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NEPAL NATURAL RESOURCE USER GROUPS/POPULATION, HEALTH AND ENVIRONMENT ASSESSMENT

FINAL REPORT



JULY 2006

EH IQC

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PREFACE

The assessment was conducted by a four-person team from ARD, Inc. over a three-week period in June and July 2006. The members of the team with their areas of relevant expertise are as follows:

- Jim Schweithelm, Ph.D., Team Leader – Biodiversity Conservation, Livelihoods, Natural Resource Conflict;
- Keshav Kanel, Ph.D., Community Forestry and Natural Resource Governance;
- Leona D’Agnes, B.S., Family Planning and Population-Health-Environment (PHE); and
- Bimala Shrestha, M.D., M.P.H, Community Health.

We would like to thank the following staff of the USAID/Nepal mission for their support and guidance before, during, and after the assessment: Naren Chanmugam, Sheila Lutjens, John Quinley, Bigyan Acharya, and Netra Sharma Sapkota. We are also indebted to the SAGUN project staff from CARE/Nepal, WWF/Nepal, and RIMS for helping us to understand what they have learned in implementing the project. We also thank the SAGUN team for making arrangements for our field visits and providing knowledgeable and enthusiastic field staff to accompany us. Finally, we owe a large debt of gratitude to the users groups who patiently answered our questions and in some cases traveled many hours on foot to talk with us. They provided the most important input to our assessment.

Cover photo: Community forest regrowth in the hills of Nepal. Photo provided courtesy of Dr. Pralad Yonzon, ARD, Inc., July 2005.

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This report was prepared by ARD, Inc.

DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

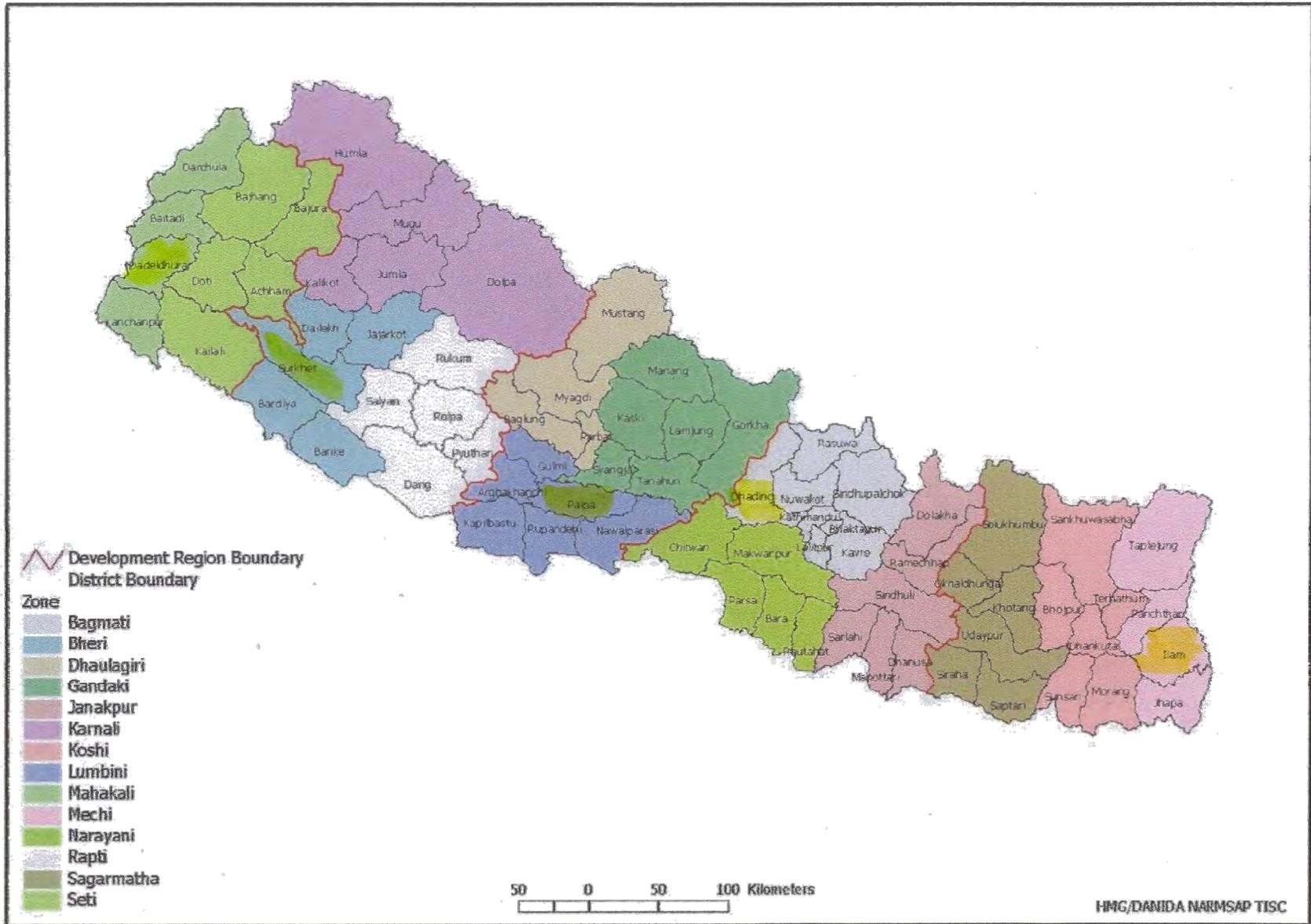
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ACRONYMS

AFO	Assistant Forest Officer
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
AusAID	Australian Agency for International Development
BDS-MaPS	Business Development Services-Marketing, Production, and Services Project
BISEP-ST	Biodiversity Sector Program for Siwalik and Terai
BZ	Buffer Zone (of a Protected Area)
BZMC	Buffer Zone Management Committee
BZUG	Buffer Zone Users Group
CBD	Community-Based Distribution
CBFP	Community-Based Family Planning
CDG	Community Development Group
CF	Community Forest
CFM	Collaborative Forest Management
CFOP	Community Forest Operational Plan
CFUG	Community Forestry User Group
CSO	Civil Society Organization
DAG	Disadvantaged Group
DANIDA	Danish International Development Agency
DDC	District Development Committee
DFID	Department for International Development (UK)
DFO	District Forest Office(er)
DMPA	Depot Medroxyprogesterone Acetate (a hormonal contraceptive method)
DNPWC	Department of National Parks and Wildlife Conservation
DOF	Department of Forests
ECP	Emergency Contraceptive Pill
FECOFUN	Federation of Community Forestry Users Nepal
FP	Family Planning
GEF	Global Environment Facility
GON	Government of Nepal
GTZ	German Technical Cooperation Agency
ICS	Improved Cooking Stove
IDR	Integrated Democracy and Rural Development Project
IEC	Information, Education, and Communication
IFAD	International Fund for Agricultural Development
INGO	International Nongovernmental Organization
IUCN	World Conservation Union
IUD	Intra-Uterine Device
JICA	Japanese International Cooperation Agency
LFLP	Leasehold Forestry and Livestock Program
LRP	Local Resource Person
M&E	Monitoring and Evaluation

MEDEP	Micro-Enterprise Development Program
MFSC	Ministry of Forests and Soil Conservation
NACRMLP	Nepal-Australia Community Resource Management and Livelihoods Project
NARMSAP	Natural Resources Management Sector Program
NGO	Nongovernmental Organization
NRM	Natural Resource Management
NSCFP	Nepal-Swiss Community Forest Project
NTFP	Non-Timber Forest Products
OP	Operational Planning
PAC	Policy Advocacy Campaign
PCP	Participatory Conservation Program (UNDP)
PHE	Population-Health-Environment linkages
PHPA	Public Hearing and Public Auditing
PWBR	Participatory Well-Being Ranking
RH	Reproductive Health
RIMS	Resource Identification & Mobilization Society (Dhading NGO)
SAGUN	Strengthening Actions for good Governance and Utilization of Natural Resources
SDC	Swiss Development and Cooperation Agency
SLA	Sustainable Livelihoods Approach
SOW	Scope of Work
SNV	Netherlands Development Organizations
TAL	Terai Arc Landscape Program (WWF)
TMI	The Mountain Institute
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VDC	Village Development Committee
WATCH	Women Acting Together for Change
WTLCP	Western Terai Landscape Complex Program
WWF	World Wildlife Fund
YAP	Youth Anti-Poaching Unit



1.0 EXECUTIVE SUMMARY

JIM SCHWEITHELM, ARD, INC., JULY 2006



Tharu girls welcome visitors to their Terai Community Forest Users Group.

This report presents the results of an assessment of the community forestry and buffer zone components of the USAID/Nepal-funded Strengthening Actions for Good Governance and Utilization of Natural Resources (SAGUN) Project within the context of the overall body of experience in user group management gained over the past quarter century. The assessment addresses the lessons learned and best practices developed from applying the user group approach to forest resources management, specifically in the areas of user group governance and livelihoods improvement. The assessment also explores the feasibility of integrating population and health interventions into community forest and buffer zone user group management. Considerations and criteria for future project siting based on biodiversity conservation considerations are also explored. We present an

indicative framework for future programming to build on SAGUN successes.

This assessment was conducted during a time of political uncertainty and hope, with the relatively recent cessation of armed conflict in the decade-long conflict between the Government of Nepal and Maoist insurgents. An interim government had just taken office, plans were being made for redrafting the constitution under a Constituent Assembly, and the Maoist party was making a concerted effort to re-enter the political mainstream. Issues remained about disarming the Maoist forces and dismantling the parallel government structure that they had put in place in most parts of the country.

KEY FINDINGS

The user group approach to managing forest resources in Nepal works well from all of the perspectives addressed in this assessment: group management of a valuable resource builds grassroots-level governance capacity; group members learn and support democratic principles through implementing them within their group; excluded groups and the poor are empowered and more capable of improving their economic and social status; the user group provides a platform for improving livelihoods and providing services to its members; and the coverage and quality of forests is increased, leading to higher levels of plant and animal biodiversity.

The SAGUN Program is achieving its objectives in building the management capacity and institutional strength of the user groups with which it works as well as making them more democratic, transparent, participatory, and able to respond to the livelihood needs of their poorest members. Forest and buffer zone user groups make an excellent point of entry for integrated programming in governance, family planning/health, biodiversity conservation, and livelihoods improvement. Many groups are already fully functional, providing a stable platform for multiple interventions, and offering low start-up costs because the institutional platform already exists and the groups are able to self-fund in many cases. User groups provide a forum for community-level reconciliation in the post-conflict period as well as a livelihood and employment source for demobilized Maoist soldiers.

Governance

The SAGUN approach to building user group governance capacity should be continued in future programming, after a concerted effort by implementing partners to fine-tune the specific elements over the remaining period of SAGUN. The use of motivators, local resource persons (LRPs), the PHPA process, and literacy training are especially effective from a governance perspective. Governance literacy programs should be continued, offered to men, and expanded in scope to include other topics including family planning and health. Building capacity to implement the revised Community Forestry Operational Plan Guidelines is especially important. These guidelines are a possible entry point for inserting population and health perspectives into CF operational planning so as to bring about a better balance between human and natural resources management. The policy work of FECOFUN should continue to be supported and this group should be encouraged to offer more services to its members.

Livelihoods

Future programming should assist user groups to be more systematic about designing household-level livelihoods interventions and should help CFUGs to build these approaches into their CF Operational Plans. Forest-based enterprise development should be encouraged and technically supported where it makes sense based on the forest resource. Pro-poor programming should be tailored to fit the constraints and needs of the poor. Credit is a critical element for the poor and should be a key part of an intervention strategy, whether it is provided by the user group or through other means.

Population, Health, and Environment Linkages

CFUGs and their federations should be encouraged to undertake community-based family planning (CBFP) activities in conjunction with health and community forestry management in order to enhance the sustainability of the conservation and livelihood gains already realized through their past and ongoing CF work. An initial activity that most CFUGs could initiate, with appropriate technical support, is the training of volunteer peer educators that would work under trained LRPs and female motivators to disseminate family planning and reproductive health (FP/RH) information and education through interpersonal channels to women, men, and youth (ages 15-24) in forest and buffer zone communities. Literacy training courses represent an existing mechanism that USAID could tap for rapid dissemination of family planning information and education to CFUGs members throughout the country. The focus should be on dispelling common misconceptions about contraceptives and promoting family planning and responsible sexual behavior for improved livelihood.

NGO efforts to “socially market” and disseminate improved cooking stoves (ICSs) using community-based approaches (e.g., RIMS Dhading) should be expanded, and the same NGOs should be encouraged to explore and test ways in which family planning could also be promoted through the same channels and information dissemination mechanisms. NGOs also need assistance with monitoring and evaluation (M&E), particularly with using methods and tools to track whether ICSs contribute to improved health conditions at the household level.

Biodiversity Conservation and Related Siting Recommendations

The assessment team observed during its field visits to the hills that forests have regrown significantly compared to their condition in the early 1990s. Focus groups we talked with all reported that there are a greater number and variety of plants and animals in their forests in recent years. The improvement in the biodiversity status of community forests has been documented in the Terai through periodic surveys by villagers trained in basic field biology. National park officials in the Terai also report that village anti-poaching patrols in buffer zones are an effective way to lower the incidence of poaching animals and illegally harvesting timber.

We suggest that the following areas or ecological zones be considered for future programming sites based on USAID Biodiversity Earmark criteria and other considerations:

- **Altitudinal Gradient Corridors** from the mountains to the Terai are conceptually attractive because they cover all ecological zones and are vertically integrated by a river system as well as animal and human migration/trade routes.
 - The **Trisuli Corridor**, possibly including Rasua, Dhading, and Chitwan districts, with the inclusion of Lang Tang National Park: Chitwan National Park Buffer Zones are already receiving significant donor support but other parts of the district are not.
 - The **Koshi Corridor** from Makalu Barun south to the Koshi Wetlands: the former has support from The Mountain Institute and the latter from IUCN, but the middle section requires support.
- **Building on Current Programming:** Bardiya is receiving support from the WWF Terai Arc Landscape Program (TAL) as well as a new UNDP Western Terai Landscape Complex Program (WTLCP). Shey Phusundo, or at least the more densely populated, lower altitude parts of Dolpo may be worthy of continued support. The need for further support to these areas should be evaluated at the time of program design, as at least one more year of implementation under SAGUN will have occurred by that time.
- **Donor Support Gaps:** Rara and Khaptad are remote and sparsely populated, making them unlikely candidates. Lang Tang is a possibility as described above. It has no donor support, is under threat, is relatively easy to reach from Kathmandu, and was recommended by the Director General of the Department of National Parks and Wildlife Conservation. The ongoing UNDP-implemented PCP will terminate in December 2006, creating possible support gaps in the seven involved protected areas: Koshi Tappu, Parsa, and Sukla Phanta Wildlife Reserves as well as Chitwan, Bardiya, Rara Lake, and Khaptad National Parks. Among these, only Rara and Khaptad will be completely without donor support in the future.
- **Other siting considerations:** It is very likely that future user group programming will be multifaceted, with the aim of achieving governance, livelihood, peace building, biodiversity conservation, and health/FP results within one project. While it will be important to adhere to the biodiversity earmark guidelines described below, they offer enough flexibility to allow siting where it makes sense based on other project objectives.

RATIONALE FOR USING COMMUNITY FOREST AND BUFFER ZONE USER GROUPS AS FOCAL POINTS FOR STRENGTHENING POST-CONFLICT DEMOCRACY AND GOVERNANCE

Democracy and Governance

The user group approach to managing forest resources builds grassroots-level governance capacity and understanding of democratic principles through group management of a valuable common property resource based on principles of inclusion, participation, and transparency. Community forest and buffer zone user groups are often the most well established and in many cases, the only such democratic institutions that operated throughout the armed conflict and include all social groups and economic strata of rural communities. CFUGs have evolved beyond forest management and are becoming an important focal point for awareness raising and community action on a variety of issues. Members learn democratic principles through participation in group elections, regular group decision-making meetings, and in some cases election to leadership positions in the group. Women and socially excluded groups are increasingly achieving positions of group leadership, empowering them in other areas of their lives, including willingness to engage government officials on a variety of topics. Well-established user groups are providing services to their

members and a forum for discussing and disseminating information related to political issues at local and central government levels.

Post-Conflict Considerations

The social cohesion of many villages in rural Nepal was badly weakened during the armed conflict due to pressures exerted on non-combatants by both sides in the conflict. This resulted in the breakdown of social networks, but also weakened negative social norms and behaviors that excluded some groups from participating in community activities. CFUGs provide a forum for community-level reconciliation and rebuilding of the community social fabric. They also provide a mechanism for integrating returning displaced persons and demobilized soldiers, and providing them with subsistence materials, income, or employment. The Maoist insurgency gained adherents in rural areas who felt disenfranchised from their society and government as the result of the social inequality, poverty, and lack of access to government services and natural resources that they suffered. The user group approach to forest management addresses all of these underlying causes of conflict and provides a basis for rebuilding trust in rural communities. User groups provide a forum for community-level reconciliation in the post-conflict period, a basis for rebuilding trust in rural communities, and a livelihood and employment source for demobilized Maoist soldiers and returning displaced persons.

2.0 PURPOSE AND METHODOLOGY

This report presents the results of an assessment of the community forestry and buffer zone components of the USAID/Nepal-funded Strengthening Actions for Good Governance and Utilization of Natural Resources (SAGUN) Project within the context of the overall body of experience in user group management gained over the past quarter century. The assessment addresses the lessons learned and best practices developed from applying the user group approach to forest resources management, specifically in the areas of user group governance and livelihoods improvement. The assessment also explores the feasibility of integrating population and health interventions into community forest and buffer zone user group management. Considerations and criteria for future project siting based on biodiversity conservation considerations are also explored.

The assessment was conducted by a four-person team over a three-week period in June and July 2006. The members of the team with their areas of relevant expertise are as follows:

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- Leona D’Agnes, B.S., Family Planning and Population-Health-Environment (PHE); and
- Bimala Shrestha, M.D., M.P.H., Community Health.

The team conducted extensive interviews with the CARE SAGUN team and its partners, other projects working on community forestry, officials in the Ministry of Forests and Soil Conservation and the Ministry of Health, and other experts in the fields of community forestry, biodiversity, health, and livelihoods. The team conducted focus group sessions with a total of eight user groups currently being supported by the SAGUN project, the Terai Arc Landscape Project (TAL), as well as groups currently not receiving external assistance. The focus groups were located in two hill districts (Dhading, Gorkha) and two Terai districts (Bardiya, and Banke).

This report is organized as follows:

- Section 3 provides context about the political situation and how this might affect future programming.
- Section 4 presents the key findings of the assessment.
- Section 5 presents lessons learned and best practices related to Community Forest User Groups (CFUGs) and Buffer Zone User Groups (BZUGs) as well as recommendations for how these lessons and best practices might be applied to future governance/user group natural resource management programming by USAID/Nepal. Subsections on governance; livelihoods; and population, health and environment (PHE) contain key lessons, related best practices, and recommendations for design of future programming. Biodiversity-related siting considerations are presented in Section 5.4.
- Section 6 proposes a design framework for a new user group-based project that specifically aims to improve democracy and governance in the post-conflict period as well as promote peace building.

A separate report presents the team's findings and recommendations regarding how the PHE approach might be integrated into future user group programming.¹ Appendix A contains the team's responses to the tasks in the Scope of Work (SOW), which provides further context and insight into the findings and recommendations presented in the main body of the report.

¹ ARD, Inc. July 2006. Opportunities in Population and Health for Community Forest User Groups in Nepal.

3.0 CONTEXT AND ASSUMPTIONS

This assessment was conducted during a time of political uncertainty and hope, with the relatively recent cessation of armed conflict in the decade-long conflict between the Government of Nepal (GON) and Maoist insurgents. An interim government had just taken office, plans were being made for redrafting the constitution under a Constituent Assembly, and the Maoist party was making a concerted effort to re-enter the political mainstream. Issues remained about disarming the Maoist forces and dismantling the parallel government structure that they had put in place in most parts of the country.

In conducting the assessment, the team assumed that however the political situation unfolds, it will be possible to continue user group-related programming. If the conflict is indeed over, the team recommends building on the user group activities that were successfully implemented during the armed conflict by SAGUN and other projects, to include a democracy and governance-centered approach that includes forest-based enterprises, and family planning/health interventions. If armed conflict resumes, methods for safely providing assistance to user groups in conflict areas are well developed and can continue to be practiced by USAID implementing partners.

4.0 KEY FINDINGS

These key findings are intended to apply to both the Community Forestry Program being implemented by the Department of Forests (DOF) and the Buffer Zone Program implemented by the Department of National Parks and Wildlife Conservation (DNPWC). These two programs differ in some respects, but are both based on the user group approach to natural resource management.

- 1. The user group approach to managing forest resources in Nepal works well from all of the perspectives addressed in this assessment: group management of a valuable resource builds grassroots-level governance capacity; group members learn and support democratic principles through implementing them within their group; excluded groups and the poor are empowered and more capable of improving their economic and social status; the user group provides a platform for improving livelihoods and providing services to its members; and the coverage and quality of forests is increased, leading to higher levels of plant and animal biodiversity.** The capability of individual groups varies widely based on a number of factors, with some significantly more capable than others of achieving positive results in all of these areas.
- 2. Women and socially excluded members of focus groups the team talked with said that they felt empowered to voice their opinions at user group meetings and felt confident to speak their mind to government officials and others in positions of authority as the result of governance literacy training and training by motivators/local resource persons (LRPs).**
- 3. District Forest Officers (DFOs) and their staffs have been transformed from enforcers of forest protection laws to service providers,** in their own eyes and in those of user groups. This transformation serves to promote good governance and limits the possibilities for corruption.
- 4. The SAGUN Program is achieving its objectives in building the management capacity and institutional strength of the user groups with which it works as well as making them more democratic, transparent, participatory, and able to respond to the livelihood needs of their poorest members.**
- 5. Forest and Buffer Zone User Groups make an excellent point of entry for integrated programming in governance, family planning/health, biodiversity conservation, and livelihoods improvement.** Many groups are already fully functional, providing a stable platform for multiple interventions, and offering low start-up costs because the institutional platform already exists and the groups are able to self-fund in many cases.
- 6. Flexibility must be built into future user group programming** to take advantage of opportunities presented by an evolving post-conflict political situation while being prepared to meet the challenges of a return to armed conflict. A post-conflict, peace-building period holds promise for remolding weak institutions and negative social norms that were driving forces behind the initial conflict.
- 7. User groups provide a forum for community-level reconciliation in the post-conflict period as well as a livelihood and employment source for demobilized Maoist soldiers.**
- 8. When interrupted attempts at decentralization are resumed in the post-conflict period,** community forestry can be a catalyst for creating a group comprised of sectoral agencies, civil society organizations (CSOs), the Federation of Community Forest Users Nepal (FECOFUN), and the private sector to meet the needs of communities, as represented by user groups.

9. **The overarching management objective for community and buffer zone forests should shift from protection to sustainable production** in order for groups to realize the full financial benefit of their forest resources and to pass surplus revenues on to members in the forms of community services, credit, livelihood assistance, and employment in forest-based enterprises. In user groups that already have access to large revenue streams from valuable timber or revenue sharing from national parks, the benefits of having money to invest in the community are significant. These funds allow communities to self-fund services that would normally be provided by the government.



PRALAO YONZON, ARD, INC., JULY 2005

10. **Sustaining gains already made in user group management and bringing all user groups up to a functional level is a great challenge over coming years.** Mechanisms for providing various management and technical services on a fee-for-service basis should be institutionalized within local service providers, such as LRPs, FECOFUN, or CSOs, with guidance from District Forest Office staff.

5.0 LESSONS LEARNED, BEST PRACTICES AND RECOMMENDATIONS

This section contains findings in the form of lessons learned, best practices, and recommendations relevant to future programming that uses natural resource user groups as a platform for strengthening grassroots democracy and governance while also improving livelihoods, biodiversity conservation, and the health/family planning status of target communities. This information is based on the team’s assessment of SAGUN as well as the large body of knowledge that now exists regarding user group management, livelihoods, conservation, and community health in Nepal. Section 5.4 addresses only siting considerations related to biodiversity conservation. The team did not assess the conservation effectiveness of SAGUN because this was beyond the scope of the assignment, but the team offers some general observations about the effects that the community forestry and buffer zone programs appear to be having on biodiversity.

5.1 GOVERNANCE

5.1.1 Lessons Learned and Best Practices

1. **Lesson:** Experience gained in SAGUN and other CF and BZ projects clearly indicates that simply handing forests over to user groups will not in itself achieve the results described in Key Findings No. 1, above. External support is needed to bring a group to the level of sustainable self-sufficiency in terms of day-to-day management. Even then, periodic external support is required for forest management and planning as well as financial oversight and implementation of livelihood and service provision activities. DFOs and their staffs do not have the resources to provide the level of support required, indicating the need for continued external support from donors and international nongovernmental organizations (INGOs) until a broad local skill base can be built.

Best Practice: FECOFUN, motivators, and LRPs can and have developed the necessary skills to provide technical and managerial support. With legal recognition/certification and further skill development within this group, this is the best means to provide long-term sustainable support to user groups.

2. **Lesson:** Management roles and benefits from user group forest management tend to be captured by local elites in the absence of involvement of women and excluded groups in group management and mechanisms for ensuring transparency in managing group funds and making decisions.



RIMS field worker demonstrates construction of improved cook stove.

JIM SCHWITHELM, ARD, INC., JULY 2006

Best Practice: Use techniques of social mobilization by motivators to provide excluded groups with confidence to participate in management and encourage other group members to give them this opportunity. Continue training programs on leadership, facilitation and communication for elected women, Dalits, and other poor user group executive committee members. Continue to use the Public Hearing and Public Auditing (PHPA) system for achieving transparency in group financial management. The Participatory Well Being Ranking (PWBR) within CFUGs promotes inclusive and pro-poor decision making.

3. **Lesson:** Women and Dalits are often not able to fully participate in user group management because they are illiterate, have limited knowledge of governance and democratic concepts, and lack self-confidence.

Best Practice: Governance literacy programs for women and Dalits focusing on a rights-based approach, advocacy, and good governance has enhanced the capacity of CFUG members in natural resource management

4. **Lesson:** A Community Forestry Operational Plan (CFOP) must be prepared by each user group every five or 10 years but these plans seldom prescribe a rational approach to sustainable and productive forest management, and in the absence of external support such as that provided by SAGUN, rarely address “second generation issues” such as social inclusion, a pro-poor approach, and a systematic approach to enterprise development and livelihoods. The current guidelines for preparing these plans are badly in need of updating to address these issues, and the team would argue that health/family planning and biodiversity conservation should also be addressed in CFOPs.

Best Practice: The Nepal-Australia Community Resource Management and Livelihoods Project (NACRMLP) has already designed and tested revised CFOP Guidelines and the DOF’s Community Forestry Division is holding stakeholder workshops in various parts of the country as part of the process of simplifying and updating the existing, outdated, Operational Plan Guidelines. The revised guidelines, which will hopefully also contain appendices on health/family planning and biodiversity conservation, should be rapidly applied. This will initially require additional technical support to user groups but will pay off in increased management effectiveness and production as well as sustainability.

5. **Lesson:** CFUGs need an association to facilitate information exchange among groups, provide technical support, and coordinate with District Forest Office staff and lobby at the national level for policy change related to user group management.

Best Practice: FECOFUN has proven itself to be a capable organization in policy development at the national level (with support from SAGUN under the Policy Advocacy Component), facilitation of dialogue at the district level, and in some cases as a provider of technical services to CFUGs and literacy training to user group members. FECOFUN should be supported to further develop its capability and field presence. Their recent lobbying success in convincing the Ministry of Forests and Soil Conservation (MFSC) to abolish the Collaborative Forest Management model is a case in point.

5.1.2 Recommendations

The SAGUN approach to building user group governance capacity should be continued in future programming after a concerted effort by implementing partners to fine tune the specific elements over the remaining period of SAGUN.² The use of motivators and LRPs, and the PHPA process and literacy training are especially effective from a governance perspective. Governance literacy programs should be continued, offered to men, and expanded in scope to include other topics including family planning and health. Building capacity to implement the revised Community Forestry Operational Plan Guidelines is especially important. These guidelines are a possible entry point for inserting population and health perspectives into CF operational planning so as to bring about a better balance between human and natural resource management. FECOFUN's policy work should continue to be supported and this group should be encouraged to offer more services to its members.

5.2 LIVELIHOOD IMPROVEMENT

5.2.1 Lessons and Best Practices

1. **Lesson:** Livelihood interventions that are focused only on individual income-generation activities or fixed packages of interventions often do not work because they haven't fully taken into account the human, financial, and physical assets of the target groups. This can lead to ineffective interventions that might actually waste the scarce resources of the participants with no sustainable benefit.

Best Practice: The Sustainable Livelihoods Approach (SLA) should be employed to better understand what assets are available to target groups and therefore what livelihood interventions are likely to be effective.

2. **Lesson:** Livelihood interventions are often identified without taking into account commercial viability requirements, such as the long-term availability of a raw material, the accessibility of marketing channels, demand for the product, and access to agricultural support services, such as veterinary care. Also, crops or products that work in one location are often introduced elsewhere without understanding agro-ecological differences between the locations or how much demand there is for the product locally. This can lead to the failure of interventions such as when newly introduced crops do not grow well or when a promising new commodity is overproduced in comparison to market demand. Non-timber forest products (NTFPs) are often assumed to be the highest priority livelihood activity in community forestry, but this can only be determined with assurance based on a thorough technical and marketing assessment.

Best Practice: Other USAID-funded projects in Nepal have developed relevant market-based approaches that should be incorporated into SAGUN or possible follow-on activities. These include the Nepal NTFP Alliance Project, the Business Development Services – Marketing, Production, and Services Project (BDS – MaPS), and the Nepal Tree Crop Global Development Alliance.

3. **Lesson:** CFUGs that simply protect or passively manage their forests for subsistence products are missing important opportunities to produce cash income for their members, and in some cases, to develop enterprises that could provide employment, thereby transforming the local economy. This is a particularly important opportunity in the post-conflict period when job creation will be key to absorbing ex-combatants and displaced persons.

² SAGUN has been extended to run until the end of calendar year 2006 and may be further extended until the end of United States Fiscal Year 2007 (September 30 2007).

Best Practice: A change in attitude among both the CFUGs and forestry officials will be required to actively manage forests for sustainable production: revised CFOP Guidelines will be needed as described under the governance section above, as well as the cooperation of forestry officials to allow greater ease in granting permission to harvest and sell products. This may require policy/legal change that is being promoted by FECOFUN. CFUG committees will need training in technical forest management and business management to give them the skills to become entrepreneurs. There is often a role for the private sector either as investors or partners in community-based enterprises. There is no experience in Nepal that rises to the level of a best practice, but the United Nations Development Program (UNDP) will be working in the two districts that the Nepal-Australia project formerly worked in (Khavre and Sindhupalchowk) to commercialize timber production from mature pine plantations. If this effort succeeds, the amount of income generated could provide the basis for transformational economic development in these districts. The Swiss Development and Cooperation Agency (SDC)-funded community forestry project has also helped two groups to successfully establish enterprises to produce forest-based handicrafts.

4. **Lesson:** Effectively helping the poorest members of communities where CFUGs operate has proven to be difficult because the poor often lack the resources to benefit from CF—land, livestock, capital, and time. Many of the poorest are fully engaged in trying to earn a living from wage labor and have no time to participate in CF management activities, nor can they forego income while waiting for a livelihood activity to provide a return.

Best Practice: Participatory Well Being Ranking within CFUGs has proven to be an effective means for identifying the poorest members of a user group and building community support for helping the poorest among them. User groups under SAGUN and other CF projects are adopting pro-poor programming including leasing land to the landless, providing no-interest loans to purchase productive assets such as livestock, providing poor children with scholarships, and providing emergency loans.

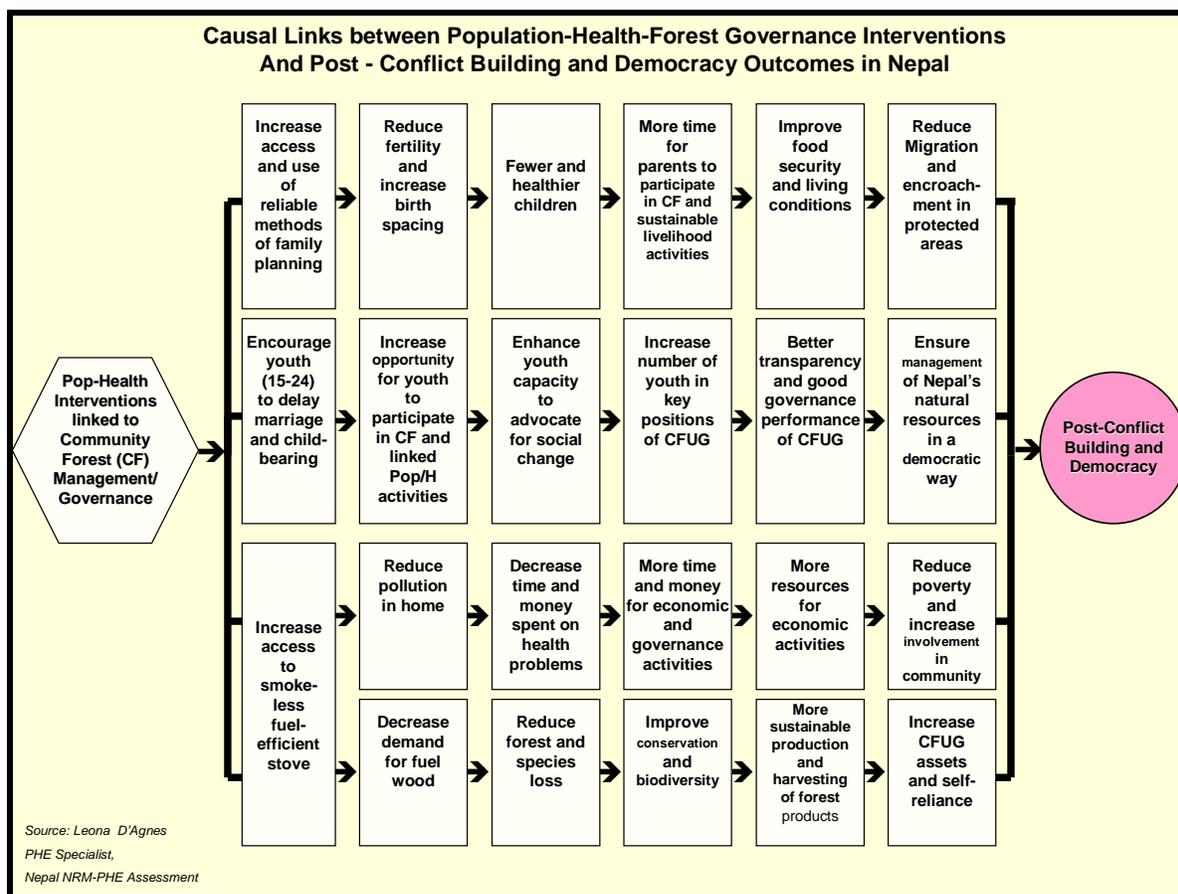
5.2.2 Recommendations

Future programming should assist user groups to be more systematic about designing household-level livelihoods interventions and should help CFUGs to build these approaches into their CFOPs. Forest-based enterprise development should be encouraged and technically supported where it makes sense based on the forest resource. Pro-poor programming should be tailored to fit the constraints and needs of the poor. Credit is a critical element for the poor and should be a key part of an intervention strategy, whether it is provided by the user group or through other means.

5.3 INTEGRATING FAMILY PLANNING AND HEALTH INTERVENTIONS INTO USER GROUP FOREST AND BUFFER ZONE MANAGEMENT

Integrated approaches to population, health and environment are programmatically efficient and yield better results than single sector programs. Moreover, PHE is more in tune with the way rural people lead their lives and, as such, more acceptable to the community. Nepal's high rate of population growth and momentum pose serious challenges to environmental security, sustainable development and post-conflict rebuilding that can best be addressed through cross-sectoral approaches that generate synergy and are more acceptable to local communities. Nepal presents a unique opportunity to work with and through existing community forestry institutions to model PHE approaches that can improve human and ecosystem health and generate synergies that impact post-conflict building and democracy outcomes. USAID's ongoing assistance to forest and buffer zone user groups has strengthened the management of Nepal's forest resources in a democratic way and expanded access to and control over resources by women, the poor and other vulnerable and socially excluded groups (i.e., Dalit). The recommended PHE initiatives will further build CFUGs' capacity to disseminate reproductive health and alternative energy technologies in a holistic manner and in tandem with

other alternative livelihood approaches. Opportunities for young (ages 15-24) people to participate in community forest governance, protected area management, biodiversity conservation, and health will be maximized through the same efforts. With over 14,000 CFUGs and federations operating nationwide, the potentials for a rapid scale-up of PHE approaches on a district, corridor, or landscape-wide basis are promising and unique to the developing world. The causal chain depicted on the following page illustrates these concepts.



Some key lessons, best practices and recommendations for PHE programming that evolved during the course of this assessment are highlighted below and discussed in greater detail in a separate PHE assessment report that serves as a companion to this document.³ A pilot project is currently being prepared for implementation beginning in late 2006 and running for 2 years.⁴

1. **Lesson:** Asking communities to conserve biodiversity often requires them to forego income and products from the forest or its conversion to agriculture; assistance with health, therefore, provides a way to balance such opportunity costs by improving community welfare.

³ ARD Inc. 2006 "Opportunities in Population and Health for Community Forest User Groups in Nepal." Population Community Forestry RFA Design Task Order under the Three Linked Environmental Health Activities - Knowledge Management; Population, Health, and Environment (PHE); and Water and Sanitation IQC, Contract No. EH-IQC-ARD-06-TOA-02-2.

⁴ D'Agnes, L. and J. Schweithelm for ARD Inc. 2006. Integrating Population and Health Into Forest Management Agendas in Nepal. Draft Project Design Document. Under the Environmental Health IQC Task Order: Knowledge Management, PHE, and Water and Sanitation Short-Term Technical Assistance.

Recommendation: CFUGs and their federations should be encouraged to undertake community-based family planning (CBFP) activities in conjunction with health and CF management in order to enhance the sustainability of the conservation and livelihood gains already realized through their past and ongoing CF work. An initial activity that most CFUGs could initiate, with appropriate technical support, is the training of volunteer peer educators that would work under trained LRPs and female motivators to disseminate family planning and reproductive health (FP/RH) information and education through interpersonal channels to women, men, and youth (ages 15-24) in forest and buffer zone communities.

- Lesson:** In the developing world, indoor air pollution from biomass fuels such as wood and dung is the leading cause of death for children under five and the fourth leading cause of premature death for women. Improved cooking stoves (ICSs) generate multiple benefits and can be disseminated with little or no subsidy to end users. Although ICSs generate multiple paybacks, the health benefits to women and children should be the primary focus of ICS promotion efforts.

Recommendation: NGO efforts to “socially market” and disseminate ICSs using community-based approaches (i.e., RIMS Dhading) should be expanded and the same NGOs should be encouraged to explore and test ways in which family planning could also be promoted through the same channels and information dissemination mechanisms. NGOs also need assistance with monitoring and evaluation (M&E), particularly methods and tools to track whether ICSs contribute to improved health conditions at the household level (i.e., reduction in indoor pollutants and signs and symptoms of respiratory disease among children).

- Lesson:** With appropriate training and support, environmental NGOs can develop and manage FP/RH activities and community-based distribution (CBD) systems that can create demand for and increase access to contraceptive technologies in remote communities.

Recommendation: Support selected NGOs with ongoing CF initiatives to test the feasibility of CBD and the willingness of CFUGs to invest group funds for CBFP and CBD-related investments (e.g., a revolving fund for commodities, travel subsidies for women to access clinical methods of contraception [i.e., Intra-Uterine Device (IUD) and sterilization services]).

- Best Practice:** “Dependency is not empowering;” programs should “promote women’s ability to teach themselves the skills they need to improve their lives at costs they themselves can afford.”

Recommendation: Community based family planning is an enabling approach that applies peer education, guided group interaction and behavior change communication to teach women and couples the skills they need to better achieve their reproductive goals and desired family size. CFUGs should be encouraged and assisted to develop CBFP activities to address unmet family planning needs of their members. The focus should not only be on women, but men and youth (ages 15-24) should also be targeted with behavior change communication and adolescent reproductive health information, education, and communication (IEC) respectively.

- Lesson:** Governance literacy training is empowering CFUGs and women/Dalit groups to raise issues of concern that go beyond forests and often relate to health.

Recommendation: Literacy training courses represent an existing mechanism that USAID could tap for rapid dissemination of family planning information and education to CFUG members throughout the country. The focus should be on dispelling common misconceptions about contraceptives and promoting family planning and responsible sexual behavior for improved livelihood.

6. **Best Practice:** IEC campaigns that encourage young people to become “stewards” of the environment and their sexuality are generating significant impact on human health and biodiversity conservation indicators in the Philippines and other countries where young people (ages 15-24 years) are being mobilized and trained to disseminate PHE messages among their peers and the community at large. Similarly, ongoing Youth Democracy initiatives in Thailand are helping to empower a new cohort of leaders that use a rights-based approach to promote good governance and facilitate anticorruption campaigns in rural Thailand.

Recommendation: Youth Anti-Poaching (YAP) Units spearheaded by CFUGs with assistance from the World Wildlife Fund (WWF) are an existing mechanism that could be used to mobilize young people for democracy and PHE initiatives in rural Nepal. Involve young (ages 15-24 years) people in the development of an appropriate advocacy communication strategy and testing of key messages and IEC materials that link population/health and CF management/governance concepts under the broader context of sustainable livelihood. Encourage youth and other CF members “to protect the forest, plan their families, and use alternative energy to assure a better future for themselves and the nation.

7. **Best Practice:** Some NGOs use the rights-based approach to pressure government health officials to improve the performance and reliability of outreach clinic personnel and allied volunteers responsible for the delivery of health and family planning services in rural areas. Others achieved similar or better results by facilitating dialogue and joint planning between communities and government health personnel to overcome obstacles and create a more conducive environment for couples to adopt FP practices.

Recommendation: NGOs should facilitate dialogue between local CFUGs and FECOFUN executives and health officers/personnel at VDC and district levels to identify issues and obstacles related FP and to facilitate joint planning and actions to expand availability and use of modern FP methods including CBD of non-clinical methods of family planning (i.e., condoms, pills, emergency contraceptive pills (ECP) and perhaps even DMPA [an injectable hormonal contraceptive method]).

5.4 BIODIVERSITY CONSERVATION

This subsection provides recommendations on what considerations and criteria should be taken into account when making site selections for future programming to maximize biodiversity conservation benefits. It is not organized in the same way as the previous three subsections because it does not address lessons learned, best practices, and recommendations related to biodiversity conservation. Readers wishing to learn more about biodiversity conservation issues in Nepal should consult USAID/Nepal’s *Tropical Forestry and Biodiversity (FAA 118&119) Assessment Report* (ARD, Inc., 2006).

The assessment team observed during its field visits to the hills that forests have regrown significantly compared to their condition in the early 1990s. Focus groups the team talked with all reported that there are a greater number and variety of plants and animals in their forests in recent years. The improvement in the biodiversity status of community forests has been documented in the Terai through periodic surveys by villagers trained in basic field biology. National park officials in the Terai also report that village anti-poaching patrols in buffer zones are an effective way to lower the incidence of poaching animals and illegally harvesting timber.

The parameters that should be taken into account in selecting sites on biodiversity grounds are as follows:

- **USAID Biodiversity Earmark Criteria** – see discussion of requirements, below. These requirements are also addressed in *Biodiversity Conservation: A Guide for USAID Staff and Partners* (ARD, Inc. 2005).

- **Nepal Biodiversity Strategy Implementation Plan (2005)** – the GON’s official plan with illustrative projects. Some of these activities have already been selected for implementation by other donors.
- **Donor Assistance Gaps for the Protected Area System** – donors or INGOs are currently providing assistance to most of the protected areas in the Terai and mountains—Lang Tang, Rara Lakes, and Khaptad are exceptions. Other parks will be without funding when the UNDP-funded Participatory Conservation Program (PCP) terminates at the end of December 2006.
- **Biodiversity Significance Outside the Protected Area System** – the Mid-hills have virtually no assistance for biodiversity conservation and very little land has been formally protected. The hills form important migration routes and their resident flora and fauna is increasing as the result of regrowth of community forests on formerly denuded or degraded land. There are also small pockets of relatively undisturbed forest with characteristic assemblages of plants and animals.

5.4.1 Site Recommendations

Based on these parameters, the team suggests that the following areas or ecological zones be considered for future programming sites:

- **Mid-hills** sites where forests are in an advanced stage of regrowth and where forest patches are reasonably large and connected should be included. These forests provide important local biodiversity habitat and migration routes in formerly denuded or degraded areas.
- **Altitudinal Gradient Corridors** from the mountains to the Terai are conceptually attractive because they cover all ecological zones and are vertically integrated by a river system as well as animal and human migration/trade routes.
 - The **Trisuli Corridor**, possibly including Rasua, Dhading, and Chitwan districts, with the inclusion of Lang Tang National Park: Chitwan National Park Buffer Zones are already receiving significant donor support but other parts of the district are not.
 - The **Koshi Corridor** from Makalu Barun south to the Koshi Wetlands: the former has support from The Mountain Institute and the latter from IUCN, but the middle section requires support.
- **Building on Current Programming:** Bardiya is receiving support from the WWF Terai Arc Landscape Program (TAL) as well as a new UNDP Western Terai Landscape Complex Program (WTLCP). Shey Phusundo, or at least the more densely populated, lower altitude parts of Dolpo may be worthy of continued support. The need for further support to these areas should be evaluated at the time of program design, as at least one more year of implementation under SAGUN will have occurred by that time.
- **Donor Support Gaps:** Rara and Khaptad are remote and sparsely populated, making them unlikely candidates. Lang Tang is a possibility as described above. It has no donor support, is under threat, is relatively easy to reach from Kathmandu, and was recommended by the Director General of the Department of National Parks and Wildlife Conservation. The ongoing UNDP-implemented PCP will terminate in December 2006, creating possible support gaps in the seven involved protected areas: Koshi Tappu, Parsa, and Sukla Phanta Wildlife Reserves as well as Chitwan, Bardiya, Rara Lake, and Khaptad National Parks. Among these, only Rara and Khaptad will be completely without donor support in the future.
- **Other siting considerations:** It is very likely that future user group programming will be multifaceted, with the aim of achieving governance, livelihood, peace building, biodiversity conservation, and health/FP results within one project. While it will be important to adhere to the biodiversity earmark guidelines described below, they offer enough flexibility to allow siting where it makes sense based on other project objectives. For instance, working in the Mid-hills under the biodiversity earmark can be

justified based on local- or national-level biodiversity significance, rather than global significance. It will be necessary, however, to clearly design linkages between user group programming and biodiversity conservation.

The new program will likely be designed at least a year from now, making it difficult to predict what changes may occur in USAID/Nepal programming strategies and the Nepal political context over that time. **The team therefore recommends that during the design phase of the new program, one or more stakeholder focus group sessions be held to discuss siting from the various viewpoints that will be reflected in the program, within the programming and political context that exists at that time.**

5.4.2 Biodiversity Earmark Funds

If future programming is funded solely or largely out of Biodiversity Earmark Funds, the following criteria must be applied to site selection and program design:

- Programming must meet all of the following **criteria**:
 1. The program must have an explicit biodiversity objective;
 2. Activities must be identified based on an analysis of threats to biodiversity;
 3. Indicators of biodiversity conservation must be monitored—this may be done through participatory community biodiversity monitoring, such as CARE is already implementing in Bardiya, although a less intensive system would be adequate; and
 4. Programs must positively impact biologically significant areas. Biological significance may be evaluated at the global, national, and local level. Most of Nepal’s Terai and mountain protected areas are globally significant, while forests in the Mid-hills may have local or national significance.
- In order to be eligible for a primary biodiversity code, the primary programming objective must be conserving biological diversity.
- For a secondary code, biodiversity conservation must be an explicit but not primary objective in management of natural and **managed ecosystems** (such as community forests).
- A **threats-based approach** to conservation emphasizes the development of a logical plan for determining what the threats are, which threats will be addressed, and how. **The plan must clearly identify linkages between threats and proposed activities.** Direct threats are priority but root causes and indirect threats must also be identified and addressed if possible. Threat analysis must be an iterative process, serving as the foundation for selecting priorities and setting targets, but also requiring **effective monitoring over time to inform good program management.**
- An important first step in threats analysis is to **identify all potential threats**, their magnitude and scale, and rank them based on importance and feasibility of intervention.
- **Threats should be prioritized** according to *urgency* of addressing the threat, *probability of success* in mitigating the threat, *area* affected by the threat, *feasibility* of addressing the threat, and *level of agreement* among stakeholders about the threat.
- Indicators of impact on biodiversity include:
 - Change in status of certain species (e.g., population size);
 - Change in quality of habitat (e.g., canopy cover, rate of forest regrowth or degradation, plant species diversity);
 - Change in ecological processes (e.g., water flow volume/timing and animal migrations); and
 - Reduction in identified threats (e.g., reduction of human in-migration and birth rates of existing populations).

6.0 COMMUNITY FOREST AND BUFFER ZONE USER GROUPS AS FOCAL POINTS FOR STRENGTHENING POST-CONFLICT DEMOCRACY AND GOVERNANCE

This section lays out the framework for an illustrative project design to be used as the starting point for designing a natural resource user group-based project to be implemented subsequent to SAGUN that would retain a democracy and governance focus with an emphasis on peace building in the post-conflict period. The new project could be designed in accordance with USAID Biodiversity Earmark Criteria and should also address livelihoods and family planning/health issues.

6.1 PROJECT RATIONALE

6.1.1 Democracy and Governance

The user group approach to managing forest resources builds grassroots-level governance capacity and understanding of democratic principles through group management of a valuable common property resource based on principles of inclusion, participation, and transparency. Community forest and buffer zone user groups are often the most well established, and in many cases the only such democratic institutions that operated throughout the armed conflict, and include all social groups and economic strata of rural communities. CFUGs have evolved beyond forest management and are becoming an important focal point for awareness raising and community action on a variety of issues. Members learn democratic principles through participation in group elections, regular



Community forest user group holding management meeting.

group decision-making meetings, and in some cases election to leadership positions in the group. Women and socially excluded groups are increasingly achieving positions of group leadership, empowering them in other areas of their lives, including willingness to engage government officials on a variety of topics. Well-established user groups are providing services to their members and a forum for discussing and disseminating information related to political issues at local and central government levels.

6.1.2 Post-Conflict Considerations

The social cohesion of many villages in rural Nepal was badly weakened during the armed conflict due to pressures exerted on non-combatants by both sides in the conflict. This resulted in the breakdown of social networks, but also weakened negative social norms and behaviors that excluded some groups from participating in community activities. CFUGs provide a forum for community-level reconciliation and rebuilding of the community social fabric. They also provide a mechanism for integrating returning displaced persons and demobilized soldiers, and providing them with subsistence materials, income, or employment. The Maoist insurgency gained adherents in rural areas who felt disenfranchised from their society and government as the result of the social inequality, poverty, and lack of access to government services and natural resources that they suffered. The user group approach to forest management addresses all of these underlying causes of conflict, provides a basis for rebuilding trust in rural communities. User groups provide a forum for community-level reconciliation in the post-conflict period, a basis for rebuilding trust in rural communities, and a livelihood and employment source for demobilized Maoist soldiers and returning displaced persons.

6.2 GENERAL APPROACH

Forest and buffer zone user groups make an excellent point of entry for integrated programming in governance, family planning/health, biodiversity conservation, and livelihoods improvement. Many groups are already fully functional, providing a stable platform for multiple interventions and offering low start-up costs because the institutional platform exists. Some user groups have enough funds to self-finance interventions that they see as being in their best interest.

User groups are a governance institution that can only exist if revenues or subsistence products are generated from the forests they manage or the national parks they receive revenues from. People cannot live on democracy alone, but democratic practices are a pre-condition for group sustainability. In order to achieve sustainability, a group must have legitimacy in the eyes of its members and provide tangible incentives for membership in the form of forest products, services, or livelihoods resources. The greater the tangible incentives, the stronger the group is as an institution, and the better able to act as a governance institution.

In order to be perceived as being legitimate, the decision-making and financial management procedures of the group must be transparent and even-handed. Members must have the expectation that they will receive a fair return from the time and money that they invest in forest management or group activities. This argues for an approach that builds group legitimacy and provides tangible benefits. **USAID programming that is primarily aimed at the improvement of governance and democracy in the post-conflict period should also assist groups to generate and plan the use revenues from their forests.** This will require that forest management and planning be improved to enhance production. This builds commitment to the institution and gives the groups funds to use in activities that support democracy.

The overarching management objective for community and buffer zone forests should shift from protection to sustainable production in order for groups to realize the full financial benefit of their forest resources and to pass surplus revenues on to members in the form of community services, credit, livelihood assistance, and employment in forest-based enterprises. Sustaining gains already made in user group management and bringing all user groups up to a functional level is a great challenge over coming years. Mechanisms for

providing various management and technical services on a fee-for-service basis should be institutionalized within local service providers, such as LRPs, FECOFUN, or civil society organizations (CSOs).⁵ Flexibility must be built into future user group programming to take advantage of opportunities presented by an evolving post-conflict political situation while being prepared to meet the challenges of a return to armed conflict. Care must be taken in designing the project so that user groups are not overloaded by being given more tasks than they are able to handle given their level of institutional development. This argues for an incremental approach in which capacity is built and tested as more tasks are given.

6.3 OBJECTIVES

Some illustrative objectives for user group democracy/governance programming include:

- Effectively disseminate messages related to rebuilding democratic institutions through user groups, such as regarding the Constituent Assembly, as well as messages related to family planning and health;
- Support the user group approach at policy level to ensure a positive enabling environment;
- Build capacity of user groups to advocate for issues of group concern to government officials and political representatives; and
- Build the financial, forest, and enterprise management capacity of user groups to ensure sustainability and to allow them to address issues that have been sources of conflict in the past.

6.4 ACTIVITIES

The SAGUN approach to building user group governance capacity should be continued in future programming after a concerted effort by implementing partners to fine-tune the specific elements over the remaining life of SAGUN. Some specific activity areas that should be included in new programming include:

- The use of motivators, LRPs, the PHPA process, and literacy training are especially effective from a governance perspective. Motivators and LRPs should receive additional training on issues related to the post-conflict period, such as the reestablishment of democratic institutions and community-level reconciliation so that they can pass this information on to their clients. These community service providers have been effective at disseminating complex messages on other topics, so this would be a natural extension of their ongoing work.
- Governance literacy programs should be continued, offered to men, and expanded in scope to include other topics including post-conflict messages, family planning, and health.
- The PHPA system of achieving financial transparency should be continued as well as the system of PWBR among community members.
- Building capacity to implement the revised Community Forestry Operational Plan Guidelines is especially important. These guidelines are a possible entry point for inserting population and health perspectives and biodiversity conservation into CF operational planning so as to bring about a better balance between human populations and natural resource management.
- The policy work of FECOFUN should continue to be supported and this group should be encouraged to offer more coordination and technical services to its members.

⁵ The Community Forestry Division is working to develop a formal method for certifying the technical and management skills of these groups of service providers.

- Future programming should assist user groups to be more systematic about designing household-level livelihoods interventions and should help CFUGs to build these approaches into their CFOPs.
- Forest-based enterprise development should be encouraged and technically supported where it makes sense based on the forest resource.
- Pro-poor programming should be tailored to fit the constraints and needs of the poor, which requires an on-site assessment.
- Credit is a critical element for the poor and should be a key part of an intervention strategy, whether it is provided by the user group or through other means.
- Youth should be a specific target of programming. For example, the Integrated Democracy and Rural Development Project (IDR) is working with rural youth in Thailand to promote democratic ideals in their communities. The project has succeeded in teaching rights and responsibilities for life in a democratic society and how to use political power to strengthen local political institutions. In a demographically young country like Nepal, a focus on young people will yield major results in the future.

6.5 INDICATORS OF CFUG SUSTAINABILITY

User groups must reach a minimum threshold of capacity in order for the group to be self-sustaining over the long run. Indicators that a user group has reached this level fall in the areas of governance/institutional development, implementation of democratic principles, technical forest management, financial management, and ability to produce income and services for members, including pro-poor programming. Following are some specific sustainability criteria:

- The user group is managing its forest well and productively as indicated by a stable or growing stock of forest resources.
- Plant and animal biodiversity in and around community forests is stable or increasing.
- The CFOP is up-to-date and reflects the whole range of technical, financial, and social objectives of the group.
- Meetings are held regularly, are well attended, and generate active participation among all members, including women and socially excluded groups.
- The user group is generating surplus revenue that is being productively invested in forest management and in activities that benefit members and their community.
- Mechanisms for transparency in financial management are being applied regularly (PHPA).
- Pro-poor policies are being practiced.
- Women and socially excluded persons are actively participating in general user group meetings and have reached leadership positions in the group.

The criteria used by SAGUN to measure the maturity of CFUG/BZUG capacity include (a) productivity, (b) equity, and (C) sustainability.

6.6 INDICATORS OF DEMOCRACY AND GOVERNANCE SUCCESS IN USERS GROUPS

Some indicators of democracy and governance success in user groups include:

- How often was the user group used to take action outside the group to demand government services or network for policy change through FECOFUN or other means?
- To what extent can group members repeat messages regarding democracy and governance that were disseminated through user group channels?
- To what extent has knowledge and attitudes toward democracy changed over time as the result of user group participation?
- To what extent has the user group specifically addressed post-conflict issues? In how many cases did they take concrete action for reconciliation and peace building?

APPENDIX A: RESPONSES TO SOW TASKS

1.0 GENERAL TASKS

Task 1: Review and analyze the ongoing community forestry and buffer zone development programs in Nepal, including the USAID funded SAGUN program, highlighting lessons learned, best practices and identifying gaps and/or deficiencies.

Community forestry has evolved over the last 28 years and is a popular program in Nepal. Many donors have supported, and some are still supporting the program in different districts. The buffer zone development program started after the fourth amendment of National Park and Wildlife Conservation Act in 1993.

Appendix C provides the list of ongoing, recently completed, and planned projects, mostly related to the implementation of community forestry and buffer zone development programs in Nepal. There are nine ongoing forestry related projects or programs being run in different districts of Nepal.

The Department for International Development (DFID)-funded **Livelihood and Forestry Program (LFP)** is the largest ongoing community forestry program, being implemented in 12 Hill and three Terai districts. It has a policy support component and is based on the sustainable livelihood model of poverty reduction through forestry interventions. Dutch government funding for **Biodiversity Sector Program for Siwalik and Terai (BISEP-ST)** in eight Terai districts of the Central Development Region has a component to support the implementation of community forestry program in these Terai districts. Although the BISEP-ST is to expire on July 2006, an understanding between the GON and Dutch government has been reached to extend the program for three more years. The extension agreement has not yet been signed, but the project has been extended until December 2006. The program has a strong focus on the implementation of Collaborative Forest Management (CFM), which has been strongly contested and opposed by FECOFUN, and other civil society groups. The Ministry of Forests and Soil Conservation agreed with FECOFUN to scrap CFM in the last week of June 2006. Later, the Ministry reverted back to its original position of implementing CFM in the Terai without reaching an understanding with FECOFUN. How this agreement and understanding will affect the extension of BISEP-ST is unknown.

The present phase of **Nepal-Swiss Community Forestry Project (NSCFP)** is being implemented in three Hill districts with a major focus on tackling second generation issues in community forestry.

The **Terai Landscape (TAL)** project covers 14 Terai districts from the Far West to Central Development Region. It aims to conserve biodiversity at a landscape level, and also focuses on the promotion of livelihoods of the local people. The project is implemented by WWF-Nepal program. The **Western Terai Landscape Complex Program (WTLCP)** is being implemented in three western Terai districts as a component of TAL with funding support from the Global Environment Facility/United Nations Development Program (GEF/UNDP) and SNV.

The **Strengthened Actions for Governance in Utilization of Natural (SAGUN) Resources Program** covers community and buffer zone community forestry programs in three Terai (Banke, Bardia, Kalali), one Hill (Dhading), and one Mountain (Dolpa) districts. It has a strong focus on good governance, and sustainable forest utilization in these five districts. The WTLCP, BISEP – ST, and SAGUN forestry programs, and districts overlap with the programs and districts under TAL.

The ongoing **Participatory Conservation Program (PCP)** is funded by UNDP, and aims to conserve the biodiversity of seven National Parks and their buffer zones by empowering and mobilizing the local people of the buffer zones. It will terminate in December 2006. The **Leasehold Forestry and Livestock Program (LFLP)** is the only program/project funded through a loan (by IFAD) in the forestry sector. The program is working to mobilize the poorest of the poor in groups of about 10 households each in 22 Hill and Mountain districts, and to allocate degraded forest areas to them (maximum of one hectare per household) for a maximum of 40 years. The objectives of the program are to enhance the economic and social status of poor households, and to restore the ecosystem of the hills. The **Chure Watershed Management Program** is being implemented in two Terai districts to better manage the forests and watersheds of the Chure hills through mobilization of CFUGs, and Community Development Groups (CDGs).

The **DANIDA-funded Natural Resources Management Sector Program (NARMSAP)**, the largest CF project, covered 38 Hill and Mountain districts. The second phase of the program was abruptly stopped due to the royal takeover of the government in February 2005. NARMSAP covered community forestry, tree improvement and silviculture, training for CFUG members and rangers, and micro-watershed management components. It covered the districts and program previously covered under World Bank-funded Hill community forestry program. During its last year of operation, the program was assisting implementation of the pro-poor community forestry program in five pilot districts.

Australian assistance in forestry has lasted for more than 40 years. The most recent project, the **Nepal-Australia Community Resource Management and Livelihood Project (NACRMLP)**, expired in June 2006. Although bilateral assistance in forestry may not be the priority program of the Australian government, it appears that it will support improved utilization of the pine plantations of about 20,000 hectares in Kavre and Sindhu districts through the UNDP-implemented Micro-Enterprise Development Program (MEDEP). Discussions among UNDP, MFSC, and the Australian government are ongoing in this regard.

The accelerated depletion of forest resources in the hills of Nepal provided an opportunity to think differently in the 1970s. The Forest Act in effect at that time was amended to legitimize community forestry in 1978. The previous paradigm of forest management by the state with a focus on technical intervention (planting more trees to reduce deforestation and degradation) was replaced with designing decentralized institutions to manage local forests for conservation use. The Master Plan for the Forestry Sector (1988) proposed local forest users as the institutions to expand greenery, meet local forestry needs, and reduce watershed degradation. It had a two-pronged approach to tackle forestry problems in Nepal: increase the supply of forest products needed by the local people through community forest management, and reduce the consumption of forest products through improved cook stoves (ICSs), and biogas. The first round of community forestry projects funded through the World Bank had both of these components. However, the ICS component under the community forestry program was terminated, as the rural households were reportedly not adopting these stoves, since they were made in Kathmandu and distributed in the rural areas. The stoves were also technically too sophisticated. Moreover, the health impact of their use and adoption was not thoroughly analyzed. The biogas component is managed through the private sector and is considered one of the most successful energy and rural development programs in the country.

The change in Nepal's form of government from an absolute to a constitutional monarchy in 1990 provided a strong stimulus to expand the community forestry program. The new Forest Act (1993) and the Forest Regulations (1995) provided the legal foundation for institutional innovation in managing community forestry in Nepal. It recognized CFUGs as the self-governing, independent and autonomous bodies responsible for the management of national forests handed over to them.

The CFUGs have access, use, withdrawal, and management rights over the community forests handed over to them. So far, more than 14,000 CFUGs are managing 1.2 million hectares of forests (more than 25 percent of national forests). About 1.6 million households (more than 35 percent of total households) are involved in the management and utilization of these forests. In the SAGUN districts, more than 700 community forest and buffer zone users groups have been formed or strengthened in the past four years. Reports show that some of these groups have made major strides in organizing community members to better manage local

resources, and have attempted to establish democratic mechanisms for their internal functioning. They have begun to interact responsibly with local level bodies and various levels of government administration. As of December 2005, more than 70 percent of total CFUGs (over 14,000) in Nepal have become members of FECOFUN, covering 74 districts with 560 subdistrict level committees. The number of women and disadvantaged group members in the executive committees of these CFUGs and BZUGs is increasing over time. Thus, community forestry has been successful in social mobilization in the rural areas of Nepal. The CFUGs are entry points for other development interventions.

Various reports and interaction with CFUG members indicate that the density and diversity of forest has increased with the implementation of community forestry. Community forestry has been successful in reversing deforestation and degradation of forests handed over to them. Regulated grazing by the CFUG members has prompted the natural regeneration of trees in the previously degraded forests. The number of wild animals such as monkeys, leopards, rabbits and birds has increased in community forests, which has also increased the incidents of crop and livestock depredations by these animals.

The total annual income of CFUGs throughout Nepal in 2004 was more than US \$10 million. CFUGs have their own bank accounts, in which they deposit group funds. This income is derived mainly from the sale of forest products at nominal prices to users and at competitive prices to others outside the group. This income is used based on the decision of CFUG members on forest protection, community development, office administration, and livelihood promotion. Increasingly, CFUGs are allocating more of their income on income-generating activities such as goat rearing, non-timber forest product (NTFP) cultivation, fuel briquette making, establishment and operations of micro-enterprises based on medicinal and aromatic plants, and handmade paper making. Some CFUGs such as Shrijana in Banke have also established a cooperation dairy to sell their buffalo milk. Some CFUGs in Dhading are also promoting the installation of ICSs among their members. Pine resin tapping is being initiated in Dhading to provide employment to the ultra poor by siphoning middlemen's profit to them.

Recently, external support to the community forestry program has dried up. With the closure of the DANIDA-funded NARMSAP (38 districts), Australian assistance in Kavre and Sindhurajkot districts, and GTZ funding in three more districts, implementation of community forestry programs in these districts has slowed down. The conflict and violence has also hampered the mobilization of communities in CFUG assembly and committee meetings. Field staff often cannot travel to provide service to the CFUG members. This has created a back log of CF handover and Operation Plan (OP) revision. On the other hand, trainings on both technical and social matters are being provided to competent CFUG members so that they can provide service in social mobilization, governance reform, and OP preparation and revision. Currently, there are many local resource persons (LRPs) who can provide service to CFUGs at the local level. Accreditation of these LRPs could further legitimize the delivery of services provided by them to the users.

The fourth national-level workshop on community forestry held in Kathmandu in 2004 has recommended that the CF program should now focus on second generation issues – Governance, Livelihood and Intensive Management (CFD, 2004). There are still major gaps in these areas. Previously, the major focus in forestry was related to forest management, but now it is obvious that forest governance is more important than forest management. **SAGUN is perhaps the only forestry project that has a special focus on forest governance.** It aims to build and strengthen trust among users and between government agencies, CFUGs, and BZUGs so that participation, transparency, responsiveness, and predictability are preserved at every level of governance. Linking forest governance to poverty reduction (livelihood promotion) is the second issue in CF. Providing more benefits to the poor, women, and disadvantaged group (DAG) members through inclusive decision making and benefit sharing is the real challenge in CF programs. The third issue or gap lies in better management of community forests. They are still passively managed. Intensive management while conserving biodiversity can provide more products and more funds to promote livelihood in the rural areas of Nepal.

The **Policy Advocacy Campaign (PAC) by FECOFUN** has helped to promote accountability and responsiveness at the district and CFUG levels. It has even compelled GON to unfreeze the handover of

community forests in the Terai. The handover of forests to CFUGs in the Terai will provide more space for the local people to govern their forests and to generate more benefits to them. The BZUGs do not have as much rights as CFUGs. For example, BZUGs can not sell surplus forest products outside the group members. The PAC is strongly advocating the autonomy of BZUGs. It has also encouraged CFUGs and BZUGs to include Dalits, the poor, and women in their executive committees so that they would have more say in decision making.

Elite capture of CFUG and BZUG committees is a challenge to inclusive decision making and benefit sharing. The governance coaching at CFUG level, and PACs at district and central levels will certainly help in reducing this deficiency in CF and BZCF in Nepal.

Task 2: Explore the role of the state, civil society, and private sector in the management of country's precise natural resources.

The government was the predominant official player of forest management before the formal community forestry program started in 1978. The local communities were informally managing and using the forests, but the enforcement of laws and regulations lay on government forest officials. As community forestry became a government program in 1978, donors such as the World Bank, the Australian government, and the Food and Agriculture Organization also become major players in financing and providing technical assistance in the community forestry program. Initially, the local forests were handed over to village *Panchyats* (now Village Development Committees). Village political leaders were also active in the promotion of community forestry in Nepal. The Institute of Forestry under the Tribhuvan University system produced technical personnel who were, and still are, employed by the Forest Service. The District Forest Offices and the Regional Forest Offices of the Department of Forests (DoF) were active in handing over forests to village *Panchayats*, and providing technical assistance (mostly seedling production and pine plantations). Civil society was virtually nonexistent during the initial phase of the community forestry program. Community forests were used mainly to fulfill the household needs of fuelwood, fodder, poles, timber and NTFPs, and the private sector was not active during this period.

As constitutional monarchy and multi-party democracy was restored in 1990, civil society (NGOs) started to proliferate. The new Forest Act of 1993 and the Forest Regulations of 1995 legitimized CFUGs as the local civil society institutions mainly responsible for the management and utilization of forest resources, and for generation of funds for forest protection and community development. Several bilateral donors such as USAID, SDC, GTZ, AusAID, DANIDA, JICA, and UNDP started to finance community forestry in different parts of Nepal after the restoration of democracy in Nepal. International NGOs such as WWF, CARE, TMI, IUCN, and local NGOs became active in providing assistance and services in the implementation of community forestry and buffer zone management programs. FECOFUN and other networks of CFUGs also became active in the promotion and expansion of community forestry and buffer zone management programs.

District Development Committees (DDCs) are also active in the sense that district forestry annual budget and plan including community forestry have to be approved by the DDC. Since the community forestry program entails bottom up planning, the annual community forestry planning process has to pass through CFUGs to range post to DFO, then to DDC, to the Regional Forest Directorate, to DoF, to MFSC, and ultimately to the National Planning Commission. The Ministry of Finance disburses the allocated budget to the line agencies including DoF, DFOs and park offices. So, all of these governmental organizations are involved in the promotion and development of community forestry and buffer zone management plans. The Buffer Zone Management Committees (BZMCs) are also active players, as they receive 30 to 50 percent of park revenue; and they also allocate the money among the Buffer Zone Users Committees (BZUCs). The nine national parks are reserves, with surrounding buffer zones, and have more than 3,500 users groups, which undertake conservation and development works under their jurisdiction.

As community forests mature, substantial money is generated from the sale of forest products. Many private contractors are involved in the harvest or collection of these forest products and their transportation. A

prolific market exists regarding the trade, processing, and marketing of these forest products. Most of the sawmills, veneer and plywood mills, furniture firms, and NTFP processing units are privately owned. Many micro-enterprises are emerging at the community level to process local handmade paper, medicinal and aromatic plants, and bamboo. Institutions such as ANSAB are involved in the promotion of small-scale, community-based, NTFP enterprises in the rural areas of Nepal. ForestAction is actively involved in forestry action research, and their dissemination.

The role of forestry administration is also changing—at least in the sphere of community forestry, and buffer zone forest management. The state is now more responsive for the creation of an enabling environment and regulations, rather than managing community forest per se. FECOFUN has expanded its organization, and it is active in advocating the rights of CFUG members, and in shaping community forest policy in Nepal. There are several regulatory provisions over the harvest, transportation, and use of forest products from community forests. A network of forestry and wildlife staff, police and custom officials, and municipalities monitor the flow of forest products within and outside the country.

Of late, the policies of the MFSC are changing fast, and sometimes contradict the Forest Act and regulations, such as not handing over forests to local communities in the Terai, too many regulations in the harvest and sale of forest products, and charging a forest tax (15 percent of the sales price on two species from the Terai CF). The recent agreement between Ministry officials and FECOFUN has not been carried out by the government. In community forestry, the CFUGs, CFD and FECOFUN are working hard to resolve second generation issues.

Task 3: Identify the linkages between these key players and the effectiveness of their past collaboration. What are their strengths and weaknesses and what critical support is required for sustainable management of natural resources in the country.

Before the formation of CFUGs, the communities who were using the forests have to organize among themselves. They have to prepare a charter or constitution describing how they will manage the forests, who the users will be, how they will distribute forest products and use the fund, and how they will sanction rule breakers, etc. They have to elect their committee members, and the chairperson will apply for the incorporation of the CFUG with its constitution in the District Forest Office as a legal organization or institution. The DFO will then issue a Certificate of Incorporation. Once the CFUG is legally formed, it has to prepare an Operational Plan (OP) for the nearby forest, which will eventually be handed over to the CFUG as a community forest for a period between five to 10 years. The plan has to be reviewed prior to renewal. DFO staffs provide technical assistance in the preparation or renewal of an OP. They also regulate the harvest and transport of forest products.

Other civil society groups can assist in the formation of CFUGs and in the preparation or renewal of OPs. The FECOFUN, as a federation of CFUGs, provides assistance in the handover, and advocates for the CFUG's rights, which are clearly specified in the Forest Act and Forest Regulations. Forest legislation allows CFUGs to sell forest products to their members at a price set by their own decisions. They can sell the surplus to outsiders at a competitive price. Many the community forests are maturing, allowing CFUGs to sell forest products to outsiders. These forest products are purchased by private individuals, companies, and cooperatives and are processed by private firms. The final products are sold through market channels. Some of the CFUGs are now starting to process NTFPs produced from their own forests. ANSAB is providing assistance in the promotion of these community-owned enterprises. Although the number of forest-based micro-enterprises has increased over the years, the total value of the products processed through these enterprises is still insignificant. Various herbal and bio-product associations are also active in NTFP promotion, processing, and marketing.

The relationship between the MFSC/DoF and FECOFUN was more cordial until 2000. The Cabinet made a decision in 2000 not to hand over community forests within large blocks of Terai forests and to impose tax on the sale of surplus timber outside the group. This created tension and conflict between the MFSC and FECOFUN. The Supreme Court, stating that the existing forest legislation does not allow the government to

impose tax on CFUGs, nullified the tax. However, the government again started to levy a tax of 15 percent on the sale of surplus timber of two species (*Shorea robusta* and *Acacia catechu*) through a finance ordinance. The conflict between MFSC and FECOFUN was resolved on June 30, 2006 when the Ministry agreed on the 10 point demands of FECOFUN. The demands included the abolition of Collaborative Forest Management directives, the promotion of inclusive (include distance users in CFUG formation) community forestry in the Terai (relaxing the restrictions on handing over CF in the Terai), removal of tax on the sale of timber from the Terai, and a ban on the further expansion of protected areas and buffer zone declarations without consulting the concerned forest users. Since FECOFUN was also active in the April mass movement against the royal regime, and has so many users behind it, it can pressure the Ministry to withdraw its previous decisions. The new agreement between the government and the civil society on community forestry has heralded a new milestone on forcing the government to be more transparent and participative in policy formulation. However, the Ministry subsequently made a unilateral decision to continue CFM in the Terai.

Two issues are still relevant in the sustainable management of community forest. One relates to its passive management. Many of the CFUGs in Nepal are protection oriented. The forests could be more intensively managed. CFUG access to more technical knowledge and skill is still a problem. Technical assistance for better management of forests should be provided to the users. Secondly, in some of the Terai CFUGs, an illegal alliance among CFUG committee members, DFO staff, and contractors is being formed to capture the rent from the sale of commercial timber from community forests. It appears that this problem is minimal in areas with higher number of civil society organizations (civil society members are watching the functions of CFUGs and forest officials), and in CFUGs whose members are more aware of their rights and conduct regular PHPAs. Strengthening the number and role of civil society organizations in the rural areas of Nepal certainly helps to promote good forest governance in community forestry.

Task 4: Assess the capacities of the state, civil society and the private sector, and identify opportunities and constraints in the active involvement of these key institutions in NRM.

The role of the state is increasingly changing to that of creating enabling environments. The present Forest Act and regulations provide an opportunity for CFUGs to create, manage, and use forests for their benefit. Of course, the environmental benefits in terms of soil and water conservation, clean air, biodiversity conservation, and carbon sequestration accrue to the wider public. The enabling forest policy provisions have helped to expand forests, provide easy access of forest products, and provide funds for the local people. The DFO staff also agree that they are no longer controllers but are now facilitating the local communities in managing the resources. Many front line forest workers are no longer engaged in accepting bribes, and are engaged in regular interactions with the users. They are creating an interface where trust, reciprocity, and reputation are being reinforced among each other.

The private sector (market) is flourishing with the devolution of forest management in Nepal. Opportunities exist to directly export the processed medicinal and aromatic plant products to India. However, small-scale operation and production, and quality control of the products are some of the constraints to marketing these products. Moreover, the regulatory regime of forest product collection/harvest, transportation, and marketing is still stifling the promotion of intensive forest management. The transaction cost of these regulations increases production, transportation, processing, and marketing of the forest products in Nepal. On the other hand, the enthusiasm of local communities to better manage and use the forests is the biggest opportunity in forestry sector. Further support to communities in asserting their rights in forest management and utilization without much bureaucratic hassle is the current need. Please see more about this in Tasks 2 and 3.

2. SPECIFIC TASKS

2.1 Strengthened Governance

Task 1: The consultants will assess the relevancy of the tentatively identified program area. In the SAGUN program districts they will assess the maturity of the groups and assess the sustainability of the group functions.

Improved governance is one of three second generation issues in community forestry. The other two are livelihoods, and intensive forest management including biodiversity conservation. The following governance activities are being initiated in the program area:

- Governance literacy program for women and Dalits focusing on a rights-based approach, advocacy, and good governance has enhanced the capacity of CFUG members in natural resource management.
- Awareness/orientation/training of users groups through LRPs and women motivators on Forest Operation Plans and Constitutions, financial management, transparency and accountability has helped the process of inclusion and communication.
- Training and workshop program on leadership, facilitation, and communication (FACT) for elected women, Dalits, and poor executive members has helped in their empowerment.
- Frequent group capacity assessment and good governance assessment (focusing on four dimensions—Participation, Accountability, Transparency, and Predictability through a spider web system) have helped to enhance their governance.
- Participatory well-being ranking of CFUGs has helped to identify pro-poor programs and to promote inclusive decision-making processes.
- Public Hearing and Public Auditing has increased transparency and accountability in group decisions and their monitoring. It has helped in the collection of misappropriated funds from group members; About NRs 1.08 million was recovered in 2005, and another 1.27 million is in the process of recovery from a total of 79 users groups. Auditing of funds by an external auditor has also increased.
- Committee and Assembly meetings are held more frequently, leading to more participation in decision making.
- Reconstitution of new committees to include more women and Dalits in their committees is leading to more inclusive participation and decision making.
- LRPs are assisting in OP preparation and revision, and in social mobilization.
- Access to forest products and funds has increased due to intensive forest management practices.
- Allocation of CF land for pro-poor activities (NTFP cultivation) is helping to increase the economic welfare of poor households.
- Allocation of CFUG funds for pro-poor activities such as loans, scholarships, and emergency funds has increased access of the poor to financial resources.
- Responsiveness of executives to users has increased, for example, suggestions of users have been incorporated in OPs and decisions.
- Transparency of decisions has increased; decisions made by executives are displayed at different places.

- Cross visits has helped share knowledge and good practices to other areas, both horizontally and vertically.
- Women and Dalits are more vocal and can speak in the meetings, helping to strengthen trust among the members of households and groups.
- Promotion of more inclusive and equitable participation (increased participation of women, Dalits, and poor in decision making) has help to make these group stronger.
- Anti-poaching units have been formed by BZUGs and CFUG members are monitoring biodiversity.
- Maturity and sustainability of CFUGs and BZUGs:

- It is hard to say how mature the CFUGs are in terms of their capacity to govern, to receive services from both governmental and nongovernmental organizations, and to manage forests and their funds. However, those that are older, have access to roads and markets, and have received support from various projects appear to manage their forest and funds better.

- Many CFUGs cannot prepare their OPs without external support, as they need technical assistance in forest inventory, intensive management, biodiversity monitoring, and NTFP cultivation and marketing.

- It is reported that less than 30 percent of SAGUN CFUGs and BZUGs are somewhat mature. **The criteria used by SAGUN to measure the maturity of CFUG/BZUG capacity include (a) productivity, (b) equity, and (C) sustainability.** These three criteria are further disaggregated. Productivity indicators are crown cover, ground cover, regeneration, growth inventory, time to collect forest products, presence of wildlife, and livestock rearing. Equity indicators are representation of women in the committee, representation of disadvantaged group members in the committee, participation in decision making, participation in implementation, management of CFUGs and their forests, monitoring system, and benefit sharing mechanism. Sustainability indicators are transparency in resource development and mobilization, a feeling of ownership in community forestry development, clear understanding of rights, responsibilities and work, relationship and coordination with external entities, development of alternative leadership by utilizing local human resources.

- Other indicators that could be included in capacity assessment are income from forests and their utilization, office buildings, regular PHPA, simple conflict resolution system, sanctioning mechanism against rule breakers, networking with others, density of other civil society organization, accessibility to service providers, and external factors (role of foresters and media, market, migration, NGO, political conflict, etc.).

The criteria used by SAGUN to measure the maturity of CFUG/BZUG capacity include (a) productivity, (b) equity, and (C) sustainability.

Task 2: Identify the best practices and lessons in user groups managed NRM to strengthen the governance of those groups considering conflict and post-conflict scenarios.

- CFUGs and BZUGs are the only democratically elected grassroots organizations functioning, even during the conflict situation in Nepal.
- They are the platform for social mobilization, environmental conservation, and fund generation and utilization.

- They generate financial resources from better forest management, and allocate them for a variety of activities ranging from forest protection, to local development, to some livelihood programs.
- The program has shown that forest governance is as much or even more important than technical matters in the management of forest resources or environmental conservation.
- Community-based forest management has attracted substantial donor support in natural resource management.
- Policy influence has increased through advocacy by FECOFUN, and micro-macro linkages through national workshops, and community forestry interaction at CFD.
- Mechanisms are evolving to allocate matching funds from different organizations (CFUGs, CSOs, VDCs) in economic empowerment of poor, vulnerable and marginalized community.
- LRP and women motivator mobilization is effective in reaching out to the poor and Dalits in conflict situations.

Task 3: Determine if there is any further need to assist the local groups in SAGUN program districts to strengthen the governance.

It was clear to us that some groups do require additional assistance. Deciding which ones would require detailed consultation with the SAGUN partners and other stakeholders, which we did not have time to do during this assignment. We recommend that a participatory workshop be held during project design to explore these issues.

Task 4: Determine, what, if any, opportunities exist for strengthening civil society organizations, including community forestry and buffer zone user groups, in new districts as well as building capacities of GON Ministries and Departments and identify the activities.

- Allocate more funds to pro-poor programs by providing it in the community forestry guidelines.
- Reserve at least 50 percent of positions on the executive committee for women.
- Remove the policy barriers on handing over community forests in the Terai.
- Strengthen networking of CFUGs, BZUGs, and other village-level civil societies through informal and formal dialogue and collaboration.
- Increase the autonomy, rights, and duties of BZUGs and BZUG committees to that of CFUGs.
- Train and promote more LRPs (from and among CFUG members), and develop an accreditation system (maybe through CTEVT).
- Forest Act and Regulations, BZ regulations, and the Local Self-Governance Act (LSGA) should be made compatible to promote decentralization in a coherent manner.
- Continue to expand and deepen the capacity of CFUGs and BZUGs in terms of inclusive decision making and benefit sharing.
- Continue to provide support to FECOFUN and their nested institutions so that they advocate that users or local people have rights to access, manage, harvest and use forest products.
- Provide governance and teambuilding trainings to government officials working in the forestry sector; Increase their capacity in service delivery and facilitation.

- Good governance and livelihood enhancement program need to be jointly implemented.
- Develop a compensation mechanism against crop and livestock depredation by wild animals (who should bear the cost of increased biodiversity conservation?).
- Incorporate a simple biodiversity monitoring format in the community forestry development guidelines.
- Provide more technical assistance (training) so that forests are intensively managed, and more forest products and funds are generated.

Task 5: Identify potential districts/sites to integrate population and health activities and indicate how USAID can best use its resources to help the targeted beneficiaries, analyzing the gaps and other donor-funded projects.

Please see separate report on PHE interventions for an approach for integration. This report makes recommendations for which implementing partners to work within which ecological zones (Terai, Hills, and Mountains) rather than identifying specific locations. This approach was accepted by the Health SO team.

2.2 Improved Livelihoods

Task 1: Identify the best practices and lessons in user groups managed NRM to improve the livelihoods of those groups.

Please see Section 5 in the main body of this report for a discussion on lessons learned and best practices.

Task 2: Determine if, under a conflict or post-conflict situation, there are any developmental or technical areas or issues that should be /can be addressed to improve livelihoods of local communities and reduce poverty.

As explained in Section 6 in the main body of this report, user groups should be supported to increase their capacity to generate revenues and employment for members, with a specific focus on the poor. User groups should also be supported to assist displaced persons and demobilized soldiers to re-enter the community and the local economy, thereby reducing underlying causes of future conflict.

Task 3: Determine what, if any, opportunities exist for organizational capacity building of GON Ministries and Departments and field offices.

- Assist the MFSC to revise the Community Forestry Development Guidelines to make provision for some part of CF to be allocated for strictly pro-poor programs.
- Promote, through FECOFUN or other avenues, the liberalization of forestry-related regulations to reduce transaction costs in harvesting and utilization.
- Provide training to front line foresters so that they understand the linkages between livelihood promotion and forest management.
- Promote interaction among district-level line agencies (forest, agriculture, livestock, industries, health) under DDC as per the spirit of LSGA.

Task 4: Recommend activities or package programs, such as intercropping, NTFP cultivation, and credit facilities, integrating governance, livelihoods, biodiversity conservation, population and health activities in a meaningful manner.

As explained in Section 5.2, we strongly believe that livelihoods interventions must be analyzed within the context of the livelihood assets of target groups and that those assets may need to be enhanced in some cases (e.g., through training or provision of credit). Potential interventions must be analyzed from a business and

technical perspective to ensure that they make sense. Credit is clearly important to improving the livelihoods of the poorest, and no-interest user group loans are the best way to accomplish this.

Task 5: Recommend potential districts for a future program based on geography and other donor programs. Also, answer how can USAID best use its limited resources to help the targeted beneficiaries.

As stated in Section 5.4, we believe that specific site selection will require stakeholder consultation at the time of program design, taking into account all of the objectives of the programming.

2.3 Biodiversity Conservation

Task 1: Identify the biologically significant areas in Nepal where external assistance is critical at the moment through gap analysis.

Please see Section 5.4 for a discussion of where donor assistance may be needed in the future.

Task 2: Identify the threats in selected areas.

Terai forests and their associated biodiversity are threatened by human encroachment, illegal logging, wildlife poaching, and population growth through natural increase and in-migration. The current situation of political uncertainty is exacerbating these threats. Hill forests are generally regenerating under the community forestry program—threats have actually been reduced from what they were in the past. Mountain biodiversity is threatened by climate change and illegal harvesting of wildlife. When mass tourism resumes, some of the heavily used areas such as the Everest region and the Annapurna Conservation Area will also be under threat from tourism-related impacts.

Task 3: Identify biologically significant project areas based on geography and other donor programs. Also, answer how can USAID best use its limited resources to support the targeted beneficiaries.

See Section 5.4 for a complete discussion of siting issues.

Task 4: Propose illustrative activities to address identified threats integrating livelihoods, governance, health objectives cross-sectorally.

Within the context of Buffer Zone and Community Forestry User Group management, we propose the following:

- Anti-poaching patrols in buffer zones and community forests by community members with a preference for youth involvement;
- Participatory biodiversity monitoring; and
- Linking of biodiversity conservation with family planning and livelihoods to make them mutually reinforcing. This will reduce human population pressure over time and provide alternatives to unsustainable use of forest resources.

2.4 Health and Population

Please see separate PHE report for responses to these tasks.

Task 1: Identify health and family planning activities for which community organization based approaches either exist or appear promising and which would complement other project activities or existing health programs. Examples identified in prior discussions include promotion of improved cookstoves, long lasting impregnated bednets for malaria prevention, growth monitoring and promotion, improved water and hygiene practices, and community mobilization to improve effective demand for family planning and health services.

Task 2: Propose illustrative activities and indicators for health and population activities, as well as approaches that could be instituted with PHE task order funding.

Task 3: Propose how these activities could be piloted over the next year, under PHE task order funding, given the geographical distribution of project activities, the variations in the capacity and interests of individual user groups and the available resources.

APPENDIX B: LIST OF PERSONS INTERVIEWED

Name	Designation	Institutional Affiliation
Bijnan Acharya	Program Specialist	USAID/Kathmandu
Netra Sapkota	Assistant Program Officer	USAID/Kathmandu
Shiela Lutjens	Director, Office of Health and Family Planning	USAID/Kathmandu
John Quinley	Health Adviser	USAID/Kathmandu
Naren Chanmugam	Director, General Development Office	USAID/Kathmandu
Pradeep Tulachan	Livelihood Adviser	DFID/Kathmandu
James Bampton	Terai Forestry Adviser	Livelihood and Forestry Programme
Bishnu R. Upreti	Regional Coordinator	Swiss National Centre of Competence in Research
Karuna Onta	Program Development Coord.	CARE-Nepal
Alka S. Pathak	Country Director	CARE-Nepal
Deepak Paudel	Community Health Specialist	CARE-Nepal
Rabin Bogati	Program Coordinator	CARE – Nepal
Nirmala Sharma	Program Coordinator (health)	CARE – Nepal
Andrew Pryce	Acting Deputy Dir., GDO	USAID/Kathmandu
Rishi Bastakoti	Executive Secretary	RIMS – Nepal
Rajendra Lamichane	Policy Analyst	CARE – Nepal
Alka Pathak	Country Director	CARE – Nepal
Rudriksha R. Parajuli	Program Officer	WWF – Nepal
Shubash Lohani	Program Officer	WWF – Nepal
Maksha Ram Maharjan	SAGUN Chief of Party	CARE- Nepal
Sharala Khaling	Regional Coordinator	Critical Ecosystem Partnership Fund (WWF)
Chandra Prashad Gurung	Country Director	WWF – Nepal
Brian Peniston	Director, Himal Program	The Mountain Institute
Prlad B. Yonzon	Chairperson	Resources Himalaya Foundation
Don Messerschmidt	Anthropologist	Independent Consultant
Vijaya P. Singh	Biodiversity Advisor	UNDP-Nepal
Netra Timsina	Coordinator, Social and Transformative Learning	ForestAction Nepal
Damodar Pd. Parajuli	Chief/FACD	Ministry of Forests and Soil Conservation
Narayan Pd. Paudyal	Director General	Dept of NP and Wildlife Conservation
Krishna Babu Kattel	GIDO	RIMS – Nepal
Shoharat Pd. Thakur	DFO	Gorkha DFO
Dukha Haran Shah	Assistant Forest officer	Daraudi Illaka Forest Office
Hari Pd. Neupane	Adviser	FECOFUN/Nepal
Bhim Pd. Shrestha	Chair Person	FECOFUN/Nepal
Rajendra Lamichane	Member	FECOFUN/Nepal
Bhola Bhattarai	General Secretary	FECOFUN/Nepal
Laxmi Paudel	Member	FECOFUN/Nepal
Suman Ghimire	Program Officer	FECOFUN/Nepal
Ghan Shyam Pandey	Member	FECOFUN/Nepal

Narayan Kaji Shrestha	Adviser	WATCH
Bharat Phokharel	Project Manager	Nepal-Swiss Community Forestry Project
Mike Hawkes	Team Leader	Nepal-Australia Community Forestry and Livelihood Project
Rajendra Kafley	DFO	DFO/Bardia
Puran Bhakta Shrestha	Chief Warden	Bardia National Park
Yogendra Pd. Yadav	DFO	DFO/Banke
Babu Ram Pradhan	Team Leader	SAGUN/Nepalganj
Hem Raj Bist	Asst. Forest Officer	DFO/Bardia
Ram Hari Khadka	MDS	CARE/Nepalganj
Tribhuban Paudel		CARE/Nepalganj
Anoop Raj Chalise	AFO	DFO/Bardia
Jib Raj Bhandari	AFO	DFO/Banke
Bhumi Raman Nepal	President	FEPs/Dhading
Lok Nath Lamsal	Ranger	DFO/Dhading
Arthur Ebregt	Adviser	Forest and Biodiversity/SNV
Tilak Dhakal	Assistant Project Manager	TAL/WWF
Narayani Oli	Woman Motivator	Shreejan CFUG
Basanti Adhikari	Member	FECOFUN/Banke

List of focus groups/CFUGs/BZUGs with whom the team interacted

Adarsha Mahila	CFUG in Dhading
Jai Bageshori	CFUG in Dhading
Ludi Dam Gade	CFUG, Gorkha
Prakriti Samrachhan Mahila (all women members)	CFUG, Gorkha
Shree Krishna Buffer Zone	CFUG, Bardia
Mahadev	BZUG, Bardia
Santi Batika	BZUG, Bardia
Bagh Khor	BZUG, Bardia
Karelia	BZUC, Bardia
Shree Ram Nagar User Committee	User Comm., Bhurigaun, Bardia
SatGharuwa , TinGharuwa	Users Group, Bardia
Gijara, UdharaPur –2,	CFUG, Banke
Sirjana	CFUG, Banke

APPENDIX C: LIST OF ONGOING, RECENTLY COMPLETED, AND PLANNED FORESTRY PROJECTS UNDER MFSC

SN	Name of Project	Donor	Period	Target Area	Major Activities
1	Biodiversity Sector Programme for Siwalik and Terai (BISEP-ST)	SNV / Netherlands	December 2002 to July 2006 2006 – 09 ?	Chitwan, Makwanpur, Bara, Parsa, Rauthat, Sarlahi, Mahottari, Dhanusa	<ul style="list-style-type: none"> Develop suitable forest management system and enhance implementation skill for sustainable forest management Support livelihood focusing gender and social equity issues
2	Livelihood and Forestry Programme (LFP)	DFID British Government	March 2001 to February 2011	Baglung, Myagdi, Parbat, Dhankuta, Terhathum, Bhojpur, Sankhuwasabha, Rukum, Rolpa, Salyan, Pyuthan, Dang, Rupandehi, Kapilvastu, Nawalparasi	<ul style="list-style-type: none"> Support livelihood activities Capacity development of CFUGs Management Support at central and implementation level Support sustainable forest management
3	Nepal Swiss Community Forestry Project (NSCFP)	SDC Swiss Government	July 2004 to July 2008	Dolkha, Ramechhap & Okhaldhunga	<ul style="list-style-type: none"> Support community forestry through sustainable economic, environmental and institutional development of CFUGS Improve livelihood of local poor people through sustainable management of local forests
4	Participatory Conservation Programme (PCP) - Phase II	UNDP	August 2004 to December 2006	7 National Parks and Buffer Zone	<ul style="list-style-type: none"> Continuation of successful programs of Phase I in Buffer Zone management and development and feedback in policy formulation Minimize Park and People Conflict Support livelihood of local people
5	Terai Arc Landscape (TAL) Project	WWF	July 2001 to July 2006 2006 –11?	Chitwan NP, Bardia NP, Shuklaphanta WLR, Parsa WLR, and DFOs of Kailali, Bardia, Banke, Dang and Palpa districts	<ul style="list-style-type: none"> Plan formulation and management at landscape level Integration of livelihood with biodiversity conservation to conserve corridor and biodiversity Support protected area and forest management
6	Western Terai Landscape Complex Programme (WTLCP)	UNDP/GEF, SNV, WWF	October 2003 to October 2011	Bardia, Kailali, Kanchanpur	<ul style="list-style-type: none"> Biodiversity conservation of Western Terai to support livelihood of local resident through integrated landscape level management system Capacity development of institutions working in

SN	Name of Project	Donor	Period	Target Area	Major Activities
					<ul style="list-style-type: none"> biodiversity conservation Integrated biodiversity conservation in national forest, protected forest, buffer zone and other sensitive areas Support for agri-biodiversity
7	Chure Watershed Management Program	CARE Nepal	March 2001 to December 2006	Sarlahi, Mahottari	<ul style="list-style-type: none"> Support management of resources in Chure area and livelihoods of local residents Sustainable natural resource management involving local people Capacity development of local institutions / stakeholders
8	Strengthened Advocacy for Governed Utilization of Natural Resources Program (SAGUN)	USAID	November 2002 to December 2006	Dhading, Banke, Bardia, Kailali and Dolpa	<ul style="list-style-type: none"> Enhance management skill for natural resource management Develop advocacy skill of civic societies Encourage women participation
9	Leasehold Forest and Livestock Development Program	IFAD	September 2005 to August 2013	Taplejung, Panchthar, Ilam, Khotang, Solukhumbu, Udaypur, Rasuwa, Nuwakot, Dhading, Kathmandu, Bhaktapur, Lalitpur, Makwanpur, Sindhuli, Manang, Lamjung, Gorkha, Tanahun, Kaski, Syangja, Palpa, Gulmi, Arghakhanchi, Surkhet, Dailekh, Jumla, Humla, Kalikot, Jajarkot, Mugu, Dolpa, Bajura, Bajangh, Doti, Achhaam, Darchula, Baitadi, Dadeldhura	<ul style="list-style-type: none"> Handing over parts of national forest area to local poor through leasehold forest user groups Capacity development of leasehold forest user groups Coordinate with other supporting agencies to carry income generation activities

LIST OF RECENTLY COMPLETED PROJECTS

SN	Name of Project	Donor	Period	Target Area	Major Activities
1	Nepal Australia Community Resource Management and Livelihood Project (NACRMLP)	AusAID Australian Government	February 2003 to June 2006	Sindhupalchok & Kavrepalanchok	<ul style="list-style-type: none"> Sustainable natural resource management Income generation activities Community based resource management
2	Community Development and Forest/Watershed Conservation Project (CDFWCP) - Phase II Follow Up Follow up Period	JICA Japanese Government JICA	July 1999 to July 2004 July 2004-July 2005	Kaski & Parbat	<ul style="list-style-type: none"> Promote counterparts and the villagers' skills and knowledge of methodology and process of the improved model Disseminate the improved model to the counterpart organizations wherever possible.

SN	Name of Project	Donor	Period	Target Area	Major Activities
3	Churia Forest Development Project (ChFDP) - Third Phase Follow up Period	GTZ German Government German Government	January 2001 to December 2004 January to December 2005	Siraha, Saptari & Udayapur	<ul style="list-style-type: none"> Support Community Forest User Groups Capacity development of local stakeholders
4	Natural Resources Management Sector Program (NARMSAP)	DANIDA	1998-2005	38 hill districts: Taplejung, Panchthar, Illam, Solukhumbu, Khotang, Udayapur, Rasuwa, Nuwakot, Dhading, Kathmandu, Bhaktapur, Lalitpur, Makwanpur, Sindhuli, Manang, Lamjung, Tanahu, Gorkha, Kaski, Syangja, Gulmi, Arghakhanchi, Palpa, Surkhet, Dailekh, Jumla, Humla, Kalikot, Jajarkot, Mugu, Dolpa, Bajura, Bajangh, Doti, Achham, Darchula, Baitadi, Dadeldhura	<ul style="list-style-type: none"> Forest Management through CFUG Tree Improvement and Silviculture Support Soil and Watershed Management Support Training support for community forestry program Central Level Support

LIST OF PLANNED PROJECTS

SN	Project	Donor	Duration	Target Area	Major Activities
1	Conservation and Sustainable Utilization of Wetlands	UNDP/GEF	2006 to 2009	Four districts	<ul style="list-style-type: none"> Integration of wetland biodiversity conservation values into national policy and planning framework Strengthen national institutional, technical economic capacity for wetland biodiversity conservation and sustainable use Enhance collaborative management of wetlands resources for conservation and sustainable livelihoods
2	Sustainable management and Utilization of NTFPs in Terai Region of Nepal	ITTO	Three years	Jhapa, Morang, Sunsari	<ul style="list-style-type: none"> Improve marketing and processing of NTFPs in the Terai region. Develop appropriate cultivation and management techniques for high value NTFPs and promote their adoption in national, leasehold, and community forests and private farmlands.
3	Watershed Management for Livelihood Improvement	JICA	NA	Kaski, Parbat, Myagdi, Baglung, Tanahun & Syanja	<ul style="list-style-type: none"> Support livelihood through conservation and development of natural resources

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