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Our Cover

Users and stakeholders gathering at forest to discuss forest management activities. Photo by: Sarada Tiwari

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Revitalising CFUG governance: challenges and opportunities

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List of Acronyms

AAC	Annual Allowable Cut
AGM	Annual General Meeting
CF	Community Forestry
CFUG	Community Forest users Group
CIAA	Commission for the Investigation of Abuse of Authority
DFO	Division Forest Office
EC	Executive Committee
EnLiFT	Enhancing Livelihoods from Improved Forest Management
LG	Local Government
NGO	Non-Government Organization
OP	Operational Plan

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Executive summary

This report on *Revitalizing CFUG Governance: Challenges and Opportunities* is based on 10 years of action research in three districts of Nepalese hills (Kavre, Sindhu and Lamjung). Governance has been at the core of this research project (EnLiFT). We conceive governance in the context of contemporary socio-economic and political changes especially in rural Nepal. The focus of this report is CFUG (institutional governance) instead of the CF system as a whole. We understand, this is rather an isolated approach, and the focus at the level of CFUG is useful to understand challenges and capitalize on opportunities.

A better understanding of CFUG governance in the context of societal changes is paramount as it determines the overall performance of CF in environmental, economic and social aspects. The core CF objectives of achieving productive, sustainable and equitable forest landscapes lies at the heart of governance questions. While CF has demonstrated its strengths in improving forest cover and quality, and also contributing to the social capital such as leadership and local democracy, its economic outcomes are scrutinized both in academic discussion and in policy and practice. In this context, it is important to examine the governance considering the weak economic performance.

Data used in this report was secured through both structured research methods (600 households survey + 40 KII + 12 FGDs) and unstructured (observation, documentation and interaction) methods during last 10 years. Besides, authors' insights from other research sites, public discussion, secondary sources were also used. These were complemented with review of relevant policy documents and published literature in this field.

The report has identified six thematic areas focusing on CF's relevance to society and economy. These are: i) diverse forest benefits; ii) transform CFUGs as business entities; iii) gain economy of scale; iv) reduce regulatory requirements; v) make CFUGs accountable to DFO and LGs; vi) increase public support. The themes are summarised below and are detailed in the main body of the report.

<u>Diversifying forest benefits:</u> Multipurpose forestry that supports diversified flow of forest products and services can engage and benefits to diverse socio-economic groups such as women, Dalits, Janajatis and the poor. As divers groups participate in forest management, access specific components of forest biomass and draw benefits, they invest in governance reform and the risks of elite capture, corruption and financial irregularities decrease.

<u>Transforming CFUGs as business entities:</u> The structure and process of formation of CFUGs needs rethinking. The skills, knowledge and attitude and incentive structure of CFUG leaders needs a major transformation to suit to the changing context where forest management priorities have shifted towards realising economic benefit to its members through an increased transaction with the market.

Gaining economy of scale: Merging and nested management of larger forest patches without compromising the historical ownership and attachment. This will also allow investing creating a separate bureaucratic staffing with expertise in technical, administrative and accounting skills.

Reducing regulatory requirements: i) requirements corresponding to incentives, forest benefits; ii) categorisation of CFUGs based economic transactions and conservation significance, and provisions for differential regulatory requirements; iii) one step service to CFUGs at the level of Sub-division Forest Office.

Making CFUGs accountable to DFO and LGs: CFUGs must be directly accountable to LG for institutional and financial issues and to DFO for forest management and harvesting.

Increasing support: Governments, especially the LGs should increase allocation in service provisioning, monitoring, and capacity building against production of public good by the CFUGs.

1. Introduction

Governance has remained the top agenda in Nepal's CF in policy discussion, research focus and local actions for several decades. The frequently discussed key elements are active participation, inclusive decisions and equitable benefit sharing; especially focusing on poor, women, Dalits and other marginalised groups. In recent years, there is an increasing call for prioritising economic prosperity through better forest management, enterprises and trade against previous focus on institution and governance as if the governance question and economic priorities are separate agenda. This paper has been prepared to examine the questions around governance. Developed in the context of emerging market opportunities and increasing interface between the CFUG and market, this paper argues that ensuring good governance is at the heart of the economic agenda. The key pillars and elements of forest governance (FAO 2011) have to be addressed to improve governance in the specific socio-economic and environmental context of Nepal's community forestry.

The paper is based on 10 years of action research project – Enhancing Livelihoods through Improved Forest Management in Nepal (EnLiFT). Data used in this report was secured through both structured (600 HH survey + 40 KII + 12 FGD) and unstructured (observation, ongoing documentation and diverse interaction) methods. It strongly draws from six case studies conducted during the past several years (four cases at CFUG level and two at cluster level) though the cases are not directly visible in this report. Besides, we draw from series of workshops at local government and higher level but also authors' long insights from other research sites, public discussion and secondary sources. These were complemented with review of relevant policy documents and published literature in this field.

The Household survey consisted of information on members participation in CF institutional and forest management activities, degree of their satisfaction, nature of benefits and desirable picture of governance. In the KII, we interviewed with CFUG executive leaders, women leaders within CFUGs, FECOFUN leaders, officials from local government and DFO, enterpreneurs among others. 12 FGDs were organised with CFUG Executive Committees, women's groups, poor households and charcoal makers. Responses were noted, patterns of forest-people relations; participation and influence on CFUG decisions and benefits from CF were observed, identified and clustered.

The paper comprises of five sections. Following this introduction, a general overview of CFUG governance question is provided drawing from literature review and ongoing policy debate. Third section is the main empirical section on the current status of the CFUG in the research sites, respective local governments and two districts. In the fourth section, five factors affecting CFUG governance are identified and discussed in detail drawing from cases in the ground. Based on these five factors, we offer some opportunities for revitalising CFUGs in the last section of this report.

2. Overview of CFUG governance

Weakening CFUG governance leading to weak collective action is affecting both CF institutions as well as forests management. The issue of governance has become a major concern in Nepal's community forestry for many years. EnLiFT project sites shows evidence of governance concerns. Below, we discuss some of the key governance issues which are clustered in four dimensions.

2.1 Transparency, accountability and participation

Nepal's community forestry has been portrayed as a showcase of good governance in the field of community-based natural resource management. Using eleven[1] governance indicators, Cadman et al. (2023) observed an average performance of CF, with 57% marks (31.3/55) on governance indicators. However, women, indigenous people and Dalits gave much lower mark; 26, 22 and 17 respectively. Similarly, Fisher (2017) has identified community forestry as an example of participatory governance. However, despite these appreciative notes, critiques often highlight the challenges of elite capture, exclusion and marginalisation of poor, women, Dalits, and other disadvantaged groups in Nepal's CF (Thoms 2008; Sunam 2010; Shrestha KK 2007; KC Birendra 2014).

Executive committees are the major decision-making body of the CFUGs. Around 46% of executives in Chautara cluster[2] and 47% in Bhumlu cluster comprise women representative. Although the participation of women, Dalits and marginalized groups seems to have increased in the decision-making forums and events, their agency are not so strong in the clusters. "*I am the secretary of this committee but I am not fully aware on many of the decisions and transactions being done by the committee Chairperson*."- said Januka Kunwar on the AGM of Lakuri Rukh Bhulbhule CFUG. In addition, lack of accountability in CF leaders seems to be another issue in the cluster. Out-migration of CF leaders, risk of financial embezzlement along with high income, elite captures and centralized benefits have been prominently increasing in the sites as shown by the increasing CIAA incidents. "*We have hardly seen EC conducting any meetings. If in case meetings are conducted, only a few office bearers are present as many of the officials live in Kathmandu. Signatures are usually arranged by taking minute to the respective place of absentees.*"- said Tasbir Lama, a user of Dharapani CFUG. Three of the office bearers of Dharapani CFUG are being investigated by the CIAA for the financial embezzlement.

[1] Inclusiveness, equity, resources, accountability, transparency, democracy, agreement, dispute settlement, behavioural change, problem solving, durability.

[2] Clusters in project sites involves Chautara cluster comprising CFUGs, LHF and PFs of Chautara 8 &13 and Bhumlu clusters comprising CFUGs and PFs of Bhumlu 4 & 5

2.2 Inability to meet legal requirements

Community forestry is founded on locally formed user groups, called CFUGs to which part of the national forests are handed over under an operational plan (OP). Communities' management rights are subject to the scope and validity of the OP (usually of 5 or 10 yrs) (Basnyat et al., 2020). However, in two clusters of the project sites, OPs of 14 CFUGs out of 30 cannot be implemented of which 8 are expired and 6 are based on SciFM that needs amendment. Most of the dormant OPs have not been renewed and amended since more than five years which has even delayed timber harvest in some CFUGs for example Bajhekapase, Bhedigoth, Tarebhir, etc from Chautara. The situation is similar across the country. The authoritative CF Guideline (2014) that turn offs the right over forest of users after expiry of CF management plans compelling its periodic renewal (Basnyat et al., 2020), the increasing complexities in the technical requirements (Baral et al., 2018a; Basnyat et al., 2020) and cumbersome legal and procedural requirements are some constraints behind the scenario.

Similarly, the CFUGs are required submit their annual activity progress report, financial audit report, forest product sale records, and next year's plan within three months of new fiscal year. However, only 15% of the CFUGs in Sindhupalchowk and 1.5% of the CFUGs in Kavre have submitted these mandatory documents in last five years (DFO records of both districts). This is also an indication of institutional weakness. From the clusters of project sites also, nearly 13% of the CFUGs have submitted their annual progress reports to the DFO in the last five years. After the formation of cluster committees in 2079 BS, the number of CFUGs submitting their annual reports to DFO has increased however has sharply declined in later year (Fig 1). The trend of submitting documents to DFO just to either renew OPs or harvest timbers is highly observed in the sites. Apart from this, CFUGs rarely consider the submission of documents to DFO mandatory.

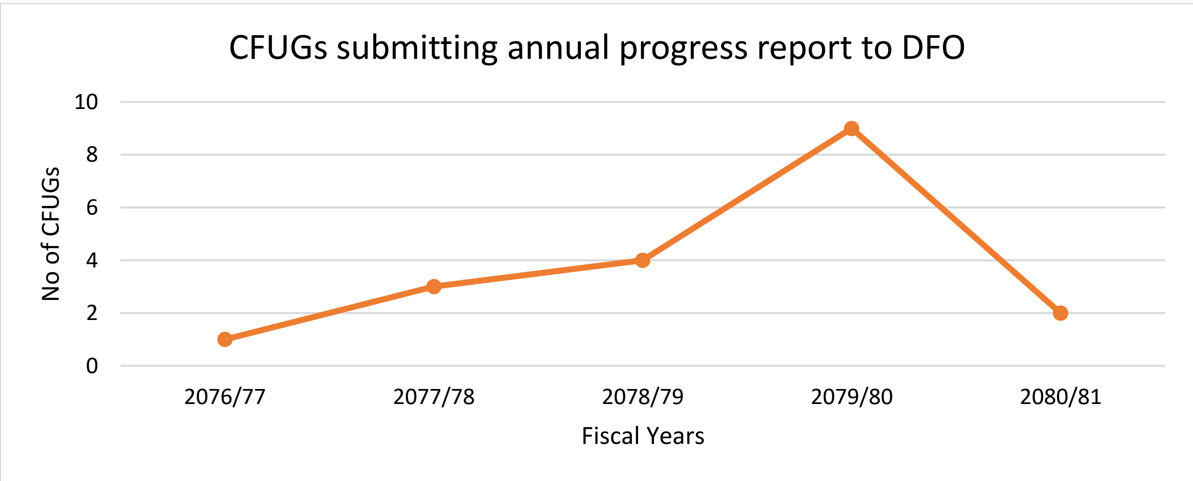

Figure 1: Status of CFUGs submitting annual progress reports to DFO from the clusters

2.3 Stagnant funds or financial irregularities

High performance in generating and mobilisation of funds is one of the important indications of CFUG governance (Raut et al., 2020). As CFUGs are increasingly involved in forest product harvest and sale, many of them have generated significantly high income compared to a decade ago. An effective mobilisation of these funds is expected to contribute to the prosperity by generating job and income. However, several CFUGs in EnLiFT sites which have generated forest-based income have shown poor performance in three ways:

- funds are not allocated as per the legal mandates (at least 25% in forest management; 50% of remaining to poverty reduction, women's empowerment and forest-based enterprises in collaboration with local government; and remaining 50% based on CFUGs priority).
- in some cases, they are not able to mobilise the funds and are left idle in their bank account
- in other cases, funds are misused by some executive leaders. For example, there are 29 cases of financial irregularities involving CFUG leaders in Sindhupalchowk district only. 146 CFUGs among the 300 CFUGs monitored by Kavre DFO last year (2022/23), did not have their bank account, meaning that all transactions are informal (Kavre DFO report 2022/23). Similarly, 250 of them have not carried out financial audit (ibid).

Informal transactions outside the bank and inability to conduct financial audit alarms for serious risks of financial irregularities in CFUGs. The monitoring also found that 60% of CFUGs annual income appear to be come from previous years transfer and 14% from petty cash saving while only 4% comes from forest products sale, implying that funds are remaining idle in CFUFG accounts and informally as petty cash. The scenario of Sindhupalchowk is slightly better where previous years transfer makes 37% Cash saving 4.5% and forest product sale 27% income (Sindhupalchowk DFO report 2019/20). Surprisingly, although the number of CFUGs generating more than Rs. 50,000 income in last five years is low in Bhumlu cluster, their stagnant fund (approx. 6 million) is higher than that of Chautara cluster (approx. 5.6 million) (see Table 1). In total, more than 11 million (approx. 40% of total income) funds still have not been mobilized and are reserved in the bank account of the clusters' CFUGs. These show both the weak institutional capacity as well as high risks of financial irregularities in CFUGs.

Table 1: Status of stagnant fund of the CFUG in Bhumlu and Chautara clusters

S.N	Name of CFUGs having more than Rs. 50,000 income in last five years	Cluster's name	Tentative Stagnant fund in Bank by 2024 (Rs.)
1	Chapani Gadidanda	Bhumlu	9,00,000
2	Lakuri Rukh Bhulbhule		25,00,000
3	Dharapani		25,00,000
4	Lamrang Aahaldanda		55,000
5	Fagar Khola		68,000
	Total (Bhumlu)		**60,23,000**
6	Shreechhap Deurali	Chautara	18,00,000
7	Sansaridanda		19,00,000
8	Bimreni		0
9	Bhedigoth		27,000
10	Tamakhani		45,000
11	Thulchaur Deurali Mahila		97,500
12	Rolpakha		40,000
13	Jhyalikhola		1,00,000
14	Deurali Narayandevi		41,000
15	Ranipokhari		2,83,000
16	Bajhekapase		12,65,000
	Total (Chautara)		**55,98,500**
	Total (Bhumlu+Chautara)		**1,16,21,500**

2.4 Passive forest management

The CFUGs in two research sites and also across the two districts have shown weak performance in forest management. Based on DFO reports, only 54 CFUGs out of 1106 have managed to harvest forest during last five years. During this period, only about 25700 cft/year has been harvested from Sindhupalchowk and Kavre districts which have over 61000 ha forests under CF (2.44cft/ha). In Bhumlu and Chautara cluster, only four CFUGs (Chapani, Lakuri, Shreechhap and Sansaridanda) out of 30 were able to harvest in last five years. In an average the annual harvest from clusters is only 7600 cft/year. Off course, low timber harvest cannot be solely attributed to CFUG governance. Policy confusion at the higher level and lack of preparedness on the part of DFO significantly affects timber harvest. Declining collective actions, especially absence of key institutional functions such as regular meeting, annual general assemblies, submission of mandatory documents to LGs and DFOs and renewal of their OPs means they won’t be able to harvest forest products. In addition, our research shows apart from timber harvest, CFUGs have shown declining performance on a range of other forest management activities. The spiderweb below developed based on survey of 600HH shows a declining activity on forest management.

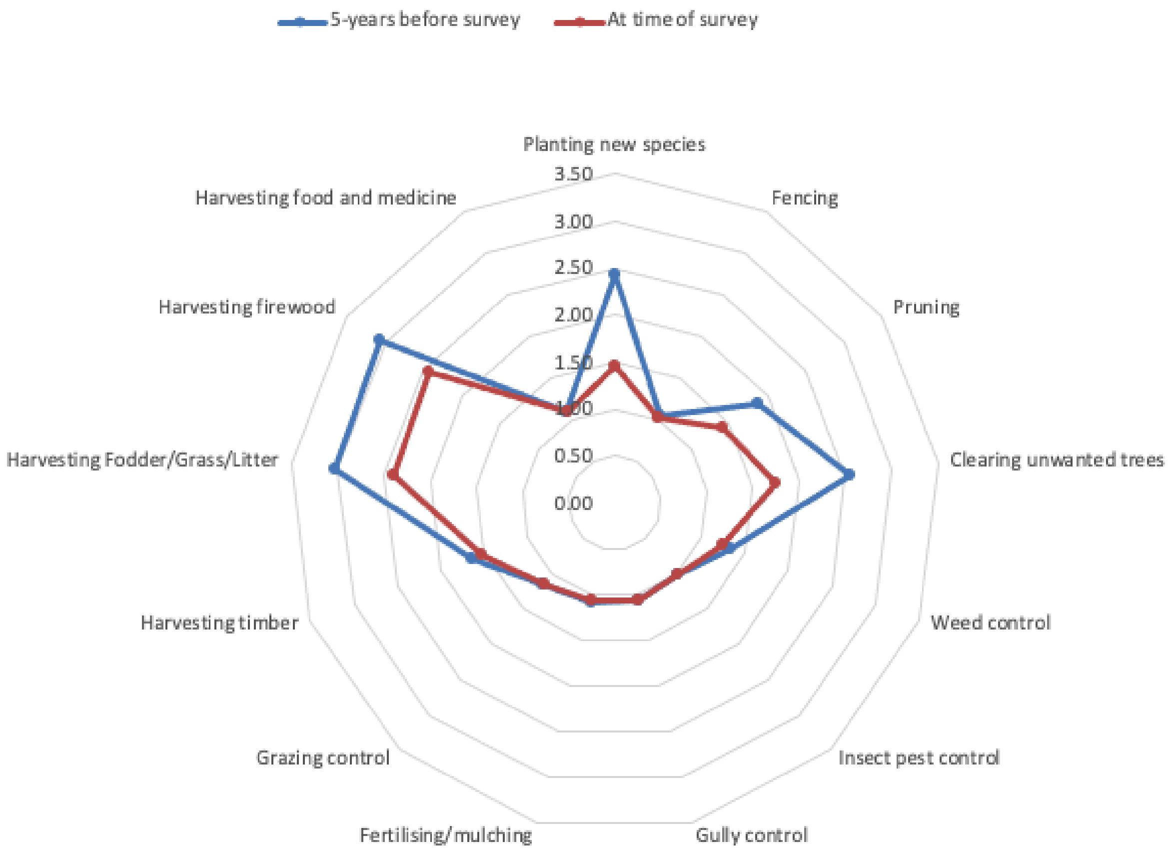

Figure 2: Households performance on forest management activities

3. Results: Key governance challenges

Nepal's community forestry governance performance is widely studied but with little insights for improving governance. The early initiatives of CF received good investment in capacity building, garnering multifaceted support in their institutional building, strong regulatory safeguards to ensure inclusive and participatory decisions, and equitable benefits sharing (Ojha et al., 2009; Sinha, 2011; Poudel et al., 2022). These initiatives from the government, development partners and other stakeholders helped improve CFUG governance at least comparative to several other local institutions. However, despite these external supports, which are gradually declining these days, CFUG governance has been continuously undermined by the existing socio-economic inequality, cultural marginalisation, unaccountable politics and rent seeking bureaucratic practice (Basnyat et al., 2018). During the EnLiFT research, we moved beyond these conventional underlying causes and also identified six emerging drivers that pose further challenges to the CFUG governance.

3.1 Outmigration and changing forest-people relations

In Bhumlu rural municipality, a total of 1183 households have migrated away from the municipality to the nearby cities of Dhulikhel, Banepa, Bhaktapur and Kathmandu, as well as to 27 different countries[3]. The majority of the outmigration (66%) has been to the gulf countries and Malaysia while the remaining migrants travel to Southeast Asia, India, Australia, and USA among others (Bhumlu Palika Profile 2019; BS 2076). Similarly, according to the municipality profile of Chautara (2019), 5% of its total population is 51347 has migrated to Banepa, Kathmandu and foreign countries like Malaysia, Gulf countries, Japan, Australia among others. The outmigration is higher in ward 7, 11 and 13. Outmigration of key leaders, such as chairpersons, secretaries and treasurers, yet holding the leadership positions, has significantly impacted the CFUGs. For example, seven out of 12 CFUGs in Chaubas-Salle cluster have at least one of their key leaders live outside the village that significantly impacts, regular meeting, financial transactions, and mobilisation of members in organisational and forest management related activities. Lack of legally binding criteria to become committee representative and lack of people's interest for representation in leadership positions are the constraints in terms of productive and subsistence forest respectively. For example, during the 28th AGM of Chapani Gadidanda CFUG (timber-selling CF) while the AFO was requesting users to select CF executives for those who lives in the community and can give time for CF, a user living in Kathmandu but willing to be new executive asked- "*Can you show me the legal provision which restrict us to be CF executives?*" However, leaders of multiple subsistence CFs are facing difficulty in finding the candidate to leadership handover.

Outmigration has posed the major challenges of CFUG governance. When someone moves away from the village, s/he will begin to see her/his future somewhere else outside and gradually lose interests in contributing to local social and environmental affairs. Outmigration of youths has resulted scarcity of physical labour in villages resulting in decreased agriculture and forest-based livelihoods that is often replaced by remittance or other off farm-based income. It has fundamentally changed forest people relations for many from a vital means of livelihoods to an optional environmental luxury. Consequently, it has direct impacts on participation in regular institutional and forest management related activities including meetings, general assemblies, forest harvest, fire management and fund mobilisation. CFUGs in some places are almost dead due to declining interests and participation of members in maintaining good governance there. As a result, these institutions are either abandoned or captured by a few elites for their own vested interest. In addition, since there is huge gap between formally registered members and actually existing ones, the required majority is hard to achieve which impede legitimacy and legality of the decisions.

[3] Gulf, Malasiya, Japan, India, Europe, Australia, USA, Korea, Canada, Israel, Denmark, Afghanistan, Singapore, Thailand, Turkey (Municipality profile, 2076)

Table 2: Key CFUG leaders and their migration status in Bhumlu cluster

SN	Name of CFUG	Migration status
1	**Chapani Gadidanda**	Chairperson in UK, vice chairperson in Ktm, Treasurer in Dubai
2	**Dharapani**	Chairperson, Secretary and Treasurer lives in Ktm
3	**Lamrang Aahaldanda**	Chairperson, Secretary and Treasurer lives in Ktm
4	**Rachchhma**	Chairperson lives in Ktm
5	**Chaurkuna Bhirpani**	Treasurer lives in Ktm
6	**Chhekarpa**	Treasurer lives in Ktm
7	**Fagar Khola**	Secretary lives in Ktm

Despite being away and making no positive contribution to the CFUG institutional and forest management outcomes these leaders are still occupying the positions for a number of reasons. First, since the CFUG dynamics is almost dead in these CFUGs no alternative leadership jumps in, take proactive action to challenge those passive guest leaders. Second, the regulatory process is so complex that it is hard to replace them without a clear process which is often difficult to get through. Third, these leaders, though physically live outside village, some of them are engaged in local politics and therefore have their network of supporters. This is how they continue to engage with and exercise local power game so that they can hold their positions.

3.2 From subsistence to commercial use

As a result of monetisation of local economy, CFUGs' forest management priorities have shifted towards realising economic benefit to its members through an increased production and supply of industrial raw materials to the market. This demands new sets of skills, knowledge and attitude. CFUG leaders are unable to adapt to these new situations. Governance failure can be attributed to the mismatch between the differential pace of changing context and institutional transformation.

Pine timber is the primary forest product in our research sites which has little local value. While there was a good demand of pine timber during post-earthquake reconstruction period, it gradually faded away and there is no local demand. Now almost all timber produced is sold to and supplied to Banepa or Kathmandu. Even minor products are used for commercial purposes (fuelwood for making alcohol, fodder to support dairy enterprise, charcoal for production of agri-tools, etc.). Increasing market interface and discourses of prosperity has produced trade off with core governance elements such as inclusion, equity and participation. Government actors, political leaders and even forest professionals are now saying we have too much of social agenda e. g. equity and inclusion. We now have to move to economic prosperity, production, trade and enterprise. The argument is people need income and job through commercial utilisation of CF products. The CFUG leaders are increasingly in pressure to earn more and invest in income generation and other community development activities. Public pressure, DFO orientation, capacity building all are leaning towards timber production, sale and earn more.

Dominant discourse and existing norms in CF prevent from flowing benefits directly to household level apart from providing jobs in silvicultural activities. CF leaders, especially in the hill region are not paid for their time and labour. This drives many of them to seeking non-transparent, often illegal way to benefit from CF. As leadership is still decided based on party-politics or using other network power or personal strength; some leaders are favoured against others. Their socio-political leadership and tactics play greater role than the needed professional skills in delivering best performance in the market context. Usually, there are serious capacity gaps against needed technical, legal and procedural knowledge and skills in forest product business. Consequently, the leadership cannot properly produce the required documents and negotiate with officials, traders, labours and other agencies.

3.3 Small scale of operation and high transaction costs

The economy of scale has become important in the context of two changes: i) when CFUGs are producing timber and other forest products for market where they need to compete with price and quality among others; ii) CFUGs are increasingly subjected to multiple regulatory requirements and scale of operation is directly associated with transaction costs of compliance. CFUGs, with small scale of operation are struggling to compete in the market and comply with the regulations many of which compromise governance standards.

Large number of CFUGs in the research sites (and elsewhere) are too small in size for undertaking any viable operation to make profit. For example, the average size of community forests in Kavre district is 53ha and Sindhupalchowk district is 57ha. Similarly, it is 48ha in Bhumlu and 63 in Chautara (see Table 3 below). Their effective area with potential harvestable resources is even smaller. Low resource stock and little market value of their forest resources imply that they have limited economic viability as a business entity. Some CFs are as small as 4 hectares; and the biggest in this cluster has 105ha. Many of them have Katus-Chilaune, Guras and other mixed forests which have little market value. Even in the ideal scenario, their annual income through forest management would be approx. 2 million in average per year (ref: average income per CFUG per year on the basis of last five years data). Ideal scenario for an average sized forest comprises of annual timber harvest/sale and other administrative source of income. On the other hand, their regular maintenance cost is high. Regular EC meeting, holding AGM, maintaining proper financial records and conduct audit and other technical documents, revise forest operational plans, prepare precise documents on harvested volume, other documents for tender all incur substantial cost. Most of these costs apply irrespective of the size and economic transactions.

Table 3: Average size of community forests in project research sites

Particulars	<50ha	>50ha	Av size (ha)	Total CFUGs
Kavrepalanchok district	396	183	53.32	579
Bhumlu rural municipality	20	18	48.77	38
Chaubas cluster	9	3	40.72	12
Sindhupalchok district	324	203	57.25	527
Chautara Sangachokgadhi municipality	55	41	63.55	96
Chautara cluster	8	10	49.53	18

We have calculated normal cost of management the average sized forests which comes around NPR 4,60,060 (UD$3464; See Annex 5 for detail calculation). We have calculated only the formal costs. Inclusion of informal cost makes forest management almost irrational. The cost of management is too high compared to its forest-based income. Management cost includes the cost mandatory institutional events like regular meetings, AGM and audit, cost of technical forest management documents like CFOP and harvest plan and cost of silvicultural operations. The requirements, if fulfilled by CFUGs or are strictly made to fulfil, becomes heavily costly for those having small forest area and low income.

Case of Chapgaira Dadhunne CFUG

The forest located in Bhumlu cluster covers 4.45 ha of forest area composed of broad-leaved species like katus, chilaune, uttis, etc. About 49 HHs have been benefitted through the extraction of subsistent forest product. After more than 30 years of its handover, the CFUG has earned only Rs 15,000 income till now. In such, the CFUG don't have any other option than seeking the support of DFO or other agencies in CFOP preparation and renew. Taking reference of Annex 5, if the cost of OP is supported from outside, harvest cost and audit cost is reduced for not having harvestable timbers and having income less than Rs. 50,000 respectively, the CFUG have to allocate nearly 2.5 million annually for ideal forest management (meeting, AGM with social audit, silviculture operation). But in the context where arguments on declining services due to insufficient human and financial resource of DFO as well as reducing aids and supports are increasing, the investment of time and resource on such small area holding subsistent CFs seems to becoming burden to service providers, particularly forest officers.

3.4 Policy confusion and over regulation

Regulatory requirements (15+ steps) to harvest and sale forest products and similar process to establish and operate enterprises have rendered forestry business an exclusive task that the ordinary CF members can hardly handle it. It has a number of consequences to governance. First, it involves informal payments and high transaction costs often without proper documents so that many of these transactions are kept out of formal accounting system and therefore feed in to the alternative accounting and manipulations. Second, those successfully accomplish it, see themselves superior to other members, calculate their efforts which won't be reimbursed by the CFUG and therefore make it a rationale for their greater say in decisions. Third, upward accountability automatically undermines downward accountability. CFUG leaders think that as long as they can please DFO staff or other officials, they are safe and forget the accountability towards their own constituencies. Moreover, overregulation has resulted in non-harvest, reduced forest income and loss of job that in general discourage people in investing their time, efforts in institutional functions such as meetings or AGMs that leads to poor governance.

After initial piloting of Scientific Forest Management (ScFM) in some western Terai districts, the government rolled out the programme in the CF in the hill districts. Consequently, existing OPs were revised using the ScFM Guideline 2014. CFUGs with productive forest including in Chaubas and Chautara were included in this scheme. However, the programme was contested for its techno-bureaucratic domination, marginalisation of CFUG leadership and costly process. Consequently, the government revoked the Guidelines in 2020. Since then, forest administration has been unable to find a suitable and acceptable Guidelines for managing these forests. As a result, only 4 CFUGs (Shreechhap, Sansaridanda, Chapani and Lakuri Rukh Bhulbhule) were able to harvest and sale timber in Kavre and Sindhupalchowk for which OPs of Shreechhap, Sansaridanda and Lakuri Rukh Bhulbhule were amended.

Fagarkhola CFOP was expired in 2019. They requested EnLiFT forest technician to help revise the OP. Accordingly, they carried out forest inventory, calculated AAC and prepared OP. However, as the DFO could not provide clear instructions on specific silvicultural system to be followed, the OP could not be finalised.

Case of Bajhekapase
Banjhekapase CFUG had prepared and submitted its revised OP in 2021. However, the DFO was reluctant to approve it. Initially, he simply ignored it. However, upon frequent inquiry, the DFO disclosed that the district does not have its own five-year plan. As per the legal provision, DFO must develop its own Strategic Plan including periodic plan based on the national level Strategic Plan and forward it to the Provincial Director, who would then have to recommend it to the Provincial Ministry. Once such plan is approved by the Provincial Ministry, DFO can then implement it. The issue was later presented to the Director and the Secretary. However, they were helpless as there was no national level Strategic Plan. Upon inquiry, the DoFSC is working on the national level Strategic Plan but there is no sign yet when it will be completed. We also learnt that the federal and provincial officials have different view regarding the authority and legitimacy of such plan. This case, shows that CFUGs are suffering from the poor performance or policy confusion among the higher-level officials. This has simply fuelled dissatisfaction and frustration among the CFUG members.
"*We have earned more than 50 lakhs from the harvest from a block in 2017/18. After that, we could not harvest timber due to the SciFM based OP. We could have earned even more if the DFO had approved our amended OP*."- said the executive of the Bajhekapase CFUG.

Case of fallen tree management in Chaubas

In March 2019 a storm felled hundreds of trees in Chaubas blocking roads and even injuring local pedestrians. Since then, large number of trees have been lying on the ground and getting decayed. Though several official and unofficial attempts were made to collect and sale these trees, it demonstrated a collective failure of CFUGs and forests authorities in the district. Overregulation by the forest authorities that does not have any economic rationale appears as the major explanation of this failure. Exhaustive procedure of technical measurement, documentation and approval by various authorities incurs huge costs (See Figure 3). The Forest Regulations (2022) prescribes a series of steps involving CFUGs, DFO, District Disaster Management Committee (DMCC), Provincial Forest Director and finally Provincial Ministry before issue permit to collect and sale the fallen trees. On the other hand, the low value softwood trees, that are broken and are exposed to rain hardly appeal buyers and therefore face challenges of market uncertainty.

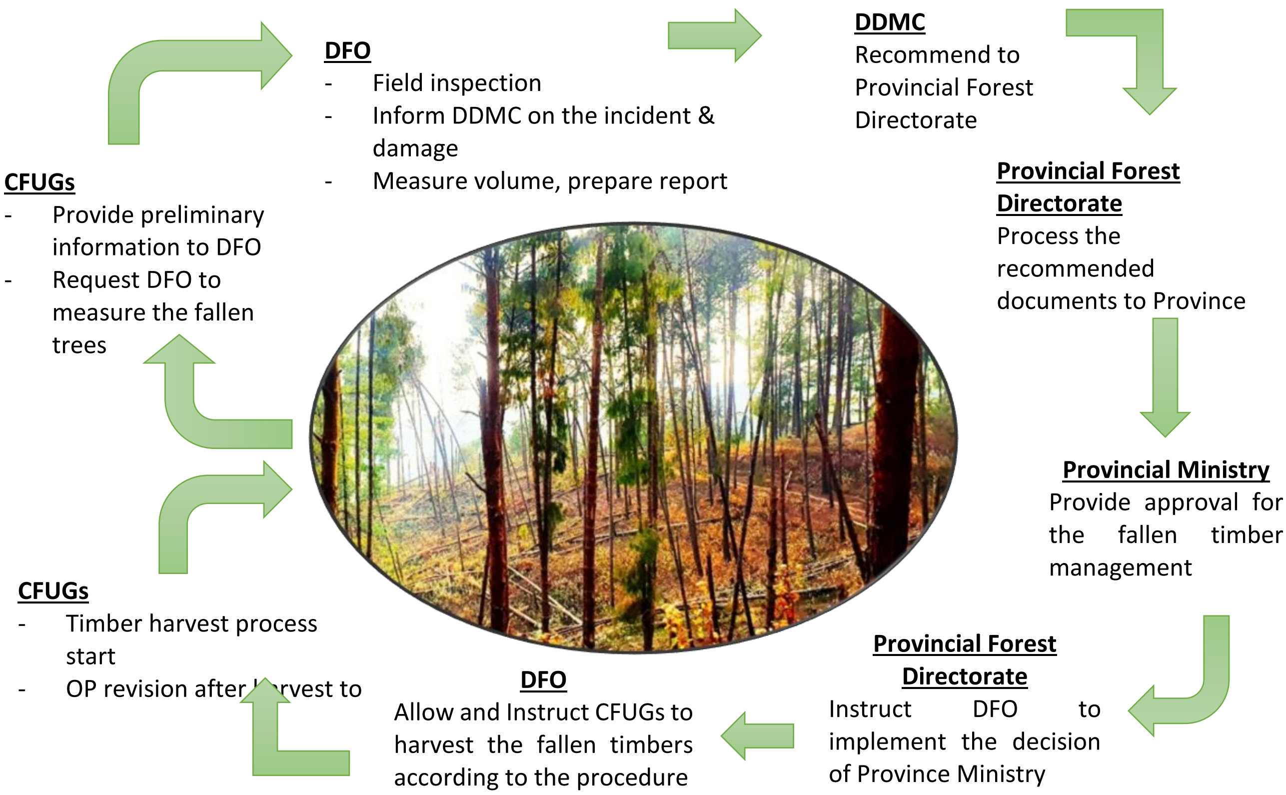

Figure 3: Administrative procedures for disaster led fallen tree management

The pine forests in Chaubas are the result of four decades of government investment and community protection. Unfortunately, the communities have seen loss of over xxx cft timber from their forests in last three years. In a recent meeting with Provincial Forest Secretary and other senior forest officials, the Chairperson of Bhumlu Municipality expressed his dissatisfaction and frustration around management of these fallen trees and requested to relax some of those exhaustive processes. One of the CFUG Chairpersons shared that if we cannot collect even the fallen trees how do we convince our members that this is their forest and therefore they should contribute to its protection.

3.5 Weak accountability

Legal provisions generally respect CFUGs as perpetual, self-governed organisations. While CFUGs are prescribed to follow strict institutional, financial and forest management related functions, there are gaps in precise consequences of non-compliance of those regulatory provisions. It is not clear whether and how the CFUGs are accountable to users in the context that they are required to report to the government agencies. Many CFUG leaders have misused this situation and have indulged financial irregularities, have not complied with mandatory institutional functions. While DFO as an oversight body can block forest harvest and sale if the CFUG is not fulfilling those requirements, it cannot and has not taken preventive actions on violating mandatory institutional processes and financial transactions.

Nine community forests in Chubas (Bhumlu-4) face a serious accountability challenge. In most cases, there is no regular EC meeting, no AGM, no transparency in funds mobilisation, and failed to prepare, endorse and submit mandatory documents (financial audits, activity and plans) to local government and DFO. Even in those cases where these processes are completed in legal sense, the processes appeared only rituals without meaningful participation and deliberation of general members. The Salle-Chaubas Forest Management Committee (Also known as Cluster Committee) took this agenda seriously. Actually, revitalising CFUGs and increasing their accountability was one of the main rationales behind the formation of the cluster entity. The Committee comprising Ward Chairs, AFO, FECOFUN leaders and CFUG representatives discussed the issue in length and adopted multiple strategies to mobilise them. Some of these strategies included: writing DFO/S-DFO request letters, Ward Office organising in-person meetings, EnLiFT researchers meeting leaders, visit Toles and encourage CFUG members and request EC leaders to hold meetings and AGMs, provide technical services to prepare these documents including audits (Table xx). However, despite several attempts by the local governments and DFO/S-DFO through verbal advice and written requests and apparent commitment of EC leaders, things have not improved much.

Table 4: Local government and DFO attempts to held CFUG accountable

Attempts made	Date	Outputs	Outcomes
Ward Chair held a joint meeting with CFUG leaders to plan for their AGM and audit	3rd Sep 2021	9 CFUGs participated. They presented and committed their plan to complete audit and hold AGMs by mid-October	Only four CFUGs conducted their AGM. Five CFUGs (Chapani, Dharapani, Lakuri, Lamrang and xxxx) could not prepare audit and hold AGM. Consequently, they could not apply for timber harvest. They could not even collect and sell the fallen trees.
Ward Chair organised a follow up joint meeting	23rd Nov 2021	Three CFUGs (Dharapani, Lakuri, and Chapani) committed to hold AGM during 9-12th Dec 2021	Only one CFUG (Lakuri) conducted AGM on 9th Dec 2021 and was able to harvest timber. Two others (Dharapani and Chapani) could not.
S-DFO sent letters to Chapani and Dharapani CFUGs to conduct an AGM by mid-Jan	29th Dec, 2020	No responses	
S-DFO (re)sent letters requesting to conduct an AGM by mid-Feb		No responses	
Ward Chair and AFO Jointly conducted a follow up meeting asking for clarification.	3rd March 2022	Both the CFUG chairs committed to produce an audit report and hold AGMs as soon as possible.	Only one CFUG (Chapani) held its AGM on 13th March 2022.

The Ward Chair expressed his frustration to the inaction and poor accountability of CFUG in his ward. He has no weapon other than calling a meeting and requesting. He says: “What can I do further? They do not listen to my urge. I can neither make a legal case nor use force to make hold these leaders accountable. The CFUG members are helpless. They come here and ask for help. But, I myself am helpless.”

The AFO at Chaubas Sub-division is in similar position. In his words: “Apart from issuing request letters what can I do? Of course, I can block their request for timber harvest. I can neither replace them nor force them to prepare and submit financial audit and other reports. Here is our limitation.”

3.6 Declining support

Public support has substantially decreased in recent decades, so is the government and aid projects. Priorities have shifted towards contemporary agendas such as ecosystem services, emission reduction and climate change adaptation without focusing on the foundational institutions, the CFUGs. Whenever, they are supported, the nature of support is more instrumental focusing the specific thematic outcome. Regular, monitoring, training, capacity building and other technical and institutional support is declining. Forest officers generally prioritise their time and efforts to private forests.

Regarding the effective and efficient service delivery to users, the forest officials usually claim to be occupied and overburdened with field works in larger geographical range, for example attending individual CFUG's AGMs, supporting in CFOPs preparation and renewal, supporting CFUGs in timber harvest and suction process and so others. Apart from this they also had to allocate time for several meetings, events, workshops, etc. Moreover, majority of their time is invested in the investigations of the cases filed from their areas in the DFO.
The Sub-Division Forest Office (S-DFO) of Chaubas having one AFO and few[4] foresters is responsible for service delivery to the CF and PF users of eight wards of Bhumlu rural municipality and all wards of Chauri Deurali rural municipality. Altogether there are 51 registered CFUGs and hundreds of private forests within the geographical responsibility of the S-DFO. In such, the CFUGs, even those who are fulfilling the institutional mandates on time, are being deprived of effective and efficient services which are increasing their operational costs although impacts may not be uniform in all CFUGs. Such lacking in service provisioning can be attributed to inadequate human and financial resource in the DFO/S-DFO. For not having effective monitoring of AFO during harvesting in Lakuri Rukh Bhulbhule CF, the chairperson of the CFUG shared his frustration as-

"*It took around a month to harvest timber in our CF. But the staffs from S-DFO visited only a day for half an hour. We didn't receive any support from S-DFO during our harvesting period, rather were supported by EnLiFT in preparing all the technical documents. Later on, while approaching for timber sale approval, our documents were rejected by DFO because of unorganized timber piles. If the forest officials were there to monitor, we would have done piling in right way.*"

Similarly, the chairperson from Pokhari Chaur Thulokhola CFUG expressing his concern for delay in OP renewal process said,

[4] Although there is positions for five foresters, only three are available there of which only one is forester with grade. Among other two, one has been temporarily transferred to DFO and one is in Kathmandu for study.

"*I have been requesting S-DFO to renew our CFOP since three years (2020 AD). On submission of my third application for OP renewal, they finally conducted boundary survey and inventory of our CF on April/May 2022. But still they have not prepared our OP. Whenever I ask the foresters and AFO about our OP status, they always say that the computer work has been completed and they are doing remaining work. I don't know when they will complete our OP.*" *(Conversation of Aug, 2022)*

Regarding the OP renewal, chairperson of another CFUG (Thople Kamere CFUG) also said-" *It has been a year that I have submitted a letter requesting the support of S/DFO to renew our OP. I have submitted it on Aug, 2021 but we have not received any of their response yet*." In this backdrop, the CFUGs lacks proper rational for technical forest management and institutional activities like meetings, AGM, audits.

4. Why governance challenges have persisted

Governance of CF is failing. The discussion above has demonstrated the current governance challenges in CF and their underlying causes. Nepal's CF has always struggled to ensure transparency, accountability, inclusive participation and performance. It now faces a far more serious problem of sustainability of the CF programme itself. Many forest officials cast doubt on its very existence and like to brand it as a programme on paper. Others argue for a fundamental departure towards strong role of state or market (Paudel et al – revitalising report). While much hailed CF has begun to lose its profile, what explains the governance failure in CF in such a short time?

This failure can be explained in following three ways.

The regulatory environment

The regulatory environment is at the core of CFUG performance and has shaped their internal governance and external performance. Despite broadly being recognised as autonomous self-perpetuating local institutions, regulatory provisions strongly dictate the conditions under which they operate as an institution, manage forests and distribute the benefits (Cadman et all 2022; Thwaites et al 2018; Nightingale and Ojha 2012). Bureaucratic recentralisation (Agarwal -recentralising while decentralising) often results in disempowering local communities in how they chose to manage, process or sell their products in the market (Fisher et al 2018, Gilmour and Fisher Sunam et al 2013). Strong upward accountability to various government agencies often operates at the costs of accountability to its own constituency – the CF members. One of the critiques of existing regulatory provisions is that these are designed and imposed considering CFUGs as large corporate entities who pose a major environmental risk on their management and harvesting and that they can meet those compliance measures. Regulatory and administrative compliance requirements have failed to internalise the fact that CFUGs are run by volunteer leadership with little professional skill sets. At the same time the CFUGs generally operate under low profitability and can hardly invest in professional services.

The current policy, regulation and institutions are maintaining the status quo. There is little autonomy with the CFUG to make independent decisions in forest management, harvest, sale and benefit sharing. CFOPs as a precondition for transferring forest management decisions rights to CFUGs (Faye, 2015; Rutt et al., 2015) have been the means control on the rights of CFUGs (Ojha, 2006; Scheba & Mustalahti, 2015; Basnyat et al., 2018). In addition, policy confusion at the federal and provincial levels have increased uncertainty in forest management, harvest and potential income which affects their whole cycle of investment. Many CFUGs are unable to pay even their forest guards due to lack of forest-based income. Also, many of the regulatory requirements have become burden. Irrespective of the scale of operation CFUGs have to comply similar regulatory requirement especially for forest product harvest and sale. For these CFUGs the transaction cost comes high and therefore the net benefit decreases which discourage members to involve in CF. On the other hand, governance policies have often been the means of avoiding politically contested societal issues (Hout and Robison, 2009). On the other hand though there are adequate regulatory provisions prescribing CFUGs for making their institutional functions and financial transactions transparent and accountable, there is poor compliance. Unfortunately, there is limited monitoring confirming compliance of these requirements, and absence of institutional and technical services to help them comply with. In addition, the policies lack the possible consequences of the non-compliance, neither the role of power and resource distribution to ensure the good governance in CFUGs are clear. In such, the new form of resisting power is being gradually emerging among the users/forest leaders which are weakening the institutional vibrancy of the CFUGs.

3.7 Problems within the CFUG

The increasing out migration has substantially changed rural demography, one of them being reduced CF members. At the same time, their dependency on forest has also decreased (Robson & Berkes, 2011). As a result, the forest people relation has weakened (Xie et al., 2019; Shahi et al., 2022; Lama et al., 2017). The remittance-based income has also changed the livelihood patterns which sounds to be more economical. For example, the cost of firewood collection outweighs the costs of LP gas. As a result, people’s interest and stake has decreased. As one of the CFUG secretaries said, "I *will not conduct AGM for three years. I will also see who can take action against me?*" In addition, shifts away from subsistence use of forest resources to commercial one means they have to increasingly rely on DFO and market to sell their products in a competitive market for which only few are capable. As selling commercially valuable forest products in outside market gets priority, those households benefitting from other wide range of products and services tend to be marginalised. Also increased cash income with weak local capacity and weakening accountability increase the risk of fund misuse a key feature of poor governance.

3.8 Problems with markets and changing political economy

Several market forces have created opportunities as well as posed threats in taking forest conservation and local livelihood together (Belsky, 2015). The rising in market-based interest in forest governance has not only improved the cash economy but also increased the risk of power exercise and elite capture on economic benefits (Kanel & Kandel, 2004; Koirala et al., 2008). In recent years, the value of community forests has increased for timber production having neoliberal markets as one of the factor. In such, the increasing engagement of CFUG in regulatory processes (Pokharel et al., 2007) and with market forces has not only increased the timber transaction in outside market but also has strengthened the role of forest officials, traders and market-informed local elites in timber trade process. Meanwhile several formal and informal nexus of actors of competing market have been emerged and informally institutionalized in a system for collusive corruption (Basnyat et al., 2023). In addition, the elites capture in the income, financial embezzlement, and CIAA cases have increased and been problematic in CF governance. This has also marginalized users from the economic benefits from CF. As a consequence, the frustration among users are increasing and their interest on technical and institutional management community forestry are declining. "*Stagnant trees are better than financial embezzlement after harvest*."-said one of the user from Dharapani CFUG.

The underlying causes are really at the heart of governance failure. We have described the drivers above but they need further discussion to demonstrate how these drivers contribute to the poor CF governance. Most of these drivers reduce CFUG members incentive to invest in organisational and forest management related activities and ultimately weaken collective actions. For example, outmigration and changing livelihoods patterns means physical absence from villages, reduced interests and high opportunity costs that inhibit participation. Shifts away from subsistence use to commercial one means they have to increasingly rely on DFO and market to sell their products in a competitive market for which only few are capable. As selling commercially valuable forest products in outside market gets priority, those households benefitting from other wide range of products and services tend to be marginalised. Also increased cash income with local capacity increases the risk of fund misuse a key feature of poor governance.

Policy confusion at the federal and provincial levels have increased uncertainty in forest management, harvest and potential income which affects their whole cycle of investment. Many CFUGs are unable to pay even their forest guards due to lack of forest-based income. Also, many of the regulatory requirements have become burden. Irrespective of the scale of operation CFUGs have to comply similar regulatory requirement especially for forest product harvest and sale. For these CFUGs the transaction cost comes high and therefore the net benefit decreases which discourage members to involve in CF.

Weak accountability and declining support are intricately linked with the poor governance outcomes. Though there are adequate regulatory provisions prescribing CFUGs for making their institutional functions and financial transactions transparent and accountable, there is poor compliance. Unfortunately, there is limited monitoring confirming compliance of these requirements, and absence of institutional and technical services to help them comply with. DFO human resources is already stretched with too many tasks and forest officers are unable to reach to each and every CFUGs and support them during in need. As a result, DFOs have become a policing agency so that they only act when CFUGs come their office requesting OP revision, for seeking forest harvest permits. Otherwise, they take no action.

The following diagram depicts how these underlying drivers are individually or collectively contribute to poor governance in CFUG (figure 4). As discussed above these are only the secondary drivers

On top of prevailing socio-economic inequality, culture of marginalisation, unaccountable politics and rent seeking behaviour of the bureaucrats, the following diagram depicts how these underlying drivers are individually or collectively contribute to poor governance in CFUG (figure 4). Despite these primary drivers, Nepal's CF was doing well in relative term. During the last two decades, the situation has significantly changed. And the new drivers have emerged and posed substantive challenges to CFUG governance. We therefore, focus these new drivers in this report.

Figure 4: Drivers of weak governance

As the figure shows the six underlying drivers have resulted in poor governance status of CFUGs in EnLiFT research sites and the two districts -Kavre and Sindhupalchowk. However, the picture from other districts is not much different. Apart from historical picture of elite capture, exclusion and marginalisation, lack of transparency, accountability, participation, stagnant fund mobilisation, financial misuse and passive forest management are observed as the new governance challenges. In this context, we have proposed six strategies to revitalise the community forestry in general and governance reform at CFUG level in particular. The following diagram summaries the whole flow of the discussion.

Underlying causes

1. Outmigration and changing forest-people relations
2. From subsistence to commercial use
3. Small scale of operation
4. Policy confusion and over regulation
5. Weak accountability
6. Declining support

Poor governance status

- Weak transparency and accountability, low participation
- Low compliance
- Stagnant funds, irregularities
- Passive forest management

Suggested strategies

1. Diversity forest benefits
2. Transform CFUGs as business entities
3. Gain economy of scale
4. Reduce regulatory burden
5. Make CFUGs accountable to DFO and LGs
6. Increase critical services

5. Conclusion: Opportunities and lessons for revitalizing CFUG governance

The report has examined several thematic areas largely focusing on CF's governance. Below, we explain some opportunities and lessons for improving CF governance.

Governance needs to focus on diversifying forest benefits:

Diversified flow of forest products and services through a multipurpose forest management may help mitigate some of the existing governance challenges in CF. Forest management priorities informed by diverse forest products needs of CFUG members benefits diverse social groups including Dalits, disadvantaged one, the poor and women. This implies diverse forest products and associated benefits reach to the household and individual level so that any negative impacts of legal and institutional constrains can be automatically avoided. This also avoids the risks of elite capture, corruption and embezzlement or associated conflicts. Diversifying forest product supply means more sustainable forest people relations which is also resilient to uncertain and fluctuating timber market.

CF governance needs to be changed to enable CFUGs as business entities: The structure and process of formation of CFUGs needs rethinking. The skills, knowledge and attitude and incentive structure of CFUG leaders needs a major transformation to suit to the changing context where forest management priorities have shifted towards realising economic benefit to its members through an increased transaction with the market. The CFUGs needs to make a fundamental shift in the following dimensions as outlined in table below:

Table 5: Suggested shifts towards a business entity

Socio-environmental goals	Economic goals
Socio-environmental objectives at the core, profit as means to support the social goal	Profit and growth are put as the core value
Leaders elected through political process; work largely as volunteer; enjoy social/ symbolic capital	Leaders selected through bureaucratic process based on professional expertise and are paid
Participatory and inclusive decision process often based on consensus or majority	Professional experts make decisions considering business and financial rationale
Investment in community infrastructure, social services or pro-poor activities	Benefits invested in enterprise growth, returns to investment and community develoment

Governance should enhance economy of scale: merging and nested management of larger forest patches without compromising the historical ownership and attachments of CFUG members. Encouraging and supporting volunteer merging could help hundreds and thousands of CFUGs to merge, reduce transaction costs. It is important to ensure that this process is purely an internally led, bottom-up initiative with full realisation and ownership of CFUG members. Of course, they can be supported by technical measurements, new operational plan and legal advice. In other cases, where merger is not possible CFUGs can simply form cooperative or a similar cluster level mechanism which may serve: i) effective service delivery by hiring their own professional staff; ii) capacity development by organising workshops, training and exposure visits through resource pooling; iii) increased command over larger resource base that can feed to any processing enterprises, increased bargaining power with traders, and attract outside investors; iv) increased responsiveness from authorities such as DFO and local governments; v) sharing, learning and institutional development that can handle multiple and complex functions.

CF governance should reduce regulatory requirements at the higher level: Heavy regulatory requirements against insignificant return have repelled CFUG members away from investing their time, efforts, labour in CF. As rationale beings, they calculate relative costs, risks and benefits and often decide to put their resources and efforts elsewhere. Categorisation of CFUGs based conservation significance, economic transactions, and potential risks help estimate their incentives and public risks. Accordingly differential regulatory requirements can be imposed which matches with their incentives and therefore are likely to be complied with. Also, instead of asking CFUG leaders to visit Sub-division Forest Office and Division Forest Office time and again, Sub-division Offices can be made a one-stop service point from where all the documents are processes. This will substantially reduce the transaction costs for the CFUG officials. In many cases where specific leaders of CFUGs are involved in financial and other irregularities and are facing legal cases. In such cases, the whole CFUGs is penalised. Instead, only the officials involved in illegal cases should be held accountable and rest of the institutional process and forest management should be allowed to move on by completing due procedures.

Rearrange oversight roles of DFO and local governments: While CFUGs are self-organised perpetual organisations, the existing governance safeguard measures appear weak to ensure inclusive institutions and their democratic legitimacy. This is particularly so as CF moves towards a market transaction with relatively larger sum of revenue. Current measures are designed as reactive response once illegal logging or financial irregularity is exposed. Instead, there needs preventive measures adopting an engaged and facilitative approach helping them to comply with mandatory institutional functions with genuinely inclusive practice. Currently, DFO has the primary oversight role. However, due to limited human resource and existing incentive structure, DFO staff are not able to perform this function properly. Based on the above analysis, dividing oversight roles between: i) DFO on forest management and harvest related functions; and ii) local governments on institutional governance and financial management related functions will work well. Given DFOs technical capacity and its mandate to ensure national and global environmental consideration beyond local, it can provide needed oversight role over CF management. On the other hand, with its strong political legitimacy, local presence and mandate to look at local development, it is well placed to look after the institutional and financial management of CFUGs. This triangular relation between CFUGs, DFO and local governments can promote and sustain well governed CF system.

Governance support needs to be increased: CFUGs contribution to public environmental goods provides a good rationale for increased public spending in CF with service provisioning, monitoring, and capacity building. Positive outcomes in local livelihoods, national economy, ecosystem restoration, and carbon has been generated through volunteer contribution of CF members. This must be replenished and compensated by public investment. Local government because of the 10% tax and mandatory collaboration in another 37.5% of CF revenue have a clear mandate and incentive to invest in forest management related functions. Outside the government agencies, private sector, CFUGs self-managed system or aid projects can also contribute.

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7. Annexes

Annex 1: Scale of economy of CFUGs

Avg cost for the management of a forest (avg forest size=45.7ha) in the cluster							
Given: Average forest size of the cluster (F) = 45.7ha , Average HH no per CFUG (H) = 118 and Average no of executives per committee (E) = 11, Last five years' average income per CFUG (I) = 2lakhs							
S. N	**Heading**	**Description**	**no of days (D)**	**no of person (P)**	**avg cost/ person in Rs. ©**	**Total cost in Rs. (D*P*C)**	**Remarks**
1	**Meetings (M)**	Regular meetings per year as per constitution	12	11	200	**26400**	C as being practiced in the cluster
2	**AGM (A)**	AGM as mandated per year	1	118	300	**35400**	C as being practiced in the cluster
3	**OP preparation/ revision**	Boundary survey (forest technician)	3	2	1600	9600	
		Boundary survey (local person)	3	5	1000	15000	
		Inventory (forest technician)	3	2	1600	9600	
		Inventory (local person	3	5	1000	15000	
		Data analysis	2	2	1600	6400	
		Draft OP preparation	1	2	1600	3200	
		Print (5 copies of 100 page each costing Rs 5 per page)	LS			2500	
		AGM	1	118	300	35400	
		Executive Committee meetings	3	11	200	6600	
		meeting with interest groups	5	15	300	22500	In case of income generating CFUGs
	Total cost of OP preparation					125800	
	Per year cost for 5 years OP (O)					**25160**	
4	**Harvest Plan preparation and harvest permit**	Forest technician	10	2	1600	32000	
		Local person	10	4	1000	40000	
		Table work	2	4	1600	12800	
		CFUG meeting	3	11	200	6600	
		AGM	1	118	300	35400	
		Field verification (DFO/S-DFO)	2	3	1600	9600	
		Accommodation/snacks /transportation during field verification (hidden cost)	LS			25000	

		Executives transportation cost during the process	LS			10000	In case of Lakuri, more than 1 lakh has been spend on transportation and other cost by the executives
	Total cost of Harvest Plan/year (H)					**171400**	
5	**Normal Silvicultural operation**	Forest cleaning/thinning for management	5	40	750	150000	Assumption: 10% of 45.7ha per year management as per the OP of 10 years duration
		Fireline construction and cleaning	5	10	750	37500	
		Post-harvest management of residue (firewood/slash/leaf litter)	2	50	750	75000	
	Total cost of Silviculture Operation (S)					**262500**	
Total Cost of management (M+A+O+H+S)						**520860**	**If decisions on OP revision/Harvest made during the same AGM, the total cost of management = Rs.520860- (2*35400) = Rs. 450060**

Annex 2: Diversity of forest products and their uses in research sites

Forest products	Primary users	Livelihoods significance
Timber	Internal consumption by users from all CFUGs, particularly during External sale by Lakuri, Chapani, Dharapani, Rachchhma, Shreechhap, Sansari, Tarebhir, Bajhekapase, Bhedigoth, Bajhbisauna, etc	Internal consumption for construction of houses or livestock sheds External sale for economic gain
Fuelwood	Generally all users, particularly Paharis, Dalits, poor and women in all three sites (Chautara, Bhumlu, Kalapani)	Cooking, heating animal feed, preparing alcohol, keeping houses warm
Grass, fodder, leaflitter	Generally women of CFUGs from all three sites (Chautara, Bhumlu and kalapani)	In Kalapani, users claim to have increased livestock numbers due to fodder/grass supply from forest as well as dairy facility
Charcoal	Blacksmiths in Srichhap and Kalapani	Preparation of iron tools
Bamboo	Some users of Bhumlu-5	Few users have self-run HH level bamboo weaving business
Lapsi	Women in CFUGs of Bhumu and Chautara	Lapsi enterprise of Melchaur: 27 women are employed in a season, running for last more than a decade