectionable. This avail the opportunity to LGs to observe any kind of embezzlements in timber and forest product sales.

*Collaboration in conservation:* Migration of youths from the villages have extraordinarily made shortage of labor in the rural areas. So, there is an acute problem of manpower in forest conservation and development. Likewise, dependency of local people over forest products has also sharply decreased (Paudel et al. 2018). The increased opportunity costs, and limited incentives for local people in forest management related activities has also triggered for decreasing forest conservation initiatives in CFUGs. Individual members also emphasize direct benefits from CF rather than environmental services. Local governments, on the other hand, might put some emphasis on enhancing clean environment. Therefore, CFUGs and LGs can collaborated in forest conservation. Furthermore, wildlife/biodiversity loss has always been a challenge and a difficult task outside the protected area for the federal forest administration. Local Governments can create an array of working plan/activities that help in protecting wildlife within their territories.

*Protecting forests from fire:* Recent migration trends of Nepal show unprecedented shortage of labor in the villages. Many youths have either migrated overseas or in the cities. This has added an extra burden on CFUGs to conduct its major tasks such as forest operation, conservation, development activities, fire control and so forth because of minimum participation. While overseas migration is largely temporary, people have migrated to city areas either permanently or temporarily. If in case, fire breaks out in the forest, people may not be available to go to the forest and extinguish the fire. Thus, for preventing fire hazards, CFUGs and LGs should collaborate; LGs can share the cost of hiring a forest watcher during fire-prone season and areas, and when needed help by providing fire brigade. In addition, technology has been advanced since 2010's on fire monitoring in Nepal's forests. International Centre for Integrated Mountain Development (ICIMOD) and Department of Forest and Soil Conservation has set a software-based satellite fire data monitoring and on time dissemination. At this point CFUGs and Local Governments have opportunity to form a fire hazard prevention and control group at the local level. Division Forest Office/Forest Directorates are distributing improved

fire-resistant firefighting equipment to local CFUGs. This distribution should be provided to the newly formed groups. Even security offices/ personnel at the local level should join the mission to avoid and control fire in the community, public and private property.

*Promotion of urban forestry:* CFUGs can help the respective local governments in promoting urban forestry. For the purpose, they can provide seedlings and technical manpower to LGs. Similarly, most of the municipalities have environmental officer or environmental section in their structure, and they annually allocate some budget on environmental conservation. CFUGs on the other hand has a long history of seeds and seedlings production and plantation management. Therefore, if CFUGs and LGs arrive at a collaborative venture for afforestation of city areas, there will certainly be better outcomes.

*Infrastructure development:* Studies shows that between 1990 to 2010, at least 29% of the CF funds were incurred in social infrastructure development such as trails, roads, schools and others (Pokharel, 2010). There are several evidences where LGs and CFUGs are investing in constructing the same infrastructure (e.g., in Hilejaljale Ka CFUG of Banepa 2 recharge ponds were constructed lately: one by municipality and another by the CFUG in collaboration with DFO). The lack of coordination often leads to the duplication of works and reduces the opportunity of efficient allocation of resources. Also, LGs have not gained so much experiences as CFUGs have gained in case of Environmental Evaluation as directed by Environmental Protection Law 2019. CFUGs can be instrumental in sharing the knowledge and information regarding environmental hazards of infrastructure development and potential safeguards in ensuring sustainable development imperatives while developing any infrastructure.

*Resource utilization:* Community Forestry Guidelines of Government of Nepal has made it mandatory for CFUGs to spend a fixed percentage of its fund in poverty alleviation and forestry activities. LGOA also gives mandates to LGs in allocating funds for the marginalized community. To avoid the duplicity, both the institution must come together at the time of pre planning, and prioritize their resources at most needed area. Municipality can allocate revolving funds in those CFUGs which do not have much fund so that they could be benefitted.

## **Potential Areas of Conflicts**

The Forest Act 1993 is considered a significant milestone in ensuring strong tenure security to local people managing the forests. During the law making process, the local government was just set up and didn't seek for its role. Local Self-governance Act 1998 envisioned for the stronger role of local governments in forest governance but it got stagnated and regulations was not promulgated by the government. So, local governments had no legal role over forest. During the decade long Maoist insurgency (1996-2006), elected local representatives had little say on forest and other local affairs. Transition was long (over a decade) after the peace process mainstreamed the Maoist insurgency and constitution institutionalized federalism. Local governments are constitutionally made powerful and newly elected local leaders have a pressure of collecting huge amount of tax to meet the burgeoning local development ambitions.

The new Federal Forest Act 2019 doesn't offer much authority to local governments. However, during the workshops with local government authorities, they invariably and explicitly expressed that they would like to closely monitor the CFUG activities and take necessary actions if they found the CFUGs

not operating properly. As discussed below the conflicts between the CFUGs and local governments are likely in the areas of rights claim, use of forest territories for infrastructure development, use of water resources, providing service to local CFUGs, leadership roles (power exercise) and tax collection by LGs.

### **Tenure insecurity**

There are evidences when CFUGs experienced various levels of tenure insecurity from the government forestry officials in the past largely in their attempt to co-opting CFUG institutions, imposing additional constraints on forest product extraction and sell, and adding technical and documentary burdens to the CFUGs. CFUGs also fear the similar situation and likely conflict with LGs, if authorities and responsibilities are not made clear from the onset while defining CFUG-LG relationships.

### **Infrastructure development inside forest territories**

People and their representatives have high aspirations for local infrastructure development, mainly developing motorable roads. Local governments are also perceived as Singhdurbar<sup>2</sup> at doorsteps; and hence perceive to hold all the authority in making decisions on any local infrastructure development. Many LG leaders are not aware of the international agreements related to forests and environment, nor are they cognizant of the environmental consequences of their interventions. Whereas in community forestry people have sacrificed/compromised their short-term forest needs (banned grazing, regulating/restricting forest product use, etc) or actively contributed in forest protection, plantation and undertaking other forest management activity. Without consideration of the implication on soil erosion and land-slide, or the conservation of forest, local government's attempts to overriding forest users' right to prior consent, or recognition of their previous efforts and current interests, the conflict is likely to escalate in many places. One of the FECOFUN leaders said in a meeting in Kavre:

“We are not against infrastructural development but such interventions must undertake less environmental damage and local government should inform and take consents from CFUGs prior to constructing any infrastructures inside the forest area.”

### **Conflict in utilization of water resources:**

In many places that can potentially supply water to the nearby towns also face conflict over who holds the rights to allocate and use water. Decreasing water availability and increasing population in towns have made water as a very scarce resources, and upstream-downstream conflict escalate in many places in Nepal (Devkota et al. 2018, Paudel et al. 2014). In CF areas, CFUGs might claim the rights over water, whereas LGs might find it offensive for constricting the constitutional rights of managing natural resources under their territory. CFUGs normally do not want to give water originating from their forests or may like to claim payments for their contribution to conserve water resources. Interestingly, Nepal's regulatory framework vests the ownership of water resources under the state (Shrestha, 2009).

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<sup>2</sup> The place that hosts the headquarters of the Government of Nepal.

## Service provisioning

One of the contested domains in CF in the past was that the government forest authorities retained *de facto* authority of providing technical services required to the CFUGs. Whether LGs offer such services and whether the CFUGs receive such services when and if they wanted is a great concern. CFUGs are mainly governed through Division Forest Offices which are under the Provincial Governments. However, the forests also are put under concurrent rights of federal, provincial and local government, some role for LGs in the CF is inevitable. This may lead to a new area of contestation in the long run, and can only be settled through local level forest laws without conflicting with the provincial/ national forest laws.

## Tax collection by LGs

Under federalism, the federal, provincial and local governments have the rights to impose tax on natural resources. They have already started levying tax on CF products. FECOFUN<sup>3</sup> is leading the protests against these impositions. If the proposed tax by all three levels of government is kept, CFUGs may need to pay over 40% tax on their forest products. If tax system is not revised, there won't be minimum incentive for CFUGs to manage CFs. Multiple taxation on the CFUGs may have negative consequence on institutional sustainability, which may lead to resource depletion. On the other hand, LGs are resource less in this beginning phase and seek some support from CFUGs. This contradiction may bring up a conflicting situation in the future.

## Political interests

Though not visibly exhibited yet, conflict between CFUG leaders and LG elected representatives is very likely. The local government representatives, particularly the mayors/chairpersons, deputy-mayors/vice chairpersons and ward chairs consider themselves mandated to oversee all local affairs, and might expect to be recognized and respected by the CFUG authorities. They may feel insulted if CFUGs become more resourceful and powerful than them. Due to likely better political connections and larger political legitimacy, the elected leaders of local governments might hold greater social authority and legitimacy, thereby hold greater power. In this situation, the local government authorities may start dictating CFUG's decisions and plans. As CFUGs are autonomous institutions, they certainly might resist resulting into enduring conflict between these two institutions.

## Key venues for enhancing cooperation and minimizing/managing conflict

- a. **Collaboration in planning:** Local governments are mandated to collect the project demands from local people from each hamlets or settlements. They required to identifying program and plans and prioritising them in consultation with local community groups. So, CFUGs are in perfect position in providing inputs in local project identification including needs assessment and prioritizing plans as projects that become the projects of the local government. Similarly, each CFUG can invite ward office to support in CFUG planning process. Forest Act 2019 also mandates CFUGs to coordinate with local governments while planning poverty reduction

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<sup>3</sup> Federation of Community Forest Users, Nepal or FECOFUN is probably the largest civil society organizations in Nepal that advocates for community rights over forests.

related activities. Moreover, CFUGs also requires to get recommendation from the respective local government while sending the revised operational plan of the CFUG. Palikas (LGs) can also help in identifying, establishing and sustaining forest-based enterprises by individual CFUGs, multiple CFUGs or individuals.

- b. **Designing and promoting deliberative forums between CFUGs, LGs and other stakeholders:** Local governments are mandated to form a thematic committee (bishayagat samiti) to oversee forest, environment, and disaster management. The committee is responsible for facilitating planning process which starts with identifying local community groups and NGOs and organize meeting with them as part of local government's annual planning process. Local governments have also started to engage with palika-level FECOFUN, and have been organizing coordination meeting with CFUGs at ward level. To increase the relevance and effectiveness of these initiatives, deliberative forums at ward and palika levels. At ward level, a deliberative forum comprised of all the CFUG representatives from the ward, representatives of women's groups and other interest groups and the ward representatives. At the palika level, the deliberative forum headed by the thematic head of the Forest, Environment and Disaster Management should be formed, which should also include representatives from Sub-division Forest Office, FECOFUN, FENFIT, representatives from other forest-based industries from the area, and NGOs. The forum would reflect on the progress of ongoing initiative in the area, help attain the economies of scale by bringing resources and technologies, and promote entrepreneurship in the area. The forum can also lead the process of developing landscape level programs and plans and provide necessary technical and other services to the respective CFUGs, as and when demanded.
- c. **Synergizing mobilization of resources between CFUG and LG:** When both the institutions would like to promote forest management and make best use of forest resources and benefits derived from them, collaboration between these institutions can also help in synergizing financial, leadership, human, physical, institutional resources available to them. Local government can collaborate with CFUGs in forest conservation, fighting forest fires, developing ecotourism infrastructure and supporting livelihoods improvement programs. Similarly, CFUGs can help local governments in promoting greenery in cities, distributing seeds, seedlings and other forestry technologies to local government, and helping local governments in local infrastructure development.
- d. **Joint Monitoring and Evaluation:** Local governments should also be involved in collaborative monitoring and evaluation of CFUG's activities. Palikas can also encourage CFUGs to adopt public auditing system. Moreover, Palikas can develop a database of all the CFUGs and develop a mechanism for updating information; the information is then analysed and shared at the deliberative forums for making informed decisions.
- e. **Making the case of PES:** As the CFs providing other environmental services such as carbon sequestration and watershed conservation, the Palikas can also facilitate in establishing upstream-downstream linkages by examining the contribution of CFs in water source conservation and supply, thereby setting up royalties channeled to the respective CFUGs from the downstream communities, who receive the services.

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