SEEING THE FOREST FOR THE SERVICE

THE GLOBALIZATION OF ECOSYSTEM SERVICES AND
DECENTRALIZED FOREST GOVERNANCE IN NEPAL

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Abstract

Forests are essential to the livelihoods of billions of people worldwide. In addition to furnishing valuable resources for both subsistence and commercial uses, they provide critical environmental services, including soil conservation, water supply, recreational opportunities, biodiversity preservation, and carbon sequestration and storage. A new market-based paradigm for forest conservation based on payments for ecosystem services (PES) has emerged alongside state-led and community-based models. Various PES schemes have been introduced in order to harness the potential of regional and global markets to provide financial incentives to communities, private landowners and governments to protect and plant forests.

This doctoral dissertation examines the impacts of two international market-based responses to the pressing global environmental problems of deforestation and climate change—sustainable forest management certification and forest carbon trading (REDD+)—on the governance and wellbeing of the forests and communities that rely on them. Are these market-based conservation schemes compatible with local forest management priorities and needs? Do they exacerbate or alleviate existing governance issues and inequities? Do they promote inclusive and deliberative policymaking processes? In other words, can they fit into national and local contexts in ways that reinforce effective decentralized forest governance, especially the autonomy, rights, and livelihoods of forest communities? Focusing on Nepal, a country with a strong tradition of community-based forest management, this research probes these questions using two complementary empirical cases: (1) a study of SFM certification and REDD+ projects in Dolakha District; and (2) an assessment of national policymaking processes for REDD+. This facilitates an assessment of the implications of these globalized PES schemes for the future of decentralized forest governance in Nepal and other countries with community forestry initiatives.
Dedicated to my family and my dear friends who have supported me along the way.
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ANSAB: Asian Network for Sustainable Agriculture and Biodiversity, a Nepal-based NGO.

CDM: Clean Development Mechanism

CFM: Collaborative forest management, a management strategy introduced in Nepal in the late 1990s.

CGIAR: Consultative Group on International Agricultural Research, an international consortium of research centers including the Center for International Forestry Research.

CIFOR: Center for International Forestry Research

CFUG: Community Forest User Group

COP: Conference of Parties to the United Nations Framework Convention on Climate Change

CSO: Civil Society Organization

DDC: District development committee

EC: Executive Committee. Consists of key community representatives chosen to manage Community Forest User Group.

FAO: Food and Agriculture Organization, an arm of the United Nations.

FCPF: Forest Carbon Partnership Facility, a World Bank program

FCTF: Forest Carbon Trust Fund, a national funding mechanism for compensating local communities for their participation in REDD+.

FECOFUN: Federation of Community Forest Users, Nepal

FIP: Forest Investment Program

FPIC: Free, Prior, and Informed Consent

FRA: Forest Resources Assessment: an initiative of the United Nations Food and Agricultural Organization to monitor and report on forest conditions and governance every five years.
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<td>Forest Stewardship Council, an international certification body.</td>
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<td>GEF</td>
<td>Global Environment Facility</td>
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<td>GEM</td>
<td>Global Environmental Management</td>
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<td>GHG</td>
<td>Greenhouse gas. Gases, such as carbon dioxide and methane, that contribute to global warming.</td>
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<td>HBTL</td>
<td>Himalayan Bio-Trade Limited, a Nepalese company exporting certified forest products from Nepal</td>
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<td>IAD</td>
<td>Institutional Analysis and Development Framework, an empirical framework for assessing forest governance</td>
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<td>ICBD</td>
<td>International Convention on Biological Diversity</td>
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<tr>
<td>ICCC</td>
<td>International Convention on Climate Change</td>
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<td>ICDP</td>
<td>Integrated Conservation and Development Project</td>
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<td>ICIMOD</td>
<td>International Center for Integrated Mountain Development</td>
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<tr>
<td>IFRI</td>
<td>International Forestry Resources and Institutions network, a network with 14 affiliated institutions in 12 countries.</td>
</tr>
<tr>
<td>IIED</td>
<td>International Institute for Environment and Development</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labor Organization</td>
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<tr>
<td>ITTO</td>
<td>International Tropical Timber Organization (ITTO)</td>
</tr>
<tr>
<td>IUCN</td>
<td>International Union for the Conservation of Nature</td>
</tr>
<tr>
<td>LSGA</td>
<td>Local Self Governance Act, passed in 1999.</td>
</tr>
<tr>
<td>LULUCF</td>
<td>Land use, land use change, and forestry. A designation for a category of greenhouse gas emissions.</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MoFSC</td>
<td>Ministry of Forests and Soil Conservation (Nepal)</td>
</tr>
</tbody>
</table>
NFI: National Forest Inventory
NGO: Non-governmental organization
NTFP: Non-timber forest product
PES: Payment for Ecosystem Services.
PNA: Policy Network Analysis
PROFOR: Program on Forests, a multi-donor partnership including the World Bank, the European Forest Institute, and the United Nations Food and Agriculture Organization.
REDD+: Reducing Emissions from Deforestation and Forest Degradation.
RUPES: Rewarding Upland Poor for Environmental Services. A payment for ecosystem services program in Nepal.
SFM: Sustainable Forest Management
UNDP: United Nations Development Programme
UNDRIP: United Nations Declaration on Rights of Indigenous Peoples
UNFCCC: United Nations Framework Convention on Climate Change
VDC: Village development committees
WRI: World Resources Institute
WWF: Worldwide Fund for Nature
Chapter 1

Introduction

Forests ecosystems are essential to the livelihoods of billions of people worldwide. In addition to furnishing valuable forest products for both subsistence and commercial uses, they have been recognized for the many critical environmental services they provide, including soil conservation, water supply, recreational opportunities, biodiversity preservation, and carbon sequestration and storage. Yet, the United Nations Food and Agricultural Organization claims that the socioeconomic benefits and value of forests for people and communities are under-represented in national forestry policies (FAO, 2014). During the past few decades, a new market-based paradigm for forest conservation based on these environmental services has emerged, alongside state-led, polycentric and community-based models. Various schemes have been introduced to harness the potential of broader regional and international markets to promote forest conservation by providing incentives to local communities, landholders and governments to protect or plant forests. These include different types of payments for ecosystem services (PES) schemes, such as water supply reimbursements, sustainable forest management certification initiatives and, more recently, forest carbon trading.

Now, a new global market-based mechanism known as “reducing emissions from deforestation and forest degradation, and enhancing forest carbon stocks in developing countries” (REDD+) is emerging through the ongoing United Nations Framework Convention on Climate Change (UNFCCC) negotiations. Under this mechanism, developed countries with high carbon dioxide emissions compensate developing countries with a high rate and/or risk of deforestation for their forest conservation and enhancement efforts. Thus, REDD+ represents a
global PES mechanism that, if successful, could significantly increase the value of standing forests and thereby promote their protection.

Major global environmental concerns such as forest degradation, biodiversity loss and climate change are couched in two overarching, competing narratives concerning the impact of external economic and political interventions: a “global environmental management” (GEM) narrative that emphasizes the need for global (techno-) bureaucratic solutions to local problems; and a “populist” narrative that describes local actors as victims of external interventions that inflict degradation and exploitation on the environment and communities (Adger et al., 2001). The GEM discourse is heavily influenced by Western perceptions of land use based on the infallibility of market systems. The populist discourse reflects political ecology critiques of external political and economic interventions emphasizing the negative impacts of market forces on both local populations and natural ecosystems (Adger et al., 2001).

These narratives form part of a larger discourse concerning the growing role of markets, and particularly neoliberalism, as an organizing principle in all realms of social and economic life, including human relations with the natural world (Polanyi, 1944; Heynen, McCarthy, Prudham, & Robbins, 2007). Increasingly, markets are seen by policymakers as a panacea, or at least as a promising remedy, for tackling diverse social and environmental ills such as poverty, underdevelopment, pollution, and the degradation of resources and biodiversity. As a result, over the past few decades markets have become the dominant approach for addressing a vast array of policy issues, including those related to environmental management and protection (Heynen & Robbins, 2005; Heynen et al., 2007). Based on what many perceive as the successful use of market mechanisms to curb emissions of sulfur dioxide and nitrous oxide emissions that contributed to acid rain during the early 1990s (EPA, 2015), market-based approaches are now
being summoned to deal with a host of environmental ills including, most recently, greenhouse gas emissions contributing to global climate change.

Under these broader environmental narratives are two more specific, competing sub-narratives related to market-based, forest-conservation mechanisms in general, and to carbon trading (REDD+) in particular. The first (i.e., GEM) states that such schemes will provide communities with added incentive to manage forests in a sustainable manner and thereby boost forest governance processes and outcomes (IIED, 2015). Under this scenario, local autonomy, prosperity and wellbeing will be enhanced as a result of engaging with market forces. Thus, REDD+ is seen as a catalyst for enhancing forest governance. In contrast, the populist discourse warns of the risks that such mechanisms pose for local rights, autonomy and benefits, citing the significant potential for political corruption, generation of conflict, usurpation of rights and benefits derived from the forest, and the introduction of a more techno-bureaucratic, and less people-centered, management of forest ecosystems (Corbera, 2012). Corbera (2012: 612) nicely summarizes the populist perspective:

REDD+ promotes the commodification of ecosystems’ carbon storage and sequestration functions on a global scale and it is consistent with market-based conservation approaches and the ‘neoliberalization of nature’. REDD+ is therefore problematized on the grounds that [it], first, eases a transition from an ethically informed conservation ethos to a utilitarian one that simplifies nature and undermines socio-ecological resilience; second, relies on a single valuation language that may crowd-out conservation motivations in the short and long term; and, last, is sustained on a ‘multiple-win’ discourse that in practice lacks procedural legitimacy in many developing countries and reproduces existing inequities and forms of social exclusion.

A related concern is that the ‘market economy’ may not be fully compatible with the ‘moral economy’ of community-based resource management, or that the global valuation of resources and ecosystems may be winning out over, and effectively degrading, local values of collective action for the communal management of resources (Heynen & Robbins, 2005).
Running parallel to the increasing embrace of market mechanisms over the past couple of decades has been a global trend toward the decentralization of governance in all sorts of natural resource systems, including forests (Ribot & Larson, 2005; Webb & Shivakoti, 2008). This decentralization envisions an increasing role for communities and other local actors as partners and stewards in managing complex resources, and in helping to achieve global environmental goals like forest conservation and climate change mitigation. It also assumes that the social, cultural and economic needs of these communities and local actors can be met through both localized resource management practices and their involvement in broader regional and global markets and market-based schemes. However, there is cause for concern that international market-based interventions, such as sustainable forest management certification and REDD+, could undermine the collective rights, benefits, local knowledge and cohesiveness of community groups (Larson, 2011; Phelps et al., 2010).

The disparate narratives outlined above raise important questions: What are the impacts of market-based conservation schemes on forest ecosystems, the wellbeing of forest-dependent communities, and the integrity of local and indigenous knowledge systems and practices? What are the specific conditions, if any, under which market-based approaches to conservation can be compatible with local priorities and needs?

This doctoral dissertation examines the implications of targeted international responses to the pressing global environmental issues of deforestation and climate change—in particular REDD+ and sustainable forest management certification—for the governance and well-being of forests and forest-dependent communities. Are these market-based conservation schemes compatible with local priorities and needs for forest management? Do they exacerbate or help to address existing governance issues and inequities? In other words, can these market-based
mechanisms fit into national and local contexts in a way that does not compromise forest
governance, especially the autonomy, rights, voice and livelihoods of forest-dependent
communities? These overarching questions are addressed through a couple of more specific
operative research questions (with the chapters in which they are addressed):

1. What are the key elements (i.e., institutions) and principles of effective decentralized
forest governance? (Chapter 3)

2. To what extent are the elements evident in and affected by Nepal’s community forestry
program in general (Chapter 5), and by market-based schemes like sustainable forest
management (SFM) certification and REDD+ in particular (Chapter 6)?

3. How inclusive and deliberative are national REDD+ policymaking processes, and what
are the implications of this for future governance processes and their socioeconomic and
ecological outcomes (Chapter 7)?

Focusing on Nepal, a country with a strong tradition of community-based forest
management and one of the first nations selected to receive international support for REDD+,
this research attempts to answer these questions using two complementary empirical cases: (1) A
study of ongoing SFM certification and REDD+ readiness activities in Dolakha District; and (2)
an assessment of the current process of national policy development for REDD+. Combining
these two empirical cases facilitates an assessment of the implications of market-based
conservation schemes like certification and REDD+ for decentralized forest governance at both
the local and national levels.

This is accomplished using a conceptual framework—based on a review of empirical and
applied frameworks of forest governance—that combines five key principles (inclusiveness,
transparency, accountability, autonomy, and equity) and five institutional elements essential for
effective decentralized forest governance: (1) collaborative planning and policy making
processes; (2) secure resource tenure and access rights; (3) fair systems for sharing of benefits,
costs and risks; (4) accessible conflict resolution and grievance mechanisms; and (5) cost-effective participatory monitoring systems. Through this approach, this research strives to illuminate the likely outcomes of globalized market (PES) mechanisms for the current mode of decentralized, community-based forest governance in Nepal, and to provide insights for assessing the governance implications (and outcomes) of such schemes worldwide.

Nepal is considered a global model for community-based forest management or “community forestry”. Since the 1980s, it has witnessed strong financial, technical and political support for this decentralized, participatory mode of forest governance, with positive outcomes for both forests and the communities that rely on them (Dahal & Chapagain, 2008). As a result, Nepal could have an institutional advantage for schemes like REDD+. However, the implementation and success of existing market-based mechanisms in Nepal and elsewhere has been mixed (Pfaff et al., 2010), especially from a governance perspective. Studying the successes and failures of such initiatives, and whether they tend to ease or exacerbate existing governance issues, can help to inform the implementation of new global mechanisms like REDD+.

Despite its strong tradition of community forestry, and its established conservation policies and programs, Nepal has had limited experience with international market-based conservation schemes. The concept and practice of PES schemes are still nascent, with a few examples of local and regional initiatives operating in different parts of the country. One of the most notable initiatives, with strong parallels to REDD+, is SFM certification. Certification programs have been carried out over the past decade in two districts of Nepal (Dolakha and Bajhang), engaging 22 separate community forest user groups under the auspices of the Forest Stewardship Council, an international certifying body.
This research employs a mixed-method and multi-scale approach. It relies on participant observations made through extensive involvement in different aspects of REDD readiness and policymaking during a two-year period; qualitative key-informant interviews conducted at the national, district and community levels; and community forest user group (CFUG) focus group discussions at my primary field site in Dolakha District, where both SFM certification and REDD pilot programs are being implemented. The qualitative interviews and focus group discussions were analyzed using a narrative approach (e.g., Roe, 1994). This research also incorporates a policy network analysis (PNA) (e.g., Rhodes, 1997) to study the nature and extent of involvement and exclusion of actors in national REDD policymaking processes. The PNA is based on a survey of national actors from six different sectors (government, educational/research institutions, civil society organizations, international NGOs, multilateral/bilateral donors, and private sector entities) and employs social network analysis software (UCINET) and accompanying visualization software (NetDraw) for the analysis. Finally, I also rely on insights from my role as a participant observer in diverse aspects of REDD+ readiness and policymaking activities. The methodology is discussed in further detail in Chapter 4 – Research Methodology.

This research makes several theoretical and practical contributions. It aims to strengthen our knowledge of the consequences of burgeoning global market-based schemes for the critical environmental challenges of forest conservation and climate change mitigation. Specifically, it examines the institutional underpinnings and requirements for the success of decentralized forest governance and how they are undermined and/or supported by such market mechanisms. Thus, it reveals the possibilities and limitations for community-based institutions to serve as agents of global environmental agendas and market-based schemes and, conversely, the impact of these broader agendas and schemes on these communities. This research also investigates the political
processes and “policy networks” involving diverse actors from different sectors that lead to the formulation of policies and programs for implementing such schemes. By scrutinizing these policy networks and the nature and extent of participation and interaction among different actors, one can assess how inclusive and transparent these policy processes are, and draw conclusions about the implementation, governance and legitimacy of the resulting market-based schemes (e.g., accountability, equity, autonomy). In the context of rapidly expanding markets for ecosystem services worldwide, such research is crucial for understanding both the potential and the pitfalls of emergent policies and schemes. It can produce insights that will help to explain the outcomes of past and present initiatives, and to inform the implementation of future policies and programs in Nepal and other countries where they are carried out.

This dissertation is organized into eight chapters, including this introduction. Chapter 2 outlines the historical development of, and the debates surrounding, incentive-based forest conservation schemes, globally and in South Asia and Nepal. It looks at the aims and outcomes of these schemes for conservation, development and poverty alleviation. Chapter 3 presents a literature review of academic and applied theories and frameworks of governance in order to extract key elements and principles of effective decentralized forest governance. It then presents a conceptual framework for this research, based on these elements and principles. Chapter 4 outlines the research approach, reiterates the research questions, and describes the specific methods and data sources that are used to address these research questions. Chapter 5 provides an overview of the evolution and current status of forest governance and policy in Nepal—from a tightly controlled, state-led model to a more decentralized, community-based one—as well as the country’s recent experience with international PES mechanisms like forest certification and REDD+.
Chapter 6 presents the results of an analysis of forest certification and REDD+ piloting initiatives at my primary field site in the Charnawati watershed in Dolakha District of eastern Nepal (with additional insights from participant observation and research at other pilot sites), focusing on the key elements of decentralized forest governance identified in the conceptual framework in Chapter 3. Drawing on qualitative interviews and focus group discussions with key participants in these two initiatives, it relies on narrative analysis and insights from participant observation to assess the implications for each element. Chapter 7 delivers a targeted analysis of Nepal’s REDD+ policymaking and readiness process at the national level. Utilizing policy network analysis as well as insights from national key-informant interviews and participant observation, it examines the involvement and perspectives of diverse organizational actors (government bodies, educational and research institutions, civil society groups, the private sector, international non-governmental organizations, and multilateral and bilateral donor agencies) in this process.

The final chapter (Chapter 8) presents a synthesis and discussion of the findings from the analysis in Chapters 6 and 7, reflecting on what can be learn from studying networks and narratives. It also highlights unanswered questions and promising areas for further research, as well as the implications of emerging market-based mechanisms for decentralized forest governance and whether or how they might be compatible in the longer term. The dissertation includes annexes with (A) questions for focus-group and local (Dolakha) key informant interviews, (B) national key informant interview survey questions, and (C) the survey for the policy network analysis.
Chapter 2

Evolution and impact of market-based forest conservation mechanisms

Halting the destruction of forests and reducing rural poverty have both been high on the development agenda during the past few decades, prompting intensive responses from international organizations, donor agencies, governments and non-governmental organizations. These include policy and program innovations at both the national and international levels aimed at promoting both forest conservation and poverty alleviation imperatives simultaneously.

Recently, forests have been recognized for their contribution to the global environmental service of sequestering and storing carbon dioxide from the atmosphere, thereby helping to mitigate climate change. This has spawned various new international mechanisms and markets for the trading of carbon offsets. This chapter examines the implications of past market-based forest conservation mechanisms and evolving forest-carbon offsetting schemes for development and poverty alleviation in communities that rely on forests for their livelihoods.

Since the birth of the Bretton Woods system after World War II, poverty alleviation and development have become increasingly central to international assistance programs. There have been many concerted efforts, following the Millennium Development Goals and other global development objectives. These include general assistance initiatives, such as loans for infrastructure and economic development in remote areas, national poverty alleviation funds, national debt-relief programs, and microcredit initiatives. They also incorporate sector-specific programs targeting the poor, such as skills development for local manufacturing and marketing,
agricultural extension programs, community health and sanitation initiatives, drinking water projects, and community development and resettlement programs.

Some scholars and development practitioners argue that poverty is one of the leading causes of environmental degradation and deforestation, stating that there is a ‘vicious cycle’ of mutual reinforcement between the two, and that broad-based economic development is the solution to both maladies (WCED, 1987). Others claim that both poverty and environmental degradation are the result of unchecked development, resulting in the unsustainable exploitation of human and natural resources (Geist & Lambin, 2002; Sanderson, 2005; Chhatre & Sabweerwal, 2005). Wherever one stands on the poverty-environment debate, it has become increasingly difficult to deny that there is a connection between them.

Acknowledging this connection, recent conservation policies and programs have focused on providing economic incentives for conservation that help raise the income and livelihood standards of forest-dependent communities in developing countries, especially those communities living in close proximity to areas identified as having particular ecological significance. These programs include international fiscal transfers (multilateral or bilateral) in the form of targeted projects under the auspices of international conservation and development organizations and global funding mechanisms, such as debt-for-nature swaps and the Global Environmental Facility (GEF); transnational market-based mechanisms like sustainable forest management certification and carbon trading; and domestic policies and programs, including various incentive-based programs, conservation trusts, and economic assistance initiatives in ecologically threatened areas like buffer zones surrounding protected areas.

The convergence of conservation and development efforts has also led to the design and implementation of mechanisms to compensate local communities for the ecosystem services they
provide by protecting forests and watersheds. These efforts have resulted in a rapidly evolving new conservation paradigm called “payments for ecosystem services” (PES), based on the establishment of mechanisms for compensating land managers for the continued provision of valuable services provided by nature such as water supply for drinking, irrigation and hydropower generation; erosion control; scenic beauty and recreational opportunities; and the conservation of unique wildlife and plant species, ecosystems and biodiversity. The assumption behind the PES paradigm is that, by creating an economic value and markets for these services and amenities, they will be preserved while also promoting the socioeconomic development of local communities.

Market-based mechanisms for forest conservation are a relatively recent phenomenon, especially in Nepal. However, such mechanisms and the concept of PES have evolved rapidly in both theory and practice during the past couple of decades. PES was conceived as a means of promoting forest conservation through payments by beneficiaries of important environmental services derived from forest ecosystems to land managers who maintain these services in localized geographies, like watersheds or municipalities. However, the scope of PES has expanded dramatically to include national conservation programs, forest certification initiatives and, now, the provision of global environmental goods and services like climate change mitigation through carbon trading. Costa Rica is considered a PES pioneer, enacting national programs and legislation to promote investments in forest conservation (Zuñiga, 2003). Other countries followed suit, instigating conservation programs built on the provision of diverse ecological amenities. Localized PES programs usually have a very direct link between the buyer and the seller, while national and global mechanisms often involve complex market relationships.
and/or fiscal transfers through multiple levels and institutions—from local to regional to national and global.

Since the first United Nations Conference on Environment and Development in Rio de Janeiro in 1992, the sequestration and storage of carbon by forests has been recognized as a vital ecosystem service that can help address the global threat of climate change. As a result, new voluntary carbon-offsetting markets that compensate land managers for the provision of this service through concerted conservation efforts have emerged. Now, a new global forest-carbon trading mechanism known as reducing emissions from deforestation and forest degradation, and enhancing forest carbon stocks in developing countries (REDD+) is taking shape through the ongoing international negotiations of the United Nations Framework Convention on Climate Change (UNFCCC). A preliminary agreement on REDD+ was one of the key outcomes of the COP-16 climate talks held in Cancun, Mexico in December 2010, and it has been a key topic in subsequent international climate talks (Stolle & Alisjahbana, 2013; Zwick, 2014). The agreement outlines a phased approach that focuses on building technical and institutional capacity toward the goal of implementing REDD+ programs, including the development of country-specific forest management reference levels (UNFCCC, 2011; UNFCCC, 2015). Subsequent meetings of the UNFCCC have focused on how the necessary funds will be generated and more technical aspects of implementation, including carbon accounting procedures.

Donors, governments and NGOs are currently implementing pilot projects in developing countries to demonstrate the social, economic and ecological feasibility of REDD+ at the national and sub-national levels and some countries are entering the implementation phase, though there is still no global consensus on long-term financing and the overall institutional architecture. In addition, a group of developed countries have instigated the “REDD+
Partnership”, which has garnered pledges of approximately US $6 billion to support readiness activities in various developing countries worldwide (FAO, 2015), with total REDD+ funding exceeding $8.7 billion for the 2006-2014 period, over 90% of which has come from the public sector (Norman & Nakhooda, 2014). Although REDD+ has galvanized substantial support internationally, among both developed and developing countries, its implications for poverty alleviation at the local level remain unclear.

This chapter traces the history of market-based forest conservation mechanisms from their origins to REDD+, and discusses the outcomes, synergies and implications of these mechanisms in relation to the rights, socioeconomic benefits and risks for forest-dependent communities. It concludes that such mechanisms provide no inherent benefits for communities, especially for the poor and other socially marginalized groups. Rather, the impact of market-based mechanisms on these groups depends to a large extent on institutional arrangements and incentives across multiple levels (international to local), local socioeconomic and political relations, and the degree to which new markets are integrated into existing forest management practices, livelihood activities and needs. The scale of market-based interventions also has important ramifications for their institutional complexity and sustainability. Emerging global mechanisms for carbon trading such as REDD+ entail a host of other political, financial, institutional and technical challenges that must be overcome if they are to function at all, let alone help reduce poverty and promote broad-based development. Thus, if these new schemes truly aim to support the development aspirations of the poor and marginalized, they should heed the lessons from both the successes and failures of past market-based forest conservation mechanisms.
2.1. Overview of success and impact of financial and market-based mechanisms

Since recognition of the failings of the “fortress” or command-and-control approach to biodiversity conservation (Hulme & Murphree, 1999; Kepe et al., 2004; Siurua, 2006), governments and international donor organizations and NGOs have been searching for innovative ways to promote economic incentives for the conservation of tropical forests and to enhance the benefits to those who rely on them for their livelihoods. Some of the prominent mechanisms that have been tried include debt-for-nature swaps, payments for ecosystem services, forest product certification and marketing schemes for both timber and non-timber forest products. All of these involve the commodification of nature or sustainable forest management in some way, either directly or indirectly. This commodification represents what is commonly referred to as the “neoliberalization” of nature (Bakker, 2009; McCarthy & Prudham, 2004; Heynen & Robbins, 2005; Heynen et al., 2007), or the introduction and penetration of markets into the governance of natural resources to promote their rational use and conservation. In its broader sense, neoliberalism is a philosophy of political economy whose advocates assert that markets should dictate the provision and management of a wide array of public goods, including nature conservation. The main assumption underlying this philosophy is that less government interference in the economy will lead to more optimal socioeconomic outcomes for society. Key tenets of neoliberalism include free trade, economic deregulation, privatization of goods and services, and a general reduction in government control of the economy (Harvey, 2005).

Market-based solutions have been promoted on the grounds that deforestation and environmental degradation result from market failure, stemming from the inability to account for the full value of nature and the services—both material and non-material—that it provides to humans. It is largely believed that this “market failure” or undervaluing of nature, coupled with
poverty and high demand for forest products, leads to the excessive exploitation and degradation of natural ecosystems and the resources and services they provide (Richards and Moura Costa, 1999; Pagiola et al., 2002; Jack et al., 2008). McCauley (2006) argues that the value of all services provided by nature—including its aesthetic, cultural and evolutionary significance—is priceless and that, therefore, these services will always be undervalued by any attempt to attach a price tag to them. While he does not deny that an ecosystem services approach can work in some circumstances, McCauley (2006: 28) argues, “Nature conservation must be framed as a moral issue and argued as such to policy-makers, who are just as accustomed to making decisions based on morality as on finances.” McCauley (2006) also cites four reasons why the valuation of nature is undesirable: (a) Many aspects of nature provide no tangible services to humans and thus cannot be properly valued under an ecosystems services approach; (b) the value of ecosystem services is not constant and can shift with changes in land use and/or international markets, effectively devaluing nature; (c) human ingenuity can find substitutes for nature’s services, rendering them less valuable and more vulnerable to exploitation; and (d) conservation of nature is not always compatible with enhancing biodiversity.

In their edited volume entitled “Neoliberal Environments”, Heynen et al. (2007) examine the impacts of market-based mechanisms and neoliberal policies on environmental governance and change in a broad range of scenarios and contexts, including wildlife management, water resources, common property resources, mining, wetlands, agrarian landscapes, forest management, and fisheries. They highlight a number of problems associated with these various “experiments” representing the neoliberalization of nature, foremost of which are environmental degradation and destruction. Furthermore, Heynen et al. (2007: 290-291) argue for a radical
transformation of the current embrace of neoliberal environmentalism, away from reliance on market orthodoxies and toward alternative “environmental futures”:

The failed logic of neoliberalism and its ravenous craving for markets, commodities, and sites of accumulation across the planet, propels a loss of species that it has promised to defend, a destruction of ecosystems it has claimed to value, and a reduction in the quality of life that it professed to maintain. It is in need of replacement! We require utopian forms of environmental praxis to help us imagine alternative possibilities, emancipatory projects and an end to social and environmental destruction at all scales.

Despite these strong critiques of market environmentalism, there is considerable evidence from a growing number of programs, pilot projects, case studies and policy experiments that financial incentives, if carefully designed, can play an important role in regenerating and protecting valuable natural ecosystems such as forests; and that the conservation of biodiversity is indeed compatible with development and poverty alleviation goals. In a statistical comparison of 97 World Bank projects with both environmental and development goals, and 61 projects with explicit biodiversity goals, with projects focusing strictly on development, Kareiva et al. (2008) found that the inclusion of environmental or biodiversity goals did not in any way compromise the accomplishment of development objectives. Furthermore, they found that the most significant predictor of success for biodiversity projects was the inclusion of market mechanisms and sustainable financing approaches. However, they cautioned that, regardless of their focus, less than 20% of the projects examined were deemed ‘highly satisfactory’, so it is not easy to achieve win-win outcomes for biodiversity conservation and development (Karieva et al., 2008).

Di Leva (2002) takes the middle road, stating that, while market-based mechanisms alone probably cannot reduce the rapid rate of biodiversity loss around the globe, they may help to alleviate poverty and thereby reduce some of the pressure on natural resources and ecosystems. He adds that market-based approaches are particularly relevant where private sector resources
dwarf public sector funds, and argues that, under such circumstances, public-private partnerships should be formed to leverage these private resources (Di Leva, 2002). Di Leva (2002) further stresses that conservation outcomes can also be enhanced by reducing existing disincentives for conservation, such as national agricultural subsidies, and bolstering regulatory efforts, especially in developed and rapidly industrializing countries that consume the bulk of the world’s energy and resources.

Kremen et al. (2000) conducted a comparative economic analysis of conservation values in and around a national park in Madagascar relative to financial returns from other, extractive land uses at multiple geographical scales: local (sustainable community forestry, ecotourism, non-timber forest product (NTFP) production, hill rice farming, industrial logging); national [donor investments, ecotourism/park employment, sustainable community forestry/biodiversity products, sustained use of NTFPs, watershed protection value, internal benefit from integrated conservation and development project (ICDP), industrial logging, hill rice farming]; and global (carbon sequestration value, donor investments in ICDP). They note that while local incentives matter, national and global incentives are key to the success of conservation efforts, because national governments often make large-scale natural resource decisions affecting conservation, and the international community supports conservation through foreign aid and technical assistance (Kremen et al., 2000). They also found that conservation values for tropical forests exceeded returns from agriculture and logging at both the local and global levels, but that industrial logging was more financially attractive than conservation when viewed from a national perspective, due to national government revenue imperatives and higher discounting rates for conservation (Kremen et al., 2000). They further claim that this inconsistency and corresponding differences in economic incentives across scales may exacerbate tropical deforestation; but that
this problem could be overcome by the introduction of carefully crafted market mechanisms for protecting forests as a form of climate change mitigation, under the Kyoto Protocol or a similar global policy framework (Kremen et al., 2000).

Spiteri and Nepal (2006) stress that, while some favor abandoning the incentive-based approach to biodiversity conservation, perhaps the best solution is to work on improving the shortcomings of existing incentive-based programs to ensure the simultaneous fulfillment of multiple objectives: “the ultimate goal of [incentive-based programs] is to reduce conflicts between the social and economic needs of rural communities and the need to protect the environment.” In this regard, they note that such mechanisms can play a constructive role in making markets work for conservation. However, they also cite some equity issues plaguing incentive-based programs, including the leakage of benefits to elites or migrants and the corresponding marginalization of socioeconomically disadvantaged and indigenous groups, which are aggravated by the lack of residency requirements for participants (Spiteri & Nepal, 2006). They conclude that benefits from incentive-based programs are of different value to different people within a community—depending on their socioeconomic status, their specific occupation and livelihood strategy, their status as indigenous or migrants, local tenure systems, and geographic location relative to protected areas and other land use designations—and that the failure to recognize this local diversity is a common cause of failure and a barrier to the equitable distribution of their benefits (Spiteri & Nepal, 2006: 11):

Designing benefits to fulfill the needs of all stakeholders of a conservation initiative is challenging, but ensuring that the benefits actually reach the intended beneficiaries has proven to be an even greater challenge in the global effort to conserve biodiversity. Conservation initiatives based on inaccurate assumptions and incomplete considerations of community are not likely to succeed in creating sufficient incentives for conservation among residents. Benefit programs that acknowledge the heterogeneous needs of communities and account for inequities in the distribution of benefits on the local,
regional, national and international scales are best able to generate local commitment to conserving natural resources among those most affected by limitations on its use.

Agrawal et al. (2008) note three major trends (and challenges) for the future of forest governance: decentralization of management, commercial logging concessions, and growth in market-oriented certification efforts. They argue that these trends are influenced from above by donor initiatives, government investments and policies and NGOs, and from below by the impacts of climate change, growing international concerns about deforestation, social pressure for more local governance systems, and changes in demographics, consumption patterns and living standards. In addition, they point out that forest certification efforts have primarily been implemented in temperate regions, but are rapidly expanding into tropical regions; and that future progress in tropical forest conservation will depend on an increased role for financial incentives, civil society and market actors in forest management and governance (Agrawal et al., 2008).

2.2. Origins and outcomes of different financial and market-based mechanisms

I now turn to a review of the various types of incentive-based and market-based forest conservation mechanisms. These mechanisms include debt-for-nature swaps, sustainable forest product certification and marketing (of both timber and NTFPs), payments for ecosystem services, and forest carbon trading. Di Leva (2002) cites a wide range of legal and market-based incentives for conservation that have been employed in both developing and developed countries, such as ecotourism, taxes and surcharges, user fees, concessions, sales and royalties from bio-prospecting, land donations, conservation easements, mitigation banking, zoning, eco-labeling and product certification, and financial incentives for carbon sequestration. This review does not consider purely legal incentives, but instead focuses on financial and market-based
ones. In general, there are two broad categories of such incentives, (1) those that promote *market integration* of specific forest products, and (2) those that involve the *development of new markets* and payment mechanisms for ecosystem goods and services that substitute for the extraction of such products. Examples of market integration include sustainable forestry certification schemes and trade in non-timber forest products. Substitution markets and mechanisms include debt-for-nature swaps and payments for ecosystem services initiatives. There is some scope for combining market integration and substitution mechanisms within the same forest area through integrated schemes that focus on both the provision of valuable ecosystem services and the extraction of low-impact, high-value NTFPs. In addition, both market integration and substitution mechanisms can occur at multiple scales. However, many of these mechanisms require oversight and regulations at the national and/or international levels.

Building on the abovementioned conceptualizations, the following discussion provides an overview of three basic types of financial and market-based mechanisms that have been employed to promote forest conservation and development in tropical countries: *international transfer payments*, *transnational market-based mechanisms*, and *domestic payments for ecosystem services* (See Table 2.1 for a matrix summarizing these mechanisms). These are presented more or less chronologically in terms of their emergence, as well as in order of their scale from (a) international transfer payments, to (b) transnational market-based mechanisms, to (c) domestic payments for ecosystem services (i.e., transfers from state/regional/local users to local providers/landowners). The basic assumptions or logic underlying each type of financial or market-based mechanism is outlined in Table 2.2. The overarching assumption inspiring such mechanisms is that they will induce governments, communities and other private actors to conserve valuable ecosystems by providing these actors with financial incentives and/or
development benefits. The findings of research on the implications and effectiveness of each for biodiversity conservation, poverty alleviation and development are discussed below.

Table 2.1. Various geographic scope of financial and market-based mechanisms

<table>
<thead>
<tr>
<th>Geographic level</th>
<th>Market integration</th>
<th>New (substitute) markets/incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>National/local</td>
<td>Promotion of traditional national/local forest-products</td>
<td>Domestic PES programs</td>
</tr>
<tr>
<td>Global</td>
<td>Transnational market-based schemes for forest products and services</td>
<td>International transfer payments</td>
</tr>
</tbody>
</table>
Table 2.2. Meaning and logic of financial and market-based mechanisms

<table>
<thead>
<tr>
<th>Mechanism type</th>
<th>International transfer payments</th>
<th>Transnational market-based mechanisms</th>
<th>Domestic payments for ecosystem services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning</td>
<td>Country-to-country public fiscal transfers</td>
<td>Global consumer-to-local producer transfers</td>
<td>Transfers from state/regional/local users to local producers/landowners</td>
</tr>
<tr>
<td>Examples</td>
<td>Debt-for-nature swaps, GEF, ICDPs, REDD+*</td>
<td>Eco-labeling (e.g., SFM certification), REDD+*</td>
<td>Payments for watershed protection, hydropower supply, ecotourism amenities, etc.</td>
</tr>
<tr>
<td>Basic logic and assumptions</td>
<td>Recipient governments will invest in conservation in return for financial payments (or loan forgiveness) from donor countries and/or INGOs.</td>
<td>International purchase of locally produced products promotes investments in and effective monitoring of environmentally responsible products, for which consumers/producers will pay/receive a premium price</td>
<td>Government or private/corporate payments to landholders will induce them to protect and conserve valuable natural resources; landholders receive direct incentives (payments).</td>
</tr>
<tr>
<td>Source of funding</td>
<td>Donor governments and/or INGOs</td>
<td>Global companies and consumers</td>
<td>Domestic government (national or local) and/or companies</td>
</tr>
<tr>
<td>Direct beneficiaries</td>
<td>National (e.g. debtor) governments, program staff and participants</td>
<td>Domestic producers (national and local)</td>
<td>Local landholders, (individuals and/or communities)</td>
</tr>
<tr>
<td>Potential indirect beneficiaries (financial or other)</td>
<td>Communities and other local entities situated in proximity to program activities</td>
<td>Secondary producers, domestic distributors</td>
<td>Neighbors of landholders and/or other beneficiaries of ecosystem services</td>
</tr>
</tbody>
</table>

*Note: REDD+ is included as an example of both transnational market-based schemes and international transfer payments since it is still uncertain what form of funding it will rely on in the longer term: fund-based or market-based? To date, much of the REDD+ funding has been from bilateral/multilateral donors and/or international NGOs (i.e., from public funding, not market-based sources).
One of the earliest examples of international transfer payments—and of incentive-based conservation mechanisms in general—are debt-for-nature swaps. They were first introduced in Latin America during the late 1980s in response to two related concerns: that tropical deforestation was accelerating at a rapid pace; and that this deforestation was driven in large part by the efforts of developing countries to pay off growing foreign debts through the extensive exploitation of natural resources via cattle grazing, timber harvesting, mineral extraction and agricultural expansion (Didia, 2001; CRS, 2006). A debt-for-nature swap is not a purely market-based mechanism, but an international transfer payment, or a “non-market transfer of financial resources from consumer nations in recognition of the global public good values of forests” (Richards & Moura Costa, 1999: 2). More specifically, it is an agreement whereby a sponsoring country government and/or international conservation organization purchases a portion of a debtor country’s external debt in exchange for the dedication of refinancing revenues to nature conservation initiatives (Richards & Moura Costa, 1999), and often the simultaneous adoption of macroeconomic (neoliberal) restructuring policies (CRS, 2006).

Debt-for-nature swaps were initially greeted with great enthusiasm by both conservation organizations and the national governments of debtor nations—pointing to the resulting funds generated for valuable and pressing conservation activities. This enthusiasm was later tempered by higher debt prices in secondary markets and lower appropriations from sponsoring governments and conservation organizations (Richards & Moura Costa, 1999). As a result, funding for debt-for-nature swaps trailed off considerably during the latter half of the 1990s. However, debt-for-nature swaps have experienced somewhat of a revival in recent years, under provisions of the United States’ Tropical Forest Conservation Act (1998). Such bilateral
transactions could become an important part of future climate-change mitigation strategies, since tropical forests comprise the world’s largest carbon sinks (CRS, 2006).

Those who advocate for debt-for-nature swaps claim that reducing debt in developing countries will promote free-market systems, boost economic growth and trade liberalization, attract foreign investment, and enhance environmental protection (Richards & Moura Costa, 1999). They note that, although conservation funds generated by these transactions are small in the global perspective, they represent significant sources of funding for domestic environmental protection efforts in many countries. Furthermore, they argue that these transactions enhance local environmental conditions, promote sustainable resource use, and preserve valuable biodiversity and ecosystem services (ibid). Critics of this mechanism argue that debt reduction does not lead to less extraction of minerals or timber in developing countries with large foreign debts; that they generate insufficient funding to effectively address environmental problems, and that they may compromise national sovereignty through the adoption of external conservation priorities and stringent macroeconomic policies (Richards & Moura Costa, 1999).

Using a simple regression model and data from 55 tropical countries, Didia (2001) established a statistically significant, positive relationship between debt and deforestation. However, he acknowledges that there are also other important factors driving deforestation, such as population growth and demand for farmland, and that deforestation would probably not cease with the eradication of all international debts (Didia, 2001). Therefore, they conclude that debt-for-nature swaps cannot mitigate tropical deforestation, though they may help to alleviate some pressure on forests associated with poverty; and that a lack of democratic principles, poorly defined property rights and ineffective markets and governing institutions are the real culprits behind widespread and ongoing deforestation trends (ibid). Thus, they imply that market
mechanisms and supporting institutions are more important than mere financial mechanisms like debt-for-nature swaps in securing positive conservation outcomes (Didia, 2001). However, they also acknowledge that, “for markets to promote sustainable production of natural resources, there must be institutions that ensure a balance between the social costs and social benefits arising from the "selfish" actions of market participants” (Didia, 2001: 483).

Other types of international transfer payments include the Global Environment Facility (GEF), which was set up in 1991 as a means of achieving the International Conventions on Climate Change (ICCC) and Biological Diversity (ICBD) (Richards and Moura Costa, 1999). It has also been used to leverage private sector funds through venture capital investments, but critics claim that biodiversity projects have adopted an over-scientific and non-participatory approach, and have failed to influence donor programs and practices (ibid). Following the lead of the GEF, some countries have set up ‘national environmental funds’ to leverage resources from the GEF and debt-for-nature swaps, finance domestic biodiversity priorities, and meet their obligations as signatories to the ICBD. In addition, various forms of international taxation have been proposed to create revenue streams for sustainable forest management—such as the Tobin tax (on foreign exchange), carbon taxes, and airline travel taxes—but these remain unenforceable without corresponding international environmental regulations (Richards & Moura Costa, 1999). While there has been considerable innovation and interest in transfer-payment approaches promoting international cooperation, Richards and Moura Costa (1999: 4) note:

Donor-driven finance-raising approaches such as the GEF, debt swaps and the associated national environmental funds have fewer political and technical constraints, but are not tied to specific values and have little or no impact on user incentives. They are not market-based, and there can be political and technical problems in ensuring the money is effectively spent.
Integrated Conservation and Development Projects (ICDPs) are based on the principle that most of the conservation related benefits accrue at the national or international level while the costs of such benefits need to be borne by local people. ICDPs aim to explicitly address the needs of local people while simultaneously trying to achieve conservation goals. They were initiated upon realizing that the command-and-control “fortress conservation” approach was seriously limiting access to livelihood resources and was thus inherently unsustainable. ICDPs became popular among aid agencies during the 1990s. Programmatically, ICDPs have attempted to achieve conservation and poverty reduction goals in three ways: (a) social compensation, by supporting schools, health facilities and other social infrastructure projects; (b) economic alternatives, offering trainings and opportunities to pursue alternative livelihoods that would reduce pressure on natural resources; and (c) financial enhancements, by increasing the economic value of the area through eco-tourism (Christensen, 2004). However, research by Christensen (2004) reveals that most ICDPs have not achieved success due to a number of factors. First, many ICDPs were based on misconceptions and “naïve assumptions”. For instance, improving the livelihoods of those people living around protected areas did not necessarily help to improve biodiversity; in many cases the resulting higher incomes likely exacerbated degradation of ecosystems. Second, ICDPs did not recognize the heterogeneity of needs and interests within local communities and the threat of elite capture of benefits. Third, Christensen (2004) also argues that ICDPs largely focused on small-scale drivers implicating local actors, like subsistence farming and hunting, while ignoring major drivers like road building or commercial resource extraction. Finally, ICDPs were initially conceived of as programs that would become financially independent, however, most of the funds were provided up front and
the programs lacked any sense of ‘conditionality’ (i.e., expectations that program funds and outcomes would be appropriately monitored, invested and accounted for).

Transnational market-based mechanisms

International and national schemes for the certification and commercialization of sustainable forest products are market-based mechanisms that encourage conservation by endeavoring to connect consumer’s decisions directly to local management practices. These initiatives began to take shape in the early 1990s and include the production and marketing of timber and non-timber forest products (NTFPs) at both national and international levels. They include extensive supply chain systems and, occasionally, direct producer-to-consumer arrangements, though there is typically a third party involved in verification and/or marketing and trade. Forest certification efforts have been around for over 15 years, and have spread rapidly in their coverage. Compatible NTFP marketing initiatives have also flourished, thanks in large part to the support of international donors and conservation organizations, and to their partner institutions in many countries.

Ramesteiner and Simula (2003) conducted a comprehensive study of forest certification efforts around the world since 1993. They concluded that, although forest certification has the potential to enhance biodiversity conservation, there is no guarantee that it will achieve this goal, since many certification efforts are on large commercial plantations with limited biodiversity. Furthermore, certified forests represent less than 5% of the world’s total forests, and the majority of certified forests are located in Europe, North America and other temperate, developed countries, with less than 10% of certified forests in tropical countries (Ramersteiner & Simula, 2003). Despite some growth in schemes in tropical regions, the majority of certified forests are still located in temperate countries (Auld et al., 2008). Certification standards for both the
process and performance of sustainable forest management must be adapted to local ecological and socioeconomic conditions and must include ecological, social and economic elements (Auld et al., 2008). The failure of such adaptation could be one reason why certification schemes have thus far failed to incorporate many tropical forests. Furthermore, while it is relatively easy to establish national standards for sustainable forest management, it is often considerably more difficult to make forest certification operational, due to the high transaction costs and detailed reporting requirements. Corruption and low government capacities for forest management and efficient, transparent data collection and dissemination could be additional reasons for the slow spread of initiatives in tropical countries. As Ramesteiner and Simula (2003: 97) state, “It needs to be recognized that developed countries, countries in transition and developing countries are in quite different situations with regard to their needs, possibilities and resources to make use of certification.” Despite these limitations, Agrawal et al. (2008) note that certification initiatives are expanding into tropical countries as global awareness of the effects of local consumer choices on distant ecosystems grows.

The cultivation and marketing of NTFPs, whether certified or non-certified, is a strategy that has been adopted by many governments and donor institutions to promote rural development that is compatible with conservation objectives, by providing communities living in close proximity to natural forests with economic alternatives to more destructive livelihood and commercial activities, such as fuelwood collection and unsustainable (and often illegal) timber harvesting practices. Such initiatives have been particularly popular in forest ‘buffer zones’ adjacent to protected areas, and occasionally within the protected areas themselves. In many donor-funded conservation and development projects, NTFP promotion often goes hand-in-hand
with micro-finance schemes to provide seed money to scale up the enterprises and/or make these enterprises financially viable in the long run.

Kusters et al. (2006) investigated the impacts of NTFP trade on both livelihood improvements of the producers and forest conservation outcomes, using 55 examples of NTFP trade from Asia, Latin America and Africa. They concluded that involvement in NTFP markets does in fact benefit peoples’ livelihoods in specific ways, but that it may also increase inequality among beneficiaries, unless women are involved in the production-to-consumption process (Miranda et al., 2003; Munoz, 2004). In terms of the management implications and ecological impacts, most of the operations were small scale and, in 80% of the cases, returns were not sufficient to allow investments for management measures to enhance the quality or quantity of production; and commercial extraction from the wild has proven to be a source of resource depletion and degradation (Kusters et al., 2006). Although the study revealed that NTFP systems produced better ecological outcomes than most alternative land uses, except for natural forests, Kusters et al. (2006) also found a correlation between higher livelihood benefits and lower ecological quality, indicating that NTFP trade may not be conducive to the promotion of both conservation and development in natural forest ecosystems. This must be taken into account by governments, as well as development and conservation organizations, in order to understand the potential trade-offs involved in promoting NTFP production and trade (Kusters et al., 2006).

Schreckenberg et al. (2006) argue that NTFP initiatives can be effective given the proper conditions and actions, such as integration into broader diversified livelihood strategies; supportive legal and regulatory frameworks for access, management and commercialization of products; provision of credit to rural poor and small-scale entrepreneurs; policies that promote access to education and information that increase opportunities for entrepreneurship; and
enhancements of transport and communications infrastructure to facilitate market access. They also note three types of NTFP activities that contribute to poverty reduction: (1) ‘safety nets’ that prevent people from falling into greater poverty by reducing their risk (e.g., products available year-round); (2) ‘gap-filling’ activities that provide income to supplement more important farm and off-farm activities; and (3) ‘stepping stone’ activities that help people move out of poverty (Schreckenberg et al., 2006). Finally, they note four key factors that contribute to the success of NTFP initiatives: innovation, collaboration, entrepreneurs, and more conducive legislative and policy environments (ibid). The same factors could be said to influence the success of timber certification efforts as well.

**Box 2.1. Impacts of SFM Certification in Nepal’s community forestry program**

Sustainable forest management (SFM) certification has become recognized as a potential tool for ensuring conservation while promoting the enhancement of local livelihoods, including poor and marginalized groups. Since 2004, Nepal has initiated one of the first SFM certification pilot programs involving 22 community forest user groups (CFUGs) in two districts of the country’s Middle Hills region, under the auspices of the Forest Stewardship Council (FSC), an international certifying body.

This initiative aims to enhance sustainable forest management practices by encouraging the sustainable harvesting, sale and processing of forest products by local households, communities and enterprises. These products include handmade paper derived from different shrubs, especially *loka* and *argheli*, as well as numerous essential oils from plants like wintergreen and juniper. Thus, one of the key objectives of the initiative is to enhance income-generating opportunities for local people, including poor and socially marginalized households. To facilitate this, smaller sub-groups have been formed within each CFUG involved in certification. Some of these sub-groups are comprised exclusively of marginalized households, while others are made up of households with varying socioeconomic status. Each sub-group has been provided with a forest plot, start-up funds and sometimes training to grow various non-timber forest products (NTFPs).

Despite such support for these efforts, the economic benefits of SFM certification for local communities, particularly for poor households, have been limited. In fact, most sub-groups report that they have not yet been able to earn a significant profit from growing NTFPs, and many have also been excluded from receiving direct benefits from the sale of timber, which has not yet been certified but is being sold by CFUGs to local sawmills, plywood and furniture factories. CFUGs do own a share in—and thus receive a percentage of the profits from—local cooperative enterprises. However, they do not typically receive a premium price for their products compared with other non-certified CFUGs, which also sell the same forest products to the local enterprises. Thus, there is no economic advantage to certification, especially considering the added costs associated with monitoring and verification. Beyond certification, CFUGs often have separate provisions for making loans or grants to socioeconomically marginalized households for various income-generating activities or for household construction and repairs. (continued)
Although the economic rewards from SFM certification have not yet been very substantial, members of certified CFUGs acknowledge that there have been some advantages to their participation in the certification scheme in terms of enhanced forest management and group governance outcomes. Many see a need to scale up certification efforts to incorporate other groups and enterprises, and thereby reduce the cost of monitoring the associated social, ecological and economic impacts. FSC is now piloting a new certification program in Nepal that combines sustainably produced forest products with the maintenance of ecosystem services, including carbon sequestration. There is some hope that expanding the scope of certification in this way could increase benefits to local communities, but the capacity of SFM certification to make a significant impact on poverty alleviation remains in question.

**Source:** Based on Acharya, B.P. (2007). Practice and implementation of forest certification in Nepal: A Case Study from some CFUGs in Dolakha District. MS Thesis, University of Natural Resources and Applied Life Sciences, Vienna (October 2007); Bryan Bushley, personal research, unpublished (2010-2011).

One of the most obvious, yet most often overlooked, factors limiting the effectiveness of forest product certification and commercialization initiatives—whether for NTFPs or sustainable timber production—is the fact that these efforts depend largely on market demand; and are thus vulnerable to changes in preferences and price sensitivity by distant consumers, and the resulting marketing advantages (or disadvantages) for producers (Ramesteiner & Simula, 2003).

**Domestic payments for ecosystem services**

Since the mid-1990s, a new paradigm called payments for ecosystem services (PES) has been gaining increasing popularity in efforts to promote the conservation and enhancement of forests, biodiversity, fresh water and other accompanying resources and services. The growing interest in PES has been driven partly by disenchantment with both “command-and-control” approaches (i.e., fiscal and regulatory measures) and ICDPs, along with reduced donor assistance for forest management and conservation initiatives (Richards and Jenkins, 2007). PES schemes have been touted as a new model for combining conservation with development and poverty reduction goals. They aim to confront the ‘market failure’ problem of tropical forestry—weak or absent markets for ecosystems services for carbon, water or biodiversity—by formalizing economic relationships that recognize the value of forest conservation by compensating
managers for their conservation efforts and, more specifically, the accompanying services they provide (Richards and Jenkins, 2007).

Ecosystem services are typically provided by landholders or land managers, incorporating both private and community tenure arrangements. Those who purchase the services include national governments, municipalities, tourism companies, hydroelectric companies, agricultural users, fishing cooperatives, and other private, government or commercial users. In many countries, there are examples of informal PES arrangements at the local level, but no national programs or supportive legal framework. Costa Rica and India have promoted formal PES programs at regional or national scales (Pagiola, 2008; Singh, 2013). PES schemes encompass a broad range of mechanisms for promoting the conservation and restoration of forest ecosystems and the many amenities that they provide, including drinking water, clean water for economic and household purposes, conservation of soil and biodiversity, and scenic beauty (Wunder, 2006; Wunder, 2007). They could also include payments for the right to collect biological specimens, or bio-prospecting, in forests managed and/or owned by local and indigenous communities.

An ecosystem service can be described as any service that is provided through the maintenance and protection of a natural resource or ecosystem. Wunder (2007) provides a more specific definition of a PES based on five criteria: “(1) a voluntary transaction in which (2) a well-defined ecosystem service (or a land use likely to secure that service) (3) is being “bought” by a (minimum of one) buyer (4) from a (minimum of one) provider (5) if and only if the provider continuously secures provision of the service (conditionality). He notes that few PES arrangements meet all of these criteria, and that the most difficult criteria to satisfy is conditionality, due to lack of effective monitoring and enforcement mechanisms (Wunder, 2006).
PES initiatives typically occur at the local, regional or national levels; there are very few examples of transboundary PES schemes. Although they do not typically involve the direct exchange of discrete quantities of a given product, PES schemes are like certification initiatives in that buyers of ecosystem services require some assurance that their payments are actually promoting conservation and that the recipients are providing a real and measurable service, whether this is a concrete, measurable good, like water supply, or a more abstract good, like biodiversity or scenic beauty. In either case, some sort of verification process is typically required (i.e., a performance-based system). According to Richards and Jenkins (2007), there are four basic types of PES: (1) public (government) payments to forest owners or managers to protect ecosystems on their land; (2) trading between buyers and sellers based on a regulatory framework (including cap-and-trade systems); (3) private market arrangements whereby buyers contract directly with “upstream” buyers who provide a specific service; and (4) eco-labeling or certification schemes for natural resources, where consumers pay a premium to ensure the conservation and protection of natural resources and their supporting ecosystems (e.g., sustainable forest management).

Like other market-based mechanisms, PES has its critics and its advocates. Critics argue that PES schemes will promote the return of strict command-and-control conservation measures, effectively de-linking conservation from development objectives; that the land-development rights and aspirations of communities could be threatened by these measures; and that market-oriented conservation could degrade culturally important not-for-profit conservation values (Wunder, 2007). Some are pessimistic about the potential of PES schemes to address both biodiversity conservation and poverty alleviation goals simultaneously, noting an inherent trade-off in these systems. Corbera et al. (2007: 587) conclude that, “markets for ecosystem services
are, in effect, limited in promoting more legitimate forms of decision-making and a more equitable distribution of their outcomes.” They claim that such markets rely on political affiliation for their legitimacy and thus reinforce existing power structures and imbalances, socioeconomic inequities and vulnerabilities; that they do not inherently promote legitimate decision-making forums or equitable distribution of benefits; and that they depend on effective project design (Corbera et al., 2007). Furthermore, they stress, “All environmental decisions implicitly or explicitly involve questions, as well as trade-offs, regarding economic efficiency, environmental effectiveness, equity and political legitimacy.” (Corbera et al., 2007: 589).

Advocates claim that PES schemes can promote innovation in conservation to provide adequate economic incentives for conserving forests; can tap into new sources of funding from both the public and, especially, the private sector; and can enhance livelihoods of participating poor communities (Wunder, 2007). Many hail the promise of PES schemes, noting their positive impacts on tenure security, community empowerment, and the development of organizational and social capital (Wunder, 2006). Governments and donors can play a key role in fostering equitable governance structures, secure tenure, and enabling policy, legal and institutional frameworks; and environment-development trade-offs can be managed with adequate support from donors, governments, NGOs and the private sector (Richard and Jenkins, 2007).

When devising PES mechanisms, it is important to consider the issue of “additionality”. When an intervention (e.g., payment) is “additional” it means that it provides a direct incentive for people to change their behavior to bring about a desired outcome, such as conservation. However, effects can also occur due to other causes. The operational question for determining additionality is: would the same conservation outcomes have occurred anyway, without the introduction of the financial incentives provided by the PES scheme? If the answer is yes, then
the payment is not economically efficient or “additional” and could even, in the worst case, create perverse incentives to degrade the environment. Wunder (2006) stresses that, in PES schemes, it is primarily a stakeholder’s opportunity cost of conservation and their capacity to degrade the forest that should inform decisions about who should receive payments in order to have the greatest impact on forest conservation. He notes that a large landowner who wants to clear his forest to plant commercially valuable crops has a much higher opportunity cost, as well as a high potential for degrading the forest (Wunder, 2006).

Because the landowner’s opportunity cost is so high, compensation schemes will only be able to preserve a fraction of the total forest and the remainder will likely be cleared for agriculture. Conversely, a remote indigenous group with a relatively low impact on the forest typically does not represent a big threat to the forest, so compensating them would not accomplish much “additionality”, unless they are faced with a much better economic opportunity (such as a potential logging agreement with a commercial timber company) or they otherwise play a vital role in protecting the forest from other would-be destructive land users (Wunder, 2006). However, some claim that, regardless of conservation incentives and outcomes, we have a moral responsibility to compensate the indigenous group (and local communities) for their forest conservation efforts (e.g., Posey and Dutfield, 1996). Wunder (2006) concludes that it would be most efficient from a conservation standpoint to make PES investments to a stakeholder who has a moderate opportunity cost and a moderate to high (potential) impact on the forest, as the payments will buy a lot more conservation than they would with large landowners with high opportunity costs. He adds that it is extremely important to carefully consider the level of degradation, the opportunity costs of conservation, and possible perverse incentives of different actors, when devising PES schemes (Wunder, 2006).
The distributional implications of PES have been heavily debated in the literature. Engel et al. (2008) define PES as a “mechanism to improve the efficiency of natural resource management, and not as a mechanism for poverty reduction”. While Pagiola et al. (2002) agree with this formulation that PES mechanisms are not meant to be poverty reduction tools, they also claim that there are important “synergies” that could be realized. They go on to raise three important questions worth pondering when designing PES programs bearing a heavy poverty reduction focus (Pagiola et al., 2002): (a) Are the participants of the program poor? (b) Are the poor households able to participate? (c) How are poor people affected (indirectly) by PES programs? These questions encourage us to rethink the basics about program design, targeting and stakeholder engagement in PES programs.

As most of the widely documented PES programs have involved watersheds, the general perception has been that upstream participants (i.e., ecosystem service providers) tend to be poorer. However, Miranda et al. (2003) found that participants in a PES program in Costa Rica were from relatively wealthier backgrounds, though this claim has been contested by Muñoz (2004). User financed PES programs are typically more targeted compared to government financed ones, thereby allowing them to address poverty issues directly. Pagiola et al. (2002) employ a two-step structure for thinking about poverty and PES—how the PES program affects the participants, and how and if the program alters conditions of local people indirectly.

In an attempt to investigate the impacts carbon payments and contracts have on poverty, Antle and Stoorvogel (2009) carry out empirical tests based on data from three case studies of PES schemes. While these case studies are about carbon sequestration through interventions in agricultural soil management, they nonetheless bear important lessons for poverty alleviation and forest conservation. Antle and Stoorvogel (2009) find that the adoption rate of carbon
sequestering practices depended mainly on the price of carbon, transaction costs and ability to participate in the program. Similarly, for severely degraded agricultural land, sustainable management practices were possible only under high carbon price scenarios. The impact on poverty was not clear. While the carbon payments did raise rural incomes, the findings of Antle and Stoorvogel (2009) suggest that the greatest beneficiaries of the additional income were not always the poorest people, as they also tend to occupy the most severely degraded areas and face greater barriers to participation.

Alix-Garcia et al. (2009) review Mexico’s payment for ecosystem services program, particularly forest conservation for hydrological services. The goal of this program is to develop an internal PES market and the experience thus far is telling on a few counts. First, payments went to forests that were not critical for hydrological services and ones that were not in danger of being deforested, raising questions of effectiveness and additionality. Second, the communities that chose to accept the payments were not necessarily those facing pressure to deforest. Finally, asymmetry of information between the service providers and the users of the service created accountability problems due to increased social distance.

Another way to look at the relationship between poverty and forest conservation is to study how landholders make decisions. Engel and Palmer (2009) apply a theoretical model of “community-firm interactions” based on negotiations that have taken place between communities and logging companies. Their finding asserts that a trade off does in fact exist between poverty alleviation and maximum provisioning of ecosystem services. They argue that this is due to two factors: enforcing PES contracts and discount rates. Poorest communities do not find the payments high enough to reduce use of resources—in other words, the opportunity cost is high, thereby leading to non-compliance (Engel and Palmer, 2009). Furthermore, since poorer
communities tend to value short-term gains more than wealthier communities, immediate payments from logging companies, as opposed to future payments for ecosystem services at a certain level, induces poorer communities to opt for logging contracts instead (Bachram, 2004).

PES mechanisms, while not a panacea, can help respond to the market failure problem of forestry and are essential to an integrated approach to sustainable forest management and conservation. Richards and Jenkins (2007: 1) conclude that, while PES schemes show promise for “raising the viability of sustainable forest management and conservation and delivering pro-poor benefits” by responding to the market-failure problem cited above, they should form only part of a diversified set of mechanisms that help reduce the opportunity costs of landowners for sustainable forest management and conservation. Wunder (2006) concurs that, in order to be effective, PES must complement and function in tandem with other alternative livelihood strategies that promote the socioeconomic development of communities. Finally Richards and Jenkins (2007) note that “avoided deforestation” schemes, such as REDD+, have the most potential of all PES systems, but are also afflicted by a complex set of issues that challenge effective implementation. Such schemes are discussed in more detail below. Features and Nepal examples of the market-based mechanisms discussed above are included in Table 2.3.
Table 2.3. Features and examples of market-based mechanisms and payments for ecosystem services (PES) schemes

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Scope</th>
<th>Service/Good</th>
<th>‘Buyer’</th>
<th>‘Seller’</th>
<th>Price set by</th>
<th>Nepal Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt-for-nature swaps</td>
<td>Trans-national</td>
<td>Conservation</td>
<td>Lender countries</td>
<td>Debtor countries</td>
<td>Amount of debt</td>
<td>--</td>
</tr>
<tr>
<td>ICDPs</td>
<td>Bilateral, Regional</td>
<td>Conservation &amp; development activities</td>
<td>Environmental NGOs</td>
<td>Government &amp; rural communities in target area</td>
<td>Availability of donor funds</td>
<td>ACAP, KCA, PA Buffer Zone projects, Terai Arc Landscape Project</td>
</tr>
<tr>
<td>SFM certification</td>
<td>Global, National, Regional, Local</td>
<td>Sustainable management &amp; conservation of forests (with social and biodiversity benefits)</td>
<td>Socially responsible international companies &amp; consumers</td>
<td>National companies, cooperatives &amp; communities</td>
<td>Global markets</td>
<td>FSC pilot project in Dolakha and Bajhang Districts</td>
</tr>
<tr>
<td>CDM afforestation, reforestation projects</td>
<td>Bilateral</td>
<td>Carbon emissions reductions</td>
<td>Countries &amp; companies obligated by the Kyoto Protocol</td>
<td>National governments and companies</td>
<td>Global carbon markets</td>
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<tr>
<td>PES schemes for water supply</td>
<td>Regional, Local</td>
<td>Water for drinking and/or agriculture</td>
<td>Municipalities, CFUGs, other local users</td>
<td>Communities (CFUGs)</td>
<td>Regional/local markets</td>
<td>Shivapuri pilot watershed PES Rupa Tal fishing cooperative payments to landholders Water agreement between CFUGs and downstream users</td>
</tr>
<tr>
<td>Hydropower PES schemes</td>
<td>Regional</td>
<td>Water for hydropower generation</td>
<td>District government</td>
<td>Upstream landholders</td>
<td>Government</td>
<td>Kulekhani Hydropower compensation mechanism</td>
</tr>
<tr>
<td>Ecotourism projects</td>
<td>Regional, Local</td>
<td>Conservation, forest and wildlife viewing</td>
<td>Tourists</td>
<td>Tourism companies and local communities</td>
<td>Market</td>
<td>Annapurna &amp; Kanchenjuga Cons. Areas Chitwan (Bag Mara) CFUG conservation project</td>
</tr>
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</table>
2.3. Forest Carbon Trading and REDD+: Towards the Globalization of Ecosystem Services

Forest carbon trading, a relatively new market-based paradigm, strives to combine biodiversity conservation objectives with the enhancement of development and poverty alleviation outcomes and the mitigation of global climate change. This section discusses this new paradigm and its latest manifestation, REDD+, along with associated challenges for its implementation, and specific implications for poverty alleviation.

Housing over half of the global terrestrial carbon pool in biomass and soils, forests both contribute to and help to mitigate climate change through the continuous release, sequestration and storage of carbon dioxide (Streck & Scholz, 2006; Robledo et al., 2008). Stern et al. (2006) have estimated that, since 1850, forests have been responsible for up to 90 percent of all greenhouse gas emissions from land use, land use change, and forestry (LULUCF); and that they currently contribute up to 17% of global annual greenhouse gas (GHG) emissions—through deforestation, forest degradation and forest fires—the second most significant source after the burning of fossil fuels for energy production. There are signs that this contribution could increase in coming years due to further conversion of land for the growing of food crops and biofuels, in order to meet the world’s growing demand for food and alternative energy sources (Robledo et al., 2008). In addition, a recent report to the Secretariat of the UN Framework Convention on Climate Change (UNFCCC) estimated that poverty, including the clearing of land for subsistence farming, is directly or indirectly responsible for nearly half (48%) of annual deforestation and degradation globally (Blaser & Robledo, 2007). Thus, poverty alleviation, forest conservation and carbon sequestration can be considered synergistic goals (ibid).

Forests have played a part in voluntary carbon trading mechanisms for approximately two decades (Bumpus & Liverman, 2008). However, they first entered the international climate policy arena in 1997, as one type of project under the Kyoto Protocol’s Clean Development
Mechanism that could contribute to climate change mitigation (ibid). The function of forests in sequestering carbon dioxide from the atmosphere has long been recognized. However, the significant contribution of deforestation to greenhouse gas emissions was formally acknowledged more recently (Stern et al., 2006), leading to efforts to incorporate forest conservation efforts into the portfolio of climate change mitigation mechanisms. In fact, despite the existence of a policy provision for including reforestation and afforestation initiatives under the Clean Development Mechanism (CDM) for over a decade, only a handful of forestry projects have been approved under this mechanism to date (Robledo et al., 2008).

Following the publication of the Stern Review (Stern et al., 2006), the cause of incorporating forests into international climate change policy mechanisms gained considerable momentum. The 13th Conference of Parties Meeting (COP 13), held in December 2007 in Bali, Indonesia, is considered a watershed moment in climate change negotiations for two main reasons: it elicited clear statements of support for a post-Kyoto climate policy regime from the United States and other Western countries; and it shifted the focus of carbon trading from an approach based purely on emissions reductions from fossil fuel consumption to one also involving forest carbon credits, through a newly proposed mechanism, reducing emissions from deforestation and forest degradation (REDD).

The global policy agenda and international funding institutions such as the World Bank and the United Nations have now embraced REDD+ and brought forests to the fore of international climate change negotiations and carbon trading schemes. However, not everyone is pleased by this development. Shamsuddoha and Chowdhury (2008: 398), revealing their disdain for market-based approaches in general, claim: “The Bali Climate Conference sidelined its major agenda – emission reduction – and has focused on alternate ways of carbon capture through
Reducing Emissions from Deforestation and Degradation (REDD), and emissions reduction through the CDM, both of which are based on market mechanisms.” They note that, at the Bali meeting, Indonesia joined with ten other developing nations with large expanses of tropical forest (Brazil, Cameroon, Costa Rica, Columbia, Congo, the Democratic Republic of Congo, Gabon, Malaysia, Papua New Guinea and Peru) to form a coalition “demanding developed nations provide financial incentives to tropical forest countries in order to prevent deforestation and degradation” (Shamsuddoha & Chowdhury, 2008: 401).

2.3.1. **REDD(+) and Beyond: Forest Carbon Trading, Poverty Alleviation and Development**

In many ways, forest-carbon trading represents a synthesis of the three basic approaches discussed in the previous section—international transfer payments, transnational market-based mechanisms, and payments for ecosystem services. It resembles an international transfer payment scheme in that it could (in a national-level approach) facilitate payments between governments to finance conservation efforts via the production of carbon sequestration benefits—though in this case, these payments would be based on market prices for carbon sequestration. It is akin to transnational market-based mechanisms like forest product certification and commercialization schemes in that it relies on complex and systematic analysis and verification of forest management practices, standing carbon stocks, as well as mechanisms and institutions for sharing information and benefits in order to satisfy both the carbon ‘sellers’ and the carbon ‘buyers’ or investors. Finally, it is like a PES regime in that it represents a reimbursement by (international) consumers and companies and/or countries for the global ecosystem service of climate change mitigation via carbon sequestration in forest biomass and avoiding emissions from deforestation and forest degradation. Thus, carbon offsetting is an example of a global ecosystem service, for which national and international markets and policy
regimes are currently evolving to compensate the producers of this service—those who regenerate or preserve forests—for their valuable contribution to addressing global climate change.

Despite these clear similarities, there are also important differences between forest carbon trading and other financial and market-based mechanisms. Perhaps the most significant difference is in its scale, since producers of carbon emissions reductions or sequestration services are selling carbon credits directly to governments, companies and/or individuals in an expanding global marketplace, with globally determined prices and verification standards. Furthermore, these payments are not for direct services rendered to the buyer, but for the global public good of helping to reduce the amount of carbon dioxide in the atmosphere. They could be purchased voluntary, or as an obligation by the buyer under some regional, national or international regulatory framework.

REDD+ is the most recent and pronounced manifestation of forest carbon trading, proposing a global policy and institutional infrastructure for channeling investments from developed countries to developing countries for the conservation and sustainable management of forests. However, the socioeconomic implications of this evolving mechanism are still unknown. While REDD+ could, ostensibly, provide significant funds to forest-dependent communities for local development, there are a number of interrelated issues that could prevent the poor from receiving these benefits.

First, REDD+ is not like other market-based conservation mechanisms that provide households with a direct means of earning income through the sale of forest products or services (e.g., microenterprise, ecotourism, sustainable forest management certification). Therefore, poor and marginalized households would not have a direct economic stake or interest in the benefits.
Rather, the income from REDD+ would be earned collectively at the community level or higher, so it would not necessarily benefit poor households. As a result, the ability of poor and marginalized groups to benefit from REDD+ would depend largely on existing governance and benefit-distribution systems at the local level. These systems are often lacking and/or corrupted by the interests of a few local elites and influential outsiders, who exploit their position or influence for personal gain. If, however, local governance systems are transparent, equitable and pro-poor, then REDD+ could benefit the poor.

Second, there is also a risk of carbon payments being misused or captured by elite and/or corrupt community members, local politicians, administrators and private sector actors, and officials at the state/province or even national levels. It is no coincidence that many of the countries with the highest rates of deforestation are also the most corrupt (Brown, 2010). In such contexts, providing a transparent, fair and effective system for transferring the benefits of REDD+ from the national to the local level could prove to be a considerable challenge. To prevent this, strong institutional guidelines, safeguards and governance mechanisms would have to be put in place.

Third, national and local imperatives to maximize carbon capture and storage could lead to the imposition of restrictions on forest management (official or unofficial—set either by the community or by external regulators and contracts). Such restrictions could adversely impact the ability of poor households, who are highly dependent on forests, to meet their subsistence needs and/or to earn a living by harvesting and selling various forest products. Again, strong safeguards must be built into any REDD+ mechanism at multiple scales—from the national to the community levels—in order to prevent such adverse effects.
Thus, carbon trading and REDD+ offer no guarantee of benefits for forest-dependent communities in general, and for the poor in particular. Rather, the ability of communities, the poor and other marginalized groups to benefit depends on the robustness and responsiveness of existing and new institutional and governance systems and mechanisms.

2.3.2. Challenges of Implementing Forest Carbon Trading and REDD+

In addition to the abovementioned challenges for realizing benefits from forest carbon trading and REDD+ for poverty alleviation, there are significant barriers to the effective implementation of such schemes in general. According to Bumpus and Liverman (2008: 133), “Carbon reductions as a resource show specific spatial distribution patterns and practices that are mediated by their particular environmental, socio-economic and political characteristics.” As such, the potential for carbon trading is subject to four distinct types of challenges or constraints: biophysical and geographic; technical and financial; social, economic and institutional; and policy and political. Each of these types of constraints is elaborated on below.

Biophysical and geographical constraints

Certain biophysical constraints and uncertainties challenge the potential for the success of forest carbon trading regimes. Different forests grow and sequester carbon dioxide at different rates, according to such factors as their climate and soil characteristics, local ecology and species composition, physical structure, age (i.e., state of forest succession), type and frequency of disturbances, management regime, and degree of anthropogenic pressure (Streck and Scholz, 2006).

In general, older forests serve to store carbon (striking a balance between growth and decomposition) and younger forests tend to contribute to carbon sequestration (Streck & Scholz, 2006). Furthermore, temperate forests are generally net carbon sinks, due primarily to their reduced harvest levels, and to increased regeneration and protection efforts; while tropical forests...
typically remain carbon emitters, as a result of their rapid conversion to other land uses (ibid). Therefore, temperate forests lend themselves well to afforestation and reforestation initiatives, while ‘avoided deforestation’ schemes could be critical to preventing the further destruction of tropical forests, which store up to half of their carbon balance in vegetation (ibid). Streck and Scholz (2006) also point out that, of the two general approaches to forest carbon trading (afforestation/reforestation programs and avoided deforestation), avoided deforestation holds the most physical promise for reducing carbon losses from forest ecosystems in the short term, because it can take decades to restore carbon stocks that have been lost to land use conversion.

Technical and financial constraints

There are considerable technical and financial barriers to the effective implementation of forest carbon trading at the local, regional and national levels. Among the most prominent financial constraints is the inability of many governments and especially forest-dependent communities to pay the up-front costs associated with building the technical and institutional capacity required to accurately measure, monitor and record incremental growth in carbon stocks, and to pay external agents to verify these changes (Robledo et al., 2008). As a result, nearly all projects to date have targeted either larger private plantations or public forestlands, while excluding smaller private and community-managed forests (Streck and Scholz, 2006; Robledo et al., 2008). According to Robledo et al. (2008), “At present, forestry activities in developing countries under the Kyoto Protocol’s Clean Development Mechanism (CDM) are highly over-regulated… A high level of expertise is required to get projects in motion, as well as heavy investments, thus discriminating against poor forest communities.” They further claim that, in order to engage in carbon trading, poor communities must either seek funding from
outside investors, or obtain a subsidy to participate from the government or the NGO sector (ibid). Neither of these is easy to secure.

Social and spatial scale can also pose significant constraints on effective and affordable participation in carbon trading. For instance, individual communities would face high transaction costs, struggling to come up with the resources or establish the connections to facilitate their successful participation. Conversely, if communities and forests are aggregated they could realize some economies of scale that might make it possible for them to afford the costs associated with carbon stock measurement, monitoring, verification and certification, whether under a project-based scheme or a national-level system. In terms of the scale of the forest itself, the critical question is: At what size or density does a forest become viable for carbon trading?

In addition to the above, there are some specific technical challenges associated with verifying and certifying forest carbon stocks, particularly for avoided deforestation schemes. In this regard, three issues in particular stand out—‘additionality’, ‘permanence’ and ‘leakage’ (Streck & Scholz, 2006; Bumpus & Liverman, 2008):

- **Demonstrating additionality** refers to the burden of proof that reductions in deforestation would not have occurred without a specific project intervention or financial incentive (i.e. carbon credit payment). In effect, the project or country must show that in the absence of the financial incentive, deforestation would have continued at historically projected rates.

- **Establishing permanence** means ensuring that any carbon sequestration and storage resulting from the intervention would remain in effect for the long term and would not be compromised by future anthropogenic or natural deforestation or degradation.

- **Leakage** implies an increase in deforestation and degradation (or displacement) outside of a specific project area, as a direct result of conservation efforts within the project area. In other words, leakage occurs when a community or project protects the project area at the expense of another adjacent or external area. Leakage must be avoided to ensure positive net gains from forest-carbon offset initiatives.
Social, economic and institutional constraints

A serious concern with forest carbon trading is that it could realize biophysical benefits, in terms of forest carbon accrual, at the expense of biodiversity conservation and/or the realization of important social, economic and poverty-alleviation goals. Many feel that these so-called social and ecological “co-benefits” should form an integral part of any carbon-trading scheme, and that appropriate socioeconomic monitoring systems should also be put in place (Karky & Banskota, 2009). A number of independent standards for ensuring co-benefits already exist. For instance, voluntary projects aiming to demonstrate their commitment to sustainable development outcomes, can adopt the Climate, Community and Biodiversity (CCB) Standards (Streck & Scholz, 2006). While many concur that some kind of co-benefit standards should be incorporated into formal forest carbon trading regimes, it remains unclear what the specifics of such standards would be.

While standards under the Kyoto Protocol mechanisms may be cumbersome for small producers and forest-dependent communities eager to engage in carbon trading, primarily due to the high transaction costs involved, voluntary markets present another type of challenge. Because of their lack of a unified standard methodology for measuring, reporting and verifying carbon stocks, they can raise concerns among potential investors and carbon credit buyers as to their effectiveness in sequestering carbon dioxide (Peskett et al., 2007). On the other hand, the voluntary markets can be more flexible and comprehensive in terms of the types of benefits offered (i.e. including not just carbon offsets, but also biodiversity conservation and sustainable development “co-benefits” such as employment, poverty alleviation, local capacity and legal status), and could present fewer barriers to entry to small producers (Peskett et al., 2007). They can also assess sustainable development outcomes at a variety of different levels, such as the socioeconomic impacts on communities, the potential for engagement by small producers, or the
broader benefits to the host country in terms of technical and institutional capacity development (Peskett et al., 2007).

In the interests of maintaining national sovereignty, the CDM allows the host government to decide whether a project activity contributes to sustainable development or not (Peskett et al., 2007). Peskett et al. (2007: 3) sum up the main concern underlying this approach: “It is questionable whether delivering such benefits should fall within the remit of carbon offset standards, as they play no role in reducing [greenhouse gases]… Adding to the number of objectives could possibly decrease the effectiveness of the standard in meeting this primary aim, especially if budgets are limited.” They also claim that, despite the confusion caused by the many divergent standards, there may be some advantage to multiple standards, in that competition between providers could actually increase accountability while keeping costs down (ibid). However, there may be a trade-off between keeping costs down in order to involve more small producers and the effectiveness of carbon sequestration (Peskett et al., 2007).

One of the primary concerns with forest carbon trading is that it should provide economic benefits that are sufficient to compensate local people for their efforts and to make up for the loss of any other economic benefits or uses of the forest, whether subsistence or commercial, that they may have to give up as a result of their involvement in carbon trading (i.e. opportunity costs). Relative benefits will vary in different geographical contexts. The costs of mitigating deforestation and forest degradation in any particular context depend on: (a) the specific local drivers of deforestation (e.g., commercial agriculture, subsistence farming, wood extraction, etc.); (b) returns from alternative, non-forest land uses; (c) returns from alternative forest uses; and (d) any compensation paid directly to landholders. This implies that carbon trading could be more or less viable in some contexts according to the extent of pressure on the forest and the
opportunity cost represented by other income-generating activities at both the household and community levels (Robledo et al., 2008).

The direct and indirect effects of REDD+ programs could be significant. Safeguards and standards are considered to be important tools that can allow the risks and harms of REDD+ programs to be identified and addressed, thereby ensuring the well-being of human and natural systems. This has become a contentious issue in the UNFCCC talks, as there is concern that the current design of REDD+ could significantly alter the access rights of indigenous peoples and local communities, despite some supportive language in the draft agreement. Since implementation of REDD+ programs will be determined largely by formal tenure rights, communities that have been managing resources, but lack formal land titles, are in danger of losing their access. Another concern is that forest carbon trading could encourage plantations, and thereby lead to the loss of biodiversity. Though the Cancun Agreement specifies a list of safeguards, the text does not mention the means of making them operational.

As the UN process has moved along, international agencies have adopted safeguard policies. The multilateral Forest Investment Program (FIP) and the World Bank’s Forest Carbon Partnership Facility (FCPF) have adopted the World Bank Policies and Procedures (Hite, 2010). These stress the need to engage forest-dependent communities and indigenous peoples to assess who would be affected by programs such as REDD+ and how. The UN-REDD Programme, on the other hand, follows a rights-based approach and has applied the UN Declaration on Rights of Indigenous Peoples (UNDRIP), the stipulation for Free Prior and Informed Consent (FPIC) of the International Labor Organization (ILO) Convention 169, and the UN Development Group Guidelines on Indigenous Peoples.
Institutional constraints span the local to national levels and have to do primarily with both individual and collective (dis-)incentives and capacities for participation in carbon trading. While some estimates reveal that the potential economic earnings by local populations from forest carbon trading are substantial (Banskota et al., 2007), many are skeptical of the possible impacts these funds may have on governance and equity among both national and local level institutions (Lohmann, 2006). At the national level, there is concern that they may foment corruption among government officials charged with the accounting of carbon transactions and dispersing the funds to communities (ibid). In addition, some fear that the funds will be used to bolster state-sponsored conservation by increasing security in protected areas and national forests and further limiting the access and use rights of forest-dependent communities. According to Robledo et al. (2008) the carbon markets themselves also pose challenges with respect to the ability of poor forest-dependent communities to benefit (Robledo et al., 2008): “As currently structured, carbon markets have been inequitable, thereby posing the risk of aggravating the growing economic gap between the forest dwellers and the rest of society. A lot needs to be done to make a post-2012 carbon sequestration approach obtainable for poor communities.”

There is also concern that carbon credit payments may present a challenge to local governance structures and social equity, as mentioned above. More specifically, some fear that such transactions will be characterized by a lack of transparency and that the funds may be co-opted by elite community members to use for their own personal enrichment and/or pet projects, without deliberative decision-making or adequate consideration for the interests of the broader community (Lohmann, 2006). Involvement in carbon trading may also preclude some current forest uses and management activities by individuals or groups within a community. As a result, poor and disadvantaged groups may experience further marginalization through a loss of
resource access and use rights. Corbera et al. (2007) contend that “equitable outcomes are more likely to be achieved when there is communal ownership of forest land and when economic power prior to the creation of the market scheme is fairly evenly distributed within a community.” However, they also note that “strong collective action does not guarantee procedural fairness, as women’s interests in tree planting can still be ignored over a preference for fast-growing species in communally owned forests” (Corbera et al., 2007). In summary, as Canadell and Raupach (2008: 1457) note:

The challenges facing sustainable mitigation through forestry activities, anywhere but particularly in the tropics, are surmountable but large. They include the development of appropriate governance institutions to manage the transition to new sustainable development pathways.

Policy and political constraints

Policy constraints consist of incompatibilities and inconsistencies in both international and national policies concerning climate change, forest management and biodiversity conservation. Internationally, neither the Kyoto Protocol nor any other binding international agreements currently incorporate mechanisms to reduce carbon emissions from deforestation and forest degradation. In fact, at the COP-9 meeting in Milan in 2003, the protection of existing carbon sinks (i.e. avoided deforestation) was declared ineligible under the CDM—though it is still eligible under the Joint Implementation mechanism (Streck & Scholz, 2006)—effectively excluding many developing countries and local communities from participation in forest carbon trading mechanisms. However, the evolving REDD+ mechanism shows considerable promise for remedying this. Of course, alternative voluntary carbon markets exist, as described above, but they may remain limited in terms of their potential reach and returns in the longer term, compared with an international regulatory scheme such as REDD+. At the global level, there is
also uncertainty about how REDD+ and other mechanisms fit with existing international protocols such as the UN Convention on Biological Diversity or the UN Convention to Combat Desertification (Streck and Scholz, 2006).

While constraints and oversights in international policy regimes are of great consequence, national level policy constraints and inconsistencies are perhaps of more immediate and lasting concern for the effective implementation of forest carbon trading schemes. While there seems to be some support for carbon trading among the world’s governments—as evidenced by developments at the COP-13 and COP-14 meetings in Bali, Indonesia and Poznan, Poland, respectively—there is often less political consensus within countries as to what the appropriate means of implementing a given policy are, or who should carry it out. Drawing on the case of Nepal, Pokharel and Baral (2009) note that institutional and individual capacities and responsibilities for strategic action are often insufficient, unclear or dispersed among diverse bureaucracies or departments—or occasionally delegated to external consultants—in ways that elude effective coordination. They stress the need to follow innovative policy processes that eschew the typical “blueprint” approach in favor of schemes that cater more closely to the national context and concerns; and point out that countries like Nepal should not pin all their hopes on the REDD+ model alone, but rather explore various carbon trading schemes simultaneously to determine which fits best with their national circumstances and capacities (Pokharel & Baral, 2009). Karky and Banskota (2009) claim that there is also an urgent need to address inconsistencies among national policies concerning such issues as climate change, forestry, and local governance, and between national and international level policies on climate change. They note, “Although [community-based forest management] has done fairly well in the mountain areas of Nepal, the challenge now is… how to synchronize [national] policy with the
emerging global climate policy so that the local communities that manage and conserve forests can benefit from the emerging global carbon markets under the UNFCCC” (Karky & Banskota, 2009).

REDD has generated a lot of political controversy and discussion since it was officially put on the negotiating table at the Bali meeting in December 2007. The notion of “avoided deforestation” is a technically complicated one that invites criticism from many quarters. Some have moral qualms about paying countries for not cutting down their forests, stating that this introduces perverse incentives that could actually lead to the further destruction of forests before a baseline is set (Shamsuddoha & Chowdhury, 2008). Others note that deforestation is a major source of global greenhouse gas emissions and that it is, therefore, imperative to create appropriate mechanisms to enlist diverse actors in forest conservation efforts (Stern et al, 2006). Streck and Scholz (2006) argue for involving developing countries in carbon trading from a global social justice standpoint:

Developing countries administer the majority of the world’s environmental resources... With increasing pressure on development and use of resource, they can hardly be expected to provide these services for free. By maintaining their rainforests, tropical countries provide an invaluable global service, one for which they have to be compensated.

2.4 Summary

This review of different financial and market-based mechanisms has examined a broad range of programs, initiatives and outcomes. Due to significant differences in the specific nature of these programs, and to the diversity of methods, evaluative criteria and indicators employed to assess them via the different studies, it is difficult to draw unequivocal conclusions about their success in achieving any given outcome. Nonetheless, it does point to certain lessons and trends
related to the effectiveness of such mechanisms in enhancing socioeconomic conditions and conservation efforts.

The scale or scope of each market-based instrument can have a strong bearing on its effectiveness and institutional sustainability. This review has looked at three general categories of incentive-based and market-based conservation instruments: international transfer payments; transnational market-based mechanisms; and national and subnational PES schemes. The focus has been mainly on schemes that span international borders, connecting global investors and consumers to local producers in various ways. Only the last category, national and subnational PES schemes, deals with more localized mechanisms. However, the scalar dimensions of market-based mechanisms matter significantly. Those mechanisms that span local to global levels are typically more complex and confounding (Kronenberg & Hubacek, 2013). More importantly, market-based mechanisms and PES schemes have more potential when there is a match between the scale of transactions and the scale of those institutions and stakeholders necessary for ensuring their success (Hein et al., 2006). Sometimes, this requires cross-scale institutional linkages (Daily et al., 2009). As Hein et al. (2006: 225) have put it:

Consideration of scales and stakeholders allows identification of the appropriate institutional level for decision making. In general, decision making on ecosystems should take place at a high enough level to ensure that all main benefits of the ecosystem are accounted for (Millennium Ecosystem Assessment, 2003). Services provided at high institutional scales, in particular the nature-conservation and carbon-sequestration services, require institutional arrangements at the national and international scale in order to ensure their continued supply.

In a comparison of numerous PES programs in both developed and developing countries, Wunder et al. (2008) found that, in general, user-funded PES programs are more efficient than government-funded programs, due mainly to the presence of more reliable accountability mechanisms, including monitoring and enforcement, and the absence of confounding side
objectives common to government-financed initiatives. They also note that variation in the effectiveness of individual PES mechanisms stemmed from differences in ecological, socioeconomic and institutional circumstances, as well as from design flaws and accommodation of different political agendas (Wunder et al., 2008). This is true, for instance, in the case of the Rewarding Upland Poor for Environmental Services (RUPES) program in Nepal, where payments were made to local communities with little-to-no oversight on the biodiversity implications of these payments or what they were used for. As Khatri (2010: 1) has noted about RUPES, “Politics are driving the design of [these] PES mechanisms, and… this research suggests that PES schemes do not necessarily result in cooperation among local institutions or the achievement of both ecological and social outcomes.”

Kemkes et al. (2010), provide four basic recommendations for improving the effectiveness of PES schemes: (1) delineating and bundling services [in order to sell them to a wider array of potential buyers]; (2) provisioning locally valuable services [for the producers of ecosystem services]; (3) pooling supply and demand [collaboration among producers and/or buyers]; and (4) utilizing existing intermediaries [drawing on current national/local institutions for effective implementation]. These recommendations suggest that, regardless of whether PES schemes are regional, national or international in scope, effective local institutions and design are crucial to ensuring they work. They also indicate that the proximity and diversity of buyers are both important factors for ensuring the success of such schemes.

Overall, aside from the abovementioned issues of scale, this review reveals that incentive-based and market-based schemes offer no automatic or easy gains for poverty alleviation. International transfer payments, such as debt-for-nature swaps and global and national conservation funds, provide no direct financial incentives to local communities and
landholders to manage forests sustainably and their implementation is often plagued with political problems. While transnational market-based mechanisms such as sustainable forest management certification and NTFP production provide potential opportunities for the poor to gain direct economic benefits, these benefits are often limited due to their insufficient coverage, weak market linkages, high transaction costs, and/or their capture by more influential actors. Moreover, unless they are carefully managed, these market-based mechanisms could pose a threat to biodiversity. PES schemes have received a lot of attention in recent years for their potential to provide significant direct incentives to local landholders—thereby shaping their decisions regarding forest management and use—but the effective delivery of these incentives requires careful institutional design and paying heed to economic trade-offs, efficiency, potential perverse incentives, equity and political legitimacy. There is no guarantee that PES schemes will reach the poor—they must be complemented by explicit efforts to ensure the effective political and economic participation of socioeconomically marginalized groups.

Thus, by themselves, market-based forest conservation programs do not necessarily provide benefits for poor and socially marginalized groups. Institutional arrangements, at multiple levels (international to local) are crucial in determining the impacts of these mechanisms on poverty alleviation, community development and forest conservation. Emerging mechanisms like REDD+ offer an important opening to leverage global payments for ecosystem services like carbon sequestration towards poverty reduction. However, without the appropriate institutional and legal infrastructure that guarantees standards, social and ecological safeguards, and the tenure and access rights of local communities, these mechanisms will not be able to fully realize their economic and social goals.
Carbon prices would largely determine the extent of changes in rural incomes. An international regulatory mechanism, for example, through a global climate change agreement, is needed to ensure that carbon prices are high enough to attract participation. The extent of mitigation commitments that developed countries make will directly impact the price. Combining carbon sequestration with other ecosystem services could be a strategy to increase the total value of payments received. In addition, as evidenced by the case of degraded or threatened lands requiring substantial management alterations, carbon prices alone may not be able to shift management practices. Market-based mechanisms will need to recognize the diversity amongst poor and marginalized peoples, particularly by paying attention to their different status of landholdings, their varied ability to participate, and the diverse benefits they derive from forest resources and ecosystems.

Aside from the abovementioned socioeconomic, ecological and institutional constraints and limitations, the transaction costs associated with designing and implementing these market-based schemes for promoting various ecosystem services are sizeable and very complex. Experience has shown that creating and sustaining such markets requires continued fiscal, technical and political support and guidance from numerous actors—including governments, donors, the private sector and/or civil society groups—in order to emerge and function successfully. In the face of such steep and uncertain transaction costs, the long-term viability of these mechanisms is problematic.

In summary, achieving inclusive and equitable development and poverty reduction by leveraging market-based forest-conservation policies alone will pose a significant challenge. As Engel and Palmer (2009) argue, realizing poverty reduction while achieving environmental gains requires additional policy tools and institutional structures, and expecting maximum
environmental gains and poverty reduction simultaneously is unrealistic. While instituting market-based forest conservation policies, governments will need to continue to formulate targeted policies for rural development and poverty alleviation. The literature on the nexus between poverty alleviation and the achievement of environmental goals is still evolving. More research needs to be carried out to understand how poverty reduction and development outcomes can be enhanced while pursuing forest conservation through market-based mechanisms. It has become increasingly evident that achieving broad-based development gains from these financial and market-based mechanisms requires their further integration with other livelihood strategies that promote social and economic opportunity, empowerment and equity at the community level, especially among the poor and other socially disadvantaged groups.

These lessons suggest the need for a concerted institutional approach in order to promote the long-term viability of incentive-based and market-based schemes for forest conservation and climate change mitigation, and to achieve both their socioeconomic and ecological goals. Such an approach requires the identification and assessment of key aspects (i.e., institutions) that promote effective forest governance. The next Chapter (Chapter 3) explores different academic and applied frameworks of forest governance in order to discern critical elements and principles for effective decentralized forest governance in general, and for the success of market-based forest conservation schemes such as those discussed above. Once distilled, these elements and principles form the building blocks of my conceptual framework, which is presented at the end of Chapter 3.
Chapter 3

Evaluating Forest Governance:
A Review of Theories, Academic and Applied Frameworks

The previous chapter (Chapter 2) established the ambiguous merits of market-based mechanisms for achieving socioeconomic and ecological gains. This chapter scrutinizes different theories and frameworks for assessing forest governance, particularly in the context of market-based mechanisms, and lays the foundation for the subsequent analysis presented in Chapter 6. This review is not exhaustive. Although I have not covered all possible frameworks, I have selected 27 of the most relevant ones and compared them with each other to see what the common threads are in terms of key principles and elements of forest governance. The goal is not to develop yet another comprehensive framework for assessment, but rather to tease out the key principles and institutional elements for effective decentralized forest governance, particularly in the context of market-based mechanisms. The ultimate aim of this review is to provide a theoretical and conceptual framework for addressing my main research questions:

1. What are the key elements (i.e., institutions) and principles of effective decentralized forest governance?

2. To what extent are the elements evident in and affected by Nepal’s community forestry program in general, and by market-based schemes like SFM certification and REDD+ in particular?

3. How inclusive and deliberative are national REDD+ policymaking processes, and what are the implications of this for future governance processes and their socioeconomic and ecological outcomes?

There are many definitions and conceptualizations of governance, both empirical and normative. These include broad, academic, institutional frameworks and concepts like
polycentric governance (Ostrom, 2005), as well as more applied ones such as adaptive governance or adaptive co-management (Berkes, 2002; Folke et al., 2005). Such frameworks have been used extensively to study the governance of natural resource systems, including forests (e.g., Gibson et al., 2000; Agrawal, 2007). Specific applied frameworks for assessing forest governance have also been developed by organizations such as the Center for International Forestry Research, World Resources Institute, United Nations, World Bank and others (described below). In addition, with the rise of schemes like REDD+ and associated governance concerns, attempts have been made to devise evaluative frameworks, tools and indicators for examining governance processes and outcomes in the context of such globalized PES mechanisms.

Lemos and Agrawal (2006) identify four important contemporary trends in environmental governance: globalization (i.e., upward integration), decentralization (i.e., downward devolution), market and agent-focused instruments, and cross scale-governance. Each of these trends is relevant to the topic of this dissertation: the governance of market-based schemes for conservation and climate change mitigation. Globalization relates to the expansion and integration of institutions and markets for environmental services around the world. Decentralization describes the trend toward increasing participation and autonomy among communities, NGOs, and local government bodies in the management and use of natural resources and ecosystems. Market and agent-focused instruments comprise the broader category that schemes such as SFM certification and REDD+ fall under, involving diverse actors, from international buyers and mediating institutions to individual communities and users. Finally, such schemes necessitate effective cross-scale governance arrangements to facilitate the flow of information and resources (e.g. carbon payments) among the different ‘buyers’, ‘sellers’ and other stakeholders, with assistance and oversight from global, national and local institutions.
Lemos and Agrawal (2006) also outline three types of hybrid arrangements: co-management (collaborations between the state and communities/civil society); public-private partnerships (between the state and market actors); and private-social partnerships (between market actors and communities/civil society). Where do market-based conservation instruments like SFM certification and carbon trading (e.g., REDD+) fit into this mix? Frequently, they are private-social partnerships. However, they can also entail significant involvement of the state, especially in the case of REDD+ where national governments have been key actors supporting—and often controlling—related policymaking and readiness processes.

3.1. Review of forest governance paradigms and frameworks

There are several paradigms or overarching modes of governance relevant to forest ecosystems, such as state-centric (i.e., hierarchical) governance, polycentric governance, market-oriented governance, network governance, and adaptive governance (e.g., Evans, 2012). Each of these is described in further detail below in the context of decentralization.

Forest governance in transition

The governance of forests and other natural resources has undergone a remarkable transition over the past couple of decades toward legal and administrative decentralization, particularly in Asia (Agrawal & Ostrom, 2008; Springate-Baginski & Blaikie, 2007; Ribot et al., 2006; Tyler, 2006). Once largely the purview of colonial administrations and the state, the management, use and benefits of forests are increasingly shared by a range of stakeholders from diverse sectors and at multiple scales, including civil society and private sector actors (Agrawal et al., 2008).
Notions of participatory governance, decentralization, inclusiveness and polycentricity have become central to investigations on, and management of, a broad range of natural and common-property resource systems, including forests. Deliberative and participatory governance, along with decentralization, are seen as vital to the effective planning, policymaking, implementation and evaluation of diverse projects and initiatives (e.g., Dryzek & Niemeyer, 2010). However, different notions and modes of governance exist in both theory and practice. In general, this research is concerned with the evolution away from state-centric modes toward more market-oriented and polycentric modes, including ‘network governance’. These concepts are explained further below.

Proponents of decentralizing forest governance claim that it can enhance efficiency and equity, and the ability of governments to effectively respond to people’s needs, demands and aspirations (Ribot et al., 2006; Larson & Soto, 2008). However, experience with decentralization in countries around the world has shown that it does not always meet its explicit objectives or its implicit goals (ibid). Critics note that decentralization initiatives are frequently accompanied (and regularly undermined) by restrictions or limitations imposed by governments seeking to maximize their own efficiency, management objectives and benefits, by decentralizing responsibility but not fully devolving decision-making and management authority to local bodies (Ribot et al., 2006). Thus, there is a persistent tension between official decentralization initiatives and informal, often covert, efforts to recentralize or maintain power and control over critical financial, political and natural resources, as has been observed in Nepal (e.g., Ojha, 2008). As a result, decentralization efforts and their outcomes often fall short of their stated aims (e.g., in terms of resource access and use rights).
Furthermore, although decentralization is frequently seen as the prerogative and purview of the state, many scholars argue that, in order for it to promote meaningful change for those that it ostensibly targets and engages, it must be driven from below by the demands of grassroots actors (e.g., Larson & Soto, 2008). In this sense, decentralization is viewed not merely as an administrative act, but as a political process involving contestation and power struggles, and embedded in broader national political and economic contexts (ibid). In this context, it is important to reflect on what types of governance processes and configurations lead to the most effective forms of shared management and decision-making authority.

**Modes of forest governance**

Globally, there are three basic models of governance relevant to research on the management and decentralization of forests and other natural resources and ecosystems. In the first, *state-centric governance*, the national government controls most aspects of forest management and use, and also reaps the bulk of the benefits (e.g., Scott, 1998). Others are essentially excluded from managing and using forests and their resources, or only granted permission for such activities under tightly regulated circumstances. The second, *market governance*, represents a mixed approach that relies heavily on economic incentives via payments and investments from private sector actors to promote benefits for forest managers while pursuing specific ecological and/or social goals (Cashore, 2002), while also involving state and/or civil society actors. Finally, *polycentric governance* challenges the notion that governments or markets are always the best stewards of forests. It implies the existence of multiple centers or ‘nodes’ of power, whereby the formulation and execution of decisions and policies is shared among diverse actors from different sectors and at different geographical scales (e.g., Ostrom, 2009). These might include various government entities, civil society
organizations, educational and research institutions and/or private sector companies and representatives. Polycentric governance also incorporates sub-national administrative offices, NGOs and community-based institutions that play an active role in determining forest management and use at the local and regional (e.g., district) levels.

There are three concepts that are integral to understanding the governance of forests and other natural resources and ecosystems: polycentric governance, decentralization and deliberative governance. As noted above, polycentric governance means the presence of multiple, independent nodes or “centers” of authority and decision-making in the provision of public and/or private goods and services (Ostrom, 2010). One can achieve a more robust, cross-scale understanding of polycentricity by viewing it as resulting from both vertical and horizontal processes: decentralization and deliberation (i.e., horizontal decentralization), respectively.

*Decentralization* denotes a vertical shift in administrative, fiscal, and/or decision-making authority from larger (e.g., national) to smaller (e.g., state, district, or community) geographical scales (Ribot et al., 2006). It can, but does not always, result in polycentric governance structures; this depends largely on the extent of deliberative governance (Andersson & Ostrom, 2008; Andersson et al., 2012), defined below. Decentralization can be further delineated into two basic types: ‘deconcentration’ (the relegating of national administrative functions and responsibilities, i.e. mandates) to local government units; and ‘devolution’ – the delegating of real decision-making authority and autonomy to local government and/or non-governmental entities (e.g., Ribot et al., 2006). It can also be divided into different functions, such as political, administrative and fiscal decentralization, with separate entities sometimes performing each function, though there is commonly overlap among them.
Deliberative governance embodies the normative idea that more equitable and sustainable public policy decisions will be achieved through open dialogue and debate involving diverse actors from different sectors (Dryzek & Niemeyer, 2010). There is some overlap between the two: decentralization can entail devolution of authority from government entities to actors in other sectors and deliberation can occur across administrative scales. Thus, decentralization promotes greater autonomy in local institutional structures, whereas deliberation facilitates inclusion and interactions among a wider array of actors, views, and interests across sectors and scales. These two interlinked processes reinforce each other and are essential to strong, pluralistic, cohesive and collaborative governance structures and institutions (Andersson & Ostrom, 2008; Andersson et al., 2012).

In addition to the three modes of governance described above—state-centric, market-oriented, and polycentric—a fourth conceptualization known as network governance is increasingly employed to study policy-making processes at global, national, and local scales (Kenis & Schneider, 1991; Perkins & Court, 2005). Like polycentric governance, network governance involves multiple, dispersed points of decision-making. However, whereas polycentric governance focuses largely on participation, interests, sources of authority, and overlapping institutions (shared rules and norms) among autonomous actors, network governance is primarily concerned with cooperation and conflict, including flows of information and resources, among actors. Thus, network governance emphasizes relations among actors and groups of actors as key determinants of policy and governance outcomes, and is concerned with the structure and performance of the network as a whole (Carlsson and Sandström, 2008). Dedeurwaerdere (2005: 2) states that network governance strives to “take into account the increasing importance of NGOs, the private sector, scientific networks and international
institutions… to create a synergy between different competences and sources of knowledge in order to deal with complex and interlinked problems.” It contrasts with more elitist approaches like the “iron triangle”—often used to describe issue-based politics in the United States—which is characterized by interactions among a small, exclusive set of actors from the government bureaucracy, legislature, and powerful interest groups (Kenis & Schneider, 1991).

Network governance can have both a normative and a non-normative meaning. In its normative connotation, it implies that the involvement and linkages among diverse actors necessarily lead to better and more sustainable policy outcomes (akin to polycentric governance), an empirical claim that is presumably testable. In this sense, the greater the connectivity (e.g., with respect to information sharing and collaboration), the better the outcomes for all concerned stakeholders and thus the less contested policy decisions will be. In a non-normative sense, network governance is mainly concerned with analyzing the types of linkages among different actors and their implications for specific policy outcomes from a purely scientific or empirical perspective. In this conceptualization, the overall level of involvement and connectivity among different actors in the network are not as important as the strength and specific nature of linkages (positive or negative) between key actors and the contextual conditions that influence the characteristics of specific networks and relations. However, non-normative research is often also concerned with the overall degree of connectedness in a network, to the extent that it may predict or determine specific associated outcomes.

Network governance can be conceptualized through policy networks, or sets of specific relations among policy actors. According to Kenis and Schneider (1991), policy networks represent new hybrid forms of political governance and resource mobilization, marked by an altered relationship between state and society whereby decision-making and program
formulation and implementation are shared among various public and private actors. In the context of policymaking, this means that organizational actors from different sectors are expected to play an active role in key policy decisions through joint involvement in policy forums (e.g., multi-stakeholder dialogues, working groups, and as members of legislative and executive bodies). However, one should acknowledge political economy critiques that question more normative conceptualizations of policy networks and reveal how hierarchical relationships can be embedded in supposedly horizontal networks, affecting their nature and efficacy (Davies, 2012). According to Dryzek and Niemeyer (2010:124-125), “Networks are polycentric… while inequalities may exist within networks, they are not formally constituted as hierarchies… [but] a network can be more or less inclusive of those affected by a decision, as well as more or less deliberative when it comes to the terms of their inclusion.” Using Nepal as a case study, this research examines the degree of unevenness in REDD+ policy networks and its broader implications for decentralized forest governance.

The three basic paradigms or “modes” of forest governance are summarized in Table 3.1, with respect to decision-making authority, forest management practices, and benefits and use of forest resources. These and other concepts and models of forest governance described above are depicted conceptually in Figure 3.1, which shows the three main sectors (state, market, civil society) and the related modes of governance (state-centric, market-oriented, polycentric, network) across different scales, from the national to the community level, along with the paired processes of (vertical) decentralization and deliberation.
Table 3.1. Modes of forest governance and roles of different entities (sectors) in each

<table>
<thead>
<tr>
<th>Governance Mode</th>
<th>Roles</th>
<th>Main decision/policy-making authority</th>
<th>Forest management practices</th>
<th>Benefits and use of forest resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-centric governance</td>
<td>Centralized (Government)</td>
<td>Centralized (Government)</td>
<td>Government determines and allocates benefits</td>
<td></td>
</tr>
<tr>
<td>Market governance</td>
<td>Private sector, with government approval and coordination</td>
<td>Private sector with gov’t and/or communities following market imperatives</td>
<td>Private sector, with a cut for government and/or communities</td>
<td></td>
</tr>
<tr>
<td>Polycentric governance (&amp; network governance)</td>
<td>Dispersed - government with input from civil society &amp; private sector</td>
<td>Government in partnership with civil society, private sector</td>
<td>Shared by communities, private sector &amp; government</td>
<td></td>
</tr>
</tbody>
</table>

Figure 3.1. Conceptual diagram of different modes and processes of forest governance.

In summary, there are two key aspects of polycentric (and network) governance:

*horizontal decentralization* (i.e., deliberation – the increasing involvement of actors from other sectors and, by extension, local communities in policy and governance decisions); and *vertical decentralization* (the formal delegation of authority to sub-national and local levels of
government). Those who adopt a more normative position on network governance maintain that both horizontal decentralization (deliberation) and vertical decentralization play an important role in ensuring better governance, claiming that vertical decentralization is typically more formal, whereas horizontal decentralization is often an informal, implicit part and/or goal of policy-making processes. According to Mohiddin (2004: 16-17):

Vertical decentralization requires a shift in policy, laws and regulation from the center; while horizontal decentralization may take place without those adjustments. However, for effective local governance, both planes of decentralization are crucial. Vertical decentralization provides the appropriate legal, structural and institutional requirements, and horizontal decentralization empowers people to act as they will and prepares them to effectively utilize whatever powers and authority are handed down from the central authorities.

In Nepal, vertical decentralization has been a major facet of forest governance reform since the 1980s, supported by national legislation, administrative orders and a growing number of civil society groups that advocate for the resource rights of local communities. However, horizontal decentralization (deliberation) is a relatively new phenomenon, and key governance functions are still dominated by state agencies and administrators, which have been reluctant to share their decision-making authority. Although vertical decentralization and horizontal decentralization are both important aspects of forest governance in Nepal, the nature of the relationship between these simultaneous processes has not been sufficiently studied (Mohiddin, 2004; Fleurke and Willemse, 2004). Decentralization of forest governance in Nepal has entailed both the deconcentration and devolution of decision-making and management authority, some fiscal and administrative responsibilities, and the right to harvest and sell certain forest products, to varying degrees. The process and characteristics of decentralization in Nepal are unpacked further in Chapter 5.
The past few decades have also witnessed a global shift from state management in the forestry sector to the increasing involvement of market-based incentive schemes for promoting sustainable forest management and conservation. Many feel that this trend will only increase in the future (Agrawal et al., 2008). This new paradigm has been characterized by a rise in payment for ecosystem services (PES) schemes, built on the assumption that forests can be better preserved through the creation and strengthening of markets for the valuable services that they provide. Some believe that these non-state, market-driven mechanisms represent a distinct form of forest governance (Cashore, 2002). For instance, Thompson et al. (2011) view REDD+ as a unique form of governance shaped by emerging markets, whereby certain actors and solutions are favored over others, thus determining the engagement of and outcomes for different stakeholders.

This notion of the market as a promoter of sustainable forest management still faces some resistance in countries with an entrenched system of state-managed forests, including Nepal. Some claim this is the legacy of colonial forest management practices imported to Nepal from India and elsewhere. However, with financial and technical support from multilateral organizations like the World Bank and the United Nations, as well as various bilateral donors and international NGOs, market-based mechanisms and PES schemes continue to grow in popularity and scope in Nepal and worldwide (Agrawal, 2007). The question is, can these new schemes meet the multiple social, economic and ecological objectives demanded under contemporary notions and frameworks of forest governance? More specifically who are the buyers and sellers? In the colonial system still in place in many countries, “sellers” are forest management agencies that “sell” forest use concessions to corporate entities that harvest the trees and take the money. In Nepal, which was never fully colonized (though they did adopt forest
management practices stemming from British India) and where industrial forestry is relatively undeveloped, many communities are granted concessions by the forest administration, in the form of short-term (5-year or 10-year) lease agreements on state forest land. These arrangements include rights to manage, harvest and sell biological resources from the land—based on a government-approved forest management plan—but not formal tenure rights over the land itself.

3.2. Theoretical and applied frameworks for assessing forest governance

As indicated above, there are two basic types of frameworks for evaluating the governance of forests and other types of natural resources and ecosystems: theoretical and applied. This section reviews prominent examples of each type of framework in an attempt to tease out the key elements or indicators of the effective governance of forests in general, and of market-based conservation mechanisms like forest certification and REDD+ in particular. Evans (2012), describes three orders of environmental governance:

- **Meta-governance** (i.e., third-order governance) – Guiding principles [and narratives] emphasizing ethical and theoretical arguments and debates about how problems are framed and addressed (e.g., environmental ethics, new institutionalism, political ecology);

- **Second-order governance** – Design of policy instruments, institutions and programs to guide first order governance (e.g., environmental politics, laws and policymaking); and

- **First-order governance** – How problems are addressed directly through action and implementation, with an emphasis on legitimacy and efficiency, (e.g., environmental and natural resource management).

In this context, theoretical frameworks of forest governance are akin to meta-governance, seeking to explain how governance functions; while more specific applied frameworks for measuring and assessing forest governance—generally or in specific contexts, programs and initiatives—represent second-order governance. First-order governance refers to actual projects and administrative interventions on the ground that may or may not be directly based on applied
frameworks and theoretical concepts. On the whole, the theoretical frameworks are more
generalizable to different cases beyond forest governance (i.e., governance of common property
resources in general), while the applied frameworks are specific to forest governance and to
discrete activities and programs. Although this review aims to be comprehensive, it is impossible
to capture all of the literature on forest governance frameworks here, so the following discussion
will focus on the most popular and relevant frameworks.

3.2.1. Theoretical frameworks (meta-governance)

A few empirical or theoretical frameworks are useful for conceptualizing and assessing
forest governance. The most prominent of these are the Institutional Analysis and Development
These frameworks are described below.

*Institutional Analysis and Development Framework & Social-Ecological Systems Framework*

The research of Elinor Ostrom and colleagues has been instrumental in understanding the
institutional underpinnings of governance, particularly with regard to common-property
resources and coupled human-environment systems (Ostrom, 1990; Ostrom, 2000). One of the
main goals of this growing body of research has been to show the possibilities for coherent
collective action derived from forces beyond the state and the market (Ostrom, 2009).

The Institutional Analysis and Development (IAD) Framework was developed by Elinor
Ostrom and Vincent Ostrom and others at the Workshop in Political Theory and Policy Analysis
at Indiana University (Ostrom, 2011). It aims to examine conditions conducive to effective
collective action for the management of a diverse range of common-property resources, such as
police services, irrigation systems and forests. Development of these theories was due in part to
Ostrom’s observations of farmer-managed irrigation systems in Nepal (e.g., Ostrom et al., 1994).
One specific research program that adopted the IAD framework is the International Forestry Resources and Institutions (IFRI) network, which has conducted numerous studies on factors leading to sustainable forest governance around the world since 1992 (e.g., Gibson et al., 2000). IFRI consists of a global network of 14 affiliated institutions in 12 countries, while studies employing the IFRI methodology have been conducted at over 250 sites in 15 countries, including Nepal (IFRI, 2015). IFRI has spurred diverse research on the communal management of forest ecosystems around the world, including both in-depth case-studies and comparative analyses (Andersson, 2006; Agrawal, 2007). Based on this research, a set of basic variables that influence the management of forests and other common-property resources has been developed and tested (Gibson, McKean, & Ostrom, 2000; Agrawal, 2001): (1) resource system characteristics (e.g., size, boundaries, mobility, predictability); (2) group characteristics (e.g., size, boundaries, norms, social capital, leadership, homogeneity, socioeconomic status); (3) relationship between resource system and group characteristics (e.g., location, dependence, demand); (4) institutional arrangements (e.g., simplicity and appropriateness of rules, monitoring, enforcement, sanctions, adjudication); (5) relationship between resource system and institutional arrangements (e.g., match between harvest restrictions and resource regeneration); and (6) external environment (e.g., technology, markets, governance structures, financing and compensation).

In one of her seminal works, Ostrom (2000) also developed a set of eight more specific “design principles of long-surviving, self-organized resource regimes”. These principles, germane to the effective management of a wide range of common property resources, include: (1) the presence of clear boundary rules; (2) matching rules governing use of common goods to local needs and conditions; (3) ensuring those affected by the rules can participate in modifying
them; (4) making sure the rule-making rights of community members are respected by outside authorities; (5) developing a system, carried out by community members, for monitoring members’ behavior; (6) using graduated sanctions for rule violators; (7) providing accessible, low-cost means for dispute resolution; and (8) building responsibility for governing the common resource in nested tiers from the lowest level up to the entire interconnected system.\(^1\)

The Social-Ecological Systems (SES) Framework grew out of the IAD Framework. It identifies four interconnected subsystems that are also linked with broader social, economic, political, and natural (eco-) systems: (i) resource systems; (ii) resource units; (iii) governance systems; and (iv) users (Ostrom, 2009) (see Figure 3.2). The SES Framework also stipulates ten variables related to these four subsystems that have a strong influence on the sustainability of social-ecological systems: [resource system] (1) size of resource system, (2) productivity of system, (3) predictability of system dynamics; [resource units] (4) resource unit mobility; [users] (5) number of users, (6) leadership, (7) norms/social capital, (8) knowledge of the SES, (9) importance of resource to users; and [governance systems] (10) collective-choice rules (GS6).

Adaptive Governance

Another popular theoretical framework related to social-ecological systems is adaptive governance. It emphasizes iterative, mutual learning processes, relying on concepts like uncertainty, risk, resilience and adaptive capacity and stresses the importance of local knowledge systems in realizing positive and sustainable governance outcomes (Folke, Hahn, Olsson, & Norberg, 2005; Armitage, Berkes, & Doubleday, 2007). Furthermore, it focuses on the

\(^1\) As quoted in Elinor Ostrom’s Eight Principles for Managing a Commons: [http://onthecommons.org/magazine/elinor-ostroms-8-principles-managing-commons](http://onthecommons.org/magazine/elinor-ostroms-8-principles-managing-commons)
integration of scientific knowledge, local knowledge, policies and decision-making processes across multiple scales (Steelman et al., 2005; Termeer et al., 2010). Hatfield-Dodds et al. (2007) state the relevance of adaptive governance for analyzing policymaking processes and institutional learning:

![Conceptual diagram of the Social-Ecological Systems Framework](image)


**Figure 3.2. Conceptual diagram of the Social-Ecological Systems Framework**

*Adaptive Governance*

Another popular theoretical framework related to social-ecological systems is adaptive governance. It emphasizes iterative, mutual learning processes, relying on concepts like uncertainty, risk, resilience and adaptive capacity and stresses the importance of local knowledge.
systems in realizing positive and sustainable governance outcomes (Folke, Hahn, Olsson, & Norberg, 2005; Armitage, Berkes, & Doubleday, 2007). Furthermore, it focuses on the integration of scientific knowledge, local knowledge, policies and decision-making processes across multiple scales (Steelman et al., 2005; Termeer et al., 2010). Hatfield-Dodds et al. (2007) state the relevance of adaptive governance for analyzing policymaking processes and institutional learning:

We argue that adaptive governance provides an interesting lens for examining the political economy of policy responses – akin to the concept of market failure within economics, but applied to wider processes of social learning and collective choice, including collective choices about the scope and structure of institutions that govern lower-level choices by individuals and organizations.

A common manifestation of adaptive governance is adaptive co-management, which stresses the participation of diverse stakeholders at different scales in governing specific resources or ecosystems through a collaborative learning approach (Armitage et al., 2007). According to Armitage et al. (2007), adaptive co-management has three core aspects: “(1) the imperative of broad-based participation when devising management strategies that respond to change; (2) the need to emphasize knowledge, learning, and the social sources of adaptability, renewal, and transformation; and (3) an understanding of change and uncertainty as inherent in social-ecological systems.”

Drawing on adaptive governance, Pahl-Wostl (2009) identifies four main dimensions for analyzing the structural characteristics and success of environmental governance regimes: (1) institutions and the relationship and relative importance of formal and informal institutions; (2) actor networks with emphasis on the role and interactions of state and non-state actors; (3) Multi-level interactions across administrative boundaries and vertical integration; (4) Governance modes—bureaucratic hierarchies, markets, networks. Pahl-Wostl (2009) also discusses the
iterative “triple-loop” learning cycle of adaptive governance, which incorporates feedback and lessons from different outcomes in a way that can transform the context, redirect the dominant framings, and/or incrementally influence the actions of governance, and thereby reshape outcomes in the future (Figure 3.3).

Foster et al. (2010) provide six specific concepts based on adaptive management for enhancing sustainable forest management: (1) best management practices (BMPs)/reduced impact logging (RIL); (2) biodiversity conservation; (3) forest protection; (4) multi-scale planning; (5) participatory forestry; and (6) sustained forest production.
Comparison of theoretical frameworks

The three main theoretical frameworks discussed above concerning the governance of forests and other social-ecological systems—the IAD framework, the SES framework, and adaptive governance—exhibit some significant commonalities and differences. The IAD and SES frameworks follow the tradition of new institutionalism\(^2\) and are closely aligned in their identification of key demographic and physical components that determine forest governance outcomes. They both list characteristics of the resource system; the demographic group; the institutional arrangements (i.e., rules and norms), the relationships among them; and external social, economic and political forces. They share a focus on certain aspects of the resource system (size, predictability), resource users (number, leadership, social capital, norms), relationship between the resource and users (importance/dependence, location/mobility), and basic institutional aspects (presence/appropriateness of collective choice rules).

Beyond these shared aspects, the IAD Framework emphasizes boundaries (of both the resource and the group), group socioeconomic status and homogeneity; monitoring, enforcement and adjudication of rules; the ecological sustainability of the management system; and external technological, economic and political factors. The SES Framework, though it lacks these aspects, includes a focus on knowledge and learning about social-ecological systems, similar to adaptive governance. It also outlines the four main sub-systems that are affected by institutional characteristics: resource systems, resource units, governance systems and users.

\(^2\) New institutionalism (or the new institutional economics) is a theory shared by sociology, political science and economics, though with varying interpretations, that purports that institutions (i.e., laws, rules and social norms) have a strong bearing on diverse economic and social outcomes (e.g., North 1992; Furubotn & Richter, 1997).
Compared to the other two frameworks, adaptive governance is more process-oriented, stressing the importance of integrating knowledge systems, social learning, and participation in decision-making at multiple scales through a cyclical, iterative process, in order to deal with change and uncertainty. Like the IAD and SES frameworks, adaptive governance highlights the role of local institutions to some extent, especially cross-scale institutional linkages (Berkes 2002). However, it also emphasizes larger structural aspects such as actor networks and governance modes (e.g., bureaucracies, markets, networks) as important determinants of effective governance.

While adaptive governance is less prescriptive than the other two theoretical models, it provides important insights into the requirements for effective governance of forests and other common-property resources. The three frameworks (IAD, SES and Adaptive Governance), as well as Ostrom’s Eight Design Principles, are compared in Table 3.2.

### 3.2.2 Applied frameworks for forest governance

In addition to the abovementioned theoretical frameworks, there are a number of more specific, applied frameworks that have been developed by organizations like the United Nations, World Bank, Center for International Forestry Research, World Resources Institute, and others, to guide and assess the effective governance of forest ecosystems and resources. As mentioned above, these applied frameworks represent second-order governance (Evans, 2012). Some are more conceptual, prescribing general principles, guidelines and goals of good forest governance, and some are more empirical, providing specific criteria and indicators to measure and assess the extent of (good) forest governance. Several of these frameworks are discussed below.
Table 3.2. Comparison of aspects in the IAD, SES and Adaptive Governance frameworks

<table>
<thead>
<tr>
<th>Aspects</th>
<th>IAD Framework</th>
<th>8 Design Principles</th>
<th>SES Framework</th>
<th>Adaptive Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Characteristics of resource system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Size</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>• Predictability</td>
<td></td>
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</tr>
<tr>
<td>• Boundary</td>
<td></td>
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<tr>
<td>• Productivity</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Characteristics of resource users</strong></td>
<td></td>
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</tr>
<tr>
<td>• Number</td>
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<tr>
<td>• Leadership</td>
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<tr>
<td>• Social capital / collaborative learning</td>
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<tr>
<td>• Sociocultural norms</td>
<td></td>
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<tr>
<td>• Boundary / membership</td>
<td></td>
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<tr>
<td>• Socioeconomic status/homogeneity</td>
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<tr>
<td><strong>Relationship between resource and user</strong></td>
<td></td>
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<tr>
<td>• Importance / dependence / demand</td>
<td></td>
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<td></td>
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<tr>
<td>• Location / mobility</td>
<td></td>
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<tr>
<td>• Ecological sustainability of mgm’t</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• S-E system knowledge and learning</td>
<td></td>
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<tr>
<td>• Risk / uncertainty / change</td>
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<tr>
<td>• Adaptive capacity / resilience</td>
<td></td>
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<tr>
<td><strong>Institutional arrangements (rules &amp; norms)</strong></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>• Presence of collective-choice rules</td>
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<tr>
<td>• Monitoring system</td>
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<tr>
<td>• Enforcement/sanctions/conflict res.</td>
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<tr>
<td>• Simplicity / appropriateness</td>
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<tr>
<td>• Participatory decisions/management</td>
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<tr>
<td>• Multi-/cross-scale interactions</td>
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<tr>
<td>• Integrated knowledge/management</td>
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<tr>
<td><strong>External influences</strong></td>
<td></td>
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<tr>
<td>• Economic (markets, financing)</td>
<td></td>
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<tr>
<td>• Political (bureaucracy, networks)</td>
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<td></td>
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<tr>
<td>• Technological</td>
<td></td>
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</tbody>
</table>
Since the early 1990s, there has been a proliferation of efforts to assess governance processes and outcomes related to development efforts in general, and in the forestry sector in particular (Capistrano, 2010). Capistrano (2010: 5) notes a few major shifts in how governance is assessed at the country level since the 2005 Paris Declaration on Aid Effectiveness: “[a] shift from external to local or national assessments; less reliance on international experts and more on national institutions and local expertise; and [a] shift from purely technical approaches to a better integration of political and managerial issues.” Furthermore, Monditoka (2011) distinguishes three key trends in forest governance: (i) increasing involvement of non-state actors; (ii) multi-scalar (i.e. cross-scale) policy processes; and (iii) the growing importance of market arrangements. Monditoka (2011: 18) also identifies three key aspects crucial to effective decentralized forest governance: [i] “appropriate and effective sharing of authority to make decisions and raise revenues, and sharing of responsibilities among levels of government according to their individual abilities and needs”; [ii] “effective enforcement and accountability at all levels of government to ensure that government agencies are acting fairly, efficiently and effectively in carrying out their mandates”; and (iii) “effective linkages with other sectors that affect or are affected by the forest sector” (Monditoka, 2011). In addition, Sayer et al. (1997: 278) highlight the role of “technologies”, broadly speaking (including social systems and institutions related to aspects like decision making, benefit sharing, conflict resolution, and communication), in enhancing the sustainable management of forest ecosystems:

This requires good resource assessment and decision-support systems. Social sustainability also requires that stakeholders participate in decisions, costs and benefits, and that effective procedures are used to resolve conflicts. Within an appropriate system, technical advances such as better machines and new implements may help to make a difference, but will not in themselves ensure sustainability. The important technologies for sustainable forestry are those relating to the broadest sense of the word; those that foster better communication between stakeholders and allow informed decisions spanning scales from the gene to the ecosystem. These technologies in themselves are not
new; what is new is our realization of their importance, and our understanding of their effective deployment.

Aside from these trends, general guidelines and “technologies”, there have been several efforts aimed at developing globally applicable principles, criteria and indicators of effective forest governance. Several of these efforts are presented below, roughly in chronological order of their development (though I have referenced the most recent versions).

**UN Forest Principles - 1992 Rio Conference**

During the UN Conference on Environment and Development (UNCED) held in Rio de Janeiro in 1992, a set of 15 broad “Forest Principles” were included as Annex III of the UNCED report (UN, 1992). They represent a “non-legally binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all types of forests” (UN, 1992). These principles are outlined below in Box 3.1. Unlike the theoretical frameworks described above, and some of the other applied frameworks discussed below, the Forest Principles do not present specific elements for effective national governance of forests, but rather general global guidelines.

**Box 3.1. Summary of UNCED Forest Principles**


1. States have, in accordance with the UN Charter and international law, the right to exploit their own resources according to domestic laws and polices, and the responsibility to prevent damage to the environment of other states and to equitably share in the costs of forest conservation.

2. States have sovereign and inalienable rights to utilize, manage and develop their forests according to their needs, rights and national policies, consistent with sustainable development and rational land-use policies, in order to protect forests and meet the diverse needs of present and future generations. They should promote full public awareness and participation in decision-making by providing timely, reliable information on forest ecosystems and opportunities for involvement in the development, implementation and planning of national forest policies.

3. Develop integrated, comprehensive national and international strategies, policies and institutions (building on existing international organizations and mechanisms) for the management, conservation
and sustainable development of forests and forest lands, in order to achieve all aspects of environmental protection and socioeconomic development.

4. Acknowledge the vital role of all types of forests in maintaining important ecological processes and fragile ecosystems (forests, watersheds, freshwater resources, biodiversity, biological resources, etc.) at multiple scales (local to global).

5. National forest policies should recognize and support:
   a. The identity, culture and rights, and livelihoods (i.e., economic interests and activities) and well-being of indigenous people and other forest-dependent communities through land-tenure arrangements that incentivize sustainable management of forests; and
   b. The full participation of women in all aspects of management, conservation and sustainable development of forests.

6. National policies, programs and activities should recognize:
   a. The role of diverse forest types in meeting energy requirements, and of plantations of both indigenous and introduced species in the provision of both fuel and industrial wood;
   b. The relationship between conservation, management and sustainable development of forests and all aspects of production, consumption, recycling and disposal of forest products;
   c. The need for development, use and improvement of methodologies for comprehensive assessment of both economic and non-economic values of forests, and their economic costs and benefits;
   d. The importance of planted forests and permanent agriculture as sustainable, environmentally sound sources of renewable energy and industrial raw materials that relieve pressure on primary forests, and in provide adequate regional employment and development opportunities; and
   e. The need to promote conservation and sustainable management of natural forests as a source of goods and services.

7. Promote an international economic climate conducive to the sustained and environmentally sound development of forests in all countries, including sustainable patterns of production and consumption, poverty eradication and promotion of food security, and provision of financial resources to developing countries with significant forest areas (toward sectors that stimulate economic and social substitution activities).

8. All countries, especially developed countries, should:
   a. Take positive, transparent action towards reforestation, afforestation and forest conservation to maintain and increase forest cover and productivity, through ecologically and socioeconomically sound means, on unproductive, degraded, and deforested lands, and through management of existing forest resources;
   b. Support implementation of national polices and programs through international financial and technical cooperation, including the private sector;
   c. Implement sustainable forest management in accordance with national policies, priorities and environmentally sound guidelines (taking into consideration relevant internationally agreed-upon methodologies and criteria);
d. Integrate forest management with management of adjacent areas to maintain ecological balance and sustainable productivity;

e. Ensure that national forestry policies and legislation include protection of ecologically viable, representative or unique forests, such as primary/old-growth, cultural, spiritual, historical, religious and other unique and valued forests;

f. Ensure that access to biological/genetic resources respects the sovereign rights of the countries where forests are located and promotes the sharing of any resulting technology and profits from biotechnology products on mutually agreed terms; and

g. Ensure that national policies require environmental impact assessments where actions are likely to have significant adverse impacts on important forest resources, and are subject to a decision of a competent national authority.

9. The international community should support:

a. Efforts of developing countries, especially those transitioning to market economies, to strengthen the management, conservation and sustainable management of forests, taking into account the need to redress external indebtedness (particularly to developed countries), and to achieve the replacement value of forests through enhanced market access for (processed) forest products;

b. The resolution of problems that hinder the conservation and sustainable use of forest resources stemming from a lack of alternative options for local communities, particularly poor urban and rural populations socioeconomically dependent on forests;

c. The formulation of integrated national forest policies that take into account all forest types and the intersectoral pressures and demands on forest ecosystems and resources.

10. Provide new and additional financial resources to developing countries to enable them to sustainably manage, conserve and develop their forest resources through afforestation, reforestation, and combating deforestation and forest and land degradation.

11. Promote, facilitate and finance access to and transfer of environmentally sound technologies and know-how on favorable (e.g., concessional, preferential, mutually agreed) terms, in accordance with Agenda 21 provisions, in order to enable developing countries to enhance their capacity to better manage, conserve and develop their forest resources.

12. Acknowledge and strengthen:

a. Scientific research, forest inventories and assessments by national institutions that take into account biological, physical, and/or socioeconomic variables, and technological developments for sustainable forest management, conservation and development (including sustainably harvested non-wood products), through effective modalities, including international cooperation;

b. National, regional and international capabilities in education, training, science, technology, economics, anthropology and social aspects of forests and forest management essential to the conservation and sustainable development of forests;

c. International exchange of information on forestry research and development, through education and training institutions, including the private sector; and
d. Indigenous capacity and local knowledge about the conservation and sustainable development of forests through technical and financial support (and in the implementation of programs), through collaboration and equitable sharing of resulting benefits with the concerned communities.

13. Economic, trade, fiscal, industrial, transportation and other relevant policies should:

a. Be based on non-discriminatory, multilaterally agreed rules and procedures consistent with international trade laws and practices, including open and free trade in forest products;

b. Encourage reduction or removal of tariffs and impediments to better market access and better prices for value-added forest products and their local processing to enable producer countries to better conserve and manage their forests;

c. Promote incorporation of environmental costs and benefits into market forces and mechanisms, both domestically and internationally;

d. Be integrated with forest conservation and sustainable development policies;

e. Not promote forest degradation, and should encourage policies aimed at management, conservation and sustainable development of forests, including incentives.

14. Remove or avoid unilateral measures, incompatible with international obligations or agreements, to restrict and/or ban international trade in timber or other forest products, in order to attain long-term sustainable forest management.

15. Control pollutants, particularly air-borne pollutants, including those responsible for acidic deposition, that are harmful to the health of forest ecosystems at the local, national, regional and global levels.

**International Tropical Timber Organization (ITTO) – Criteria and Indicators**

At the same time that the Forest Principles were being enumerated by the UN, the International Tropical Timber Organization (ITTO) developed the concept of “criteria and indicators” for sustainable forest management (see Table 3.3). These stemmed from the Montréal Process Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests (MP). The MP resulted in the Santiago Declaration of 1995, which delineates 7 criteria and 67 indicators for assessing progress on sustainable forest management (World Bank, 2009). ITTO (2005) used this as the basis for development of its own 7 basic criteria and 57 indicators. Most of the other frameworks discussed below also stem from the MP’s SFM criteria and indicator process (Capistrano, 2010).
Table 3.3. ITTO’s new criteria for sustainable forest management (revised version, 2005)

| Criterion 1 | Enabling conditions for sustainable forest management |
| Criterion 2 | Extent and condition of forests |
| Criterion 3 | Forest ecosystem health |
| Criterion 4 | Forest production |
| Criterion 5 | Biological diversity |
| Criterion 6 | Soil and water protection |
| Criterion 7 | Economic, social and cultural aspects |


Box 3.2. ITTO/IUCN Principles, guidelines and priority actions

“The following eleven principles should guide the conservation and sustainable use of biodiversity in tropical production forests.

**Principle 1. Sovereignty and societal choice.** The rights to and responsibilities for biodiversity lie primarily with the states and societies within whose territories it is located. Therefore, the conservation and sustainable use of biodiversity are a matter of societal choice and should reflect national and local goals.

**Principle 2. International commitments.** Many countries have entered into legally and non-legally binding intergovernmental agreements to conserve biodiversity, with implications for arrangements for the management of production forest landscapes within their territories. The presence in or adjacent to tropical production forests of species, populations of species, or species’ assemblages that are subject to international conservation agreements may signal the need for special management measures.

**Principle 3. Political commitment, policies and laws.** Strong commitment from decision-makers and adequate national policies, laws and regulations are needed to ensure that forest management addresses biodiversity issues at the scale of the forest management unit as well as at the landscape and national levels.

**Principle 4. Land use and spatial planning.** Achieving biodiversity objectives in production forests requires that land allocation to different sectors and spatial planning within and outside the forest sector take biodiversity objectives into account. This, in turn, requires collaboration between sectoral institutions at the national or sub-national scale and negotiation among local land-users at the landscape scale.
**Principle 5. Decentralization, forest tenure and natural resource access rights.** Decentralized management and improved institutional arrangements and governance can assist the achievement of biodiversity conservation and sustainable use goals in tropical production forests by improving both the large-scale allocation of land and the resource access and land tenure rights of local people.

**Principle 6. Incentives.** Society at large benefits from biodiversity conservation, but the costs of conservation fall mainly on local forest owners and managers. Incentives will often be required to encourage forest owners and managers to take special measures for biodiversity conservation and sustainable use.

**Principle 7. Knowledge, learning, technology transfer and capacity building.** Learning, experimentation, the dissemination of information and the transfer of technology are all important for the conservation and sustainable use of biodiversity in tropical production forests.

**Principle 8. Managing tropical production forests at a landscape scale.** Tropical production forests and other components of landscapes have complementary but differing roles in biodiversity conservation and sustainable use.

**Principle 9. Biodiversity considerations at the forest management unit level.** An effective forest management planning process, in which economic, social and environmental objectives are balanced in accordance with societal needs and priorities, is essential for setting and achieving biodiversity conservation and sustainable use goals.

**Principle 10. Biodiversity conservation in planted forests.** Planted forests should be managed in ways that benefit biodiversity, both within the planted forest itself and in areas of natural forest that are retained within the planted forest landscape.

**Principle 11. Maintaining functioning forest ecosystems.** A fundamental goal of SFM is to maintain ecosystem functions at both the stand and landscape scales. Biodiversity plays an important role in ecosystem functioning and its conservation and sustainable use contributes to maintaining yields of timber and other forest products and services over the long term.

Each of these principles is accompanied by a set of guidelines and each guideline by a set of priority actions that, when taken, will help uphold the principle and put the guideline into effect.”


In addition to the criteria mentioned above, the ITTO developed a series of “Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests”, in conjunction with the International Union for the Conservation of Nature (ITTO/IUCN, 2009). This set of 46 guidelines, with several “priority actions” identified for each, are organized under 11 overarching principles, shown in Box 3.2.

**Center for International Forestry Research (CIFOR) – Criteria and Indicators**

The Center for International Forestry Research (CIFOR) has been actively conducting research on the sustainable management and governance of forests since its formation in 1993. It is one of 15 centers of the independent Consultative Group on International Agricultural
Research (CGIAR) consortium. Through the work of Carol Colfer and others, CIFOR has contributed to the development of a set of detailed criteria and indicators for sustainable forest management (CIFOR, 1999), which are used to conceptualize the linkages between human well-being and environmental sustainability (e.g., Colfer & Byron, 2001). The criteria and indicators are organized into four broad categories (policy, ecology, social, and production of goods and services). They fall under general “principles”, and some of them have more specific “verifiers” (see Table 3.4). CIFOR also defines a set of six dimensions that define the importance of different stakeholders in forest management and governance: proximity, pre-existing rights, dependency, indigenous knowledge, culture/forest integration, and power deficits (Colfer, 1999).

*International Institute for Environment and Development (IIED) – The Pyramid*

The International Institute for Environment and Development (IIED) created “The Pyramid: A diagnostic and planning tool for good forest governance” for The World Bank and WWF Alliance for Forest Conservation and Sustainable Use (Mayers et al., 2002). The ‘Pyramid of key elements of good forest governance’ is comprised of numerous levels (roles, policies, instruments, extension, and verification of SFM) and several “foundations” (property/tenure rights and constitutional guarantees; market and investment conditions; mechanisms for

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3 Although technically independent, CGIAR relies on funding from a wide range of members, including national governments and various international organizations such as the European Commission, the Ford Foundation, IDRC, FAO, IFAD, UNDP, World Bank, ADB, AfDB, and the OPEC Fund (Source: [http://www.cgiar.org/](http://www.cgiar.org/)).

4 One of ten publications in their “Criteria and Indicators Toolbox Series” ([http://www.cifor.org/acm/pub/toolbox.html](http://www.cifor.org/acm/pub/toolbox.html)). This publication is aimed primarily at tropical natural forests managed for commercial purposes.
engagement with extra-sectoral influences; recognition of lead forest institutions in diverse sectors) (See Figure 3.4).

### Table 3.4. Summary of The CIFOR criteria and indicators generic template

<table>
<thead>
<tr>
<th>Description</th>
<th>No. indicators [98 total]</th>
<th>No. verifiers [104]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLICY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>P.1 Policy, planning and institutional framework are conducive to sustainable forest management</strong></td>
<td>[22]</td>
<td>[0]</td>
</tr>
<tr>
<td>C.1.1 There is sustained and adequate funding for the management of forests</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>C.1.2 Precautionary economic policies exist (Link to C.6.4)</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>C.1.3 Non-forestry policies do not distort forest management</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>C.1.4 A functioning buffer zone exists</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>C.1.5 Legal framework protects access to forest and forest resources</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>C.1.6 Demonstrated reinvestment in forest-use options</td>
<td>1</td>
<td>0</td>
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<tr>
<td><strong>ECOLOGY</strong></td>
<td></td>
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<tr>
<td><strong>P.2. Maintenance of Ecosystem Integrity</strong></td>
<td>[16]</td>
<td>[73]</td>
</tr>
<tr>
<td>C.2.1 Processes that maintain biodiversity in managed forests (FMUs) are conserved (Link to P.3)</td>
<td>7</td>
<td>50</td>
</tr>
<tr>
<td>C.2.2 Ecosystem function is maintained</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>C.2.3 Conservation of processes that maintain genetic variation</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td><strong>SOCIAL</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>P.3. Forest management maintains or enhances fair intergenerational access to resources and economic benefits</strong></td>
<td>[16]</td>
<td>[4]</td>
</tr>
<tr>
<td>C.3.1 Local management is effective in controlling maintenance of, and access to, the resource (Direct link to P.2)</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>C.3.2 Forest actors have a reasonable share in the economic benefits derived from forest use (Indirect link to I.6.6.4)</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>C.3.3 People link their and their children’s future with management of forest resources</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td><strong>P.4. Concerned stakeholders have acknowledged rights and means to manage forests cooperatively and equitably</strong></td>
<td>[9]</td>
<td>[0]</td>
</tr>
<tr>
<td>Description</td>
<td>No. indicators</td>
<td>No. verifiers</td>
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<tr>
<td>----------------------------------------------------------------------------</td>
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<tr>
<td>(Principles = “P.#”, criteria = “C.#.#”, indicators and verifiers not shown)</td>
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<tr>
<td>C.4.1 Effective mechanisms exist for two-way communication related to</td>
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<td>0</td>
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<tr>
<td>forest management among stakeholders</td>
<td></td>
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<tr>
<td>C.4.2 Local stakeholders have detailed, reciprocal knowledge pertaining to</td>
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<td>0</td>
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<tr>
<td>forest resource use (including user groups and gender roles), as well as</td>
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<tr>
<td>forest management plans prior to implementation</td>
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<tr>
<td>C.4.3 Agreement exists on rights and responsibilities of relevant stakeholders</td>
<td>1</td>
<td>0</td>
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<tr>
<td>P.5. The health of forest actors, cultures and the forest is acceptable to all</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>C.5.1 There is a recognizable balance between human activities and</td>
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<td>0</td>
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<tr>
<td>environmental conditions</td>
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<tr>
<td>C.5.2 The relationship between forest management and human health is</td>
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<td>0</td>
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<tr>
<td>recognized</td>
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<tr>
<td>C.5.3 The relationship between forest maintenance and human culture is</td>
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<td>0</td>
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<tr>
<td>acknowledged as important</td>
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<tr>
<td>PRODUCTION OF GOODS AND SERVICES</td>
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<tr>
<td>P.6. Yield and quality of forest goods and services are sustainable</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>C.6.1 Forest management unit is implemented on the basis of legal title on</td>
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<tr>
<td>the land, recognized customary rights, or clear lease agreements</td>
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<tr>
<td>C.6.2 Management objectives are clearly and precisely described and</td>
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<td>0</td>
</tr>
<tr>
<td>documented</td>
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<td></td>
</tr>
<tr>
<td>C.6.3 Forest management plan is comprehensive</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>C.6.4 Implementation of the management plan is effective</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>C.6.5 An effective monitoring and control system audit’s management’s</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>conformity with planning</td>
<td></td>
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<tr>
<td>C.6.6 Equitable distribution and presence of economic rent</td>
<td>3</td>
<td>0</td>
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</tbody>
</table>

Source: Adapted from [http://www.cifor.org/acm/methods/toolbox2.html](http://www.cifor.org/acm/methods/toolbox2.html)
5. Verification of SFM. Audit, certification or participatory review undertaken

4. Extension. Promotion of SFM to consumers and stakeholders undertaken

3. Instruments. Coherent set of ‘carrots and sticks’ for implementation in place

2. Policies. Forest policies, standards for SFM and legislation in place

1. Roles. Stakeholder roles and institutions in forestry and land use negotiated/developed

FOUNDATIONS

Property/tenure rights and constitutional guarantees
Market and investment conditions
Mechanisms for engagement with extra-sectoral influences
Recognition of lead forest institutions (in government, civil society & private sector)

Notes on the pyramid diagram:
- The pyramid describes good governance elements that are significantly under the control of forest stakeholders
- The pyramid’s ‘foundations’ are less directly controlled by forest stakeholders – but it is crucial that forest stakeholders understand the constraints and opportunities emanating from beyond the forest sector to enable them to argue their case and influence those with the power to improve the foundations
- Each tier represents a group of elements. Their vertical arrangement suggests a generic sequence. But the ‘entry point’ tier, and the precise sequence in which tiers and elements are addressed, should depend on country context and the concerns and timing of in-country discourse.
- However, elements in the tiers towards the bottom of the pyramid tend to be more basic matters – there are more of them, and they tend to be more fundamental to progress in many contexts


Figure 3.4. The Pyramid of key elements of good forest governance (IIED)

IIED (2002) also identify five basic systems (and associated attributes) that can contribute to enhancing forest governance: (1) Information (access, coverage, quality,
transparency); (2) *Participatory mechanisms* (representation, equal opportunity, access); (3) *Finances* (internalizing externalities, cost-efficiency); (4) *Skills* (equity and efficiency in building social and human capital); and (5) *Planning and process management* (priority-setting, decision-making, coordination and accountability). This “diagnostic and planning tool” can be used for three main purposes at the national level (IIED, 2002):

1. Participatory assessment and dialogue on the whole forest sector, identifying what foundations for forest conservation and management exist at national level; and then isolating gaps, problems and disparities amongst these foundations.

2. Planning improvements - setting objectives and targets, identifying critical actions and entry points for stakeholders, including external agencies, their relationship and sequencing to improve synergies, and thus a kind of ‘road map’ for planning.

3. Continued monitoring and reporting, providing a simple, transparent framework of elements that matter for inclusive reporting of overall progress towards SFM at national level.

**World Resources Institute – Governance of Forests Initiative**

The World Resources Institute (WRI), a prominent think tank on global environmental issues, has also developed a comprehensive set of 122 flexible indicators under the Governance of Forests Initiative, based on extensive research in three countries (Brazil, Cameroon and Indonesia), as described in their publication “Assessing Forest Governance: The Governance of Forests Initiative Indicator Framework” (Davis et al., 2013). Each indicator focuses on one of three general components of forest governance (actors, rules or practices); falls under one of six thematic areas (forest tenure, land use, forest management, forest revenue, cross-cutting institutions, and cross-cutting issues, i.e. those listed above), each with 4-5 sub-themes; and relates to one or more of five broad, cross-cutting principles (transparency, participation, accountability, coordination and capacity). A summary of the key thematic areas and sub-themes is included in Table 3.5. Each of the sub-themes has a few general indicators, which are
operationalized through a “diagnostic question” and can be assessed according to how well specific corresponding qualitative indicators or “elements of quality” are satisfied (0-1 = low; 2-3 = medium; 4-5 = high).

**Table 3.5. WRI-GFI: Organization of indicators by thematic area and sub-theme**

<table>
<thead>
<tr>
<th>Thematic area</th>
<th>Sub-themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest tenure</td>
<td>Forest ownership and use rights; tenure dispute resolution; state forest ownership; concession allocation</td>
</tr>
<tr>
<td>Land use</td>
<td>Land use planning; land-use plan implementation; sectoral land use; forest classification</td>
</tr>
<tr>
<td>Forest Management</td>
<td>Forest legal and policy framework; forest strategies and plans; forest monitoring; forest management practices; forest law enforcement</td>
</tr>
<tr>
<td>Forest revenues</td>
<td>Forest charge administration; forest revenue distribution; benefit sharing; budgeting</td>
</tr>
<tr>
<td>Cross-cutting institutions</td>
<td>Legislature; judiciary; executive agencies; private sector; civil society</td>
</tr>
<tr>
<td>Cross-cutting issues</td>
<td>Public participation in decision-making; public access to information; financial transparency and accountability; anticorruption measures</td>
</tr>
</tbody>
</table>

*Program on Forests (PROFOR)*

In collaboration with the World Bank, the European Forest Institute, and the United Nations Food and Agriculture Organization (FAO), the Program on Forests (PROFOR), a multi-donor partnership, developed a publication entitled “Assessing and Monitoring Forest Governance: A user's guide to a diagnostic tool” (PROFOR, 2012). This tool includes a set of 130 indicators, framed as multiple choice questions, organized under three broad pillars corresponding to: “(1) how the building blocks of governance—laws, policies, and institutions—appear on paper [second-order governance]; (2) how policy and implementing decisions are made; and (3) how well governance functions in practice [first-order governance]” (PROFOR, 2012). Generally speaking, the PROFOR indicators represent six cross-cutting principles of good
forest governance: accountability, effectiveness, efficiency, fairness/equity, participation, and transparency (See Table 3.6). The pillars and principles are illustrated in Figure 3.5 below

Table 3.6. PROFOR’s six principles of good forest governance

<table>
<thead>
<tr>
<th>PRINCIPLE</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>People and institutions should be accountable for their actions</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>The mechanisms of governance should achieve the ends they are intended to achieve</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Governance should work with a minimum of waste</td>
</tr>
<tr>
<td>Fairness/equity</td>
<td>The benefits and burdens of the forest resource should fall in a way generally viewed as just</td>
</tr>
<tr>
<td>Participation</td>
<td>All interested people should have an opportunity to be heard or to influence government decisions that affect the forest</td>
</tr>
<tr>
<td>Transparency</td>
<td>Information about the forest and how it is governed should be reasonably available to all</td>
</tr>
</tbody>
</table>

Figure 3.5. PROFOR’s pillars and principles of forest governance

The PROFOR (2012) framework was built upon an earlier effort (PROFOR/FAO, 2011 – cited in PROFOR, 2012) involving 5 building blocks: “(1) transparency, accountability, and public participation; (2) stability of forest institutions and conflict management; (3) quality of forest administration; (4) coherence of forest legislation and rule of law; and (5) economic efficiency, equity, and incentives.”

World Bank – Analytical Framework for (Forest) Governance Reforms

Drawing on a review of several of the abovementioned applied frameworks, The World Bank (2009) published “Roots for Good Forest Outcomes: An Analytical Framework for Governance Reforms”. This framework stresses the need for ‘input’, ‘output’, ‘outcome’ and particularly, ‘actionable’ governance indicators, and classifies indicators into each of these
categories. In particular, it emphasizes that: “actionable indicators play a crucial role in identifying priority governance reforms and in monitoring whether suggested interventions are in fact having the desired impacts on the particular governance system and its determinants” (World Bank, 2009: 20).

Capistrano (2010: 6) defines actionable indicators as those designed “to track the progress of targeted governance interventions.” The framework highlights five “building blocks of forest governance” (World Bank, 2009): (1) transparency, accountability, and public participation; (2) stability of forest institutions and conflict management; (3) quality of forest administration; (4) coherence of forest legislation and rule of law; and (5) economic efficiency, equity, and incentives (Table 3.7). It also stresses several general outcomes of governance (World Bank, 2009): extent of forest resources; biological diversity; forest health and vitality; productive functions of forest resources; protective functions of forest resources (i.e., ecosystem services); socioeconomic functions; and the legal, policy and institutional framework. Finally, it provides recommendations for devising a more holistic framework with appropriate governance indicators and proposes a set of ‘indicative subcomponents’ under each ‘component’ (World Bank, 2009).

Table 3.7. World Bank’s building blocks of forest governance and principal components

<table>
<thead>
<tr>
<th>Building blocks</th>
<th>Components</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transparency, Accountability, and Public Participation</strong></td>
<td>- Transparency in the forest sector</td>
</tr>
<tr>
<td></td>
<td>- Decentralization, devolution, and public participation in forest management</td>
</tr>
<tr>
<td></td>
<td>- Accountability of forest officials to stakeholders</td>
</tr>
<tr>
<td></td>
<td>- Accountability within the forest agencies</td>
</tr>
<tr>
<td><strong>Stability of Forest Institutions and Conflict Management</strong></td>
<td>- General stability of forest institutions</td>
</tr>
<tr>
<td></td>
<td>- Management of conflict over forest resources</td>
</tr>
</tbody>
</table>
### Other applied frameworks relevant to forest governance

The World Bank and FAO (World Bank, 2014a) have created a series of guidelines for implementation of its diverse programs and projects (i.e., loans and grant-making activities), known as the Social and Environmental Safeguard (SES) Policies. Though not specifically targeted at forest governance, they are widely applicable to the forestry sector and have been employed in discussions and piloting of specific policies and programs, including REDD+.

There are eight basic SES policies, one each relating to (1) environmental assessment, (2) natural habitats, (3) pest management, (4) indigenous peoples, (5) physical cultural resources, (6) involuntary resettlement, (7) forests, and (8) safety of dams, as well as the Policy on Piloting the Use of Borrower Systems for Environmental and Social Safeguards (World Bank, 2014a). More specifically, the Bank’s forest policy (World Bank, 2013) aims to “reduce deforestation, enhance the environmental contribution of forested areas, promote afforestation, reduce poverty, and encourage economic development.” (World Bank, 2014b).

| **Quality of Forest Administration** | - Willingness to address forest sector issues  
- Capacity and effectiveness of forest agencies  
- Corruption control within the forest sector  
- Forest monitoring and evaluation (M&E) |
| **Coherence of Forest Legislation and Rule of Law** | - Quality of domestic forest legislation  
- Quality of forest law enforcement  
- Quality of forest adjudication  
- Property rights recognized/honored/enforced |
| **Economic Efficiency, Equity, and Incentives** | - Maintenance of ecosystem integrity: sustainable forest use  
- Incentives for sustainable use and penalties for violations  
- Forest products pricing  
- Commercial timber trade and forest businesses  
- Equitable allocation of forest benefits  
- Market institutions  
- Forest revenues and expenditures |

The Bank Information Center (BIC), a watchdog organization for the multilateral development banks, has been following the process of the World Bank’s SES revisions, and has shared its own concerns and recommendations about the process, including (BIC, 2014):

“expanding coverage of safeguards to apply to all lending instruments; clarifying the roles and responsibilities of the World Bank and borrower; clarification of what are significant impacts; upstream consideration of impacts; determining a project’s area of influence; provisions for cumulative impact analysis; Impact Benefit Agreements and Community-Controlled ESIA; better coverage of social risks and emerging issues, such as climate change; clarifying the criteria for use of borrower systems and frameworks; enhanced participation, consultation and disclosure; and more accountable safeguard implementation [policy reforms and enabling environment].”

Based on the safeguards concept, a set of specific Social and Environmental Standards for REDD+ (REDD+ SES) composed of different principles, criteria and indicators has also been developed through a partnership between the Climate, Community, and Biodiversity Alliance (CCBA) and CARE International, described further below in section 3.3.

In addition, there are numerous applied frameworks that are relevant for assessing specific aspects of forest governance. Generally speaking, they have been designed to monitor and regulate the production and trade of forest products. They include the Global Witness Forest Transparency Report Card (Global Witness, 2012), Transparency International’s Forest Governance and Integrity (anti-corruption) Program (Transparency International, 2014), the EU FLEGT Voluntary (trade) Partnership Agreements (EUFLEGT Facility, 2014), and The Chatham House’s “Illegal Logging and Related Trade” indicators (Lawson & MacFaul, 2010).
For instance, in the case of the latter, The Chatham House (Royal Institute on International Affairs) published “Illegal Logging and Related Trade: Indicators of the Global Response” (Lawson & MacFaul 2010; World Bank, 2009), which lays out a set of 20 indicators covering the following five themes: (1) awareness of the illegal logging problem; (2) policy and initiative development and adoption; (3) policy and initiative implementation; (4) intermediate outputs and effectiveness; and (5) end goal or output. These indicators were intended for use (and were piloted) in various producer countries (Indonesia, Cameroon, Brazil, Ghana, Malaysia), consumer countries (USA, UK, France, Japan), and countries involved in processing timber for export (Vietnam, China) (Lawson & MacFaul 2010).

Finally, the Forest Resources Assessment (FRA) is an FAO initiative to monitor and report on forest conditions and governance every five years, structured according to the Montreal Process SFM themes (Capistrano, 2010). It captures data from about 135 countries on specific aspects of forest governance, like forest ownership and management rights; revenue collection and expenditures; and national policy, legal and institutional frameworks (Capistrano, 2010).

Summary and comparison of applied forest governance frameworks

As discussed above, there have been multiple efforts to assess forest governance, both qualitatively and quantitatively, through various principles, criteria and indicators. These efforts range from the promulgation of broad frameworks and principles to the definition of very specific criteria and indicators to measure completed, current or pending projects and initiatives. In this regard, it is important to distinguish between principles, criteria and indicators. Capistrano (2010: 7) provides good definitions for these terms:

A “principle” is generally used to refer to a fundamental truth or standard that serves as a basis for reasoning and action. A “criterion” is widely understood as a description of a state or situation of an aspect of governance deemed important and by which the quality of forest governance may be assessed. Though formulated and articulated in different
ways, the term “indicator” is generally understood to mean a quantitative or qualitative variable that, when measured or monitored, indicates the status of, or points to the direction of change in, a criterion.

What do these various applied frameworks have in common, and how do they differ? Looking at the *principles* across frameworks, there is a strong emphasis on transparency, accountability, public participation and awareness, capacity building, equity (of benefits and costs), supporting the management and access rights of communities and indigenous peoples, fairness and inclusiveness of policymaking and planning processes and institutions, and also sustainable management and conservation of forest ecosystems. These principles represent normative aspects. There is also some focus on economic efficiency and the role of markets and financing in the forest sector. In terms of *criteria*, there is also a common emphasis on preserving access to forest resources; equitable sharing of financial and material benefits; recognition of tenure, customary rights, and responsibilities of forest-dependent communities and other concerned stakeholders; fair, participatory planning/policymaking processes and mechanisms, and associated laws and regulations; conflict management; monitoring systems; and other factors conducive to the sustainable management and protection of forest resources and ecosystems. The *indicators* are too numerous to list here, but they all support the abovementioned criteria and principles in various ways. There is a wide variety of different types of indicators – some are more general and qualitative, while others are more specific and quantitative.

Critics of forest governance frameworks claim they play down the importance of markets and financial aspects, do not draw a clear connection between forest governance and governance in general, or readily enable cross-country comparisons, focusing instead on assessing changes in governance conditions within a country or sub-national context (Capistrano, 2010).

Capistrano (2010) distills several lessons from her review of forest governance frameworks: (1) effective piloting of governance criteria and indicators is crucial; (2)
inclusiveness and transparency are essential; (3) the use of information and communication technologies can enhance effectiveness of governance assessments; (4) indicators should evolve over time; (5) availability and quality of data are real challenges that must be effectively addressed; (6) providing tools and guidelines for assessments is key, but not sufficient (training, capacity building and networking enhance consistency and reliability). Table 3.8 compares principles, criteria and indicators in the applied forest governance frameworks outlined above.
Table 3.8. Summary of principles, criteria and indicators addressed by various applied forest governance frameworks

<table>
<thead>
<tr>
<th>Framework</th>
<th>Principles</th>
<th>Criteria (and 16 sub-criteria):</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITTO (2005) Criteria &amp; Indicators</td>
<td>No principles specified</td>
<td>7 Criteria (and 16 sub-criteria): (1) Enabling conditions for SFM (policy, legal and governance framework; economic framework; institutional framework; planning framework) (2) Extent and condition of forests (3) Forest ecosystem health (4) Forest production (resource assessment; planning and control procedures; silvicultural and harvesting guidelines) (5) Biological diversity (ecosystem diversity; species diversity; genetic diversity; procedures for conservation in production forests) (6) Soil and water protection (extent of protection; protective functions in productive forests) (7) Economic, social and cultural aspects (socioeconomic aspects; cultural aspects; community and indig. peoples’ rights, participation)</td>
<td>57 indicators, organized under 7 criteria and 16 sub-criteria</td>
</tr>
<tr>
<td>CIFOR (1999) Criteria &amp; Indicators</td>
<td>6 principles: P.1. Policy, planning and institutional framework are conducive to SFM; P.2. Maintenance of ecosystem integrity; P.3. FM maintains or enhances fair intergenerational access to resources and economic benefits; P.4. Concerned stakeholders have rights and means to manage forests cooperatively and equitably; P.5. Health of forest actors, cultures and the forest is acceptable to all stakeholders; P.6. Sustainable yield and quality of forest goods and services</td>
<td>24 criteria – selected ones listed here (by principle): (P.1) Legal framework protects access to forest and resources (P.2) Ecosystem function is maintained (P.3) Forest actors have a reasonable share in economic benefits derived from forest use (P.4) Effective mechanisms for two-way communication among stakeholders about FM (P.4) Agreement on rights and responsibilities of SHs (P.5) Relationship between FM and health, culture and environment (P.6) FM is implemented on basis of legal title, recognized customary rights, or clear lease agreements (P.6) Effective monitoring and control system (P.6) Equitable distribution and presence of economic rent</td>
<td>98 indicators, with 104 more specific verifiers (for some criteria).</td>
</tr>
<tr>
<td>IIED (2002) The Pyramid</td>
<td>5 ’Levels’: Roles, policies, instruments, extension, verification of SFM (i.e. monitoring) 4 ‘Foundations’: Property/tenure rights and constitutional guarantees;</td>
<td>5 ’systems for enhancing forest governance’: Information (access, coverage, quality, transparency); Participatory mechanisms (representation, equal opportunity, access); Finances (internalizing externalities, cost efficiency); Skills (equity and efficiency in building social and human capital);</td>
<td>No indicators identified – explicitly flexible and adaptable to different contexts</td>
</tr>
<tr>
<td>Organization</td>
<td>Description</td>
<td>Key Principles/Themes</td>
<td>Indicators</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td>----------------------</td>
<td>------------</td>
</tr>
<tr>
<td>WRI (2013) Governance of Forests Initiative</td>
<td>5 cross-cutting principles: Transparency, Participation, Accountability, Coordination, Capacity</td>
<td>6 themes (4-5 sub-themes per theme): Forest tenure (ownership and use rights, state forest ownership, dispute resolution, concession allocation); Land use (land-use planning and implementation, sectoral land use, forest classification); Forest management (legal/policy framework, strategies/plans, monitoring, FM practices, law enforcement); Forest revenues (forest charge administration, revenue distribution, benefit sharing, budgeting); Cross-cutting institutions (legislature, judiciary, executive agencies, private sector, civil society); Cross-cutting issues (public participation, public info. access, financial transparency/accountability, anticorruption measures)</td>
<td>122 ‘flexible’ indicators (Each one focuses on one of three general components of governance: actors, rules, or practices)</td>
</tr>
<tr>
<td>PROFOR (2012) Assessing and Monitoring Forest Governance</td>
<td>6 cross-cutting principles: Accountability, Effectiveness, Efficiency, Fairness/equity, Participation, Transparency</td>
<td>3 ‘pillars’: (1) Policy, legal, institutional, regulatory frameworks (i.e., building blocks of governance on paper); (2) Planning and decision-making processes; (3) Implementation enforcement and compliance (i.e., functioning of governance in practice)</td>
<td>130 indicators (Framed as multiple-choice questions, each organized under one of the three pillars)</td>
</tr>
<tr>
<td>World Bank (2009) Analytical Framework for Forest Governance Reforms</td>
<td>5 ‘building blocks of forest governance’: Transparency, accountability, public participation; Stability of forest institutions and conflict management; Quality of forest administration; Coherence of forest legislation and rule of law; Economic efficiency, equity and incentives</td>
<td>21 ‘principal components’ (2-7 for ea. building block) – selected components below (by building block): (1) Decentralization, devolution, pub. participation in FM; Accountability of forest officials to stakeholders; Accountability within the forest agencies; (2) Management of conflict over forest resources; (3) Corruption control within the forest sector; Forest monitoring and evaluation (M&amp;E); (4) Quality of legislation, enforcement, adjudication; Property rights recognized/honored/enforced; (5) Equitable forest benefits; penalties, and sustainability</td>
<td>No specific indicators, but stresses need to categorize types of indicators: input, output, outcome, and actionable. (Annex 2 has detailed list of draft indicators and sub-indicators)</td>
</tr>
</tbody>
</table>
3.3. **Frameworks for assessing governance of SFM certification and forest-carbon trading (REDD+)**

Some evaluative frameworks have also been adopted for assessing forest governance under specific programs and interventions, including SFM certification and forest carbon trading (REDD+). Such targeted, applied frameworks are integral to the success of these efforts and should ideally form part of the monitoring and evaluation process for particular initiatives. While more specific than the frameworks mentioned above, they too represent second-order governance, or attempts to assess and guide policies and programs; but they also aim to guide specific actions in the field (i.e., first-order governance), particular in the case of SFM certification standards and REDD+ safeguards, discussed below.

3.3.1. **Sustainable Forest Management Certification**

Sustainable forest management (SFM) certification programs have been around since the early 1990s. They were created to trace the source of forest products in order to assure consumers that they are produced and harvested sustainably, in a way that does not lead to the destruction of forest ecosystems, particularly those deemed of high conservation value. The most prominent and widespread of the certification programs is the Forest Stewardship Council (FSC), an international, independent non-profit organization founded in 1993 with offices and certified projects in 40 countries in the Asia-Pacific Region (5), Europe and Russia (20), Latin America (9), North America (2), and Africa (4) (FSC, 2014). The Programme for the Endorsement of Forest Certification (PEFC) is a similar international certification initiative, though aimed more at small and family-owned forests, with projects in Africa, the Balkans, Russia and Northern Europe (PEFC, 2014). In addition, there are a number of regional certification schemes, such as the Sustainable Forestry Initiative (SFI), which operates in the USA and Canada.
Several frameworks have been developed to assess the governance and effectiveness of forest certification schemes and standards (e.g., Lammerts van Bueren & Blom, 1997; Nussbaum & Simula, 2004). For instance, Tropenbos International created a “hierarchical framework for the formulation of sustainable forest management standards”, which reviews and evaluates existing certification standards and proposes guidelines for selecting reliable principles, criteria, and indicators of sustainable forest management (Lammerts van Bueren & Blom, 1997):

Various international and national fora and individual organisations have developed… standards for sustainable forest management for different purposes and spatial scales (global, national, regional, and the forest management unit)... existing standards appear to contain a wide range of interpretations of terms. As a consequence, the requirements of sustainable forest management as imposed by one standard are difficult to compare with the requirements of another standard. In addition, within existing standards inconsistency in use of terms may be found. Definitions of principles, criteria and indicators are lacking or are formulated too broadly. This may lead to insufficient coverage of the various aspects of sustainable forest management, possible overlap and to a redundancy of aspects dealt with…

The presented framework was designed in an attempt to help to solve these problems and to promote the user-friendliness of principles, criteria and indicators. A distinction is made between input, process and outcome (performance/output) parameters. Also the notion of horizontal and vertical consistency is introduced. Horizontal consistency means that parameters (principles, criteria and indicators) at one hierarchical level have no overlap, while at the same time all aspects of sustainable forest management are covered. Vertical consistency means that the parameters are placed at the right hierarchical level, expressed in the correct terms, and linked to the appropriate parameters on the higher hierarchical level. Next, the function of each level in the hierarchical framework (principles, criteria and indicators) is made explicit. This function determines the way in which the parameters are formulated.

In a review of four different international certification frameworks—the Confederation of European Paper Industry (CEPI) Matrix; the International Forest Industry Roundtable (IFIR) Framework; the World Bank/WWF Alliance Questionnaire for Assessing the Comprehensiveness of Certification Schemes (QACC); and FERN’s report ‘Footprints in the Forest’—Nussbaum and Simula (2004) cite agreement among these frameworks in four major areas: (1) standards (need for broad stakeholder participation, transparency, accessibility of standard-setting process, and legally mandated national performance-based standards following
international SFM principles); (2) certification and accreditation (need for compliance with ISO
guides, mechanisms to address conflicts of interest and resolve disputes, accredited certification
bodies with clear procedures and competent auditors); (3) chain of custody and claims (need for
robust, independently audited chain of custody, and rules for claims and logos); (4) scheme
characteristics (measures to ensure non-discrimination and cost-effectiveness).

Nussbaum and Simula (2004) also identify differences in the following areas: (1)
standards (extent and nature of stakeholder participation, need for consensus-based decision-
making, compliance with international environmental management standards, inclusion of
specific social standards, e.g. GMOs, protection of legal and customary rights, use of the
precautionary principle; (2) certification (regional vs. national certification, specific standards for
field visits, need for consultation during assessment process, extent of public information on
certification results; (3) accreditation (national vs. international, need for public summaries of
accreditation audits, affiliation with regional and/or international accreditation bodies); (4) chain
of custody and claims (i.e., approach to chain-of-custody accounting), (5) scheme characteristics
(range of stakeholders involved in developing and running a scheme).

The WWF/World Bank Global Forest Alliance published “Forest certification assessment
guide: A framework for assessing credible forest certification systems/schemes”, which outlines
11 criteria for judging certification initiatives (WWF/World Bank, 2006):

1. Compatibility with international frameworks for certification accreditation and standard setting;

2. Compatibility with globally applicable principles that balance economic, ecological, and equity
dimensions of forest management and meet Global Forest Alliance requirements;

3. The meaningful and equitable participation of all major stakeholder groups in governance and
standard setting;

4. Avoidance of unnecessary obstacles to trade;

5. Objective and measurable performance standards that are adapted to local conditions;
6. Certification decisions free of conflicts of interest from parties with vested interests;
7. Transparency in decision making and public reporting;
8. Reliable and independent assessment of forest management performance and chain of custody;
9. Delivery of continual improvement in forest management;
10. Accessibility to and cost-effectiveness for all parties; and
11. Voluntary participation.

Based on a detailed evaluation of certification programs, CIFOR published a paper, entitled “An overview of current knowledge about the impacts of forest management certification: A proposed framework for its evaluation” (Romero et al., 2013), in which they outline the effects of diverse certification schemes on various ecological and socioeconomic outcomes based on:

A formal evaluation of forest certification: (i) to assess the extent to which certification is the direct and indirect driver of observed changes in the outcomes of forest management… and (ii) to determine how other interventions and processes contribute to particular outcomes related to certification. As a whole, these hoped-for outcomes include maintenance or enhancement of forest values (e.g., biodiversity, ecosystem service provision); social welfare of forest owners, workers and local people (e.g., health and education, access to credit, increased assets); the financial and legal status of certified FMUs; and changes in policy frameworks.

In the context of designing an evaluation, Romero et al. (2013) also describe a set of variables that influence forest management:

- [Exogenous to the firm] economic (origin/country of firm and capital, vertical integration of production); political (institutional regime, e.g. community/public/private, legal framework evolution and dynamics);

- [Exogenous to the forest management unit] biophysical (area, slope, history of logging, travel time to harbor/mill); social/livelihoods (population density in surrounding area, dominant ethnic group(s) in area, recognition of community use and tenure rights, conflicts with communities or other stakeholders); political (administrative regime, e.g., district/state, type and duration of harvest permit, political cohesion of industry sector);
• [Endogenous to the forest management unit] biophysical (area logged per year, volume harvested per year, logging intensity, e.g. range and mean, species marketed); social/livelihoods (workers origin/gender, potential conflicts with forest management units, within communities and with local stakeholders), economic (market orientation, e.g. national/regional, logging subcontracted); political (management status, approval and certification).

Drawing on an analysis of the Forest Stewardship Council (FSC) certification scheme, Taylor (2005) notes that the majority of certification activities have occurred in production forests in more temperate developed countries, with relatively less activity in tropical developing countries and especially in smaller scale community-based forest management regimes, despite the rapid growth of the latter. He explores the obstacles and opportunities for increasing certification efforts in such community-managed forests (Taylor, 2005). Among the key challenges noted are “the structure of conventional wood products commodity chains, common wood product characteristics, certification’s current commitment to conventional market logics and practices, and informal governance influences favoring powerful economic actors” (Taylor, 2005: 433). However, he argues that there are also some potential advantages for pursuing a community-based model through a fair-trade approach to certification, including consistency with FSC’s historic emphasis on social and environmental goals; compatibility with FSC’s existing practices of making its global standards and principles responsive to local ecological and geographic conditions; the potential for specialized fair-trade projects to coexist with existing large-scale projects and markets; and the growing emphasis on “forest steward communities” in developing countries and their capacity to work collaboratively for their current and future prosperity and the sustainability of their forests (Taylor, 2005).

While it has been supportive of forest certification initiatives and their potential for promoting more sustainable management of forests in principle, the World Trade Organization
has warned that such schemes could constitute non-tariff barriers to trade and could be used for domestic protectionism or “disguised restrictions on international trade” (FAO, 2003).

As indicated above, there are a wide variety of different standards and systems for forest certification, with different global accreditation bodies, some with more specific and fixed requirements than others. Although a relatively small number of forests are certified today, SFM certification is becoming an increasingly popular means of satisfying consumers’ demand and conscience for more sustainably produced forest products.

3.3.2. Carbon Trading and REDD+

Concerns about the potential social and ecological consequences of burgeoning forest-carbon trading schemes like REDD+ have led to a revived interest in forest governance and frameworks for assessing it, especially in the context of externally driven market-based policies and mechanisms. In response, a number of applied evaluative and monitoring frameworks, and corresponding entities, have been created by multilateral agencies, concerned NGOs and certifying organizations to assess the social, economic, political and/or ecological risks and outcomes of such schemes. These applied frameworks range from adaptations of the World Bank’s Social and Environmental Safeguards, designed for use in assessing project impacts prior to implementation (discussed above); to independent standards for forest-carbon trading projects; to various frameworks for assessing the performance and governance outcomes of existing projects and programs, and the actions of supporting entities like the World Bank’s Forest Carbon Partnership Facility. Some of these frameworks are described below.
Box 3.3. Global Witness: Challenges and risks of implementing REDD+

- Establishing the global, national and sub-national architecture for REDD+ to manage and track disbursements and monitor programmes and funds to enable performance-based payments in the readiness phase as well as on the basis of results in terms of emissions reductions.
- Ensuring transparency of the money flows both through the international mechanisms and domestically within recipient countries.
- Identifying needs and building capacities to ensure good governance and effective enforcement in countries where institutions are weak.
- Ensuring REDD+ delivers social benefits with full and effective participation of stakeholders in REDD+ design and implementation, particularly civil society, indigenous groups and forest-dependent communities, many of whom live in remote places.
- Ensuring REDD+ delivers environmental benefits and prioritises the protection of intact natural forests and removes perverse incentives that could otherwise support industrial-scale extraction of timber and forest products within intact natural forests.
- Setting reference levels for countries where data is poor or non-existent.
- Establishing minimum standards for good governance and social and environmental safeguards necessary to avert risks.
- Establishing a REDD+ monitoring system to measure, report and verify (MRV) emissions reductions as well as to monitor, report and verify progress towards good governance and the implementation of social and environmental safeguards.
- Establishing national systems for governance assessment and monitoring that include participatory independent monitoring led by local civil society and involving all stakeholders, thus increasing transparency and inclusiveness in the design, implementation and review of REDD+ activities.
- Establishing principles and criteria for fair distribution of benefits and financial incentives across countries, and ensuring benefits are distributed equitably in-country and reach communities.
- Establishing an effective complaints and redress mechanism through which those affected by negative impacts of any REDD+ activity can voice their concerns, infractors can be prosecuted and affected people provided with adequate compensation.
- Ensuring emissions reductions are permanent and additional (i.e. would not have taken place anyway) and that forest destruction is not shifted elsewhere (‘leakage’).

Source: Global Witness (2010: 4-5) – Understanding REDD+: The role of governance, enforcement and safeguards in reducing emissions from deforestation and forest degradation
Frameworks, principles and criteria for forest-carbon trading (REDD+)

Global Witness, an international NGO focused on promoting transparency in the governance of international programs and commerce in natural resources—which publishes an online review called ‘REDD+ Monitor’ that tracks issues related to REDD+ governance—has identified many challenges and risks associated with implementing REDD+ (see Box 3.3), including those based on actual cases of documented corruption (see Box 3.4).

**Box 3.4. Global Witness: Corruption risks of carbon trading and REDD+**

“Based on real cases in countries undergoing ‘REDD+ readiness’ or in projects under the CDM, the following corruption risks have been identified:

*Inappropriate validation.* Bribery, corruption or conflicts of interest can influence validators’ decisions with regard to projects. Fraud can also take the form of project sponsors presenting inaccurate or misleading data.

*Overestimation of carbon benefits.* There may be strong incentives to overestimate the amount of carbon emissions reduced/carbon stocks enhanced. Agencies responsible for measuring, reporting and verifying emissions (MRV) may also be subject to political pressure from state elites wanting to maximize the potential of emission reduction schemes to generate revenues.

*Verification of fictitious projects.* MRV governance weaknesses could result in verification of projects that never took place or developers seeking payments for illegitimate projects.

*Double-counting and fraudulent trade of carbon credits.* There have been instances of commercial fraud in carbon credit trading on global carbon markets, including practices such as selling fictitious credits for non-existent or illegitimate projects, or with the same credits sold to multiple buyers. Such practices are made possible by poorly regulated carbon markets and the intangible and complex nature of carbon credits.

*Misappropriation of carbon rights.* In some countries corrupt carbon brokers and project developers may be taking advantage of opaque negotiation processes to take over local landowners’ carbon rights in a fraudulent manner, in some cases with the complicity of government officials.”


To promote mitigation of these challenges and risks, Global Witness (2014) has developed a set of five basic ‘recommendations’ for ensuring good governance, transparency and
equity in REDD+: (1) independent, third-party monitoring; (2) full transparency in both global (UNFCCC) and national processes; (3) genuine multi-stakeholder participation in national REDD groups; (4) no REDD funds for industrial logging; and (5) prioritization of biodiversity-rich forests and peatlands. They expand on this with a set of more specific recommendations (Global Witness, 2010: 10):

1. REDD+ readiness activities should prioritize establishment of *building blocks* for good governance…

   (1) Genuine inclusive and participatory processes for design and implementation of REDD+ at national and international levels;
   (2) Comprehensive, independent country assessments of governance challenges and weaknesses;
   (3) Appropriate, targeted and sustained capacity building programmes for all stakeholders;
   (4) Practical systems for monitoring (‘non-carbon’) governance and safeguards implementation;
   (5) Analysis and application of lessons learned from the CDM;
   (6) Stronger coordination between REDD+ and FLEGT (forest law enforcement, governance and trade) initiatives to ensure they reinforce each other;
   (7) Engaging the regulatory and enforcement community in the design of REDD+;
   (8) Building cooperative enforcement mechanisms to combat organised crime; and
   (9) Transparent financial mechanisms and auditing tools to fight corruption…

2. The UNFCCC REDD+ agreement should include provisions for strong safeguards and good governance and means to ensure their implementation.

3. A REDD+ monitoring system should incorporate robust systems for ‘non-carbon’ monitoring as well as MRV of emissions reductions, i.e. systems for monitoring: a) governance and social safeguards, and b) environmental benefits and impacts.

4. National systems for governance assessment and monitoring should include participatory independent monitoring led by local civil society and involving all stakeholders.

5. REDD+ policies should ensure social and environmental benefits (‘multiple benefits’).

6. The UNFCCC REDD+ agreement should include a specific objective to protect intact natural forests in developing countries from deforestation or further degradation.

7. Financial mechanisms for REDD+ should exclude use of funds to support or subsidize activities resulting in carbon emissions, including industrial logging or conversion of forests to plantations.

8. REDD+ funds should empower indigenous peoples and forest-dependent communities to develop strategies to prevent encroachment and illegal activities, e.g., through independent monitoring.
9. REDD+ should support sustainable alternatives to industrial logging that contribute lasting and equitable development benefits to forest communities and the economies of developing countries.

10. REDD+ policies and actions should prioritize the protection of intact natural forests and support the restoration of degraded forests using mixed indigenous species.

11. It should be made clear in the process of defining activities to be funded by REDD+ that ‘sustainable management of forests’ excludes management activities resulting in carbon emissions, and that supporting such activities is subsidiary to the protection of natural forests.

CIFOR’s Global Comparative Study on REDD+ (GCS-REDD+) consists of multi-country, comparative research on various aspects of REDD+ governance, including national REDD+ policies and (readiness) processes; socioeconomic outcomes at REDD+ project sites; carbon monitoring and reference levels (i.e., baselines); synergies between REDD+ and climate adaptation; and multilevel governance and carbon management (Brockhaus & Di Gregorio, 2012). The main concern is how REDD+ policies and programs can produce results that are effective in reducing carbon emissions, cost efficient, and socially equitable (i.e., 3E).

Component 1 of GCS-REDD, on “national REDD+ policies and processes” has several outputs:

- Country Profile – A detailed document outlining the context of REDD+ in a particular national setting, including drivers of deforestation, forest governance status, readiness activities and policies;
- Media Discourse Analysis – An analysis of different frames, actors and stances related to REDD+ in the national print media;
- Policy Network Analysis – A study of actors involved in REDD+ policymaking and the positions, activities, power relations, and flow of information and resources among them; and
- Various other REDD+ policy and strategy related studies

Aside from the 3E principles mentioned above, specific principles and elements of forest governance espoused by the GCS-REDD+ Component 1 are inclusiveness, transparency, participatory planning and policymaking, secure resource tenure/access, benefit-sharing, conflict resolution and grievance mechanisms, and monitoring (Brockhaus & Di Gregorio, 2012).

Cadman and Maraseni (2011) have carried out a research project entitled, “The governance of climate change: Evaluating the governance quality and legitimacy of the United
Nations REDD-plus Programme.” Through this project, they have conducted repeated surveys to
gauge perceptions of various actors involved in REDD+ at the international and national levels
on the most important elements and shortcomings of the implementation process. Their
theoretical framework is based on three principal institutional elements: structure, process and
outcomes. It purports that legitimate governance outcomes result from a combination of
“meaningful participation” and “productive deliberation”, stresses participatory processes and
effective conflict resolution mechanisms, and highlights key principles such as inclusiveness,
transparency and accountability (Cadman & Maraseni, 2011).

In their introduction to a special journal issue on REDD+ governance, Corbera and
Schroeder (2011) emphasize several elements necessary for an effective and sustainable REDD+
mechanism: architecture; agency; adaptiveness; accountability and legitimacy; and allocation
and access. They also stress the importance of considering interplay with other policies and
markets that influence land-use practices (Corbera & Schroeder, 2011).

In collaboration with the UN-REDD Programme, Chatham House published a paper on
“Monitoring Governance for Implementation of REDD+” (Saunders & Reeve, 2010). According
to Capistrano (2010), the UN-REDD/Chatham House approach is based on three main
parameters: “(1) clear and coherent policy, legal, institutional and regulatory frameworks; (2)
effective enforcement and compliance; and (3) transparent and accountable decision-making and
institutions.” These principles stem from four key points of consensus (i.e. agreements) reached
at a 2010 workshop on “Monitoring Governance Safeguards in REDD+” (Capistrano, 2010):
“(1) Simple, practical and actionable tools are needed to diagnose, assess and monitor forest
governance; (2) Practical tool development should exploit synergies across several on-going
efforts; (3) A common set of principles and criteria should be developed; and (4) There is an
urgent need to move forward to meet the current high demand for tools to monitor and assess forest governance.” Drawing on these agreements and the principles derived from them, Capistrano (2010) proposed a set of detailed criteria and indicators for assessing forest governance in a draft report for the FAO on “Forest Governance Indicator Development: Early Lessons and Proposed Indicators for Country Assessments” (see Table 3.9). Capistrano (2010) also suggests that “equity in the allocation of forest benefits” be added as a key principle of forest governance, with the following suggested indicators (Capistrano, 2010: 21):

- Pattern of distribution of forest-related tenure, rights and rent: (a) area and percent of forest land used for subsistence; (b) area and percent of forest land managed for cultural, social and spiritual needs; (c) distribution of economic rent from forests

- Extent of legal provision for, and implementation of, the collection and redistribution to affected communities of forest taxes, royalties, charges and rents

- Internalization of social and environmental externalities from forest resource use, including: (a) payments for protecting environmental services from forests; (b) use of incentives for sustainable forest management

- Existence and application of safeguards for sustainability in forest management plans
Table 3.9. Principles and proposed indicators of forest governance based on UN-REDD/Chatham House framework

<table>
<thead>
<tr>
<th>Parameters &amp; Principles</th>
<th>Proposed Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Clear and coherent policy, legal, institutional and regulatory frameworks</td>
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</tbody>
</table>
| 1.1 Forest and land use policies, laws and regulations | • Existence and quality of overall policies, institutions and instruments for sustainable forest management: a. National Forest Program; b. Institutional frameworks; c. Legal/regulatory frameworks and international commitments; d. Financial instruments/economic policy; and e. Informational means  
• Clarity and consistency within and between laws  
• Forest laws/policies require coordination with land use plans  
• Workable forest policies maintained or improved through adaptation and learning |
| 1.2 Legal framework to support and protect land tenure/ownership and use rights | • Extent to which the legal framework: a. Clarifies property rights; b. Provides local communities and forest dependent people access and rights to forests; c. Recognizes customary and traditional rights of Indigenous peoples, local communities and traditional forest users; and d. Provides means of resolving property disputes by due process  
• Security of tenure/property rights clear and documented  
• Contracts and agreements honored and enforced |
| 1.3 Consistency of forest policies with broader development policies | • Non-forestry policies do not distort forest management in ways that encourage unsustainable forest use  
• Aspects of forest policies that are critical to livelihoods, poverty reduction and other development policies identified, monitored and, if needed, amended  
• Measures taken to harmonize forest policies and broader development policies, including cross-sectoral policy coordination |
| 1.4 Clarity of mandates across different levels of government | • Appropriate and effective sharing of responsibilities for forest-related activities among levels of government, according to their individual abilities and needs.  
• Clear responsibilities and authority, particularly for: a. forest tenure administration; b. forest management; c. forest law enforcement; d. fiscal management |
| 2. Effective implementation, enforcement and compliance |
| 2.1 Cooperative enforcement of laws and regulations | • Extent to which the institutional framework has the capacity to enforce laws, regulations, and guidelines  
• Capacity of law enforcement agencies to suppress, detect and prevent forest-related crimes and illegal activities  
• Clearly defined offenses and penalties  
• Citizens are encouraged to assist with forest law enforcement and actively participate in control operations.  
• Forest laws are actually implemented by mandated agencies and are respected by stakeholders, especially key stakeholders  
• Human rights, labor, safety, environmental and other laws are applied in forest settings |
| 2.2 Effectiveness and integrity of the judicial system | • Capacity of the judiciary to effectively deal with cases of forest crime  
• Effective prosecution of forest law offenders  
• Effective and consistent application of penalties  
• Access to courts or arbitrators: a. fair, honest and independent; b. affordable, rapid; c. enforceable outcomes |
| 2.3 Implementation of, and compliance with, relevant international commitments and obligations | • Extent to which the country has taken measures to sign, ratify, adopt and comply with relevant forest-related international treaties, standards and codes. (Identify treaties, standards and codes)  
• Other legislative, policy or institutional frameworks that have been put in place to implement any of the issues covered by the identified treaties, standards and codes |
### 2.4 Anti-corruption measures
- Progress in fighting corruption with respect to: (a) existence of legal provisions establishing clear and enforceable procurement rules in the public sector; (b) existence of legal provisions establishing a national Code of Conduct of civil servants including regular disclosure of assets; (c) channels for reporting corruption and whistleblower protection; (d) cases of corruption in the public sector assessed by an Ombudsman or other relevant authority; (e) follow-up action including prosecutions of cases of corruption.
- Effectiveness of internal controls and audit
- Scope, nature and follow-up of external audit
- Clear code of business conduct for forest industries
- Efficient system of forest revenue collection and revenues accounted for
- Operational forest sector public expenditure tracking system

### 3. Transparent and accountable decision-making and institutions

#### 3.1 Stakeholder participation in forest policy design and implementation, with special emphasis on vulnerable groups
- Extent to which the legal framework provides opportunities for public participation in policies and decisions related to forests, and supports public access to information
- Mechanisms put in place to promote and encourage effective participation by key stakeholders, and their effectiveness
- Clear process and easily accessible public guidelines on how to participate in forest-related planning, decision-making and implementation
- Extent of involvement of Indigenous Peoples, local communities and other forest dwellers in forest management capacity building, consultation processes, decision-making and implementation

#### 3.2 Transparency and accountability of agencies responsible for implementation and enforcement
- Public availability of forest data, plans, laws, budgets and other information relevant to forest use and management
- Timeliness, comprehensiveness and frequency in dissemination of information on the core activities of these agencies
- Transparent allocation of timber and NTFP concessions, permits and user rights
- Transparent and competitive forest products auctions
- Public notice of any pending forest agency actions
- Forest officials evaluated and held accountable for failures to meet stated goals

#### 3.3 Conflict resolution and grievance mechanism
- Extent to which the law supports broad public and civil society organizations access to redress and remedy
- Level of conflicting claims over public forests
- Existence and effectiveness of conflict-resolution process/mechanisms for resolving disputes between forest stakeholders
- Measures taken to sustain progress in conflict and post-conflict management, and their effectiveness
- Security services subject to the rule of law and oversight of civil authorities

#### 3.4 Participatory and transparent monitoring, reporting, verification, including accessibility of information
- Public participation in forest management planning, decision-making, data collection, monitoring and assessment
- Availability at reasonable cost, timeliness and extent of data, statistics, documents and other information needed for monitoring, assessment, reporting and verification
- Presence of strong, independent non-governmental monitors and watchdogs
- Extent to which there is a monitoring system and/or penalties for non-compliance to ensure agencies meet their obligations to disclose information and facilitate public participation
- Result of monitoring and evaluation are readily available to the public and incorporated into new forest management plans

Source: Capistrano, 2010 (http://foris.fao.org/preview/27997-0856885afba1e5cbb5651bafef1be0b5ee.pdf)
*Forest-carbon certification standards*

Independent certifying organizations (typically international NGOs) that verify forest-carbon trading schemes and investments have also come up with their own standards for monitoring the social, ecological and governance outcomes of REDD+ projects and other forest-carbon trading initiatives. Among these, the most prominent and advanced is probably the Climate, Community and Biodiversity Alliance (CCBA). In addition to creating standards for monitoring, reporting and verification (MRV) of project outcomes, known as the Climate, Community and Biodiversity Standards (CCBS), CCBA has developed a set of REDD+ Social and Environmental Standards (SES), in conjunction with CARE International, to guide their design and implementation (CCBA & CARE, 2012). The SES are discussed below along with other safeguard mechanisms.

There are other certifying bodies, including the Verified Carbon Standards (VCS), PlanVivo (see Box 3.5), and CarbonFix (CFS), which was acquired by the Gold Standard in 2012. A comparison of standards conducted by the University of Canterbury (Merger & Williams, 2008) is provided in Table 3.10 below. It compares the four main international standards in terms of the types of credits issued; how technical issues such as permanence, additionality, monitoring and verification are assessed or conducted; and their level of transparency and social/ecological co-benefits (rated from 1-3 stars, where more stars = more transparency/co-benefits). PlanVivo is the oldest standard, dating back to forest-carbon projects in Mexico in 1994, but among the most widely used standards for forest-carbon projects today are CCBS and VCS, each founded by a group of prominent international organizations (COTAP, 2014). Of these two standards, CCBA is considered more transparent and more concerned with co-benefits, as is PlanVivo (Merger & Williams, 2008 – see table 3.10 below). In fact, VCS does
not incorporate any co-benefits explicitly (McDermott et al., 2012). However, it does allow “tagging” with other standards, including CCBA and Social Carbon, to fulfill social and ecological co-benefits (VCS, 2015)

Box 3.5. Integrating Poverty Alleviation into Carbon Standards: The Plan Vivo approach

Amongst the many standards of voluntary carbon offsets, Plan Vivo is one of the few that addresses poverty directly. The standards are designed explicitly to work with smallholders to provide ecosystem services with the central goal of promoting sustainable rural livelihoods through community-based land use projects. Some of the distinguishing features of Plan Vivo are as follows:

Scope. Plan Vivo includes afforestation Figure 3.3. Learning cycles in the concept of triple-loop learning for adaptive governance and reforestation, agroforestry, forest restoration, and avoided deforestation projects. This broad scope marks a major departure from other standards as it allows for comprehensive landscape-level interventions rather than focusing on specific types of land use change. This provides immense flexibility in project design as it can incorporate and bundle activities that would ordinarily be ineligible under other standards. With this flexibility, the standards are able to better reflect land use practices on the ground, thereby promoting the sustainability of the interventions. In addition, as project interventions can be very different across the board, Plan Vivo doesn’t prescribe specific methods, but encourages projects to develop their own peer-reviewed specifications.

Carbon ownership. Plan Vivo recognizes the informal nature of land tenure in most rural settings by allowing user rights to be the legal basis for a project. Payments go directly to the target group, are provided at specific intervals, and are matched with a monitoring cycle.

Capacity building. Plan Vivo Standards require demonstration of capacity building of the target group over time. Capacity building plays a major role in maintaining good governance of the project. In addition, this ‘learning by doing’ approach is expected to increase communities’ sense of ownership over the project and, ultimately, to help diversify income streams to promote sustainable livelihoods.

Livelihood co-benefits. Community-led planning is carried out to ensure that project goals are consistent with a community’s needs. An equitable benefit-sharing mechanism is created with full transparency. Recorded payments can be traced back to the target groups, including poor and marginalized, thus reducing permanence risks.

One of the most significant contributions of Plan Vivo standards has been to focus on the land use managers, that is, the rural communities, creating a framework that allows carbon credits to be generated according to prevailing land-use management options. This multi-pronged approach has added significant ‘non-carbon’ value to carbon credits as the interventions made under Plan Vivo Standards help to increase local resilience to climate change, protect and foster biodiversity, and provide a wealth of other ecosystem services beyond the central goal of poverty alleviation.

Source: (Plan Vivo website) http://www.planvivo.org/documents/standards.pdf
Table 3.10. Comparison of forest carbon trading standards: CCBS, CFS, Plan Vivo, VCS

<table>
<thead>
<tr>
<th>Standard</th>
<th>Type of credits</th>
<th>Transparency</th>
<th>Co-benefits</th>
<th>Permanence</th>
<th>Additionality</th>
<th>Monitoring</th>
<th>Verification frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCBS</td>
<td>N/A</td>
<td>⬠</td>
<td>⬠</td>
<td>N/A</td>
<td>A/R CDM</td>
<td>Scientifically rigorous</td>
<td>5 yearly</td>
</tr>
<tr>
<td>Carbon Fix (CFS)</td>
<td>VER-futures</td>
<td>⬠</td>
<td>⬠</td>
<td>Buffer 30%</td>
<td>A/R CDM or 3rd party approval</td>
<td>Criteria of the standard</td>
<td>2-5 yearly</td>
</tr>
<tr>
<td>Plan Vivo</td>
<td>Plan Vivo Certificate</td>
<td>⬠</td>
<td>⬠</td>
<td>Buffer 10% minimum</td>
<td>Barrier analysis</td>
<td>Periodic measurement</td>
<td>Annually</td>
</tr>
<tr>
<td>VCS</td>
<td>VCU</td>
<td>⬠</td>
<td>⬠</td>
<td>Buffer 5-60%</td>
<td>Project test</td>
<td>Self-validation reports</td>
<td>Once</td>
</tr>
</tbody>
</table>


WWF International established the Gold Standard in 2003. It operates in both the compliance (UNFCCC Clean Development Mechanism and Joint Implementation) and voluntary markets and certifies projects in energy, land-use/forestry and water sectors. It is now managed by the Gold Standard Foundation in Geneva, Switzerland and certification is based on seven major principles, with specific criteria for each (Gold Standard, 2013a: 4-5), shown in Box 3.6.

Gold Standard projects must also comply with the safeguard principles of the UNDP’s MDG Carbon Facility (Gold Standard, 2013b: 8-9): “[safeguards regarding the livelihoods of communities in and around the project] (1) no human rights abuses; (2) no involuntary settlement; (3) no damage to critical cultural heritage; [safeguards regarding the employees of the project] (4) freedom of association; (5) no forced labor; (6) no child labor; (7) no discrimination; (8) safe working environment; [safeguards regarding corruption] (9) no corruption; [safeguards regarding environmental aspects of the project] (10) precautionary with environmental challenges; (11) no significant conversion or degradation of critical natural
habitats.” Global Standard is also in the process of developing joint certification partnerships with the FSC and Fairtrade International (Global Standard, 2013b; Global Standard, 2014).

<table>
<thead>
<tr>
<th>Box 3.6. Principles and criteria of the Gold Standard</th>
</tr>
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<tbody>
<tr>
<td>Principle 1 – The project shall do not harm, complying with UNDP Millennium Development Goal (MDG) Carbon Safeguard Principles</td>
</tr>
<tr>
<td>1.1 Assess risk of potential harmful impacts against a series of safeguard principles on human rights, labor standards, environmental protection, corruption.</td>
</tr>
<tr>
<td>Principle 2 – The project shall enhance sustainable development</td>
</tr>
<tr>
<td>2.1 Demonstrate a net positive contribution to SD via a detailed impact statement;</td>
</tr>
<tr>
<td>2.2 Assess against a set of SD indicators)</td>
</tr>
<tr>
<td>Principle 3 – The project shall involve all relevant stakeholders</td>
</tr>
<tr>
<td>3.1 Extensive stakeholder consultation where the community defines indicators of social, economic and environmental success</td>
</tr>
<tr>
<td>3.2 NGOs can support local stakeholder consultations and provide project input; grievance mechanisms allows for continuous feedback on project</td>
</tr>
<tr>
<td>Principle 4 – Greenhouse gas emissions reductions and carbon sequestration shall be real</td>
</tr>
<tr>
<td>4.1 Emissions reductions measured and reviewed by a third party and GS Secretariat</td>
</tr>
<tr>
<td>4.2 Must demonstrate that ERs are above business-as-usual scenario</td>
</tr>
<tr>
<td>Principle 5 – The project shall be compliant with all relevant laws and Gold Standard</td>
</tr>
<tr>
<td>5.1 Follow specific GS certification steps for each project type;</td>
</tr>
<tr>
<td>5.2 Project developer must confirm that project conforms with national and international laws;</td>
</tr>
<tr>
<td>5.3 Definition and clear documentation of property ownership and rights</td>
</tr>
<tr>
<td>Principle 6 – The project shall be transparent</td>
</tr>
<tr>
<td>6.1 Project information will be well documented and made available on GS registry</td>
</tr>
<tr>
<td>Principle 7 – The project’s compliance and progress shall be monitored, reported and independently verified throughout the entire crediting period.</td>
</tr>
<tr>
<td>7.1. Monitoring plan based on do-no-harm assessment and SD impact assessment</td>
</tr>
<tr>
<td>7.2. Certification by independent, accredited bodies to ensure consistency in rules, claims and calculations</td>
</tr>
</tbody>
</table>
The SocialCarbon Standard has been developed and managed by the Brazilian NGO Ecologica Institute to complement other standards (it does not include criteria for monitoring of GHG emissions reductions) and certify emissions reductions initiatives from a sustainable development standpoint (The REDD Desk, 2014). After CCBS, it is the second most prevalent co-benefit standard for emission reduction projects globally (with 23% of all project types in 2011), albeit with relatively few related to forest-carbon emissions, even though it was initially created for forest-dependent communities (The REDD Desk, 2014). The focus of SocialCarbon is on verifying the social, environmental, and economic performance of projects, using six aspects of sustainable development: social, human, financial, natural, biodiversity and carbon. It also has specific procedural requirements, including ongoing monitoring and reporting, and indicators related to stakeholder participation, consultation, conflict resolution, political risk, and regulatory approval including agreement with existing national and subnational REDD+ initiatives (The REDD Desk, 2014).

Social and environmental safeguards

Parallel to the efforts of international NGOs and certifying bodies to develop principles, criteria and indicators, some of the major multilateral organizations supporting REDD+ implementation have developed their own means of assessing the governance performance of national efforts and initiatives, through specific bodies and programs. These include the United Nations’ UN-REDD Programme, the World Bank’s Forest Carbon Partnership Facility (FCPF), and the Forest Investment Program (FIP). Each of these entities works with participating national governments to support and promote readiness and the effective implementation of REDD+
programs, and each holds regular meetings to discuss the status of, and issues related to progress on, these programs.

The UN-REDD Programme works with 51 countries (18 with active REDD+ programs), while the FCPF is supporting efforts in 44 countries, with some overlap between these two initiatives. The FIP, significantly smaller in scope, works in just eight countries. Each of these major multilateral efforts has their own process for monitoring REDD+ safeguards, outlined below. The REDD+ program countries, donor countries and governing body structure for each initiative is detailed in Table 3.12. The adoption of these safeguards stems from the recognition that implementation of national REDD+ projects could entail numerous risks (UN-REDD, 2011):

- Conversion of natural forests to plantations and other land uses of low biodiversity value and low resilience;
- Loss of traditional territories resulting in displacement and relocation of indigenous peoples and forest dependent communities;
- Erosion or loss of rights with exclusion from lands, territories and resources;
- Loss of ecological knowledge;
- Loss of traditional and rural livelihoods;
- Social exclusion and elite capture in the distribution of benefits from REDD+;
- Loss of or reduced access to forest products important for local livelihoods;
- Creation of contradictory or competing national policy frameworks;
- Other benefits of forests are traded off at the expense of maximizing carbon benefits; and
- Human-wildlife conflict as population of crop-raiding animals benefit from better protected forests.
In “Safeguarding Forests and People: A Framework for Designing a National System to Implement REDD+ Safeguards”, WRI (Larsen & Daviet, 2013: 8) outline several considerations that they claim should be part of any safeguards mechanism:
**Anticipating** potential risks and opportunities associated with national and/or subnational REDD+ actions, such as REDD+ strategies, activities, and projects;

**Planning** to avoid harm and produce benefits to ecosystems and people by addressing social and environmental considerations in the design of REDD+ actions;

**Managing** REDD+ actions by implementing safeguard plans and procedures that will help ensure desired social and environmental goals;

**Monitoring** REDD+ processes and outcomes to demonstrate the achievement of goals, make course corrections, and deal with unanticipated impacts; and

**Responding** to problems and grievances related to the social and/or environmental effects of REDD+ actions.

Furthermore, WRI (Larsen & Daviet, 2013) list four components of a safeguard system: (1) **goals**, which define the aims of the safeguards; (2) **functions**, which define how the goals are to be achieved (i.e., anticipating, planning, managing, monitoring, responding); (3) **rules** for what should or should not occur in the system (laws, regulations, policies); and (4) **institutions** to ensure transparency of, and proper adherence to, the rules.

The UN-REDD Programme, a collaborative effort of the FAO, UNEP and UNDP, supports national REDD+ policy and readiness processes, the involvement of multiple stakeholders, and development of monitoring systems and capacity, and assessment of the multiple socioeconomic and ecological benefits of REDD+ in 51 countries (EDF, 2012). It has adopted a set of “Social and Environmental Principles and Criteria” to guide its own program activities as well as independent efforts of national governments, comprised of seven broad principles that include 24 specific criteria or objectives to be met in UN-REDD sponsored activities (UN-REDD, 2012). A corresponding “Benefits and Risk Tool” has been developed to facilitate assessments using questions based on the Principles and Criteria (UN-REDD, 2012). The Principles and Criteria are outlined in Table 3.11 below.
<table>
<thead>
<tr>
<th>Principles</th>
<th>Criteria</th>
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<tbody>
<tr>
<td><strong>Principle 1</strong>&lt;br&gt;Apply norms of democratic governance, as reflected in national commitments and multilateral agreements</td>
<td>1. Ensure the transparency and accountability of fiduciary and fund management systems linked to REDD+ activities&lt;br&gt; 2. Ensure legitimacy and accountability of all bodies representing relevant stakeholders, including through establishing responsive feedback and grievance mechanisms&lt;br&gt; 3. Ensure transparency and accessibility of information related to REDD+, including active dissemination among relevant stakeholders&lt;br&gt; 4. Ensure the full and effective participation of relevant stakeholders in design, planning and implementation of REDD+ activities, with particular attention to indigenous peoples, local communities and other vulnerable and marginalized groups&lt;br&gt; 5. Promote coordination, efficiency and effectiveness among all agencies and implementing bodies relevant to REDD+&lt;br&gt; 6. Promote and support the rule of law, access to justice and effective remedies</td>
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<td><strong>Principle 2</strong>&lt;br&gt;Respect and protect stakeholder rights in accordance with international obligations</td>
<td>7. Respect and promote the recognition and exercise of the rights of indigenous peoples, local communities and other vulnerable and marginalized groups to land, territories and resources, including carbon&lt;br&gt; 8. Promote and enhance gender equality, gender equity and women’s empowerment&lt;br&gt; 9. Seek free, prior and informed consent of indigenous peoples and respect and uphold the decision taken (whether consent is given or withheld)&lt;br&gt; 10. Ensure there is no involuntary resettlement as a result of REDD+&lt;br&gt; 11. Respect and protect traditional knowledge, and cultural heritage and practices</td>
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<td><strong>Principle 3</strong>&lt;br&gt;Promote sustainable livelihoods and poverty reduction</td>
<td>12. Ensure equitable, non-discriminatory and transparent benefit sharing among relevant stakeholders with special attention to the most vulnerable and marginalized groups&lt;br&gt; 13. Protect and enhance economic and social well-being of relevant stakeholders, with special attention to the most vulnerable and marginalized groups</td>
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<td><strong>Principle 4</strong>&lt;br&gt;Contribute to low-carbon, climate-resilient sustainable development policy, consistent with national development strategies, national forest programmes and commitments under international conventions and agreements</td>
<td>14. Ensure consistency with and contribution to national climate policy objectives, including those of mitigation and adaptation strategies and international commitments on climate&lt;br&gt; 15. Address the risk of reversals of REDD+ achievements, including potential future risks to forest carbon stocks and other benefits to ensure the efficiency and effectiveness of REDD+&lt;br&gt; 16. Ensure consistency with and contribution to national poverty reduction strategies and other sustainable development goals (including those outlined under the Millennium Development Goals framework), including alignment with ministries’ and sub-national strategies and plans that may have an impact on, or be affected by the forest sector and/or land use change&lt;br&gt; 17. Ensure consistency with and contribution to national biodiversity conservation policies (including National Biodiversity Strategies and Action Plans), other environmental and natural resource management policy objectives, national forest programs, and international commitments on the environment</td>
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<td><strong>Principle 5</strong>&lt;br&gt;Protect natural forest from degradation and/or conversion</td>
<td>18. Ensure that REDD+ activities do not cause the conversion of natural forest to planted forest, unless as part of forest restoration, and make reducing conversion of forests to other land uses (e.g. agriculture, infrastructure) a REDD+ priority&lt;br&gt; 19. Avoid or minimize degradation of natural forest by REDD+ activities and make reducing degradation due to other causes (e.g. agriculture, extractive activities, infrastructure) a REDD+ priority&lt;br&gt; 20. Avoid or minimize indirect land-use change impacts of REDD+ activities on forest carbon stocks, biodiversity and other ecosystem services</td>
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Principle 6
Maintain and enhance multiple functions of forest including conservation of biodiversity conservation and provision of ecosystem services

21. Ensure that land-use planning for REDD+ explicitly takes account of potential synergies and trade-offs between the multiple functions of forest and the benefits they provide, respecting local and other stakeholders’ values

22. Ensure that planted and natural forests are managed to maintain and enhance ecosystem services and biodiversity important in both local and national contexts

Principle 7
Avoid or minimize adverse impacts (direct and indirect) on non-forest ecosystem services and biodiversity

23. & 24. Avoid or minimize adverse impacts on carbon stocks, other ecosystem services and biodiversity of non-forest ecosystems resulting indirectly from REDD+ activities (including those of indirect land-use change impacts and intensification of land use)

The World Bank’s Forest Carbon Partnership Facility has also adopted its own set of safeguards to be used in implementation of REDD+ programs in the 44 countries that it supports. These safeguards are part of the Bank’s general Strategic Environmental and Social Assessment procedure, which apply to all of its loans and projects (FCPF, 2013). In addition, each country that receives funding for REDD+ from the FCPF must submit a “Readiness Preparation Proposal” (RPP), which addresses several specific tasks (REDD+ Safeguards; FCPF, 2011):

- Diagnosis of the situation with respect to deforestation and forest degradation, conservation, sustainable management of forests, and relevant governance issues;
- Formulation and adoption of a reference scenario of emissions and land-use change based on historic forest cover change and GHG emissions, against which to measure performance;
- Creation and refinement of a REDD strategy and a strategy implementation framework
- Design of a monitoring system to measure, report and verify the effect of the REDD+ strategy on greenhouse gas emissions
- Assessing key social and environmental risks and potential impacts associated with REDD+, and developing a management framework to manage these risks and mitigate potential impacts;
- Conduct of the necessary consultations to ensure participatory adoption

Another important concern about the governance of REDD+ interventions is protecting the rights and autonomy of indigenous peoples and other forest-dependent local communities,
especially their right to free prior and informed consent (FPIC) with respect to engaging in REDD+ activities. To this end, the FCFP and UN-REDD have adopted joint “Guidelines on Stakeholder Engagement in REDD+ Readiness with a Focus on the Participation of Indigenous Peoples and Other Forest-Dependent Communities”, based on UN-REDD’s “Operational Guidance: Engagement of IPs and Other Forest Dependent Communities” and the FCPF’s “Guidance Note on National Consultation and Participation for REDD” (FCPF & UN-REDD, 2012). This joint document lists a set of common guiding principles for effective stakeholder engagement, and specific guidance and practical steps for carrying out stakeholder engagement for FCPF/UN-REDD activities. The guiding principles are as follows (FCPF & UN-REDD, 2012):

- “The consultation process should include a broad range of relevant stakeholders at the national and local levels” (especially forest-dependent communities and vulnerable groups, including indigenous peoples, but also pastoralists, farmers, civil society organizations, vulnerable groups, government agencies, environmental law enforcement agencies, private sector, academia)”;

- “Consultations should be premised on transparency and timely access to information” (including prior access to information about the risks, opportunities and their role in REDD+);”

- “Consultations should facilitate dialogue and exchange of information, and consensus building reflecting broad community support should emerge from consultation” (in accordance with UN-REDD Programme guidelines on FPIC)”; 

- “Consultations with indigenous peoples must be carried out through their own existing processes, organizations and institutions, e.g., councils of elders, headmen and tribal leaders” (i.e., representatives selected by themselves and according to their own decision-making processes)”;

- “Special emphasis should be given to the issues of land tenure, resource-use rights and property rights because in many tropical forest countries these are unclear as indigenous peoples’ customary/ancestral rights may not necessarily be codified in, or consistent with, national laws”; 

- “Impartial, accessible and fair mechanisms for grievance, conflict resolution and redress must be established and accessible during the consultation process and throughout the implementation of REDD+ policies, measures and activities”.
The guiding principles are accompanied by specific consultation steps, as outlined in Figure 3.6. Some of the key issues that the FCPF and UN-REDD (2012) have jointly identified to consult stakeholders on include:

- Current status of national forests;
- Institutional, policy and regulatory frameworks;
- Main causes and drivers of deforestation and forest degradation;
- Past and present policies to halt deforestation and forest degradation, where they have succeeded and where they have not;
- Rights and needs of indigenous peoples and other forest-dependent communities;
- Type and pattern of land use by indigenous peoples;
- Land rights (user and property rights, traditional, customary), and land tenure systems;


**Figure 3.6. UN-REDD/FCPF “Practical steps for carrying out effective consultations”**

The guiding principles are accompanied by specific consultation steps, as outlined in Figure 3.6. Some of the key issues that the FCPF and UN-REDD (2012) have jointly identified to consult stakeholders on include:

- Current status of national forests;
- Institutional, policy and regulatory frameworks;
- Main causes and drivers of deforestation and forest degradation;
- Past and present policies to halt deforestation and forest degradation, where they have succeeded and where they have not;
- Rights and needs of indigenous peoples and other forest-dependent communities;
- Type and pattern of land use by indigenous peoples;
- Land rights (user and property rights, traditional, customary), and land tenure systems;
- Rights to carbon;
- Inclusive participation in the design and implementation of REDD+ strategy and development of procedures and enablers throughout the REDD+ cycle;
- Proposed REDD+ strategy;
- Design of benefit-sharing systems for equitable and effective distribution of REDD+ revenues;
- Economic, social and environmental impacts and risks of REDD+ and the mitigation and prevention of risks;
- Design of monitoring systems to keep track of forests and forest emissions as well as environmental and social co-benefits;
- Issues of forest governance and mechanisms to ensure full compliance with social and environmental safeguards, including during REDD+ strategy development;
- Opportunity costs of land use;
- Groups likely to gain or lose from REDD+ activities; and
- Role of the private sector.

Like the FCPF, the World Bank-funded Forest Investment Program (FIP) follows the basic rule that each regional multilateral development bank (MDB) that receives its funds is responsible for the investment and use of those funds in accordance with its own policies, guidelines and procedures regarding project approval, implementation and supervision. However, FIP has not created a system for ensuring consistency between the World Bank (the trustee) safeguard policies and guidelines and those of other MDBs’ and partners’. This creates barriers to accountability, transparency, and consistency within the FIP, and between the FIP and other multilateral donors (e.g. FCPF, UN-REDD) (FPP, 2013; BIC, 2015). The countries involved in the three main multilateral initiatives to support REDD+ (UN-REDD, World Bank FCPF and FIP) are outlined in Table 3.12.
Table 3.12. Countries and stakeholders involved in UN-REDD, FCPF and FIP activities

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<td><strong>REDD+ program countries</strong></td>
<td>National country programs (18): Bangladesh, Bolivia, Cambodia, Colombia, Dem. Rep. of Congo, Ecuador, Indonesia, Nigeria, Panama, Papua New Guinea, Paraguay, the Philippines, Democratic Republic of Congo, Solomon Islands, Sri Lanka, Tanzania, Viet Nam, Zambia</td>
<td>[Latin America (16)] Argentina, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guyana, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname; [Africa (17)] Burkina Faso, Cameroon, Central African Republic, Cote d’Ivoire, Democratic Republic of Congo, Ethiopia, Gabon, Ghana, Kenya, Liberia, Madagascar, Mozambique, Nigeria, Republic of Congo, Tanzania, Togo, Uganda; [Asia &amp; Pacific (11)] Bhutan, Cambodia, Fiji, Indonesia, Laos PDR, Nepal, Pakistan, Papua New Guinea, Thailand, Vanuatu, Viet Nam (44 countries total)</td>
<td>Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Laos PDR, Mexico, Peru (8 countries total)</td>
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<td><strong>Donor countries</strong></td>
<td><strong>Norway, Denmark, Spain, Japan, European Commission (pledged)</strong></td>
<td>Readiness Fund (14): Australia, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Spain, Switzerland, United Kingdom, United States + European Commission Carbon Fund (7): Australia, Canada, Germany, Norway, Switzerland, United Kingdom, and USA + BP Technology Ventures, CDC Climat, European Commission, The Nature Conservancy (21 countries total)</td>
<td>Australia, Denmark, Japan, Norway, Spain, Sweden, United Kingdom, United States</td>
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<td><strong>Governing body</strong></td>
<td>UN-REDD Program Policy Board: comprised of representatives from partner countries, donors to the Multi-Partner Trust Fund, FAO, UNDP and UNEP, civil society, indigenous peoples</td>
<td>Participants Assembly. All countries/organizations participating in FCPF. Participants Committee: 14 REDD participant countries; 14 financial donors; observers from civil society, international organizations, indigenous peoples, private sector, UN-REDD Program, UNFCCC Secretariat</td>
<td>Sub-committee: 6 representatives from FIP donor countries and 6 reps. from eligible recipient countries. Observers: Reps. from FIP pilot countries, MDB Committee/Trustee can also attend as observers; 4 civil society reps., 2 private sector reps., 2 indigenous peoples reps., FCPF secretariat, GEF, UNFCCC, UN REDD technical secretariat. Expert Group: 8 individuals selected on basis of expertise, experience, and knowledge (recommends pilot program selections). Trustee &amp; administrative unit: World Bank [ Implementing agencies: World Bank Group, African Dev’t Bank, the Asian Dev’t Bank, Europe Dev’t Bank, Inter-American Dev’t Bank</td>
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</tbody>
</table>

**SOURCES:**
- FCPF website [https://www.forestcarbonpartnership.org/redd-country-participants](https://www.forestcarbonpartnership.org/redd-country-participants)
- FIP website [https://www.climateinvestmentfunds.org/cif/fip_pilot_programs](https://www.climateinvestmentfunds.org/cif/fip_pilot_programs)
The REDD+ Partnership was formed at the Oslo Climate and Forest Conference hosted by Norway in May 2010. It is now comprised of 75 countries, both donors and recipients of REDD+ funds (UN-REDD 2015). It’s primary objectives are to facilitate REDD+ readiness, demonstration activities, and results-based action, as well as to promote transparency and the scaling up of actions and finance, and to serve as a forum for discussion on critical issues related to REDD+ implementation and financing (UN-REDD 2015). While they have written on various aspects of governance related to forest-carbon trading, including benefit-sharing and safeguards, they do not present a framework or specific principles and criteria, per se.

In addition to the safeguard mechanisms of FCPF and UN-REDD, CCBA and CARE International carried out a piloting of “REDD+ Social and Environmental Standards” (SES), intended to provide guidance to countries implementing REDD+ projects and programs (REDD Standards, 2012). These REDD+ SES were tested in three countries—Ecuador, Tanzania and Nepal, and are currently being employed and/or piloted in Ecuador, Brazil, Nepal, Indonesia, Guatemala, Mexico, Peru, Liberia, Tanzania, Chile, Honduras, Costa Rica and Lao PDR (The REDD Desk, 2014). The REDD+ SES indicators generally fall into one of three categories: process indicators, policy indicators, or outcome indicators (REDD Standards, 2012). The standards are based on eight principles (Capistrano, 2010):

1. “Rights to land, territories and resources are recognized and respected;
2. The benefits of the REDD+ program are shared equitably among all stakeholders and rights holders;
3. The REDD+ program contributes to sustainable livelihoods and poverty alleviation for forest-dependent peoples;
4. The REDD+ program contributes to broader sustainable development and good governance objectives;
5. Biodiversity and ecosystem services are maintained and enhanced;
6. All relevant stakeholders and rights holders are able to participate fully and effectively in the REDD+ program;

7. All stakeholders and rights holders have timely access to appropriate and accurate information to enable good governance of the REDD+ program; and

8. The REDD+ program complies with applicable local and national laws and international treaties and agreements.”

Country-specific monitoring frameworks and REDD+ readiness activities

In addition to the efforts of the FCPF, UN-REDD Programme and other donor initiatives, some REDD+ implementing countries have adopted their own national monitoring system based on these international frameworks. For instance, Nepal has created the “Nepal Monitoring & Evaluation Framework for the REDD+ R-PP process” (REDD Cell, 2013), designed to achieve four intermediate impacts: (1) improved forest governance; (2) reduced emissions from deforestation and forest degradation from pilot schemes; (3) Nepal’s entry into an international REDD+ funding modality; and (4) equitable benefit sharing of REDD+ funding. This M&E framework is reviewed in more detail in Chapter 4.

There have been a few critical, third-party evaluations conducted by NGOs of the multilateral initiatives, including UN-REDD and FCPF. For instance, WRI (Williams, 2013) published “Putting the pieces together for good governance of REDD+: An analysis of 32 REDD+ Country Readiness Proposals”. This report cites stakeholder participation, non-carbon monitoring (i.e., social and ecological aspects), and cross-sectoral coordination as major issues identified in the readiness proposals (Williams, 2013). It further notes that, although they mention a need or plan to address issues like benefit-sharing, conflict resolution and revenue management in the future, these issues are not considered in most readiness proposals; while issues such as land tenure, coordination with local institutions, vertical coordination of REDD+ programs and coherence of new coordinating bodies with existing institutions are seldom
considered (Williams, 2013). WRI also cites eight core readiness needs for ensuring the equitable and effective governance of REDD+ (Williams, 2013):

1. Full and effective stakeholder participation and consultation processes
2. Clear and secure land and forest tenure rights
3. Equitable REDD+ benefit distribution mechanisms
4. Effective conflict resolution mechanisms
5. Transparent and accountable systems to manage REDD+ revenues
6. Transparent and comprehensive systems for non-carbon monitoring
7. Institutional coordination and policy coherence across sectors that affect forests
8. Institutional coordination across levels of government that manage forests

Furthermore, WRI (2012) has published “Getting Ready: A review of the World Bank Forest Carbon Partnership Facility Readiness Preparation Proposals”, a regularly updated assessment of the FCPF and, now, the UN-REDD readiness proposals. These assessments are based on the following methodology (i.e., criteria) (WRI, 2012): stakeholder participation in REDD+ planning and implementation; government coordination in REDD+ planning and implementation; transparent and accountable REDD+ revenue management and benefit sharing; transparent monitoring and oversight of REDD+; and the extent to which land and forest tenure, forest management, forest law enforcement, and other governance issues related to REDD+ are addressed.

FERN and the Forest Peoples Programme (FPP) (Dooley et al. 2011) published a book entitled “Smoke and mirrors: A critical assessment of the Forest Carbon Partnership Facility”, which provides a critical review of 8 R-PP documents, as well as key FCPF documents and policy debates. It claims that through the R-PP process the FCPF has developed a set of complicated new safeguards that dilute the effectiveness of their existing safeguard policies,
which could be strengthened instead; that these documents do not include provisions for addressing land conflicts and overlook weaknesses in national legislation on customary rights, FPIC, and related land demarcation and titling procedures; and that they frequently blame indigenous people and local communities for deforestation and forest degradation, without clear justification (Dooley et al., 2011). Furthermore, FERN and FPP (Dooley et al., 2011) state that national consultations on R-PP drafts have been cursory or non-existent, while the observations and proposals of forest-dependent people are being largely disregarded, particularly those related to land and territorial rights and benefit sharing; that the R-PPs reaffirm state ownership of forests and emphasize the valuation and monitoring of forest carbon over local economic, cultural and biodiversity values (i.e., safeguards); and that, although there is widespread acknowledgement of the need for national governance reforms, this is typically limited to the creation of new government bodies to oversee REDD+ and related programs. In short, they note an emphasis, in both the R-PP texts and associated policy documents and budgets, on technical issues associated with monitoring carbon stocks, and relatively little attention paid to critical social, economic, cultural, political and legal aspects of REDD+ and forest governance, resulting in a narrow interpretation and recentralization of forest governance (Dooley et al., 2011).

3.4. Toward an evaluative conceptual framework for decentralized forest governance

The preceding review of both theoretical and applied frameworks of forest governance, SFM certification and forest-carbon trading (REDD+) reveals that there are many similarities, and some notable differences, in key principles and criteria among the different frameworks. It is instructive in that it presents diverse approaches for conceptualizing and assessing forest governance, revealing that diverse principles, criteria and indicators have been employed to this
end, and that a significant number of frameworks have been developed for this purpose. However, the purpose of this review, and of this research in general, is not simply to develop yet another comprehensive framework for assessing forest governance. Instead, it aims to tease out key elements and principles of effective decentralized forest governance that are common across both theoretical and applied frameworks, which can be used to evaluate governance quantitatively or qualitatively. Thus, rather than pursue a diagnostic approach based on specific, quantifiable criteria and indicators, this research relies on these common elements and principles as the basis for a qualitative narrative analysis (Chapter 6), to try to determine differences and similarities in perspectives and experiences of market-based mechanisms among actors from diverse sectors in national and local settings. The methodology for this narrative analysis is discussed in Chapter 5. This section identifies the key elements and principles, and describes the conceptual framework that they comprise.

The preceding review reveals a set of broad, crosscutting principles and more specific multi-scale institutional elements integral to the effective governance of forests in general, and in the context of global market-based mechanisms like SFM certification and REDD+ in particular. The institutional elements, which represent means of achieving the broader principles, include:

1. Collaborative planning and policymaking forums and processes;
2. Secure land and resource tenure and access rights;
3. Fair systems for sharing of benefits, costs (responsibilities) and risks;
4. Accessible conflict resolution and grievance mechanisms; and
5. Participatory monitoring systems for various outcomes and processes of forest governance: socioeconomic, biophysical, and institutional (e.g., the four elements above).
The principles, which span the abovementioned institutional elements at different levels, are *inclusiveness* (of different actors, viewpoints and possible approaches/strategies); *transparency* (in information-sharing and decision-making processes); mutual *accountability* (among different stakeholders, i.e., upward by local communities and stakeholders, downward by the government, and laterally among different actors at each level); *autonomy* (or shared authority for management and decision-making); and *equity* (of participation, benefits and responsibility among participants at different levels).

The academic frameworks discussed earlier (IAD, SES, Adaptive Governance) include many of the elements and principles mentioned above, except for the elements of ‘secure land tenure and access rights’ and ‘fair systems for sharing of benefits, costs and risks’. Although these elements are not mentioned explicitly, they fall under collective-choice rules, which is an aspect shared among the theoretical frameworks. The academic frameworks also implicitly incorporate most of the principles—*inclusiveness, transparency, accountability, autonomy and equity*. Nonetheless, there are many aspects presented in the theoretical frameworks that are not explicitly covered by the elements and principles presented here, such as the physical characteristics of the resource system; the demographic characteristics of users; demand for resources and sustainability of management practices; knowledge and learning systems; risks, uncertainty and adaptive capacity; and external influences (although some of the elements have external components). This is because the focus of the framework outlined above, and its elements and principles, is on the institutional foundations for effective forest governance. In other words, it does not attempt to cover all aspects that influence governance, but rather crucial institutional determinants of effective governance, especially in the context of market-based forest conservation schemes.
Table 3.13 shows a comparison of 27 of the applied frameworks discussed above. From this comparison we can see that most of the aforementioned principles and elements are common across the applied frameworks for forest governance in general, and for SFM certification and carbon trading (REDD+) in particular. In fact, with the exception of “autonomy” (which is included in only 5 frameworks) each of these principles and elements is incorporated in at least 15 of the 27 frameworks (i.e., more than 50% of the time). Because the principles and elements above are more related to institutional aspects of forest governance, and are thus more concerned with sociopolitical systems, they do not include biophysical outcomes for forest ecosystems. Similarly, although the principles of effectiveness, efficiency and legitimacy are mentioned in many of the applied frameworks, they are not included here since they represent more general outcomes that are determined by the other principles and institutional elements. The less frequent mention of “autonomy” (and its counterpart decentralization) as a crosscutting principle is striking, since it is implicit in the theoretical frameworks and is also identified as a key trend in much of the academic literature on environmental governance and community-based resource management (e.g., Lemos & Agrawal, 2006). Thus, autonomy is included in the proposed framework as an acknowledgement to the importance of local decision-making and management authority in achieving effective, efficient and equitable forest governance outcomes.
Table 3.13. Comparison of principles and elements of different applied forest governance frameworks (27 frameworks total)

<table>
<thead>
<tr>
<th>Framework</th>
<th>Inclusiveness</th>
<th>Transparency</th>
<th>Accountability</th>
<th>Autonomy</th>
<th>Equity</th>
<th>Participatory planning and policymaking</th>
<th>Secure resource tenure and access</th>
<th>Equitable Sharing of benefits, costs, risks</th>
<th>Conflict resolution &amp; grievance mechanism</th>
<th>Participatory monitoring</th>
<th>Selected other principles and elements</th>
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<tr>
<td><strong>General forest governance frameworks (7 total)</strong></td>
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<td>UN (1992) Forest Principles (Mainly international in scope)</td>
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<td>State sovereignty over forests; recognize ecological role of forests; balance between sustainable use and conservation; integrate forest policies and management with other sectors and land uses; transfer of information and technology for SFM</td>
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<tr>
<td>ITTO (2005) Criteria &amp; Indicators + IUCN/ITTO (2009) Guidelines for Priority Actions</td>
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<td>Ecosystem health and productivity; biodiversity; economic, social &amp; cultural aspects</td>
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<td>CIFOR (1999) Criteria &amp; Indicators</td>
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<td>Stakeholder knowledge of forest management plans prior to implementation; effective communication mechanism among stakeholders</td>
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<td>IIED (2002) The Pyramid – levels and foundations</td>
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<td>Conducive market and investment conditions; recognition of lead forest institutions in diverse sectors</td>
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<td>Source</td>
<td>Focus Areas</td>
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<td>WRI (2013) Governance of Forests Initiative</td>
<td>Coordination; capacity</td>
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<td>PROFOR (2012) – Assessing &amp; Monitoring Forest Governance</td>
<td>Efficiency; effectiveness; agreement of forest policies with development policies; stakeholder capacity and action; forest law enforcement; cooperation and coordination</td>
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<td>World Bank (2009) – Analytical Framework for (Forest) Governance Reforms</td>
<td>Coherence of forest legislation and rule of law; biodiversity; forest health and vitality; productive/protective functions of forest resources; Stability of forest institutions; economic efficiency</td>
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<td>Nussbaum &amp; Simula (2004) - Review of 4 SFM certification frameworks</td>
<td>Chain of custody and claims, certification and accreditation</td>
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<td>WWF/World Bank – Forest Certification Assessment Guide</td>
<td>Compatibility with international frameworks and principles; avoidance of unnecessary trade obstacles; voluntary participation</td>
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<tr>
<td>CIFOR – Overview of current knowledge about impacts of FM certification</td>
<td>Biodiversity; ecosystem service provision; social welfare of forest people; change in policy frameworks; market orientation</td>
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<tr>
<td>Forest-carbon trading and REDD+ (17 total)</td>
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<tr>
<td>Global Witness – REDD+ recommendations and challenges</td>
<td>Support alternatives to industrial logging; protect natural forests</td>
<td></td>
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<tr>
<td>CIFOR (2012) – Global Comparative Study on REDD+</td>
<td>Effectiveness, efficiency and equity (3E); multilevel governance; measuring carbon emissions; mitigation-adaptation synergies</td>
<td></td>
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<tr>
<td>Cadman et al. (2011)</td>
<td>Meaningful participation; productive deliberation; democracy; durability; capacity and resources for implementation</td>
<td></td>
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<tr>
<td>Corbera &amp; Schroeder (2011) – “Governing and implementing REDD+”</td>
<td>Architecture; agency (i.e., participation and autonomy); adaptiveness (of management); accountability and legitimacy; allocation and access; interplay with other land-use policies and markets</td>
<td></td>
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</tr>
<tr>
<td>FAO (Capistrano, 2010) – Based on Chatham House/UN-REDD (2010) Monitoring Governance for Implementing REDD+</td>
<td>Clear policy, legal/institutional frameworks; effective enforcement/compliance; anti-corruption measures; information access; capacity building; clarifying institutional/stakeholder roles and responsibilities</td>
<td></td>
<td></td>
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</tbody>
</table>

**Forest-carbon trading certification standards**

<p>| CCBA (CCBA &amp; CARE, 2012) | Net positive on-site community/biodiversity impacts and mitigation of negative off-site community/biodiversity impacts; adaptive management; knowledge dissemination; capacity building; community participation; use of native species; water and soil improvements |
| VCS* | *NOTE: Does not specify social/co-benefit standards, principles or criteria, but does allow “tagging” with other standards such as CCBA/Social Carbon. |</p>
<table>
<thead>
<tr>
<th>PlanVivo (2008)</th>
<th>Poverty reduction and rural development (via direct payments to smallholders and communities); high community participation, capacity building; knowledge transfer; ecosystem protection (soil and watershed protection, restoration)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Assessment of governance criteria not linked to a specific methodology)</td>
<td></td>
</tr>
<tr>
<td>Social Carbon Standard</td>
<td>Political risk; population displacement; scope of social benefits; external interferences; economic impact</td>
</tr>
<tr>
<td>(Designed to complement other standards)</td>
<td></td>
</tr>
<tr>
<td>Gold Standard &amp; Carbon Fix</td>
<td>Gold Standard: Respect human/labor rights; involuntary resettlement; protect cultural heritage; freedom of association; corruption</td>
</tr>
<tr>
<td>(Acquired by Gold Standard in 2012)</td>
<td></td>
</tr>
<tr>
<td>Social and environmental safeguards</td>
<td>Accessible information; institutional capacity; participatory assessments</td>
</tr>
<tr>
<td>WRI – Safeguarding Forests &amp; People</td>
<td></td>
</tr>
<tr>
<td>UN-REDD (2012) – SE Principles &amp; Criteria</td>
<td>Accordance with nat’l commitments and int’l agreements; promote sustainable livelihoods; contribute to low-carbon dev’t; protect forest ecosystems, functions and biodiversity; coordination, efficiency and effectiveness among implementing bodies</td>
</tr>
<tr>
<td>World Bank – SESA</td>
<td>Involuntary resettlement; indigenous peoples; natural habitats; physical/cultural resources; effectiveness; accessibility</td>
</tr>
<tr>
<td>Source/Study</td>
<td>Information access; consensus building; role of private sector; drivers of deforestation and degradation; carbon rights</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>FCPF/UN-REDD (2012) – Guidelines on Stakeholder Engagement</td>
<td>□</td>
</tr>
<tr>
<td>CCBA &amp; CARE International –REDD+ SES</td>
<td>□</td>
</tr>
<tr>
<td>FERN &amp; FPP</td>
<td>□</td>
</tr>
<tr>
<td>Dooley et al. (2011)’s “Critical Assessment of FCPF”</td>
<td>□</td>
</tr>
<tr>
<td>TOTALS (out of 27)</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td></td>
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</tbody>
</table>
The main objective of this dissertation is to examine the elements and principles outlined above through two empirical lenses: (a) a case study involving a participatory governance assessment of a sustainable forestry certification initiative and REDD+ readiness activities being implemented in Dolakha District of Nepal (presented in Chapter 6); and (b) an examination of the current national REDD+ readiness and policymaking process (presented in Chapters 6 and 7). My analysis strives to determine which elements are more important, and what the outcomes are for each element. Based on the results of this analysis, in the conclusion (Chapter 8) I discuss the implications for decentralized forest governance and for the viability of REDD+ in Nepal. The conceptual framework for my research, based on the principles and elements mentioned above, is illustrated in Figure 3.7.

Figure 3.7. Elements and principles of effective decentralized forest governance
The institutional elements and cross-cutting principles described above comprise the interwoven vertical and horizontal threads, respectively, of a broadly applicable theoretical framework for evaluating forest governance, especially in the context of market-based schemes such as forest certification and carbon trading (REDD+). This framework forms the basis for my analysis of forest governance in the context of SFM certification and REDD+, presented in the subsequent analytical chapters (Chapters 6 and 7). My general proposition is that promotion of the five key elements and principles can advance effective governance, particularly in the context of market-based mechanisms.
Chapter 4

Research Methodology

This chapter describes the methodology I relied on to address my research questions, including my research approach, and my methods of data collection and analysis. In general, I have pursued a collaborative action research approach, incorporating (i) participant observation through my engagement in various projects; (ii) community focus group discussions; (iii) key informant interviews at the local (community and district) and national levels; and (iv) a policy network analysis based on a survey of national actors involved in REDD+ policymaking. My main methods of analysis are narrative policy analysis and policy network analysis, the results of which are reported in Chapters 6 and 7, respectively. These two analytical methods are described in detail below. Throughout my research process, the emphasis has been on mutual learning to collectively discover the challenges, risks and opportunities associated with engagement in market-based mechanisms. However, I conducted the analysis of policy narratives and networks individually or in small teams with my close collaborators, mainly colleagues at Forest Action and the Center for International Forestry Research (CIFOR). In the following sections, I discuss my research objectives and questions (4.1), background and data collection methods (4.2), research persuasiveness and limitations (4.3), and data analysis (4.4).

4.1. Research objectives and questions

My dissertation research combines two major objectives: (1) an assessment of the five key institutional elements of decentralized forest governance described in the conceptual framework (collaborative planning and policy making processes; secure resource tenure and
access rights; fair systems for sharing of benefits, costs and risks; accessible conflict resolution and grievance mechanisms; and cost-effective participatory monitoring systems) and, specifically, how market-based programs such as SFM certification and REDD+ are affecting, or could affect, these elements (Chapter 6); and (2) an examination of the REDD+ policymaking process to gauge how inclusive and deliberative it is (i.e., who is involved and excluded, and how), and what this bodes for future forest governance outcomes (Chapter 7). It accomplishes this by combining participant observation with the methods of narrative policy analysis (objective 1) and policy network analysis (objective 2), each of which is described in detail below in Section 4.4.

I combine literature reviews with field-based empirical research to address the following primary research questions:

1. What are the key elements (i.e., institutions) and principles of effective decentralized forest governance? (Literature review – Chapter 3)

2. To what extent are the elements evident in and affected by:
   A. Nepal’s community forestry program in general? (Literature review and participant observation – Chapter 5)
   B. Ongoing SFM certification and REDD+ piloting efforts? (Narrative policy analysis based on local interviews – Chapter 6)
   C. Current national ‘REDD+ readiness’ planning and policymaking processes? (Narrative policy analysis based on national interviews – Chapter 6)

3. How inclusive and deliberative are national REDD+ policymaking processes, and what are the implications of this for future governance processes and their socioeconomic and ecological outcomes? (Policy network analysis - Chapter 7)

Table 4.1 illustrates the linkages between my primary and secondary research questions, methods and data sources. Note that the first research question (#1) has already been covered in the literature review in Chapter 3.
<table>
<thead>
<tr>
<th>Primary Research Questions</th>
<th>Secondary Questions</th>
<th>Methods / Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1)</strong> What does theory suggest are the key elements (i.e., institutions) and principles of effective decentralized forest governance? <em>(Conceptual framework – Chapter 3)</em></td>
<td>What theoretical and applied frameworks exist on natural resource governance that are relevant to forestry and market-based mechanisms (e.g., SFM and REDD+)? What common principles and elements do these frameworks identify for effective decentralized forest governance?</td>
<td>Literature review: (A) academic literature on polycentric governance, adaptive governance, co-management, policy networks, PES; (B) applied frameworks and indicators on forest governance, SFM certification, REDD+</td>
</tr>
<tr>
<td><strong>2)</strong> To what extent are the elements evident in and affected by:</td>
<td>To what extent do these (A, B &amp; C) exhibit or promote the following aspects?</td>
<td>A) Literature review: academic studies and papers/reports related to governance in decentralized forest management in Nepal and elsewhere. B) Narrative policy analysis based on local key informant interviews, focus group discussions, participant observation C) Narrative policy analysis based on national key informant interviews, participant observation</td>
</tr>
<tr>
<td>A) Nepal’s community forestry program? <em>(Literature review – Chapter 5)</em></td>
<td>• Collaborative policy-making forums and processes • Secure local resource tenure and access rights • Equitable mechanisms for sharing of benefits, costs and risks • Accessible conflict resolution and grievance mechanisms • Participatory monitoring systems</td>
<td></td>
</tr>
<tr>
<td>B) Ongoing SFM certification and REDD+ piloting efforts? <em>(Case study – Chapter 6)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C) Current national ‘REDD+ readiness’ planning and policymaking processes? <em>(Chapter 6)</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>3)</strong> How inclusive and deliberative are national REDD+ policymaking processes, and what are the implications of this for future governance processes and their ecological and socioeconomic outcomes? <em>(Ch. 7)</em></td>
<td>(i) Which actors and groups of actors or sectors are most dominant, and which are most marginalized, in policy-making processes? (ii) To what extent do actors and groups of actors engage in information sharing and collaboration with one another? [i.e., government, civil society organizations (CSOs), educational/research institutions, international nongovernmental organizations (INGOs), donors, and private sector organizations] (iii) How might these configurations and linkages among actors affect policy/governance processes and outcomes?</td>
<td>Policy network analysis; national key informant interviews</td>
</tr>
</tbody>
</table>
4.2. **Background and data collection**

This dissertation employs a mixed-methods and multi-scale approach, examining national to local level processes, impacts and implications of market-based forest conservation schemes. It relies on participant observations made through extensive involvement in different aspects of REDD+ readiness and policymaking over a two-year period; qualitative key-informant interviews conducted at the national, district and community levels; and twelve community-level focus group discussions at my primary field site in Dolakha District, in five CFUGs where both SFM certification and REDD+ pilot programs have been implemented. The qualitative interviews and focus group discussions were analyzed using a narrative approach (e.g., Roe, 1994). My research also incorporates a policy network analysis (PNA) (e.g., Rhodes, 1997) to study the nature and extent of actors’ involvement, exclusion, interactions, and perspectives in national REDD+ policymaking processes in a more quantitative and relational way. This PNA is based on a survey of 34 national actors and uses social network analysis software (UCINET and NetDraw). The “narrative policy analysis” and the PNA are described in detail in Section 4.3.

In addition to research in Kathmandu, I carried out fieldwork in three districts: Dolakha, Gorkha and Chitwan (see Table 4.2 for a description of key characteristics of each district with respect to community forestry). I chose these sites because they were all involved in a piloting program for REDD+. I selected Dolakha District—and more specifically the Charnawati River watershed—as my primary field site, because it comprises five communities that have been involved in both SFM certification and REDD+ pilot projects (the other districts did not have SFM certification projects, See Figure 4.1). By examining these five communities, I obtained a fuller picture of the local experience with both of these market-based interventions and their influence on local livelihoods and governance. In the communities, I conducted focus-group
discussions with five Executive Committees (ECs), made up of key representatives elected or appointed by the community to manage the CFUG, and with seven sub-groups representing different socioeconomically distinct (i.e., marginalized) groups within each CFUG. I also conducted 12 key-informant interviews and discussions with members of the local government administration, NGOs, private enterprises and local governance bodies, relevant to functioning of community forestry in general, and SFM certification and REDD+ in particular.

Table 4.2. Basic characteristics of primary (Charnawati) and secondary (Kayarkhola, Ludikhola) field research sites

<table>
<thead>
<tr>
<th>Location (District)</th>
<th>Community Forest area in hectares (%)</th>
<th>Number of CFUGs</th>
<th>Total Population</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charnawati Watershed (Dolakha)</td>
<td>5,996 (59%)</td>
<td>58 (56%)</td>
<td>42,609 (49%)</td>
<td>10,270 (57%)</td>
</tr>
<tr>
<td>Kayarkhola Watershed (Chitwan)</td>
<td>2,382 (23%)</td>
<td>15 (14%)</td>
<td>22,090 (25%)</td>
<td>3,935 (22%)</td>
</tr>
<tr>
<td>Ludikhola Watershed (Gorkha)</td>
<td>1,888 (18%)</td>
<td>31 (30%)</td>
<td>23,197 (26%)</td>
<td>3,800 (21%)</td>
</tr>
<tr>
<td>TOTALS</td>
<td>10,266</td>
<td>104</td>
<td>87,896</td>
<td>18,005</td>
</tr>
</tbody>
</table>


At the national level, I completed 34 key-informant interviews with representatives from six general actor groups: (1) government, (2) civil society, (3) private sector organizations, (4) educational/research institutions, (5) international NGOs, and (6) bilateral/multilateral donor organizations. In tandem with colleagues at ForestAction Nepal, I conducted 34 surveys for the policy network analysis, including many of the same actors involved in the national key-informant interviews. Table 4.3 summarizes the data collection methods and activities I relied on for my research. Following is a more detailed discussion of each activity.
Nepal

Dolakha District (and Charnawati Watershed)

Notes: Shaded area in Dolakha District (inset) map shows Charnawati Watershed with five certified CFUGs, also involved in REDD+ pilot.


Figure 4.1. Location of REDD+ and SFM Certification Pilot Sites, CFUGs and Enterprises in Nepal and Dolakha District
Table 4.3. Summary of data collection activities and sources

<table>
<thead>
<tr>
<th>Activity/Source</th>
<th>NUMBER</th>
<th>LOCATION(S)</th>
<th>DATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant observation notes</td>
<td>e.g., consultation &amp; outreach plan, R-PP, FCTF, RECOFTC project, REDD-WG meetings, misc. meetings/workshops,</td>
<td>Kathmandu, Dolakha, Chitwan, Gorkha</td>
<td>Aug 2009 – May 2010</td>
</tr>
<tr>
<td>Benefit-sharing focus-group discussions*</td>
<td>8 (+2, with DFO Dolakha and FECOFUN)</td>
<td>Dolakha (4), Chitwan (2), Gorkha (2) Districts</td>
<td>Apr – May 2010</td>
</tr>
<tr>
<td>CFUG focus group discussions</td>
<td>12 discussions (5 exec. committees, 7 sub-groups)</td>
<td>Charnawati Watershed, Dolakha District (5 CFUGs: Bhitteri Pakha, Charnawati, Botle Seti Devi, Dhande Singha Devi, Majkharka)</td>
<td>Nov 2010 – Jan 2011</td>
</tr>
<tr>
<td>Local key-informant interviews</td>
<td>12 interviews (With 12 individuals, 2 group discussions)</td>
<td>Charnawati Watershed, Dolakha District</td>
<td>Jan 2011</td>
</tr>
<tr>
<td>National key-informant interviews</td>
<td>34 interviews</td>
<td>Kathmandu</td>
<td>Feb – Mar 2011</td>
</tr>
<tr>
<td>National PNA survey</td>
<td>34 surveys</td>
<td>Kathmandu</td>
<td>Jun – Dec 2011</td>
</tr>
</tbody>
</table>

*Note: Rather than incorporating these discussions in my narrative analysis directly, I compare results from the study report produced by ForestAction, which I participated in (Khatri et al., 2010).

Participant observation

In the initial stages of my research, I engaged in participant observation by getting involved in as many activities and aspects related to REDD+ planning and piloting as possible, including: collaboration on the inception of a REDD+ pilot project in three districts (Dolakha, Gorkha, Chitwan); assistance in developing a national “Consultation and Outreach Plan”; editing the Readiness Preparation Proposal (an official planning document submitted to the World Bank’s Forest Carbon Partnership Facility to secure funding for REDD+ policymaking); development of a Forest Carbon Trust Fund (i.e., a national-to-local payment mechanism);
assistance with creating and delivering training materials for different initiatives, including an outreach and awareness-raising project of the Center for People and Forests; participating in a study on local benefit-sharing mechanisms; and attending meetings of the REDD Working Group and numerous other forums, workshops and events related to REDD+ programs and policies. This research was largely unstructured. However, through careful observation, note-taking and reflection I gleaned important lessons about REDD+ and its implementation in Nepal.

**CFUG focus group discussions**

At my primary research site in the Charnawati Watershed area of Dolakha District, I purposively selected five community forest user groups (CFUGs) and held 12 separate focus group discussions (2-3 discussions in each CFUG) with between 6-15 participants in each. I chose these particular CFUGs due to their involvement in both a SFM certification initiative and ongoing REDD+ readiness activities. I also visited and spoke with other communities involved in the REDD+ project, but only held formal focus groups with these five CFUGs. The focus group discussions addressed SFM certification, REDD+, and forest governance, according to the five elements outlined in the conceptual framework. The names and characteristics of each CFUG and their sub-groups are outlined in Table 4.4.

Aside from these focus group discussions, I helped ForestAction to conduct focus group discussions for a report on benefit sharing with nine CFUGs in Gorkha, Chitwan, and Dolakha Districts; and interviews/discussions with two offices in Dolakha (District Forest Office and FECOFUN). The CFUGs were chosen by the local FECOFUN office, so there may be some bias in their selection (See Table 4.4). I have not included these discussions in my narrative policy analysis directly, but I reference findings from the report (Khatri, Karki & Bushley, 2010) in my discussion in Chapter 6.
Table 4.4. Basic information about CFUGs where focus group discussions were held in Dolakha District

<table>
<thead>
<tr>
<th>CFUG Name</th>
<th>No. of member HHs</th>
<th>Forest area (hectares)</th>
<th>Focus Groups held</th>
<th>Forest products sold</th>
<th>Social composition of leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bhitteri</td>
<td>237</td>
<td>378</td>
<td>2 (EC, Gip Sing SG)</td>
<td>Lokta, argeli, machhino, timber, chiraita</td>
<td>Mainly Bahun-Chhetri</td>
</tr>
<tr>
<td>Bhotle Seti Devi</td>
<td>225</td>
<td>171</td>
<td>3 (EC, Yarsa SG, Gammagi SG)</td>
<td>Lokta, argeli, timber</td>
<td>Mixed Tamang &amp; Bahun-Chhetri</td>
</tr>
<tr>
<td>Charnawati</td>
<td>315</td>
<td>385</td>
<td>3 (EC, Magargaon SG, Sotre Ghurmise SG)</td>
<td>Lokta, argeli, timber</td>
<td>Mostly Bahun-Chetri and Newar</td>
</tr>
<tr>
<td>Dhande Singha Devi</td>
<td>311</td>
<td>340</td>
<td>2 (EC, KhaniDanda SG)</td>
<td>Lokta, argeli, machhino, timber</td>
<td>Mainly Tamang</td>
</tr>
<tr>
<td>Majhkharka</td>
<td>206</td>
<td>148</td>
<td>2 (EC, BhojePani SG)</td>
<td>Lokta, argeli, machhino</td>
<td>Mixed Tamang &amp; Bahun-Chhetri</td>
</tr>
</tbody>
</table>

Notes: *Macchino* = wintergreen plants for essential oil production; *lokta* and *argeli* = plants used in manufacture of handmade paper; *chiraita* = Plant used in traditional (Ayurvedic) medicine.

I also carried out key-informant interviews at the national level with actors involved in key aspects of REDD+ readiness and policymaking, and with a few people engaged in SFM certification. National key informants were deliberately selected to represent a diverse cross-section of stakeholders involved in, or concerned with, REDD+ policymaking. Their selection was done along with colleagues at ForestAction and CIFOR. They include representatives from government bodies, NGOs, bilateral and multilateral donor organizations, educational/research institutions and the private sector. Finally, I conducted a structured survey for the policy network analysis (PNA), to look at linkages, synergies and differences among organizations in terms of their influence, information sharing, collaboration, and views on REDD+ policymaking. The specific methodology utilized for the PNA are described in further detail below. A detailed list of participants in the PNA and the national key-informant interviews is found in Table 4.5 below.
4.3. Research persuasiveness, limitations and precautions

There has been considerable debate about the appropriate standards for assessing the persuasiveness of qualitative research. The positivist research tradition typically relies on measures of “reliability” and “validity” to assess the quality and rigor of research. However, in a seminal article on qualitative research, Lincoln and Guba (1985) argued for the need to embrace a new standard based on “trustworthiness” and “authenticity” when conducting naturalistic inquiry, which they note is fundamentally different from positivistic research in that it is based on the notion that all knowledge is socially constructed and situated. Many have embraced this new standard in qualitative research. According to Owen (2008, p. 547):

One value central to naturalistic inquiry is that reality is multiple and socially constructed. The concept of multiple realities resists the notion that the truth of human experience is out there waiting for researchers to discover it. Reality is subjective rather than objective. Subjective and multiple realities are possible because all knowledge is socially constructed. The concept of social construction places emphasis on human interaction, and the context in which those interactions occur…

Trustworthiness consists of four aspects: credibility, transferability, dependability, and confirmability, with specific methodological strategies for establishing qualitative rigor (Lincoln and Guba, 1985). Lincoln and Guba (1989, as cited in Morse et al., 2002) also developed authenticity criteria—fairness, knowledge sharing (ontological and educative authenticity), and social action (catalytic and tactical authenticity)—which they employed to assess the quality of research outside of these methodological strategies.
<table>
<thead>
<tr>
<th>Date</th>
<th>Position</th>
<th>Organization</th>
<th>Type and role of organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/21/2011</td>
<td>Managing Director</td>
<td>Bhimeshor Hand Made Paper Production Enterprise (BHMPPE)</td>
<td>Local enterprise – Produce handmade paper for national/international markets.</td>
</tr>
<tr>
<td>1/24/2011</td>
<td>Staff member</td>
<td>ECARDS</td>
<td>NGO – Supports establishment of community enterprises for livelihood improvement of marginalized and poor.</td>
</tr>
<tr>
<td>1/24/2011</td>
<td>Program managers</td>
<td>SDC</td>
<td>INGO – Not directly involved in SFM certification implementation, but helped prepare national standards during design of forest certification program</td>
</tr>
<tr>
<td>1/25/2011</td>
<td>Assistant Forest Officer</td>
<td>District Forest Office (DFO)</td>
<td>Government office – Technical, legal, financial support for CFUGs/enterprises in SFM certification. Involved since beginning of certification project in Dolakha, mainly to certify Bhitteri and Botle Seti Devi CFUGs, but also others.</td>
</tr>
<tr>
<td>1/25/2011</td>
<td>Oil extraction technician</td>
<td>Deu Dhunga Essential Oil Extraction Enterprise (Yanmara Wintergreen Cooperative) (YWC)</td>
<td>Business (cooperative) – Trained by a member of Deu Dhunga Cooperatives to extract wintergreen oil. Then, started to work as oil extraction technician.</td>
</tr>
<tr>
<td>1/26/2011</td>
<td>Chair, Member (and former chair)</td>
<td>FECOFUN District Office</td>
<td>NGO – Facilitated SFM/REDD+ pilots. Held CFUG meetings on institutional and governance improvements; raised users’ awareness, led formation of sub-groups, social audits, preparation of operational plans using FSC guidelines.</td>
</tr>
<tr>
<td>1/27/2011</td>
<td>Forest Technician</td>
<td>ANSAB</td>
<td>NGO – Technical support for CFUG operational plan preparation and renewal of CFUGs’ registration with government (DFO). Supported CFUGs’ resource inventory and analysis, including carbon measurement for REDD+ pilot project</td>
</tr>
<tr>
<td>1/27/2011</td>
<td>Secretary, Chair</td>
<td>FECOFUN District Executive Committee</td>
<td>NGO – Main collaborating institution for design and implementation of REDD+ pilot. At district level, mainly responsible for collaboration/coordination among CFUGs and REDD+ pilot implementing team; and awareness raising in CFUGs about climate change, REDD+, and pilot project in project implementation area.</td>
</tr>
<tr>
<td>1/28/2011</td>
<td>Secretary</td>
<td>Bhitteri CFUG (Involved in essential oil enterprise)</td>
<td>Community group/private enterprise – Coordinates CFUG network producing essential oils for national and global markets.</td>
</tr>
<tr>
<td>1/28/2011</td>
<td>Committee (# People)</td>
<td>REDD Watershed Network</td>
<td>Community network (project-based) – Main community body for coordinating among CFUGs and other actors.</td>
</tr>
<tr>
<td>08/03/2011</td>
<td>(# People)</td>
<td>FECOFUN, REDD Network (at REDD Network office)</td>
<td>NGO and community network (see descriptions above)</td>
</tr>
<tr>
<td>2/2/2011</td>
<td>Manager</td>
<td>Himalayan Bio-trade Limited</td>
<td>Private company – Buys certified forest products from CFUGs and local enterprises.</td>
</tr>
</tbody>
</table>
This dissertation primarily relies on qualitative research methods and embraces the subjectivity of interpretation, while also looking at relationships among policy actors and stakeholders in a simple, quantitative way, via policy network analysis (e.g., quantifying perceptions and relationships among actors in terms of perceived influence, information exchange, collaboration). Thus, it is both evaluative (the narrative policy analysis) and semi-positivistic (the policy network analysis). However, on the whole it is empirical (based on direct observation and experience) and broadly “interpretive” (Schwandt et al., 2007), in that the perspectives of different participants revealed through the interviews and focus-group discussions are brought within and compared against a pre-established framework in the narrative policy analysis; and the findings from the policy network analysis are interpreted according to normative concepts such as inclusiveness and deliberation. It is important to note that “interpretive” research does not make an ontological distinction between interpretation and evidence, but rather maintains that all evidence is subject to interpretation, according to different sociopolitical circumstances and lenses (Schwandt et al., 2007, p. 11-12):

To put it more directly, an interpretivist would say there is no such thing as the “interpretation” of the value of some policy or program, on the one hand, and “evidence” of the value of that policy or program, on the other hand, with the latter being more basic than the interpretation or in some way independent of the interpretation. Although, of course, evidence does matter, the very act of generating evidence or identifying something as evidence is itself an interpretation. Second is the interpretivists’ claim that every interpretation is made in some context or background of beliefs, practices, or traditions. This does not necessarily mean that every interpretation is, therefore, subjective (that is, the product of the personal view of the interpreter). In fact, it means just the opposite—namely, there is always an intersubjective aspect of interpretation; the investigator cannot help but always be situated relative to (and cannot escape) social circumstances such as a web of beliefs, practices, standpoints and the like that he or she has learned as ways of living and grasping the world (as expressed by Joseph Rouse, 1987). Third, a consequence of these two assertions is the notion that if interpretations are always made in a context or background of shared (social) beliefs and practices, it follows that interpretations are, in an important sense, infused with political and ethical implications related to matters of power and authority. In other words, interpretation is not simply an individual cognitive act but a social and political practice.
I believe it is very important to acknowledge the issue of subjectivity and sociopolitical positioning in any type of research, whether qualitative or quantitative. As an outside researcher, a fluent English speaker, and a non-native speaker of Nepali, I held simultaneously a position of both privilege and disadvantage. In Nepal’s firmly patriarchal and socially stratified society, with a legacy of and continued dependence on foreign aid, I found that my status as a white male foreigner gave me certain advantages in terms of access to public officials and international organizations. In general, my respondents were exceedingly generous with their time and their willingness to meet with me and discussed sensitive issues related to forest governance and market-based mechanisms. In only a few instances was I unable to obtain a meeting with high-level officials. This substantial degree of access afforded me with a valuable opportunity to gauge perceptions of policies and projects at the highest levels of government and donor organizations. I was also invited to participate in many important discussion forums on issues related to the formulation and implementation of policies and projects. Undoubtedly, this also had a lot to do with my strategic affiliations with two Nepalese organizations closely involved in the policies and programs I was studying—ForestAction Nepal and the Federation of Community Forest Users, Nepal (FECOFUN). Due to these connections and to my status as a foreign researcher, I was also fortunate to have access to a few highly motivated students who assisted me with various aspects of my data collection and analysis. This included a research assistant/translator who helped me to conduct all of the local-level interviews and focus-group discussions (which were conducted mainly in Nepali), and also joined me for many of the national-level interviews (which were conducted primarily in English).

At the district and community levels, I enjoyed a similar level of access to respondents, stakeholders and officials. Due to Nepal’s legacy of international assistance programs, and their
pervasiveness in the everyday life of people in some communities (e.g., the communities where I worked had long been involved in community forestry-related programs supported by the Swiss Development Corporation), I was seen as a potential bestower of benefits and/or as a source of influence with higher levels of authority. However, I was careful to communicate to communities and stakeholders that I had no direct material or political benefits to offer, but that through our conversations they might come to better understand different approaches and efforts for addressing climate change and how these interventions might impact them and their resources. I was also careful to distinguish myself from those staff of NGOs and government organizations who were collaborating with communities specifically to further the implementation of projects related to REDD+ or SFM certification. This was sometimes difficult, because I initially met with many of the communities and stakeholders as a participant observer of various project activities.

Nonetheless, I always made a concerted effort to distance myself from the staff and activities associated with these projects in my actual field research. As much as possible, I held focus group discussions and interviews with communities and local stakeholders separately, without the presence of people directly involved in implementing projects. This, along with my promise of confidentiality (i.e., informed consent), was important in reassuring respondents that their responses would not be shared with those in a position to influence projects or activities that they may be involved in or rely upon. In reference to REDD+ in particular, which was quite a new initiative and concept at the time of my field research, I made sure to tell communities and respondents that I was not there to promote this project, and that there was in fact no guarantee that they would benefit from it at all; but that by discussing it with me they could be in a better position to make an informed choice about their involvement in such projects.
Since policies and programs for REDD+ are still evolving in Nepal and elsewhere, it is premature to conduct a comprehensive study of the outcomes of these policies and programs for communities and other policy actors. Such a study would require reliable data collected through several years of observation. I initiated my research on REDD+ in Nepal toward the beginning of major policy and program implementation activities, in mid-2009, and continued my investigations over a period of approximately two and a half years, so I was able to make valuable observations about the process of implementation, but not about the ultimate outcomes of these policies and programs. Nonetheless, I have also tried to incorporate some information on recent developments in Nepal, based on the ongoing work of my colleagues and others who are researching and/or working on REDD+ related activities.

I chose to also study SFM certification because it has been in place for several years in parts of Nepal (since 2005), and so communities and stakeholders are more able to reflect on its success or failure in achieving specific governance outcomes and the key elements of forest governance in particular. In addition, SFM certification shares some important similarities with REDD+ in that it is also driven by external demand and governed by local regulating bodies; it requires careful measurement, reporting and verification of forest conditions and socioeconomic parameters; and it entails systems for distributing benefits derived from participation at the community level or higher. While only a few local residents in my study areas had any prior knowledge or experience pertaining to REDD+, many were familiar with SFM certification and some had direct experience with it through their involvement in harvesting, production and/or marketing activities in their CFUG and/or local cooperatives. However, since there has been no sustained monitoring of the socioeconomic and ecological outcomes of this scheme (which is in
itself indicative of it’s degree of effectiveness), I chose to focus on participants’ experience with certification in terms of the five key institutional elements in my conceptual framework.

Many critiques of qualitative research point to a lack of reflection and corrective action prior to and during the data collection process, claiming that interpretive methods rely solely on criteria of rigor that are based on the interpretation of data after it has already been collected and assembled (e.g., Morse et al., 2002). However, an interpretive approach does not preclude researchers from controlling for bias and triangulating information during the data collection process. For instance, I checked basic data gleaned from my community focus group discussions and local key-informant interviews against responses of representatives from FECOFUN (the community forestry federation) and with people working directly with the CFUGs and/or enterprises to see if the information they were sharing matched up. If not, rather than discarding one set of responses, I attempted to triangulate and asked questions that might explain what accounts for these differences. I also collaborated closely in the planning and implementation of my research with colleagues at ForestAction, a Nepalese research organization focusing on environmental governance, since they have considerable experience working directly with communities and dealing with disparities in social and economic power and positioning in their research. Their advice and guidance throughout the research process was crucial in helping me to design and carry out a study that incorporated a fuller spectrum of perspectives, interests and stakeholders.

4.4. Data analysis

The two main methods I used to evaluate the data—narrative policy analysis and policy network analysis (PNA)—are described in detail below. These methods were also complemented
by insights from my participant observation in diverse policymaking and project-related activities.

4.4.1. Narrative policy analysis (Chapters 6 & 7)

Many public policy issues have become so uncertain, complex and polarized—their empirical, political, legal, and bureaucratic merits unknown, not agreed upon, or both—that the only things left to examine are the different stories policymakers and their critics use to articulate and make sense of that uncertainty, complexity, and polarization.

(Roe, 1994, p. 3)

Nearly all policies and programs are based to a significant extent on stories or narratives. These narratives are characterized by their chronological order and their particular cast and configuration of actors (Adger et al., 2001). Sometimes these stories are more or less explicit, but uncovering and analyzing them can lead to important insights about the logic, assumptions and expected outcomes of such interventions, especially under conditions of uncertainty, complexity and polarization (Roe, 1994). Often there is not just one single story, but competing narratives that describe different impetuses, cause-effect relationships, and outcomes. In such cases, the dominant narrative is typically matched by one or more “counter narratives”, and the melding—reconciling and/or contrasting—of these narratives can result in a “metanarrative” that tells a more nuanced version of the story, which can be useful for informing difficult policy decisions. Roe (1994, p. 4) states, “The metanarrative is, in short, the candidate for a new policy narrative that underwrites and stabilizes the assumptions for decision-making on an issue whose current policy narratives are so conflicting as to paralyze decision-making.” The metanarrative is also frequently referred to as a “reframing” of the issue; a new perspective that lends itself to different interpretations that may be less intractable and more conducive to collaboration and consensus building (Lewicki et al., 2003; Gray & Stites, 2011).
Narrative policy analysis has wide applicability for a range of geographical regions and sectors (Roe, 1994, p. 2): “explicit and systematic attention to policy narratives—the scenarios and argumentation on which policies are based—is helpful whether working domestically or overseas, or on issues that span the social, economic, political, scientific and environmental spectrum”. It can be undertaken by a wide range of actors, including critics, social scientist, policymaker, and concerned citizen (Roe, 1994). Roe (1994, p. 2) nicely sums up the potential contribution of narrative policy analysis to policymaking:

The key practical insight of Narrative Policy Analysis is this: Stories commonly used in describing and analyzing policy issues are a force in themselves, and must be considered explicitly in assessing policy options. Further, these stories... often resist change or modification even in the presence of contradicting empirical data, because they continue to underwrite and stabilize the assumptions for decision making in the face of high uncertainty, complexity and polarization.

As Roe (1994, p. 3) further asserts, “Policy narratives can be defined as those stories—scenarios and arguments—that are taken by one or more parties to the controversy as underwriting (that is, establishing or certifying) and stabilizing (that is, fixing or making steady) the assumptions for policymaking in the face of the issue’s uncertainty, complexity or polarization.” In other words, competing policy narratives often emerge or become more pronounced in issues that exhibit many unknowns, significant interdependence among actors, and little or no mutual agreement (Roe, 1994). These are precisely the conditions that warrant an adaptive management or learning-process approach. However, before such an approach can be agreed upon or pursued by stakeholders, the necessary preconditions must be achieved (e.g., low environmental uncertainty, stable goals and objectives, institutional memory, and redundant resources), and a working metanarrative or reframing should emerge (Roe, 1994).

The power of this reframing is in its ability to bridge micro- (local) and macro- (national) levels into an overarching story that spans the entire scale to increase certainty and to overturn
common “environmental orthodoxies” (Forsyth, 2004). Roe (1994, p. 36) reiterates this point: “The more uncertain things seem everywhere at the micro-level, the greater the perceived scale of uncertainty at the macro-level and the greater the perceived need for explanatory narratives that can be operationalized into standard approaches with widespread application… Thus, the failure of field blueprints [i.e., plans and programs] based on broad, generalized policy narratives often serves only to reinforce, not reduce, the appeal to some sort of narrative that explains and addresses the persisting, even increasing, uncertainty.” According to Roe (1994, p. 3-4), there are four basic steps in conducting a narrative policy analysis:

1. Start with the conventional definition of a story and identify policy narratives in issues of high uncertainty and complexity that conform to this definition, e.g., with a beginning, a middle, and an end. If stories are in the form of arguments, they have premises and conclusions.

2. Identify other narratives that do not conform to the definition of a story (nonstories) or that run counter to the controversy’s/issue’s dominant policy narratives (counterstories).

3. Compare the two sets of narratives (stories vs. nonstories/counterstories) to generate a metanarrative or reframing “told” by this comparison (i.e., produce a synthesis based on two opposing narratives, to draw out common threads, areas of convergence, inconsistencies and oversights, in order to formulate a new, more useful narrative).

4. Determine if or how the metanarrative [reframing] recasts the issue to make it more amenable to decision-making and policymaking than the original narratives (e.g., more tractable to conventional policy analysis tools such as microeconomics, statistics, organizational theory, law, public management practice).

Roe (1994, p. 4) concedes that, even if these steps are followed, “There are no guarantees that a controversy will have a metanarrative, or that there will be only one metanarrative and that it will always be policy-relevant”. However, even if a relevant overarching meta-narrative or reframing does not emerge, narrative analysis can still prove useful in characterizing the nature of disagreement, and in promoting potential solutions based on commonalities and differences in views between the dominant narrative and the counter-narrative(s).
Adger et al. (2001) provide a main narrative and counter-narrative for four types of global environmental problems: deforestation, desertification, biodiversity use, and climate change. In each case, they term the dominant narrative the “global environmental management” (GEM) narrative and the main counter-narrative the “populist” (or “political ecology”) narrative (Adger et al., 2001). The GEM narrative stresses techno-bureaucratic solutions relying on “blueprints” based on external policy interventions; the populist narrative paints local actors as victims of outside interventions, resulting in socioeconomic and ecological exploitation and degradation (Adger et al., 2001). Thus, both narratives stress the influence of external interventions, though one more negatively (populist – as part of the problem) and the other more positively (GEM – as part of the solution). Adger et al. (2001) cite four general types of external interventions: technology and knowledge transfers; financial transfers or compensation payments; introduction of economic incentives through the creation or strengthening of markets and/or pricing (controls) of resources; and international agreements and regulations. Each narrative has a different perspective on the value of these external interventions:

- What bearing do market-based schemes have on the key elements (institutions) of decentralized forest governance? Do they exacerbate or help address existing governance issues (elements) and inequities?

- Can these market-based mechanisms fit into national and local contexts in a way that does not compromise forest governance, especially the autonomy, rights and livelihoods of forest-dependent communities?

I first outline the dominant narrative and counter-narrative(s) related to market-based schemes and specific aspects of these narratives (stories and counter-stories) corresponding to each of the five key elements identified in my conceptual framework outlined in Chapter 3: (1) collaborative planning and policymaking processes and forums; (2) secure resource tenure and access rights; (3) fair systems for sharing of benefits, costs and risks; (4) accessible conflict-
Organizations included in the policy network (and those left out) are outlined in resolution and grievance mechanisms; and (5) cost-effective participatory monitoring systems.

Organizations included in the policy network (and those left out) are outlined in resolution and grievance mechanisms; and (5) cost-effective participatory monitoring systems.

Table 4.6 List of organizational actors selected for policy network analysis (n=53) vs. those who actually participated in the analysis (n=34).

<table>
<thead>
<tr>
<th>OrgID</th>
<th>Abbreviate</th>
<th>Organization Name</th>
<th>Org. Type</th>
<th>National membership in decision-making bodies</th>
<th>REDD, policy-making process participant?</th>
<th>Donor?</th>
<th>PNA survey participant?</th>
<th>Reason for PNA Survey non-participation</th>
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<tr>
<td>001</td>
<td>MoFSC</td>
<td>Ministry of Forests and Soil Conservation</td>
<td>Government</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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<td>REDD Forestry and Climate change Cell (MoFSC)</td>
<td>Government</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Not available [1]</td>
</tr>
<tr>
<td>003</td>
<td>DoF</td>
<td>Department of forests (MoFSC)</td>
<td>Government</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
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</tr>
<tr>
<td>004</td>
<td>DFRS</td>
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<td>Government</td>
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<td>No</td>
<td>No</td>
<td>Not available [1]</td>
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<td>Department of Nat'l Parks &amp; Wildlife Conservation (MoFSC)</td>
<td>Government</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Not available [1]</td>
</tr>
<tr>
<td>006</td>
<td>MoEnv</td>
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<td>Government</td>
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<td>Yes</td>
<td>No</td>
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<td>MoAgr</td>
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<td>Government</td>
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<td>Government</td>
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<td>Yes</td>
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<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>010</td>
<td>CACNR</td>
<td>Constituent Assembly Committee on Natural Resources</td>
<td>Government</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
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<td>DSCWM</td>
<td>Dept. of Soil Conservation &amp; Watershed Mgmt. (MoFSC)</td>
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<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>Government</td>
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<td>Yes</td>
<td>Yes</td>
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<td>Ministry of Energy</td>
<td>Government</td>
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<td>No</td>
<td>No</td>
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<td>Educ./Res.</td>
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<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>KU</td>
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<td>Educ./Res.</td>
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<td>Government</td>
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<td>Yes</td>
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<td>FBITIN</td>
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<td>Bus. Assoc.</td>
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<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
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<td>FNCCI</td>
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<td>Bus. Assoc.</td>
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<td>Yes</td>
<td>No</td>
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<td>NHIHPA</td>
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<td>Bus. Assoc.</td>
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<td>CSO</td>
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<td>RAN</td>
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<td>Yes</td>
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<td>Cofsun</td>
<td>Community-based Forestry Supporters' Network Nepal</td>
<td>CSO</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No direct involvement</td>
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<tr>
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<td>NEFIN</td>
<td>Nepal Federation of Indigenous Nationals</td>
<td>CSO</td>
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<td>Yes</td>
<td>Yes</td>
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<td>Fecofun</td>
<td>Federation of Community Forest Users, Nepal</td>
<td>CSO</td>
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<td>Yes</td>
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<td>Acofun</td>
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<td>028</td>
<td>Danar</td>
<td>Dalit Alliance for Natural Resources</td>
<td>CSO</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<td>Himaawanti</td>
<td>Himalayan Grassroots Women's NRM Association</td>
<td>CSO</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Woican</td>
<td>Women Organizing for Change in Agriculture and NRM</td>
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<td>No</td>
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<td>No</td>
<td>No</td>
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<td>Rri</td>
<td>Rights and Resources Initiatives</td>
<td>Int'l NGO</td>
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<td>No</td>
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<td>Yes</td>
<td>Yes</td>
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<td>Int'l NGO</td>
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<tr>
<td>038</td>
<td>Icrf</td>
<td>World Agroforestry Centre</td>
<td>Int'l NGO</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>039</td>
<td>Iucn</td>
<td>International Union for Conservation of Nature</td>
<td>Int'l NGO</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>040</td>
<td>Care Nepal</td>
<td>CARE Nepal</td>
<td>Int'l NGO</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>041</td>
<td>Tmi</td>
<td>The Mountain Institute</td>
<td>Int'l NGO</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>042</td>
<td>Tebtibba</td>
<td>Indigenous Peoples' Int'l Centre for Policy Research</td>
<td>Int'l NGO</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>043</td>
<td>Noggcc</td>
<td>NGO Group on Climate Change</td>
<td>CSO</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>044</td>
<td>Redd Wg</td>
<td>REDD Working Group</td>
<td>Government</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Redundant [6]</td>
</tr>
<tr>
<td>045</td>
<td>Wb-fcpf</td>
<td>World Bank - Forest Carbon Partnership Facility</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Not available</td>
</tr>
<tr>
<td>046</td>
<td>Sdc</td>
<td>Swiss Agency for Development and Cooperation</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>047</td>
<td>Dfid</td>
<td>Department for International Development (UK)</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>048</td>
<td>Finemb</td>
<td>Embassy of Finland</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>049</td>
<td>Un-redd</td>
<td>United Nations Collaborative Program on REDD</td>
<td>M/B Donor</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>050</td>
<td>Norad</td>
<td>Norwegian Agency for Development Cooperation</td>
<td>M/B Donor</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Not available</td>
</tr>
<tr>
<td>051</td>
<td>Usaid</td>
<td>United States Agency for International Development</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>052</td>
<td>Snv</td>
<td>Netherlands Development Organization</td>
<td>M/B Donor</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
<tr>
<td>053</td>
<td>Adb</td>
<td>Asian Development Bank</td>
<td>M/B Donor</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No direct involvement</td>
</tr>
</tbody>
</table>

TOTALS 15 25 34 19 (non-participants)

Notes:

[1] MoFSC perspective was adequately represented by the 5 MoFSC departments included in the survey.
[2] Indirectly - NPC interviewee was formerly the MoFSC Secretary.
[3] Forest Resources Assessment Coordinator interviewed, housed within the DFRS.
[5] One of two people interviewed from ICIMOD was a former ICRAF staff member.
[7] No membership in decision-making bodies, but major source of financial and technical assistance to REDD+ policy process.
The narrative analysis encompasses both the SFM certification and REDD+ programs at the local level in Dolakha District. It relies on key informant interviews with members of local government, NGOs and enterprises, as well as on focus group discussions with members of five community forest user groups (CFUGs), including both CFUG executive committees and other identified sub-groups (e.g., ethnic groups, poor households). Table 4.7 outlines the general narratives (GEM and populist) provided by Adger et al. (2001) for deforestation and climate change (the two global environmental problems addressed in this dissertation), as well as a pair of corresponding narratives (primary and counter-narrative) that I have developed for market-based mechanisms, combining both of these stories of global environmental destruction.

Qualitative analysis software (NVivo) was used to code the transcribed interviews, according to the five elements. Then, quotes representing each of these elements were culled from the key informant interviews and focus group discussions and compared with each other to note similarities and differences, and to try to develop a synthesized reframing (i.e., meta-narrative) of the issue. To facilitate this, I developed appropriate sub-narratives for each element, which are also included in Table 4.7 below.
Table 4.7. Narratives and counter-narratives for deforestation and climate change, and market-based mechanisms for addressing both of these global environmental issues

<table>
<thead>
<tr>
<th>ISSUE/ASPECT</th>
<th>NARRATIVES (Global environmental management)</th>
<th>COUNTER-NARRATIVES (Populist – political ecology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deforestation*</td>
<td>&quot;Neo-Malthusian discourse on increasing population and agricultural conversion in developing countries with slash-and-burn farmers being the primary villains.&quot;</td>
<td>&quot;Deforestation [is] a significant issue caused by the marginalization of rural poor and external forces of globalization such as Northern consumption of timber products.&quot;</td>
</tr>
<tr>
<td>Climate Change*</td>
<td>&quot;Managerial discourse on the compelling science of climate change requiring new markets for carbon and global institutions.&quot;</td>
<td>&quot;Profligacy discourse also accepts climate change as a major problem and as the key symptom in the crisis of global over-consumption espoused by capitalism.&quot;</td>
</tr>
<tr>
<td>Combined narrative on market-based climate change mitigation and conservation (PES) mechanisms** (Based on above CC/deforestation narratives)</td>
<td>If implemented on a global scale, markets and market-based mechanisms for ecosystem services can effectively address climate change, deforestation and forest degradation, by offsetting local drivers of deforestation and climate change (through SFM certification and/or forest-carbon trading) in a way that promotes inclusiveness, transparency, accountability, autonomy, and equity…</td>
<td>Global markets for carbon and ecosystem services pose a threat to the rights, participation, livelihoods and wellbeing of forest-dependent communities and marginalized groups, and will further contribute to climate change and the degradation of forest ecosystems.</td>
</tr>
</tbody>
</table>

5 Institutional elements of decentralized forest governance:

| (1) Collaborative planning and Policymaking processes | Ample consultations facilitate significant involvement and input from a broad range of stakeholders in planning and policymaking decisions and forums. All key stakeholders are included and view the process as legitimate. | There is little or no meaningful consultation or involvement of stakeholders in planning and policymaking decisions and forums. Some key stakeholders are excluded and few see the process as legitimate. |
| (2) Secure resource tenure and access rights | Programs and policies enhance and reaffirm tenure rights and equitable access to natural resources for all community members and concerned stakeholders. | Programs and policies threaten or remove tenure rights and resource access for local communities and/or (marginalized) demographic groups. |
| (3) Fair systems for sharing benefits/cost/risks | Benefits/costs/risks of participation are shared equitably among all relevant stakeholders and community members. | Participation in the program/policy usurps or excludes benefits for some stakeholders and community members. |
| (4) Accessible conflict resolution and grievance mechanisms | Policies and programs include effective mechanisms for addressing conflict and airing grievances among different stakeholders that are accessible to all. | Mechanisms for resolving conflict and airing grievances are weak or absent, or inaccessible to some. Policies/programs exacerbate conflict among stakeholders. |
| (5) Cost-effective participatory monitoring systems | Effective, sustainable, and affordable participatory monitoring systems are in place at all necessary levels, facilitating effective measurement and evaluation of program/policy outcomes. | Effective, sustainable, and affordable participatory monitoring systems are weak or absent at one or more levels, leading to incomplete or inaccurate information on program/policy outcomes. |

Notes: * From Adger et al. (2001) – “Advancing a political ecology of global environmental discourses”  
** The narratives for market-based mechanisms will be discussed in more detail in Chapter 6.
4.4.2. Policy network analysis (Ch. 7)

While I employ narrative policy analysis to look closely at the essential institutions of forest governance and how they are affected on the ground, I use policy network analysis (PNA)—in conjunction with national key-informant interviews—to examine larger policymaking processes and their broader implications for governance. Thus, the narrative analysis reveals the intention and interpretation of market-based mechanisms, whereas the PNA examines the nature of the process of putting such mechanisms in place and the implications for their governance. The PNA addresses the following primary research question: How inclusive and deliberative is the REDD+ policymaking process? This question is broken down into two secondary (operative) research questions: (1) Which actors and groups of actors or sectors are most dominant and which are most marginalized in policymaking processes? (2) To what extent, and how, do groups of actors engage in information sharing and collaboration (i.e., deliberation) with one another? The methods for investigating these two questions are outlined below.

The PNA is based on social network analysis (SNA) methods. SNA is a tool used in social science disciplines to study relationships, views, flows of information and resources, similarities and differences among actors engaged in diverse social processes (Wasserman & Faust, 1994; Scott, 2004). It has been used to study socio-ecological systems, natural resource regimes, and political systems in various contexts and at multiple scales (Bodin & Prell, 2011), including functions such as sharing of information, resources, perspectives, and authority among diverse individuals and organizations, and associated environmental policy processes at national and international scales (Kenis & Schneider, 1991; Dedeurwaerdere, 2007; Crona & Hubacek, 2010). SNA can also help determine whether information exchange and collaborative ties (i.e., characteristics of the policy network) reflect a hierarchical (state-centric) or a more market-
oriented model (Kenis & Schneider, 1991). The actors, or “nodes”, can be individuals, clubs, organizations, or more abstract entities such as places, events, concepts or perspectives on an issue. Thus, SNA can be used to examine interactions, divergences and power relations among political entities involved in diverse policymaking processes (i.e., ‘policy networks’, as described in Chapter 3). In this context, it is frequently referred to as “policy network analysis” (PNA).

In this dissertation, I have investigated the national REDD+ policy network in Nepal using SNA measures to assess the degree of polycentricity and deliberation in a specific governance regime or policy process. To examine relations among organizations implicated in REDD+ policymaking, I use one perception variable (perceived influence, which is a measure of reputational power) and two relational variables (information exchange and collaboration). The relevant survey questions for each perception or relational variable are presented in Box 4.1. In the resulting networks (i.e., diagrams), nodes represent the actors (organizations) that are active in the REDD+ policy domain and the “ties” (lines between nodes) represent specific perceptions or relations. For each variable, I examine several network measures (see Table 4.8 for specific measures and their definitions, meanings, and uses). These results are then combined and compared across the three network variables to assess which groups and actors have the most influence and involvement overall.

<table>
<thead>
<tr>
<th>Box 4.1. Survey questions used to analyze network variables</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>[Perceived influence]:</strong> Which organizations stand out as being especially influential on domestic REDD+ policies?</td>
</tr>
<tr>
<td><strong>[Information exchange]:</strong> With which organizations does [your organization] regularly or routinely discuss and exchange information about REDD+ policy?</td>
</tr>
<tr>
<td><strong>[Collaboration]:</strong> With which organizations does [your organization] regularly collaborate on REDD+ related issues and activities?</td>
</tr>
<tr>
<td>SNA measure</td>
</tr>
<tr>
<td>------------------------</td>
</tr>
<tr>
<td>In-degree centrality</td>
</tr>
<tr>
<td>In-degree centralization</td>
</tr>
<tr>
<td>Betweenness centrality</td>
</tr>
<tr>
<td>Betweenness centralization</td>
</tr>
<tr>
<td>Core–periphery ratio</td>
</tr>
<tr>
<td>(Group) Homophily</td>
</tr>
</tbody>
</table>

Sources: *(a)* Hawe et al. (2004); *(b)* Hanneman & Riddle (2005); *(c)* White & Borgatti (1994).
In Table 4.8, several key factors may require further explanation. First of all, “centrality” refers to the extent to which a single actor (or an averaged group of actors) is important in terms of the number of incoming ties from other nodes (in-degree centrality) or the number of times it connects pairs of other actors (betweenness centrality). “Centralization”, on the other hand, refers to the entire network in terms of the net amount of power related to the extent to which nodes are connected to one central actor in a network via incoming ties (in-degree centralization), or the difference in connections between the central node and the average of all others nodes (betweenness centralization). The last two ties are simpler to decipher. The “core/periphery ratio”, for instance, tells us the number of actors found in the core (i.e., those with high density of mutual ties) vs. the number in the periphery (those with low density of mutual ties). Finally, “homophily” tells us the number of times that two actors (or groups) share attributes of social ties with one another. These numbers provide the indicators expressed in the policy network analysis in Chapter 7, which are repeated in Table 7.1.

My analysis is based on a detailed survey of 34 organizations (policy actors) involved in REDD+ policy making in Nepal conducted between February and December 2011, which included many relational questions (i.e., about interactions among policy actors) and some perception variables (i.e., concerning views of policy actors and processes).

The panel of network experts or “boundary” was selected through a process of elimination with help from a group of six policy experts in the field of environmental governance and REDD+ representing different government bodies, NGOs, and CSOs. Based on their own work experience, the panel first selected 53 organizations that seemed to have some relationship (i.e., were stakeholders) to REDD+ in one way or another. These stakeholders were then
discussed among representatives from the six actor groups to see who had been involved in REDD+ activities in some way, who was involved in forest governance issues in general, and who was not involved but should be involved in such discussions and events in the future.

As mentioned above, the panel of experts identified 53 organizations relevant to REDD+. However, the final network boundary was smaller due to a few factors. 19 of these organizations were omitted from the survey based on three factors: (1) lack of direct involvement in REDD+ policy making (n = 14 organizations; i.e., they had no formal role in policy deliberations, decision-making bodies or projects, which was ascertained through preliminary discussions and semi-structured interviews with these organizations); (2) redundancy with other organizations (n = 1 organization; i.e., their key constituent departments or divisions were included in the survey); and (3) difficulty in securing an appointment (n = 4 organizations). As a result, 34 organizations (actors) participated in the survey and were included in the final analysis (boundary) of the three network variables. The network variables were analyzed and mapped using social network analysis software—UCINET and NetDraw, respectively (Borgatti et al. 2002). Table 4.9 shows all actors selected and the reasons for excluding 19 of the 53 originally elected in the final column (thus, n=34 in the final analysis).

Actors were grouped into six distinct categories based on sector: (1) government organizations (ministries, departments); (2) educational/research institutions (universities and institutes); (3) national NGOs/CSOs (both membership and non-membership, including professional associations); (4) business associations (representing private companies in the forest product and general business sector); (5) international NGOs; and (6) multilateral/bilateral donor agencies (multilateral development banks, UN, country aid agencies). Table 4.9 presents the number of actors in each group identified (53) and surveyed (34).
Table 4.9. Actor groups included in policy network analysis

<table>
<thead>
<tr>
<th>National policy domain actor groups</th>
<th>Number identified (53)</th>
<th>Number surveyed (34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>15 (28%)</td>
<td>8 (23%)</td>
</tr>
<tr>
<td>Education/Research</td>
<td>3 (6%)</td>
<td>2 (6%)</td>
</tr>
<tr>
<td>National NGOs/Civil society organizations</td>
<td>12 (22%)</td>
<td>10 (29%)</td>
</tr>
<tr>
<td>Business associations</td>
<td>3 (6%)</td>
<td>2 (6%)</td>
</tr>
<tr>
<td>International NGOs</td>
<td>11 (21%)</td>
<td>6 (18%)</td>
</tr>
<tr>
<td>Multilateral/bilateral donors</td>
<td>9 (17%)</td>
<td>6 (18%)</td>
</tr>
</tbody>
</table>

The PNA provides an analysis that is different from other types of policy and stakeholder analysis, having its own advantages and limitations. One of the major differences is that the parameters explored are both quantitative and qualitative and are based directly on the responses of participants about interactions and relationships among them. In my analysis this includes the number of actors that say they share REDD+ information or collaborate with a specific actor, or the perceived influence that actor has in the policy process in general. Other types of policy analysis typically focus on the support, positions and actions for different actors—but they are less useful for seeing how a group of actors interacts, communicates or works as a network in more specific ways, such as through information sharing, collaboration, and perceived importance. In my research, I also conducted qualitative key informant interviews using the same set of representatives from national organizations, as well as interviews and participant observation with local actors in Dolakha, so that I also have detailed qualitative data from these participants.

The analysis incorporates measures at both the node (actor) and network levels for each of the three network variables. Node-level measures are also aggregated to assess the relative importance of the groups for each network variable. Chapter 7 presents the findings from the two
operative research questions, outlined below, along with an explanation of how each question is analyzed (the meaning and use of each network measure are outlined in Table 4.8 above).

(i)  *Which actors and groups of actors are most dominant and which are most marginalized in the policy-making process?*

Inclusiveness is indicated by the most dominant and marginalized actors and groups of actors in the policy network, as measured by such network measures as in-degree centrality, betweenness centrality, and the core–periphery ratio. In-degree/betweenness centrality indicate the frequency of incoming/connecting ties or linkages. The core–periphery ratio measures those actors in the “core” of the network (i.e., those with many mutual interactions), versus those in the “periphery” (i.e., those with few mutual interactions).

(ii) *To what extent, and how, do groups of actors engage in information sharing and collaboration (i.e., deliberation) with one another?*

Deliberation is reflected by the density of communication and collaboration among and within distinct actor groups, illustrated by network measures like in-degree/betweenness centralization and homophily. Centralization reveals the extent to which interactions are controlled or shaped by the most central actor (and by other influential intermediaries). In highly centralized networks, key actors can easily manipulate flows of information or resources. Such networks can also break down easily if these actors are removed, or their role is compromised. Homophily reveals the propensity of groups to interact internally, with their own members.

(iii) *How might these configurations and linkages among actors affect policy/governance processes and outcomes?*

Based on the results of questions (i) and (ii) above, I discuss the implications of these findings on inclusiveness and deliberation for future policy outcomes and governance processes.
The next chapter (Chapter 5) provides a detailed analysis of the status of forest governance in Nepal, including a general historical and contemporary background, as well as a review of the five elements of decentralized forest governance presented in the conceptual framework. The subsequent two chapters (Chapters 6 and 7) present the results of my data analysis, based on the methodology outlined above. For these chapters—in addition to the narrative policy analysis and the policy network analysis—I rely on insights from participant observation, particularly through my involvement in various aspects of REDD+ readiness and policymaking. In Chapter 6, I present findings on the experience of local actors and communities with SFM certification and REDD+ readiness (pilot projects), with respect to the five elements of decentralized forest governance included in the conceptual framework. Chapter 7 examines national policymaking processes for REDD+, drawing on the policy network analysis and on national key-informant interviews. The conclusion (Chapter 8) provides a synthesis and discussion of these two upcoming analytical chapters (6 and 7), with reflections on lessons from studying policy narratives and networks, as well as some concluding thoughts, policy recommendations and implications for further research.
Chapter 5

History and Status of Forest Policy and Governance in Nepal

The trajectory of forest governance in Nepal is not unique, though it is perhaps exemplary. It reflects a common trend, witnessed throughout the Asia Pacific region and around the world over the past few decades, toward more decentralized, participatory and community-based modes of forest governance (Tyler, 2006; Webb & Shivakoti, 2008). The specific phases, actors and outcomes in the decentralization process have been shaped by the history and contemporary sociopolitical context of each country (Springate-Baginski & Blaikie, 2007; Agrawal & Ostrom, 2008). This chapter traces the evolution of decentralization and forest governance in Nepal over the past half century; the influence of the contemporary national economic and political environment on forest policy and governance; and the current status of forest governance, including the five elements of decentralized governance presented in the conceptual framework in Chapter 3.

5.1. Brief history of forest governance in Nepal – 1950s to present

Until the mid-19th Century, Nepal’s forests were controlled by aristocratic landlords known as Ranas. Communities were granted limited rights to use forests under local arrangements negotiated with these rulers, and some maintained customary forest management regimes. In 1957, the Government of Nepal nationalized forestlands and most privately held forests became the property of the state (Gilmour & Fisher, 1991). This led to the alienation of communities, signaling the beginning of a state-centric mode of governance that lasted for nearly
three decades, until establishment of the *Village Panchayat Forests* in the 1970s, which granted limited autonomy to local communities. Forest nationalization prompted some people to convert their forested land into agriculture, in order to avoid losing it to the state (Adhikari, 2004).

While climate change is at the forefront of environmental concerns in Nepal and around the world today, during the 1970s, scholars and scientists predicted another human-induced, environmental disaster on a regional scale. The “Theory of Himalayan Environmental Degradation” claimed that rampant deforestation and the resulting soil erosion in the hills of Nepal was causing the siltation and flooding of rivers downstream in Nepal’s lowlands and other South Asian countries, namely India and Bangladesh (Eckholm, 1976). In response to this perceived threat, the government and several donor organizations, including the World Bank and a few bilateral donors, instigated efforts to curb land degradation and promote the sustainable management of forests, particularly in the Middle Hills region, by enlisting communities in conservation (Guthman, 1997). Nepal’s ‘community forestry’ program is a direct outgrowth of these efforts. Since the 1980s, this more decentralized, pluralistic mode of forest governance has emerged. Its evolution has been marked by several parallel and overlapping developments:

- A steady expansion in multi-lateral and bilateral donor funding and technical support for community-based forest management initiatives [1980s onward, e.g., the World Bank and governments of the UK, Australia, and Switzerland];

- The formulation of pertinent laws, policies, and intermediary government institutions [late 1980s to mid-1990s, e.g. Master Plan for the Forestry Sector (1989-2010), Forest Act (1993), Forest Regulations (1995)];

- The increased allocation of forests, and forest management and use rights to communities throughout the country, starting in the Middle Hills, but later expanding to all 75 districts [mid-1990s to mid-2000s];

- A burgeoning of civil society groups concerned with promoting social and economic rights and opportunities for local communities with respect to forest management and use [mid-1990s onward, e.g. Federation of Community Forest Users Nepal (FECOFUN), Community-based Forestry Supporters’ Network (COFSUN), Association of Collaborative Forest Users of Nepal (ACOFUN)]; and
• A growing emphasis on the marketing of products and services from community-managed forests [late 1990s onward].

Although community forestry is the most widespread and well-known form of community-based forest management in Nepal, there are other regimes that have come about through the process of decentralization. These include collaborative forest management, leasehold forestry, buffer-zone community forestry, conservation area projects, religious forests, and private forests. All but private forests form part of the government-administered National Forests, where ownership is maintained by the state. There are legal provisions and regulations for each of these forest management regimes, but this is beyond the scope of my analysis so it is not covered here. The extent and distribution of each regime type has been determined by various physical, demographic and political factors, with significant differences between the mountains, the hills and the Terai (Adhikari & Dhungana, 2010). Community forestry first took root in the Middle Hills region during the 1980s, where it was introduced by various donor-supported projects, particularly in the central and western regions, and then spread to the mountains and the Terai (plains) during the 1990s. Its introduction in the Middle Hills was initially due to concerns over degradation and soil erosion in this region. See Figures 5.1 and 5.2 below for maps of Nepal’s major geographic regions and land cover status, respectively.

Collaborative forest management (CFM) was conceived in the late 1990s and introduced in several districts in the Terai. It was heavily promoted by the Department of Forests as a potential alternative to community forestry in the region’s larger lowland production forests. In general, CFM represents a partnership among key actors involved in management of a given forest, including local communities, state forest departments, local governments, civil society groups, NGOs, and private sector entities (Carter & Gronow, 2005; Mahanty, Guernier, & Yasmi, 2009). The stated goals of CFM in Nepal are to develop a coordinating mechanism
among these stakeholders, to involve them in decision making at all stages (planning, implementation, monitoring, evaluation), to create mechanisms for sharing rights, responsibilities and benefits equitably, and to develop systems for distributing and marketing forest products (Bechu, 2006). The rationale for CFM was to reach a more diverse, marginalized (i.e. poor), and displaced indigenous population by creating opportunities and mechanisms for sharing the benefits from community forestry with them (Bechu, 2006). Although it was conceived by the Forest Department as more appropriate to the Terai context, in practice CFM provides substantially less autonomy to communities than community forestry and does not delineate specific forest areas for their use; instead it enlists them in management, harvesting and monitoring in national forests, and provides them with material benefits in return for their labor. Thus, CFM has met with disapproval by civil society and supporters of community forestry. One of their main criticisms is that it restricts resource rights and perpetuates the disenfranchisement of forest-dependent communities from decision-making and benefits (Bampton, Ebregt, & Banjade, 2007).

 Leasehold forestry is another alternative similar to community forestry, but on a smaller scale. It was designed specifically to target smaller groups of poorer households in the Middle Hills. Like community forestry, it designated a (small) plot of forest for them to manage and derive benefits from for a specified period of time. Because it has only been implemented on a limited scale, it has not been perceived as a serious threat by advocates of community forestry. Leasehold forestry has been implemented in conjunction with microfinance programs and training in income generating activities, including livestock rearing, as well as the development of small community infrastructure projects (IFAD, 2003).
Figure 5.1. Physiographic regions of Nepal
Figure 5.2. Land cover map of Nepal using Landsat 30-meter data(2010)
There are a couple of regimes specific to protected areas. Buffer-zone community forestry is similar to community forestry, but it is practiced in areas immediately surrounding protected areas, usually national parks (i.e., buffer zones). Because of their proximity to protected areas, these forests entail more limited access and use, though they are also designed to provide livelihood benefits to local communities. They are found mainly in the Terai region, typically near parks with big game animals (e.g., tigers, elephants, rhinoceroses). Extractive commercial activities are restricted in these areas. Protected area projects have been implemented in a couple of national conservation areas, most notably the Annapurna Conservation Area in central Nepal and the Kanchenjunga Conservation Area in the eastern region. These have been held up as global examples of successful community-based conservation (“National Trust for Nature Conservation,” n.d.; “Satoyama Initiative » Observation of functioning of Kanchenjunga Conservation Area (KCA),” n.d.). They are found mostly in the high hills and the mountain areas and involve communities both living within and surrounding these conservation areas. The communities have specific rights to manage and use forest resources, which are dictated by the broader Conservation management plan.

Religious forests are areas designated as protected for their special spiritual and/or cultural significance. They are typically small plots of land on National Forest land, often incorporating temples or other holy sites. Local communities or institutions play a role in their management, but their use is restricted to religious purposes. Religious forests are smaller in number and size than community forests, leasehold forests and collaborative forest management areas.

Last and perhaps least—in terms of their political importance anyway—are private forests. There are few examples where private individuals own large tracts of forest. Instead,
most forested land has been reserved as National Forests by the government. Nonetheless, tree lots on private land serve as important sources of forest resources in rural areas, though the benefits accrued from them are not as equitably distributed since poorer and landless households do not typically have widespread access to them.

Despite the proliferation of these different types of forest management regimes, community forestry has come to dominate the socioeconomic, political and geographical landscape of Nepal, encompassing over one third of the forest area and a substantial portion of the population (see Table 5.3 in Section 5.4 below for a comparison of the different regime types). It has resulted in ecological and socioeconomic benefits and remains characterized by significant opportunities and challenges for Nepal’s rural communities and forest ecosystems (Acharya, 2002).

The emergence of community forestry has required the forging of new roles, relationships, policies and administrative processes among government entities, communities, civil society organizations, donors and the private sector. In recent years, more emphasis has been put on producing economic value from forests through the development of various non-timber and value-added forest products. Thanks to their prior conservation efforts, communities have begun to actively manage their forests, harvesting and selling a range of products, including timber and fuel wood. However, with the advent of forest-carbon trading and REDD+, Nepal’s forest-dependent communities are once again being asked to protect their forests—this time in the name of combating a global environmental threat, climate change—with the prospect of reaping significant financial rewards.

Today, Nepal’s community forestry program is one of the most extensive and widely studied systems of community-based natural resource management, involving more than 17,000
forest user groups, which collectively manage about one fourth of Nepal’s forested area (Kanel 2008; MoFSC, 2010). It engages actors from government, civil society, educational and research institutions, donor organizations, and the private sector in forest governance. Community forestry has promoted the recovery of degraded forests in many areas and supported the socioeconomic development of rural communities (Nagendra 2007; Pokharel et al., 2007; Kanel & Dahal, 2008). This is all due largely to the efforts and hard-won achievements of forest-dependent communities and their advocates (Britt, 2010). Community forestry has also stimulated the development of other forms of participatory forest management in Nepal, such as leasehold forestry, collaborative forest management, religious forests, and buffer-zone community forestry (adjacent to national parks)—to fulfill various cultural, spiritual, subsistence and commercial purposes.

The shift from a centralized, state-centric model toward a more decentralized approach to forest governance involving local forest management institutions, corresponding changes in the role and capacities of local forestry officials, and the proliferation of civil society organizations (CSOs) that has accompanied Nepal’s democratization process since 1990 has led to the involvement of a broader range of actors in national discussions, debates and policy processes, including various CSOs, and a few professional and private sector entities.

In addition to the horizontal expansion of actors involved in policy dialogues and decisions, there has been increased networking and influence from below as associations of community-based forest management and other local groups have formed to lobby for their collective interests at the national level. This process of bottom-up or “grassroots” mobilization, which has led to federated structures comprised of national-level bodies representing local organizations, has also influenced policy processes and decisions as the voices and interests of
local level actors have been consolidated and conveyed in various policy forums and dialogues (Britt, 2010).

Ojha (2008) has identified seven “waves” or phases of forest policy development in Nepal since 1950 (outlined in Box 5.1 below). In addition, the general evolution of forest policy in Nepal—from customary (de facto) community control to state control and then back to legalized (de jure) community control—is illustrated by Figure 5.3. Overall, there has been an increase in decentralization and community autonomy over forest management and use, and more pluralism in forest policy making, due to a combination of legal, development and populist interventions, followed by heightened contestation and politicization of community rights from about 2000 onwards, due to national and global political and economic forces.

**Box 5.1. Seven waves of forest governance in Nepal since World War II (1950 – present)**

- **1950s**: Colonial influence → extraction of resources (until the end of the Rana regime in 1951) → (private forestry)
- **1950s-1970s**: Welfarist state → nationalisation of forests (forest as state property)
- **1970s-1980s**: Theory of Himalayan degradation → techno-bureaucratic development of resources → plantation and forest development (Undefined property rights relations; contradictions between state and community)
- **1970s-present**: Wilderness/environmental conservation movement → centralised political control through conservation area regulations → park people conflict → evolution of buffer zone community forestry
- **1980s-1990s**: Participatory development → decentralisation → national political change of 1990 → community forestry regulations → expansion of community forestry institutions (1980s to present)
- **2000-2006**: War against terrorism → recentralisation of community rights → community forestry rights movement linked to political movements
- **2007-present**: Climate change → REDD and adaptation → climate change forestry (?)

Despite these advances, community forestry has met with considerable resistance by government agencies and officials attempting to curtail local rights, autonomy, and benefits in various ways (Dahal, 2003; Ojha, 2008). Dahal (2003, p. 17) has attributed the limited implementation of devolution to a failure of governance and weak institutions, due to:

- The capture and misuse of power by local elites; ignoring of the concerns of poor and marginalized groups;
- De-emphasizing the importance of forest product needs of rural people vis-à-vis biodiversity protection and revenue generation goals;
- Reluctance of government to transfer more valuable forests to communities (especially in the Terai);
- Undermining of autonomy of CFUGs via repeated legal amendments;


**Figure 5.3. Evolution of community-based forest governance in Nepal (1957 – present)**

Despite these advances, community forestry has met with considerable resistance by government agencies and officials attempting to curtail local rights, autonomy, and benefits in various ways (Dahal, 2003; Ojha, 2008). Dahal (2003, p. 17) has attributed the limited implementation of devolution to a failure of governance and weak institutions, due to:

- The capture and misuse of power by local elites; ignoring of the concerns of poor and marginalized groups;
- De-emphasizing the importance of forest product needs of rural people vis-à-vis biodiversity protection and revenue generation goals;
- Reluctance of government to transfer more valuable forests to communities (especially in the Terai);
- Undermining of autonomy of CFUGs via repeated legal amendments;
Top-down planning processes that precludes participation by important stakeholders;
Low investments in building capacity of CFUGs;
Lack of transparency and accountability in policymaking; and
The continued hierarchical and bureaucratic structure and practices of government organizations hindering handover of power to communities.

For more than a decade, declarations of new protected areas in places where community forestry is already well established, proposals to raise taxes on products from community forests, bans on the harvesting of live trees (especially in the Terai region), as well as repeated threats and attempts to revise the Forest Act of 1993 to curtail local autonomy have provided evidence of the government’s recentralizing tendencies (Bushley & Khatri, 2011). This suggests a trend towards the recentralization of forestry in both policy and practice. This apparent trend is worrisome to many supporters of community-based forest management, who see community rights and autonomy over natural resources as the backbone of Nepal’s successful conservation and rural community development efforts (e.g., Dahal, 2003). Proponents of decentralized forest governance, such as FECOFUN, fear that global schemes like REDD+ may further influence the state to reassert control over community-managed forests. They point to the government’s recent declarations of several new protected areas and threats to revise the Forest Act of 1993 as evidence of this tendency. Nonetheless, they are actively engaged in REDD+ readiness and piloting activities, along with other civil society organizations, to help ensure that benefits are maximized and risks are minimized for their constituents.

Threats to forests remain rampant in Nepal, and the conversion of forests to agricultural land is a constant risk, particularly in the low-elevation, subtropical Terai and Churia Hills regions (Devkota, 2010), which is now home to over half of Nepal’s population and serves as its “rice bowl”, or its center of food production. Some have observed that these issues could present
significant challenges for REDD+ implementation, and that curbing the drivers of deforestation and forest degradation remains an elusive goal in many areas (Pokharel & Byrne, 2009). Moreover, allegations of corruption have surfaced within Nepal’s forestry sector at all levels, from the Cabinet to the communities, along with claims that this corruption has led to a spree in illegal timber harvesting and trade, resulting in increased degradation and deforestation in both government-managed and community-managed forests.

5.2. Evolution and character of decentralization and indigeneity in Nepal

Before proceeding to discuss the current status and nature of forest governance and community forestry in Nepal, one should review the general evolution of governance and decentralization over the past few decades. There are two main types of decentralization: deconcentration and devolution. Deconcentration implies that administrative responsibilities and procedures, though not necessarily the decisions governing them, are allocated to lower-level government bodies; whereas devolution means that decision-making authority is transferred to lower governmental and/or non-governmental bodies. According to Schneider (2003, p. 35), “All forms of decentralization, regardless of the recipient, involve shifting power and resources away from the central government.” This applies to both deconcentration and devolution, though in different ways.

In Nepal, an early and minor step toward decentralization came with the establishment of the panchayat system. Under the Constitution of Nepal 1962, which was the basis for governing the country for three decades (1960-1990), decentralization was declared as the principal policy to involve people in the country’s planning and development process (Dhungel, Sapkota, & Haug, 2011). To realize this, under King Mahendra the government concurrently established
three separate laws that effectively created administrative bodies at three respective levels: the Village Panchayat Act of 1962, the Town Panchayat Act of 1962, and the District Panchayat Act of 1962 (Dhungel et al., 2011). This legal trinity established what became known as the *panchayat* system, consisting of representative bodies at four levels: village panchayats (elected by the *gaun sabha* or village assembly), district panchayats (in each of the 75 districts), *anchal sabha* or zone assemblies (in each of 14 zones), and a National Panchayat. Each level incorporated representatives from the next lower level. The National Panchayat, which included about 90 members, had no authority to criticize the government, the system of party-less democracy, introduce legislation, or to make budgetary decisions without approval of the King. In this way, the King exercised complete control over administrative, legislative and policymaking processes at multiple levels. Thus, decentralization under the Panchayat System was merely tokenistic, with most significant decisions and actions requiring approval from higher levels, often by the King himself. This was clearly a case of “deconcentration”, without any meaningful transfer of decision-making authority.

The *panchayat* system was officially discarded with the approval of the new constitution in 1990. However, the seeds of reform were planted during the 1980s, with the promulgation of a few laws promoting decentralization in general, and in the forestry sector in particular. Legal milestones in the decentralization process include the Decentralization Act of 1982 (revised in 1993), and the Local Self Governance Act of 1999 (Dhungel et al., 2011). The Decentralization Act and the subsequent Decentralization Working Procedure Rules of 1984 were created to encourage more engagement by local institutions in development processes, mainly in local development plans and activities (Dhungel et al., 2011).
The early 1990s was a period of great political upheaval and transition in Nepal. From February to April 1990, a movement now known as the Jana Andolan 1 (i.e., the “first peoples movement”, not to be confused with the Jana Andolan 2 uprising in 2006) ushered in a period of more democratic politics, involving multiple political parties and the creation of a new system of governance to promote more decentralized decision-making. To facilitate this new system, three new acts were passed in the subsequent year: the Village Development Committee Act of 1991, the Municipality Act of 1991, and the District Development Act of 1991, along with corresponding democratically elected governance bodies at the district level (District Development Committees = DDCs), and municipal/village level (Municipalities/Village Development Committees = VDCs), with no equivalent bodies at the regional or national levels (Dhungel et al., 2011). These acts were eventually repealed and replaced by the Local Self-Governance Act (LSGA) of 1999, and its associated Regulations, which remains in effect today. The LSGA and accompanying regulations preserved the district and local governance bodies (i.e., DDCs, VDCs) while providing a basic policy framework for decentralization and dictating the specific structure and functioning of the local bodies, based on the following underlying principles from the preamble of the new constitution (Dhungel et al., 2011):

I. Make provisions conducive to the enjoyment of the fruits of democracy through the utmost participation of the sovereign people in the process of governance by way of decentralization;

II. Institutionalize the process of development by enhancing the participation of all the people including the ethnic communities, indigenous people and down-trodden as well as socially and economically backward groups in bringing out social equality in mobilizing and allocating means for the development of their own region and in the balanced and equal distribution of the fruits of development;

III. Have institutional development of local bodies capable of bearing responsibility, by providing such responsibility and power at the local level as is necessary to formulate and carry out plans; and

IV. Constitute local bodies for the development of the local self-governance system in a manner that they are able to make decisions on the matters affecting the day-to-day needs and lives of the people, by developing local leadership.
The LSGA also set a precedent for decentralization of the fiscal and resource rights of local government entities by “expanding taxation and service fee collection authority of[local bodies] and recognition of their rights in natural resources” (LSGA, 1999, Provision VI, as cited in Dhungel et al., 2011).

The current Interim Constitution of Nepal, effective from 2007 to the present, has reaffirmed its commitment to decentralization, setting the following guidelines (Interim Constitution of Nepal of 2007, as cited in Dhungel et al., 2011):

The election to local self governance related authorities shall be held based on decentralization and devolution of authority in order to promote the participation of people, to the maximum extent possible, in the system of governance of the country by creating such environment as is conducive to the exercise of sovereignty by the people even from the local level, deliver services to the people at the local level and have institutional development of democracy even from the local level (Article 139.1).

In the forestry sector, there has also been some distinct legislation aimed at advancing decentralization and community-based management, including the Master Plan for the Forestry Sector of 1988, the Forest Act of 1993, the Forest Regulations of 1995, and the Forest Sector Policy of 2000 (Dahal & Chapagain, 2008). These laws laid the groundwork for the formalization of the community forestry program, with specific provisions for the formation of community forest user groups, the designation of forest areas for them to manage, and rights and relations among communities, the local forest administration (the District Forest Offices), and other relevant stakeholders. The table below (Table 5.1) outlines major periods and milestones in the development of forest governance and community forestry in Nepal.
Table 5.1. Periods and milestones in Nepal’s forest governance and CF policy development

<table>
<thead>
<tr>
<th>PERIOD</th>
<th>YEAR(S) AND EVENT</th>
</tr>
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<tbody>
<tr>
<td>Aristocratic</td>
<td>1850s-1957 Land owned by aristocratic landlords (<em>Ranas</em>) (Communities have customary rights to use forests)</td>
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<tr>
<td>Nationalization</td>
<td>1957 Private Forests Nationalization Act (customary rights usurped)</td>
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<td></td>
<td>1976 National Forestry Plan</td>
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<tr>
<td>Decentralization (and conservation)</td>
<td>1978 Panchayat Forest and Protected Forest Rules</td>
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<tr>
<td></td>
<td>1980s Donor-funded community forestry projects in Middle Hills</td>
</tr>
<tr>
<td></td>
<td>(World Bank, Australia, UK, Switzerland, USA)</td>
</tr>
<tr>
<td></td>
<td>1982/87 Decentralization Act (Establishes committees, CFUGs)</td>
</tr>
<tr>
<td>Legalization and institutionalization</td>
<td>1989 Master Plan of Forestry Sector (47% budget to CF)</td>
</tr>
<tr>
<td></td>
<td>1993 Forest Act (legal basis for CF)</td>
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<td></td>
<td>1995 Forest Regulations (bylaws and regulations)</td>
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<tr>
<td></td>
<td>1996 Formation of FECOFUN</td>
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<tr>
<td>Marketization and politicization</td>
<td>Mid-1990s→2005 Donors support forest product commercialization</td>
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<tr>
<td></td>
<td>2001, 2009-10 Gov’t declares protected areas &amp; Forest Act Amendment</td>
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<tr>
<td></td>
<td>(Civil society groups respond with protests)</td>
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<tr>
<td></td>
<td>2004/2005 Forest-carbon measurement and SFM certification pilots begin</td>
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<tr>
<td></td>
<td>2009→Nepal REDD-readiness activities &amp; pilot projects begin</td>
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There are also a few important components or aspects of decentralization: fiscal, administrative, political and market (Schneider, 2003). *Fiscal decentralization* involves the transfer of funds from the center to lower-level bodies to enhance efficiency. This applies both to funds allocated from central government coffers, and to the authority to generate revenue locally. As Schneider (2003, p. 36) notes, “The challenge of [fiscal] decentralization is essentially to locate resources at the level of government that optimizes social welfare.” In Nepal, government funds are transferred directly from the central budget to each of the 75 districts, via the District Development Committees (DDCs), and then to the Village Development Committees (VDCs). Although there are now provisions for it under current legislation, there are few official mechanisms in place for local taxation, fees and other forms of revenue generation. As a consequence, local administrations (DDCs and VDCs) must rely on the wallet and the whims of
the central government administration. The forestry administration in each district—the District Forest Office (DFO)—also receives direct funding from the central coffers, to carry out the management of forests in their respective districts. They have some discretion to determine how these funds are used. In some instances, they also earn revenue via fees from communities’ sale of forest products, especially timber.

Administrative decentralization is influenced by the field of public administration. It emphasizes the sharing of administrative duties and tasks in the most efficient manner so as to streamline government bureaucracy (Schneider, 2003). It involves the transfer of autonomy—manifested as authority over policymaking, personnel decisions and public finances (Rondinelli, 1984, quoted in Schneider, 2003)—to lower levels. Administrative decentralization emphasizes matching the level of tasks with the level of the relevant issue to be addressed, to maximize efficiency and streamline the provision of government services. It is akin to deconcentration, whereby administrative duties are increasingly transferred from central authorities to their regional or local branch offices. However, this does not necessarily mean that real decision-making authority has been transferred. Administrative decentralization has been a key aspect of Nepal’s decentralization process over the past few decades. Through the community forestry program and other similar initiatives related to the governance of forests, water resources and protected areas, local offices representing various government ministries have been created at the district, regional, and sub-district levels to facilitate interactions with communities and other entities. For the DFOs, these interactions include activities like assisting communities with the mapping, measurement and management of forests; organizing training in different aspects of natural resource management and development; monitoring the harvesting and sale of forest products; and collecting fees for revenue generated from the sale of forest products. In some
cases, the DFOs have also promoted increased participation and collaboration among local stakeholders, through both informal and formal mechanisms, such as the District Forest Coordination Committees that have been created in some districts (Chand, Joshi, & Kapkoti, 2011).

*Political decentralization* means that local bodies have the authority to make decisions about how to manage and utilize their own activities and resources. It is thus a fundamental aspect of local autonomy. This is true devolution, whereby local administrative offices, such as the DFOs, are allowed to make independent decisions concerning the governance of forests and other resources in their jurisdiction, without prior approval from regional and national officials. It can also entail the devolution of decision-making authority and autonomy to local community groups and civil society organizations—also without approval from local government bodies—as well as more participation by non-governmental stakeholders in broader district, regional and national policy dialogues and decisions. In Nepal, the process of political decentralization has been significant along the government bureaucracy chain, with local administrative offices now having more authority over and participation in decisions on policy matters. Influence by community groups and other relevant stakeholders in district-level decisions varies by district, but is typically low. Thanks to FECOFUN and other national associations and civil society organizations, communities do have a voice in national policy dialogues, some of which they have been instrumental in organizing, but their influence on policy decisions remains limited.

*Market decentralization* refers to government deregulation to privatize different industrial sectors. Nepal has decentralized its forestry sector over the past couple of decades, with the demise of the national (public) corporation Timber Corporation of Nepal, and the rise of small and medium scale private companies and cooperatives, specializing in NTFP production.
(Edwards, 1996; FAO-ANSAB, 2009), but also in the production of timber and pulpwood industries. However, significant barriers remain to the marketing of forest products from both community forests and private industries (Kunwar, Ansari, & Luintel, 2009; Dhungana & Bhattarai, 2008).

In addition to these different types of decentralization, it is important to look at changes in political organization among indigenous movements in Nepal. Nepal is a country with some of the earth’s steepest and tallest mountains and hills, as well as flat plains in the Terai region. As a result, there are numerous valleys and regions that are quite remote from Kathmandu, major towns and highways. Nepal has a number of officially registered indigenous peoples or Adivasi Janajati. These include 59 specific groups. If you are part of these groups then you are considered indigenous. Moreover, people’s identification with these indigenous groups can frequently be determined by their last names.

However, formal discussions on the rights to land and other natural resources, including forests, have only become pronounced in recent years. They have been elevated by recent political discussions and actions related to the federalization of Nepal, with diverse perspectives on indigeneity and its role in defining new states. In fact, in September 2015 the national government designated six new states. This has followed a period of intense debate over the formation of states, including a proposal for fourteen states based on indigenous status. Many indigenous people supported this fourteen-state plan, saying that it would give them more power to support marginalized groups (i.e., themselves) in local and national politics. However, since the number of states was so small, many indigenous people, other socially marginalized people, and of course many members of the high-caste Brahmin/Chettri castes were not satisfied with this solution.
The Nepal Federation of Indigenous Nationalities (NEFIN), a national indigenous peoples’ umbrella organization, was founded in 1991. It has played an increasingly prominent role in the definition and critique of REDD+ in national policy dialogues and other programs related to the use of natural resources like forests. NEFIN incorporates 48 indigenous member organizations distributed across Nepal and belongs to the United Nation's Working Group on Indigenous Populations. It also coordinates with international and regional indigenous rights organizations like Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education). In addition to indigenous peoples, Nepal has caste distinctions that have divided and discriminated against many people for centuries. The caste system has come under attack by activists—it has been illegal for about 50 years now—but there are still many instances of discrimination occurring both within and outside of indigenous groups.

An important question is how the SFM certification and REDD+ initiatives have been impacting claims to indigeneity and more specifically who participates in such programs. In Nepal, concepts of indigeneity are different from those in many other countries, especially those that have been colonized by Western nations. In neighboring India, for instance, many of the states were created based on the major social leaders in that area and many maintain different official languages based on this. This could be an example of Britain’s divide and conquer strategy there. Although the Nepalese leaders maintained close correspondence with the British, they were never considered a colony and thus the same process was not followed. One of the most striking examples of this is the fact that, for the most part, Nepalese indigenous groups do not have any formal collective title to their own ancestral lands. Furthermore, until recently, many indigenous people have not been associated with indigenous groups for their own people, though this is changing. Thanks to the work of NEFIN and its domestic affiliate organizations,
indigenous groups have started working together to help define specific concerns and criteria for working effectively and fairly with them, in both principle and practice.

Recently, there has been a lot of concern among indigenous groups in Nepal about participation, access and benefits for their people involved in SFM certification and REDD+. However, the official governance of participation looks mainly at high caste vs. others (not distinguishing among indigenous castes), and somewhat at the level of involvement of women (though their active participation and benefits are often not accounted for). As noted above, indigeneity is determined by whether you come from a formal group that is on the formal list of indigenous peoples. However, the participation by specific indigenous groups is not normally considered.

In addition to its role in implementing REDD+ piloting activities, NEFIN has aligned itself with global discourses and actions on REDD+ and other issues. For instance, it has protested the low involvement by indigenous people in a meeting in Dolakha, and also participated in critical international forums and discussions on REDD+ and climate change. NEFIN also organized a national forum on the rights of indigenous peoples and REDD+, to which it invited many indigenous leaders, as well as members from government and civil society. In the last few years, organizations like NEFIN have begun to play a substantial role in defining the rights and conscious of indigenous peoples in Nepal with respect to REDD+ and other externally driven programs. This has raised awareness and participation among local indigenous leaders and organizations as well. However, many participants in the pilot programs seem disconnected from, or unaware of, current critical global indigenous discourses, actions and networks on REDD+. 
5.3. National political and economic environment and challenges

As the discussion on indigenous groups above indicates, forest policy in Nepal is not formulated in a vacuum. It has been heavily influenced by the priorities of global and bilateral donors and international NGOs, chronic shortages in state budgets, ongoing power struggles between the government and other stakeholders, and pervasive political turmoil and partisanship at multiple levels. Once the world’s only Hindu Kingdom and a constitutional monarchy, Nepal is now reshaping itself into a federal republic. This transition has not been smooth and it has significant implications for decentralized forest governance. Moreover, Nepal has long been labeled an underdeveloped state (Blaikie, Cameron, & Seddon, 1980) with an unhealthy dependence on foreign aid (Shrestha, 2002). Over the years, much of this donor assistance has been allocated to support development activities in rural areas, including forestry and biodiversity conservation programs. In the current environment of political transition, however, neither forest conservation nor carbon trading initiatives like REDD+ are central to the government’s overall agenda, which is based on more fundamental priorities, such as the forging of a new constitution, the transition to a federal system of government, and the conclusion of the peace process following a ten-year civil conflict (1996-2006), including rehabilitation of Nepal’s Maoist combatants. Nor are such concerns the main focus of national climate change policy dialogues and strategies. On the whole, the government is more interested in securing donor funding for climate adaptation than in pursuing mitigation schemes that could benefit different sectors, such as forest-carbon trading (e.g., GoN, 2009).

Nonetheless, REDD+ has captured the attention and imagination of a powerful and vocal minority, and financial support from several multilateral and bilateral donors, and has thus gained some currency in policy circles as a potential remedy to Nepal’s persistent rural
development woes, as well as a potential source of funding for an ailing forestry sector (Pokharel & Baral, 2009). Who exactly will receive the money from REDD+ payments, and how much, is still unknown. This is largely a function of the governance arrangements that are put in place, and therefore depends on the political process. Furthermore, the national policy and legal framework is still ambiguous on forest carbon trading. Although it is mentioned as an option for climate change mitigation in the National Climate Change Policy, there is still no clear legal definition, process or precedent for the assignment and adjudication of carbon rights. This gap will have to be filled in order to gain the confidence of both investors and sellers, if REDD+ or any other type of carbon trading is to proceed in Nepal.

In addition, until recently both public and private financing for the forestry sector had been lagging in recent years, due to both a decrease in donor funding and corrupt practices in existing projects (Magrath, Shrestha, Subedi, Dulal, & Baumback, 2013) and the government has been looking for ways to boost funding. Historically, Nepal has been very dependent on investments from bilateral and multilateral donors and international NGOs in the form of forestry and watershed management projects. While some new donor projects are coming down the pipeline, the government—the Ministry of Forests and Soil Conservation (MoFSC) in particular—and other proponents of REDD+ see it as a way to bolster funding, from both donors and market-based sources, for an ailing forestry sector. At the same time, the government has increased its efforts to capture value from the sale of forest products domestically (INDUFOR, 2013).

Nepal’s Constituent Assembly (CA), which also serves as its acting parliament, is in the process of writing a new Constitution. One of the hallmarks of this emergent document is its emphasis on a shift to a federal structure of government. This has significant implications for
current structures and processes of decentralization, and therefore for community-based forest governance and related policies. According to Dhungel et al. (2011, p. 51), “The framers of the new constitution, especially its Committee on the State Restructuring and Distribution of State Power, [have] recommended to the CA that Federal Nepal should have a three-tier governmental structure—central, provincial and local—and also three special areas at the local level: autonomous areas, protected areas and special areas where the managing authority would have the power to determine the protection of resources and the promotion of the culture and traditions of the people living in the area.” Such a system envisages a substantial shift of power from the central to the regional level, through the formation of semi-autonomous states, but the specific nature of the relationship between the proposed states and the existing district and local (municipal and village level) administrations remains unclear (Dhungel et al., 2011).

The current social and political environment in Nepal is also characterized by vigorous competition among the main political parties: Communist Party of Nepal (Maoist), Communist Party of Nepal (United Marxist-Leninist), and Nepali Congress. Not only do these parties command the majority of the popular vote, but they also control social and economic interactions to a large extent, especially in rural areas. In fact, in many areas, party affiliation limits or dictates one’s social and economic opportunities, such as what types of jobs they can get, and what kinds of social organizations and programs they belong to or support. During Nepal’s ten-year civil conflict (1996-2006) between the Maoists and the Government, many community-based institutions, including some community forest user groups became polarized along political lines, and there were accusations that the Maoist insurgency disrupted community-based institutions in some areas (Roka, 2007). In fact, Maoist insurgents have been blamed for both promoting deforestation through corrupt relationships with local communities and, alternatively,
for protecting the forests from illegal logging due to would-be smugglers’ fears of run-ins with them (Roka, 2007; Nirmal, Shrestha, Acharya & Ansari, 2009). However, some have also argued that the Maoist campaign promoted the cause of poor and marginalized groups, including those involved in community forestry (Nirmal et al., 2009).

Overall, it has been argued that forest decentralization in Nepal has been slowed by a blend of bureaucratic rigidity and political conflict and turmoil (Dahal & Chapagain, 2008; in Colfer, Dahal, & Capistrano, 2012, p. 80):

Over the last two decades, the institutionalization process of forestry decentralization in Nepal has been adversely affected by unstable politics on the one hand and the technobureaucratic structure of forest departments on the other. In addition, the process has remained virtually dead during the last decade due to the Maoist insurgency and the resulting civil war in Nepal, which rendered the government almost non-functional at all levels. The existence of a state within a state (the Maoist people’s government and the Nepal government) during the insurgency period not only created difficulties for forest user groups in making decision at the local level about the management of forest resources, but also hindered the whole institutional process of forestry decentralization in Nepal.

5.4. Current status of forest governance in Nepal

Although Nepal has been undergoing a transition from a state-controlled system of forest governance to a more devolved, community-led model over the past few decades, there is increasing evidence that this trend has been constrained, and may actually be slowing or even reversing today. Recent allegations of corruption fueling deforestation have permeated all levels and actors, from the Minister of Forests and Soil Conservation to local communities, including community forest user groups.

Nepal’s forest decentralization process—manifested in various collaborative forestry programs including community forestry—which has been lauded around the world for its common-sense approach to conservation, has also met with some significant challenges. In fact,
some claim that forest governance has been devolved only in name, and that crucial aspects of forest management and use remain tightly controlled by the forest administration (Dahal, 2003; Ojha, 2008). In order to shed some light on such claims, this section provides a brief review of the current status of forest governance in general, and of the five elements of decentralized governance (and the associated principles) outlined in the conceptual framework in Chapter 3: collaborative planning and policy-making forums and processes across different scales; secure land and resource tenure and access rights; fair systems for the sharing of benefits, costs and risks; accessible conflict resolution and grievance mechanisms; cost-effective participatory monitoring systems. This review attempts to clarify the present state of forest governance by asking whether it is decentralized in letter alone, or also in spirit.

As described above (in section 5.2), there is ample evidence of a clear transition from state-led governance in the 1950s to a more collaborative, community-based form of governance today. This transition has been especially pronounced and accelerated during the past two decades. While the institutional, policy and legal precedents and shifts in decentralization can be easily traced, there is much debate about its practical and administrative aspects, and the extent to which decentralization has been realized in both spirit and practice, in the day-to-day management decisions, activities and interactions of forest administrators and local communities. Ojha (2008) argues that, while important aspects of community-based forest governance have been institutionalized in Nepal at both the national government and district levels, further integration and concrete accountability mechanisms among these levels are still needed “in order to combat the ways in which subtle agendas of centralization are promoted in the name of participation, devolution and decentralization.” In their review of community-based management programs in Nepal, they further stress the need to avoid the ‘community trap’ (i.e., the
assumption that community-based management regimes are deliberative and effectively
devolved), and to look beyond narrow government agendas (Ojha, 2008):

While community based approaches are often assumed to be more equitable… case studies… show the limits of devolution (moving power from state to community) and the
importance of strengthening the capacity of community organizations to become effective
and equitable managers of forests. At the same time, the cases show the degree of
autonomy that is needed to provide the conditions for effective local-level collective
action and resilient local institutions. Perhaps what is most important is that these stories
show how, over time, community-based forestry programmes move beyond a narrow
conception of a ‘government programme’, to an independent social arena where civil
society groups, state agencies and international actors contest each other for diverse
resources, power and positions.

Thus, while the machinery of decentralized forest governance is clearly established in
Nepal’s laws and policies, and in the numerous institutions put in place to execute them, in
practice there is a continued lack of vertical integration and accountability among policymakers,
forestry administrators, and the local communities who manage and rely on forests (Ojha et al.,
2008). Civil repeatedly challenged by government mandates and decrees (Dahal & Chapagain,
2008). In sum, decentralization society organizations (CSOs) form the glue that attempts to bond
communities with governance bodies and processes. However, CSOs’ effectiveness is stifled by
their limited voice in decision-making and policymaking at both the district and national levels,
as community rights and autonomy are and community forestry are still faced with many
challenges and criticisms in Nepal, including elite capture, inadequate contributions to
livelihoods, the continued plight of poor and disadvantaged groups, and insufficient attention to
ecological outcomes (Dahal & Chapagain, 2008).

One can get a clearer picture of contemporary forest governance in Nepal by examining
the status of the key institutional elements of decentralized governance presented in the
conceptual framework. Each of these elements is discussed in detail below. For each element, I
briefly describe the global context, its status in Nepal’s community forestry program in general, and under SFM certification and REDD+ in particular.

5.4.1. Collaborative planning and policy-making forums and processes across different scales

Deliberative governance has become recognized globally as an essential ingredient in functional democratic processes and regimes. It relies on effective collaborative planning and policymaking forums and processes at different levels. In some respects, Nepal has been at the vanguard of participatory approaches to development, in both forestry and natural resources and other sectors. Over the past couple of decades, forestry officials have seen their role shift from that of forest managers to facilitators of community activities and processes. In addition to traditional forestry concerns, such as measuring and monitoring the production, harvesting and sale of forest products, they are now enlisted in promoting the social and economic wellbeing of local communities through diverse programs focused on such things as good-governance, social and gender equity, rights and literacy education, enterprise development, and cultivation and marketing of non-timber forest products. This shift has led to new opportunities and challenges, and to the negotiation of new roles for both foresters and communities. The role of communities in shaping their own future is more important than ever before. They are involved in a large number of meetings, discussions and trainings, led by forestry officials, but also by NGOs concerned with a broad range of social, environmental and economic concerns. However, this increased involvement has not necessarily led to more voice in important higher-level decisions, or more autonomy in local decisions about the management and use of their forest resources.

Within the community forestry program, there are numerous events and forums in which communities engage in some form of consultation or deliberation. Prior to forming a community forest users group (CFUG), communities must meet and decide who will be eligible to join the
group, and what the basic rules for managing it will be, including the role, responsibilities and benefits of members—and of non-members if applicable. These discussions are often facilitated by members of the forestry administration, or by an NGO involved in supporting community forestry. After deciding on the parameters, composition and basic rules of their group, and drawing up a constitution that reflects this, community members meet with forestry administrators to develop an operational (i.e., management) plan for the forest they have been assigned to manage. This management plan is usually valid for a period of 5-10 years and lays out what types of forest products are to be grown and where, as well as the frequency, amount, and means of harvesting for each product. This document, which must be approved by the District Forest Office, serves as the contract that establishes the community’s claim to the specified land and its resources, though actual land tenure remains with the state.

Once their Constitution and Operational Plan have been completed and approved, each CFUG elects or appoints an “executive committee” of between 8-12 members, and holds regular meetings with both the committee and the general assembly (with at least one representative from each member household). At the general assembly meetings, CFUG members vote on important aspects of day-to-day management of the forest and its resources, such as the selling of concessions to private entities, or the harvesting and sale of timber (or non-timber) products, as well as any proposed revisions to the constitution and management regime. However, frequently the DFO must approve such actions and changes, or at least they must be informed of them.

There is often an assumption that communities know best how to meet the needs of their members fairly and efficiently. However, studies in Nepal and elsewhere reveal that community-based institutions for managing natural resources are also plagued with their own biases and inequities. For instance, based on extensive research among community forestry groups in Nepal
and India, as well as a review of other case studies, Agarwal (2001) concludes that allegedly participatory institutions and processes often exclude important actors and groups, such as women, from vital decisions and benefits. She labels such practices “participatory exclusions”.

In the context of targeted programs like sustainable forest management (SFM) certification and REDD+, there have been a multitude of different activities aimed at engaging local communities, both individually and collectively, through various discussions and trainings. Most of these are geared toward implementing specific project activities and objectives, but some, such as the Watershed REDD Networks formed under a REDD+ pilot project (comprised of 1-2 representatives from each CFUG), also serve the broader function of providing a discussion forum on issues related to the risks and challenges associated with their implementation (Shrestha, Karky, & Karki, 2014). While such opportunities for discussion are not uncommon, occasions for genuine deliberation and consultation with forest administrators and policymakers—those who actually make key decisions or formulate policies—are much scarcer.

One example of this is the piloting of a Forest Carbon Trust Fund (FCTF), a national funding mechanism for compensating local communities for their participation in REDD+. During the piloting process, a group of national actors came together to set criteria for determining how much compensation each community would receive, based on their total forest cover, extent of forest cover enhancement, as well as specific social parameters, such as the number of indigenous, Dalit (untouchable caste), and poor households. In fact, these social parameters comprised 60% of the weight of all criteria (See Table 5.2). Communities and local representatives were not consulted in the formulation of these criteria in advance. When the criteria were presented in a local forum just prior to making payments, there was heated
discussion and debate about their fairness. For instance, communities with large forest areas but few of the social criteria wondered why communities with less forest cover, but more indigenous, Dalit and/or poor households received substantially more compensation. As a result, the distribution of funds was viewed as unfair by many of the participants and served as a point of tension among communities.

Table 5.2. Summary of first payment of FCTF in REDD+ Piloting Sites

<table>
<thead>
<tr>
<th>District (Watershed)</th>
<th>No. of CFs</th>
<th>Total amount paid (USD)</th>
<th>CF carbon stock (24%)</th>
<th>Carbon increment (16%)</th>
<th>IPs (10%)</th>
<th>Dalit (15%)</th>
<th>Women (15%)</th>
<th>Poor (20%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chitwan (Kayarkhola)</td>
<td>16</td>
<td>21,904.94</td>
<td>5,257.19</td>
<td>3,504.79</td>
<td>2,190.49</td>
<td>3,285.74</td>
<td>3,285.74</td>
<td>4,380.99</td>
</tr>
<tr>
<td>Dolakha (Charnawati)</td>
<td>58</td>
<td>45,534.93</td>
<td>10,928.38</td>
<td>7,285.59</td>
<td>4,553.49</td>
<td>6,830.24</td>
<td>6,830.24</td>
<td>9,106.99</td>
</tr>
<tr>
<td>Gorkha (Ludikhola)</td>
<td>31</td>
<td>27,560.13</td>
<td>6,614.43</td>
<td>4,409.62</td>
<td>2,756.01</td>
<td>4,134.02</td>
<td>4,134.02</td>
<td>5,512.03</td>
</tr>
<tr>
<td>TOTAL</td>
<td>105</td>
<td>95,000.00</td>
<td>22,800.00</td>
<td>15,200.00</td>
<td>9,500.00</td>
<td>14,250.00</td>
<td>14,250.00</td>
<td>19,000.00</td>
</tr>
</tbody>
</table>


5.4.2. Secure land and resource tenure and access rights

Some have noted a disparity between the principles and practice of decentralization and community tenure (Dahal & Adhikari, 2008, p. 19): “Despite growing recognition of community rights by the state in many countries in Asia, the community-based tenure model is facing a major challenge due to inconsistent government policy and lack of institutional capacity.” Thus, tenure is closely related to, yet distinct from decentralization and devolution, and is closely associated with property rights. Ribot & Peluso (2003, p. 153) distinguish “access” (a bundle of powers), from “property” (a bundle of rights): “This formulation includes a wider range of social relationships that constrain or enable benefits from a resource than property relations alone.”
They define access as the ability to benefit from a forest and its resources (Ribot & Peluso, 2003). Adopting this conceptualization, one can identify diverse ways in which power is exercised by, for and against local communities, irrespective of formal property rights.

Land and resource tenure and access is among the most important and contested aspects of forest governance and decentralization in Nepal. Under current laws, communities have rights to access, manage and use (i.e., harvest) the resources growing in their forests, but not actual ownership of the land itself (Agrawal & Ostrom, 2001). Thus, despite decentralization of forest management in Nepal over the past couple of decades in both law and practice, rights have not extended to full community ownership of forests. Nepal’s nationalization of all forestlands in 1957 disenfranchised many communities that had established arrangements with aristocratic landowners, and their own forest management systems based on informal, customary tenure. Under the Panchayat Village Forests, limited autonomy was vested in local village Panchayats, though major management decisions were made by forest bureaucrats (Panchayats were local councils under a partyless political system imposed by the Monarchy from 1960 to 1990).

Today, the landscape of forest tenure and access rights is diversified, with different bundles of rights across several forest governance regimes, including community forests, conservation areas, national parks and wildlife reserves, buffer zone community forests (adjacent to national parks), leasehold forestry, and collaborative forestry. Management, harvesting, selling (alienation), and land tenure rights associated with each of these regimes are outlined in Table 5.3. Community forestry remains the most widespread of these governance regimes, covering 1.4 million hectares, or approximately one third of Nepal’s forested area (DNPWC, 2010).
Table 5.3. Management, harvesting, sale and land tenure rights under different forest governance regimes in Nepal

<table>
<thead>
<tr>
<th>Forest Regime</th>
<th>Approximate area (hectares)</th>
<th>Forest management</th>
<th>Harvesting of forest products</th>
<th>Sale of forest products</th>
<th>Land tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Community Forestry</td>
<td>1.7 million ha (34% of total forest area)</td>
<td>CFUGs</td>
<td>CFUGs</td>
<td>CFUGs w/government permission</td>
<td>Government</td>
</tr>
<tr>
<td>2a) Conservation Areas</td>
<td>(24% total land area in Nepal)</td>
<td>Community</td>
<td>Community</td>
<td>Community</td>
<td>Government</td>
</tr>
<tr>
<td>2b) National Parks &amp; Wildlife Reserves</td>
<td></td>
<td>Government</td>
<td>Not allowed</td>
<td>Not allowed</td>
<td>Government</td>
</tr>
<tr>
<td>3) Buffer-Zone Community Forestry (BZCF)</td>
<td>23,235</td>
<td>BZCF Council</td>
<td>Community w/ permission of park warden</td>
<td>Sale only among groups members (no sale outside buffer zone)</td>
<td>Government</td>
</tr>
<tr>
<td>4) Leasehold Forestry</td>
<td>41, 300</td>
<td>Leasehold Forest User Groups (LFUGs)</td>
<td>LFUGs</td>
<td>Government: Trees planted before handover LFUGs: Trees planted after handover/NTFPs</td>
<td>Government</td>
</tr>
<tr>
<td>5) Collaborative Forest Management</td>
<td>54,100</td>
<td>Community (CFMUG) with support of DFO and local gov’t</td>
<td>CFMUG and DFO</td>
<td>DFO: Timber Community: Other products</td>
<td>Government</td>
</tr>
<tr>
<td>6) Private forests</td>
<td>(Unknown)</td>
<td>Private households</td>
<td>Private households</td>
<td>Private households with government permission</td>
<td>Private households</td>
</tr>
</tbody>
</table>


Financial and political support for community forestry grew during the 1980s, but not until the passage of forest deregulation policies in the 1990s were communities granted statutory rights to forests (See Box 5.2 for a list of specific rights of CFUGs). Today, communities’ legal rights remain restricted to the management and use of forest resources for a term of 5-10 years, subject to renewal by the District Forest Offices (DFOs).
Box 5.2. Features of community forestry policy securing users’ rights in Nepal

- Communities have rights to form a Community Forest User Group (CFUG) as per their willingness, capacity, and customary rights.
- CFUGs can elect, select or change executive committee anytime.
- CFUGs can punish members who break their rules.
- CFUGs can amend or revise their constitution & operational plan any time.
- CFUGs can make optimal use of their forests by growing cash crops together with forest crops.
- CFUGs can mortgage their standing forest products with financial institutions to obtain loans.
- CFUGs can utilize their funds for any purpose (but 25% of income from forest must be spent for forest development)
- CFUGs can freely fix prices and market their forest produce.
- CFUGs can establish enterprises and make profits.
- CFUGs can seek support from any organization.
- CFUGs can raise funds by various forestry and non-forestry means with all income going to group funds with no requirement for sharing financial revenues with government.
- CFUGs can invest in any areas, persons or development activities according to the decision of CFUG assembly.
- Community forest boundaries will not be restricted to existing political boundaries.
- Government can dismantle the CFUG if the latter is found to engage in large-scale deforestation.

**Source:** Poudel et al., 2014. REDD+ and community forestry: implications for local communities and forest management- a case study from Nepal. *International Forestry Review* 16(1):39-54.


Furthermore, although they are clearly stated in the books, communities’ rights to manage, harvest, market and sell their forest resources are continuously challenged by government administrators and policymakers, through official directives, cumbersome (though not always legal) administrative procedures, and the prerogative and discretion of local forestry officials. In addition, Nepal’s forestry bureaucracy exhibits a lack of political will to formalize
and expand community-based forest land tenure arrangements, exacerbated by the significant costs to some stakeholders of doing so.

In Nepal, lack of secure forest tenure is also closely tied to broader issues of landlessness, land redistribution and land tenure reform. The government has formed high-level commissions and committees to address these issues. However, due to frequent political transitions, weak political will, and a scarcity of non-forest land for redistribution or resettlement, these bodies have frequently advocated settling landless people in national forests. These decisions are usually guided more by political interests than by concerns for the poor and landless. Consequently, conflicts have arisen between landless people, forest communities and forest administrators, particularly in the Terai (Chakraborty, 2001). Such policies enable encroachment and illegal harvesting of forest products in both community-managed and national forests. However, the recently formed High-level Scientific Land Reform Commission has recommended that the government avoid designating forestland for other purposes, including resettlement (GoN, 2009).

As suggested above, decentralization in Nepal’s forestry sector has not embraced the devolution of land ownership to local communities. By law, all forests are state property, except for fragmented patches on private agro-forestry land. Though communities have rights to manage, use and sell forest resources, these rights are constrained by their tenuous and temporary nature and by biased regulations and administration. Since the late 1990s, CFUGs have repeatedly demanded expansion of forest tenure rights with little response from government. Many argue that, unless decentralization incorporates significant, long-term devolution of land tenure to community-based forest-management institutions, local political, economic and livelihood rights will remain at risk (Agrawal & Ostrom 2001).
Market-based programs like SFM certification and carbon trading (e.g., REDD+) could pose a threat to land and resource tenure and access rights in a number of ways. Bastakoti & Davidsen (2014), have identified critical concerns surrounding the implementation of REDD+ related to forest tenure security, state-community power relationships, and effective local common-property institutions. Furthermore, there are several imperatives that, if they are not addressed, will present further risks to community rights and hamper the effective implementation of REDD+ and other carbon-trading initiatives. These imperatives include: community ownership of land and carbon rights; consensus on a fund-based versus a market-based approach; inclusion of more stakeholders and rights-holders; and increased awareness among indigenous and local communities and adherence to protocols such as free prior and informed consent (FPIC) and social and environmental safeguards (SES).

Beyond these unmet imperatives in Nepal’s REDD+ readiness process, there are risks of advancing with carbon trading without clearly defined and enforceable forest and carbon tenure regimes. First, this could reward encroachers who occupy forests illegally and displace legitimate communities or landholders. Second, there is high potential for restricting access of marginalized groups who rely heavily on forests and excluding them from benefits. Third, higher investment risks from a lack of clear, integrated forest/carbon tenure systems could diminish international investors’ willingness to support REDD+ projects, and lower the value of Nepal’s carbon in global markets. Fourth, limited capacity and political will to carry out comprehensive tenure reform impedes realization of equitable benefits for all relevant stakeholders.

5.4.3. Fair systems for sharing benefits, costs and risks

Effective and equitable systems for distributing the benefits, costs and risks associated with community forestry regimes, government/donor assistance programs, and specific
incentive-based initiatives like SFM certification and REDD+ are essential for ensuring fairness and well-being for all members of a community. Due to their long experience with collective forest management and collaborative forestry programs and initiatives, and thanks to interventions by various NGOs and government bodies promoting rural development, many of Nepal’s rural communities have developed systems for sharing the benefits from various assistance programs and commercial activities. Moreover, equitable distribution of benefits among all community members is a key emphasis of many externally funded initiatives focusing on “good governance”.

Despite these programs and initiatives, inequities in the distribution of benefits, as well as associated costs and risks persist among and within local communities. These inequities can be subtle and/or unintentional resulting, for example, from funding for community projects that benefit only a portion of the community—such as a community center with access restricted to certain individuals or groups, or investments in the production of non-timber forest products that benefit only some community members (though sometimes this can benefit more marginalized groups). Moreover, in some cases investments in the cultivation of different forest products can lead to restrictions in access to particular forest areas or resources, further marginalizing those who have relied on them historically. For instance, there is evidence that poorer households can face more restricted access to and benefits from community forests (Adhikari, Di Falco, & Lovett, 2004).

Numerous studies in Nepal have revealed inequities in the distribution of benefits, as well as limited benefits for the poor from activities specifically targeting them (e.g., Pokharel, 2008). Important subsistence resources such as timber and fuel wood, access to community funds, and the profits from commercialization initiatives are typically enjoyed more by richer households,
while poor households have a very limited say in planning and decision-making with regard to the management and distribution of such assets (Koirala, 2007). For example, some communities have tried to promote equity through low-pricing strategies for common and valuable forest products harvested from the community forest, like timber and fuel wood. The idea is that socioeconomically marginalized members of the community will benefit from low-priced products that they need on a regular basis. However, these strategies often backfire, benefitting rich households disproportionately, and leading to lower revenue generation in the community fund, a source for financing local livelihood improvement activities (Dhakal & Masuda, 2009).

Most CFUGs, as well as other local collaborative forest management institutions, have developed their own community funds, generated through the proceeds from selling forest products, and from various donor grants. These funds are used to finance forest management activities (in some instances a certain percentage, e.g., 25%, of funds are earmarked for this purpose); to meet community infrastructure and development needs; to promote enterprise development through loans and seed grants; and to provide grants and/or materials to disadvantaged households (e.g., for household repairs). The amount designated for each purpose differs from district to district, and from community to community. Community funds are specifically designed to promote more equitable, broad-based community development. However, research has shown that this is seldom the case. One study of 100 community forest user groups in three districts of Nepal’s Middle Hills region revealed that, although community funds represent an important asset in terms of raising financial resources for community development activities (adding about 25% to local development resources), about 75% of the benefits derived from community funds and related policies accrue to non-poor households (Pokharel, 2008). This same study proposes two measures to help remedy this imbalance: (a)
proving all households with an equal share of the timber that is harvested for local consumption, and (b) increasing the participation of poor and disadvantaged groups in community decision-making bodies that manage the funds (Pokharel, 2008). Furthermore, Paudel & Weiss (2013) point to inconsistencies in wider fiscal policies related to community forestry that constrict communities’ ability to earn revenue from the sale of forest products.

Market-based initiatives such as SFM certification and REDD+ present additional opportunities and challenges for providing economic and resource benefits to communities. While such initiatives are built on the premise that communities will act to preserve ecosystems based on financial incentives, the nature and degree of those incentives are not always clear as they depend on many variables, from the ability to measure, quantify and monitor resources reliably (e.g., carbon), to the volatility of prices in international markets. Furthermore, financial benefits can be accrued at the expense of access to other material benefits provided by ecosystems, which may be offset or restricted to a certain subset of the community. Moreover, the equitable and efficient distribution of benefits from market-based initiatives depends on the existence of reliable, transparent institutions at multiple levels, from international and national bodies down to community-level organizations. Some of the many factors that influence the level of benefits that a country, and by extension communities in that country, can expect to receive from REDD+ are detailed below (Lindjhem et al., 2011, p. 2):

The total monetary benefits from REDD available for a country depends on its REDD potential, costs of actions in the country and on the demand for REDD credits from developed countries. In addition, how the reference emission level is set, i.e. the assumption of what would have happened in the absence of REDD, is a crucial determinant. The payments will consist of compensation for the costs of REDD activities plus a so-called REDD rent or surplus. The size of this rent will depend on how the international REDD mechanism is set up. A fully competitive market will give one price for REDD credits, and consequently high rent for cheap actions. The bulk of benefits are expected to come from compliance-based finance, i.e. payments for REDD credits to offset emission reduction targets in developed countries. REDD payments may end after
some decades, when tropical countries are expected to take the full responsibility for their own emissions and carbon stocks, including those in the forest sector.

Policies and programs can entail specific requirements or guidelines aimed at promoting a more equitable division of benefits among participants. Under a REDD+ pilot project carried out in Dolakha, Gorkha and Chitwan Districts, communities were compelled to develop a plan detailing how they would distribute the benefits from carbon payments. These plans were to be submitted to the project management for verification and approval. In this way, the project helped create institutional structures designed to promote more equitable benefit sharing. However, such rules in themselves are not sufficient to ensure successful implementation and outcomes. This also requires efficient, sustainable socioeconomic monitoring mechanisms that depend on local as well as higher-level capacity.

Lindhjem et al., (2011) Provide a comprehensive review of experiences with benefit sharing in the forestry sector, focusing on five general forest conservation and management regime types: integrated conservation and development projects (ICDP); payment for forest environmental services (PES); the Clean Development Mechanism (CDM) and voluntary carbon markets; community forestry management (CFM); and sustainable forest management (SFM). They offer the following conclusions and guidelines for designing an effective benefit-sharing mechanism for REDD+ (Lindhjem et al., 2011, p. 1):

Experience suggests that appropriate [benefit-sharing] systems should aim to provide clear and direct incentives for action and build support and legitimacy for the REDD mechanism. Otherwise, the overall effectiveness of the mechanism may be compromised. To achieve this dual objective, benefits may be shared more widely than a strict focus on economically optimal incentives would prescribe. Based on our review, we propose five features for a well-functioning BS mechanism applicable to REDD: (1) Engages the right stakeholders; (2) Determines the right form and level of incentives; (3) Creates a legitimate mechanism for management of benefits; (4) Enforces effective transparency provisions; and (5) Develops effective dispute settlement mechanisms.
As revealed in the above discussion, experiences from Nepal’s community forestry program and lessons from studying diverse forest conservation and management regimes globally indicate that getting the benefit-sharing right is tricky, and that there are many factors that could contribute to an inefficient and/or inequitable distribution of benefits, costs and risks in the implementation of market-based mechanisms. Table 5.4 below presents a list of key features of effective benefit-sharing systems.

**Table 5.4. Five features of well-functioning benefit-sharing mechanisms**

<table>
<thead>
<tr>
<th>Key area</th>
<th>Feature of BS mechanism</th>
<th>Results in...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stakeholder engagement</td>
<td>Identifies stakeholders, consults with them, and builds local capacity for them to engage</td>
<td>➔ Basis for determining incentives, builds ownership, trust and legitimacy</td>
</tr>
<tr>
<td>2. Incentive design</td>
<td>Estimates costs of people’s sacrifices, determines level, form and timing of benefit distribution</td>
<td>➔ Clear and direct incentives for stakeholders to engage in REDD activities</td>
</tr>
<tr>
<td>3. Delivery mechanism</td>
<td>Ensures proper procedures for reporting, auditing, and monitoring of benefit streams</td>
<td>➔ General trust and legitimacy, and effective safeguards against corruption</td>
</tr>
<tr>
<td>4. Transparency provisions</td>
<td>Harnesses internal and external forces for increased transparency</td>
<td>➔ Cost-effective, meaningful levels of accountability</td>
</tr>
<tr>
<td>5. Dispute settlement</td>
<td>Prepares for changes in agreements, adopts dispute settlement mechanisms</td>
<td>➔ Avoids costly conflict, disciplines actors and reduces uncertainty</td>
</tr>
</tbody>
</table>


In a preliminary assessment of opportunities and challenges for REDD+ benefit sharing in Nepal, Karki & Bushley (2010) point to several barriers to effective benefit sharing. First, they note the need for developing a macro-level benefit-sharing mechanism, since there are many modalities of forest governance in Nepal and benefit-sharing activities have thus far been limited.
mainly to community forestry (i.e., among CFUGs), and to the community and sub-district (e.g., watershed) levels. Second, they cite the need for further devolution of rights and duties, especially with respect to the ownership and management of carbon stocks to local communities, in order to ensure their effective and equitable participation in REDD+. They feel that this could be achieved through a more horizontal form of decision-making. Third, despite the fact that CFUGs are well established in most parts of Nepal, there is a need for further strengthening of local capacity and institutional mechanisms so that communities can effectively carry out and protect their new duties and rights. This could be achieved through developing and building the capacity of intermediary organizations (e.g., project developers and/or CFUG networks) at the project, district and/or watershed level. Fourth, it is important to balance performance-based payments (i.e., for carbon sequestration or “emission reduction” outcomes) against social and economic goals and incentives, as well as regional differences, since there is a large disparity in terms of the number, composition and governance of both forests and CFUGs in Nepal’s various regions. Finally, Karki & Bushley (2010) note a need for a multi-stakeholder forum comprised of diverse actors involved in REDD+ implementation and benefits. The forum could attempt to resolve issues like:

- Form of payment – cash versus in-kind and whether any specific stipulations are needed?
- Source/channel of payments – government or separate mechanism?
- Fund management body – government, private organization (e.g., bank), other body?
- Land and carbon tenure – who owns the carbon rights?
- Mechanisms to ensure effective participation of different groups – e.g., Dalits, women, indigenous peoples

Table 5.5 shows the different levels of benefit sharing—from international to national, to sub-national (i.e. district, project), to community, to household—and outlines key considerations as well as the potential bases (i.e. criteria) for distributing benefits at each level.
Table 5.5. Levels of benefit sharing with key considerations and possible basis at each level

<table>
<thead>
<tr>
<th>Level</th>
<th>Key considerations</th>
<th>Possible basis for benefit distribution</th>
</tr>
</thead>
</table>
| International       | • National fund or international project financing? (i.e., regulatory/voluntary market)  
| National (or Project)| • Percentage of funds to national government and/or oversight body (and to international carbon investors, if project-based) | • Threat or rate of deforestation and forest degradation  
|                     |                                                                                      | • Existing forest cover/carbon stocks  
|                     |                                                                                      | • Carbon enhancement potential or performance (cost-effectiveness)  
|                     |                                                                                      | • Forest governance status  
|                     |                                                                                      | • Biodiversity/social status (co-benefits)  |
| National            | • Based on forest regime (CF, LHF, CollF, NF, PA, private...) and/or administrative unit (Dev’t region, district, VDC…)  
| Sub-national or project| • Percentage of funds for sub-national and/or project level coordinating organization(s)  
|                     | • Geographical basis for project area definition?                                     | • Threat or rate of deforestation and forest degradation  
|                     |                                                                                      | • Existing forest cover/carbon stocks  
|                     |                                                                                      | • Carbon enhancement potential or performance  
|                     |                                                                                      | • Forest regime type  
|                     |                                                                                      | • Bio-geographical region  |
| Sub-national or project| • Based on forest regime, geographical area or administrative unit?  
| Community            | • Financial compensation and/or development benefits                                | • Carbon enhancement potential/performance  
|                     |                                                                                      | • Carbon measurement and monitoring involvement (costs)  
|                     |                                                                                      | • Forest regime type  |
| Community            | • One community-level entity or multiple (e.g., according to forest regime/user type)?  
| Users (Households)   | • Financial compensation and/or development benefits  
|                     | • Guidelines or categories for household REDD + benefits (e.g., wellbeing ranking)   | • Socio-economic(or cultural) status/need (e.g., IPs, Dalits, gender, poor)  
|                     |                                                                                      | • Forest management contribution  
|                     |                                                                                      | • Forest management regime type  |

Table 5.6. Lessons for benefit sharing under REDD+ from review of experiences in forestry

<table>
<thead>
<tr>
<th>BS area reviewed</th>
<th>Lessons for BS under REDD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Forest conservation and management types:</strong></td>
<td></td>
</tr>
<tr>
<td>Integrated conservation and development projects (ICDPs)</td>
<td>- Key stakeholders of BS need to be more carefully identified</td>
</tr>
<tr>
<td></td>
<td>- Link between incentives/benefits &amp; actions is often too loose</td>
</tr>
<tr>
<td></td>
<td>- Criteria for BS could include cost, compliance, need and residency</td>
</tr>
<tr>
<td></td>
<td>- Embezzlement and elite capture are often major problems</td>
</tr>
<tr>
<td></td>
<td>- ICDPs take on too many things – lesson for REDD?</td>
</tr>
<tr>
<td>Payment for forest environmental services (PES)</td>
<td>- Link between incentives/benefits &amp; actions stronger than for ICDPs</td>
</tr>
<tr>
<td></td>
<td>- PES usually not targeting the poor, one reason is high transaction costs</td>
</tr>
<tr>
<td></td>
<td>- Flexible tenure arrangements &amp; up-front payments may improve BS</td>
</tr>
<tr>
<td>CDM &amp; voluntary carbon markets</td>
<td>- Sustainable development concerns under CDM are left to countries</td>
</tr>
<tr>
<td></td>
<td>- Standards related to social issues in voluntary markets may be useful</td>
</tr>
<tr>
<td></td>
<td>- Front-loaded payment schedule is important for poor participants</td>
</tr>
<tr>
<td></td>
<td>- Taxation of carbon credits can be redistributed for BS purposes</td>
</tr>
<tr>
<td>Community Forest Management (CFM)</td>
<td>- Vertical BS often specified in regulations, horizontal BS decided locally</td>
</tr>
<tr>
<td></td>
<td>- Government procedures for CFM often cumbersome, small benefits</td>
</tr>
<tr>
<td></td>
<td>- Clear &amp; stable government rules on BS important for incentives</td>
</tr>
<tr>
<td></td>
<td>- Including marginal groups makes BS more fair and transparent</td>
</tr>
<tr>
<td>Production forestry</td>
<td>- Sensitization and training needed before receiving monetary benefits</td>
</tr>
<tr>
<td></td>
<td>- Transparency and accountability problems at different levels</td>
</tr>
<tr>
<td><strong>Other areas and sectors:</strong></td>
<td></td>
</tr>
<tr>
<td>BS under the UN Biodiversity Convention</td>
<td>- Guidelines on BS very general, implementation decided nationally</td>
</tr>
<tr>
<td></td>
<td>- BS complex &amp; context specific, uncertain benefits in the future</td>
</tr>
<tr>
<td>Extractive industries</td>
<td>- Appropriate BS can induce cooperation also in difficult situations</td>
</tr>
<tr>
<td></td>
<td>- Dedicated BS systems needed if existing systems are dysfunctional</td>
</tr>
<tr>
<td>Infrastructure project safeguards</td>
<td>- Available guidelines may be useful for BS under REDD</td>
</tr>
<tr>
<td></td>
<td>- Monetary compensation systems may affect social and gender dimensions</td>
</tr>
</tbody>
</table>

http://www.lindhjem.info/REDDbenefitsharing.pdf
5.4.4. Accessible conflict resolution and grievance mechanisms

The ability to effectively resolve conflicts at all levels—from community to district to national—is imperative for realizing effective and equitable outcomes for all concerned actors and stakeholders. Considerable research has been conducted on local systems for resolving disputes that arise in community-based common-property and resource-management regimes. Competition over access and ownership of resources and the benefits derived from them, as well as disagreements about who has a say in important local decisions about how these resources and benefits are managed and used are a frequent source of conflict in community-based regimes. Most common property scholars and theories, such as Ostrom’s design principles (Ostrom, 1990), stress the need for effective, scale-appropriate conflict management mechanisms. Furthermore, participatory approaches are said to help mitigate or reduce the potential for conflict in natural resource management regimes (Thompson, Elmendorf, McDonough, & Burban, 2005, p. 5):

We believe that it is critical that the diversity of both participants in and recipients of natural resource management work are increased. This is especially important to reduce long-term conflict, reduce costs of implementation, to yield more robust solutions that address multiple perspectives and interests, and to lead to greater constituent support for agreed-on plans and activities… In spite of both dissatisfaction and challenges, participatory methods that use collaborative conflict resolution techniques can help resource professionals more effectively include and understand persons that have not previously been involved in natural resource decision-making.

Others have stressed the importance of introducing conflict-management tools and strategies into participatory forest management programs via training for forest agencies (Skutsch, 2000). Recognizing existing deficiencies in the mandates of such agencies, Skutch (2000, p. 189) states, “The use of such tools could result in heightened awareness of the importance of conflict and, in this way, improve forest practice.”
In a review of forest conflict and the role of collective action in mediating it in six Asian countries (Cambodia, China, Indonesia, Lao PDR, Thailand and Vietnam), the Research Institute (IFPRI, 2011) found that conflict can either strengthen or weaken collective action, depending on the presence and integrity of local institutions; and that respect for local and traditional rights, adherence to social and environmental safeguards, and efforts to strengthen the capacity and autonomy of local institutions can all help in managing conflict.

The ability to resolve disputes in a timely, judicious and fair manner is a crucial institutional asset of communities that contributes to their long-term success in community forestry and other programs to promote conservation and development (IFPRI 2011). Conflicts within or among communities can disrupt important functions, processes and benefits that are critical to the socioeconomic well being of all participants, and may also lead to ecological degradation.

In Nepal’s community forestry program, there is no universal system for resolving local conflicts. At the community level, disputes among households or sub-groups are often addressed by the CFUG Executive Committees, or sometimes at the CFUG General Assembly meetings (i.e. gatherings of all members of the CFUG). Conflicts among two or more CFUGs are frequently addressed by the FECOFUN District office and/or the District Forest Office. If conflicts persist and are severe or broad enough in magnitude and scope, there may be attempts to resolve them via the district, regional or national administration, and sometimes even through the corresponding courts.

According to Regmi (2000), conflicts can occur within CFUGs, among CFUGs, or between CFUGs, the District Forest Office (DFO) and/or other authorities—typically over such matters as benefit sharing, participation, or leadership. Conflicts among CFUGs or with DFOs
often involve disputes over boundaries, incursions or the guidelines in the operational plans (Regmi 2000). Disputes also frequently arise over access to resources in community forests, such as non-timber forest products and grazing areas, particularly involving those outside of the CFUG whose access may have been restricted by the formation of a community forest. This was the case in one of the CFUGs that I visited in Dolakha district where they had a conflict with yak herders in the upper reaches of the forest area. Regmi (2000, p. 13) also notes, “Conflicts [arise] not only due to lack of access and inequitable distribution of forest resources, but also due to prejudices based on class, caste, ethnicity, gender and power.” He adds, “The potentialandconstraintprovidedbyforestrylawsandregulationsandtheimportanceoffacilitationand mediationtoresolve conflicts is enormous” (Regmi, 2000, p. 13). In addition to legal and bureaucratic restrictions, he identifies some specific constraints or limitations that may lead to or perpetuate conflicts in Nepal’s community forestry program (Regmi, 2000, p. 10-11):

- CFUGs can punish their own members but cannot punish persons outside of their CFUG if they misuse the[forest] resources;
- CFUGs can amend their operational plan and need to inform the DFO (District Forest Officer) [of any changes] but do not need approval, which may lead to the uncontrolled exploitation of the forest resources instead of conservation; and
- If a CFUG commits mistakes, the DFO can take the forest back without intermediate soft punishment or provision to alert [the CFUG].

There have also been some interesting case studies conducted on conflict in community forestry in Nepal. One study focusing on conflict resolution practices among four CFUGs found that collaborative and accommodating strategies are seldom used, and that conflict avoidance and forcing (i.e., competing) were more commonly employed in dealing with disputes among and within CFUGs (Acharya & Yasmi, 2009). The study also concluded that, as a result of these shortcomings, poor members of the CFUG are not benefitting from community forestry.
(Acharya & Yasmi, 2009). Uprety (2006) found significant issues contributing to conflict in CFUGs, including social exclusion of some members from executive committee positions, benefit sharing, and participation in various activities, as well as lack of effective communication among stakeholders, poor transparency and leadership, and ethnic and caste divisions and stereotypes. At the same time, others have noted the resilience of CFUGs to the civil conflict in Nepal, from 1996-2006, due to their institutional setup (Nightingale & Sharma, 2014).

It is perhaps too soon to accurately predict the long-term impacts of programs like SFM certification and REDD+ on conflict in community forestry. However, some research has been conducted on the implications of forest certification programs, particularly those adopting a single or monopolistic certification standard (e.g., Mendell & Lang, 2013). Based on an economic analysis of the three main certification programs active in the United States, Mendell & Lang (2013, p. 4) note that some certification standards—and particularly the dominance of one standard (the Forest Stewardship Council)—are detrimental to the interests of different actors involved, and that competition among different standards is important for ensuring fair outcomes for all:

Balancing the competing needs of forests owners, consumers of timber products, and environmental concerns is complex. Competitive certification programs create a system where the different interests can consistently interact with one another and adjust to material economic or technological changes helping to ensure that the most efficient outcome results.

In addition, a study conducted by CIFOR (Cerutti et al., 2014), comparing the management of nine certified forest management units (FMUs) to nine non-certified FMUs in Cameroon, the Republic of Congo, and Gabon revealed that certification programs and, especially, the ongoing presence of a certified logging company led to positive social relations with neighboring populations, thereby potentially reducing conflict. Furthermore, Molnar and
Trends (2003) have conducted research on forest certification schemes and communities, identifying several issues concerning the compatibility of these schemes with, and their impact on, forest-dependent communities. In particular, they note several challenges that could lead to conflict (Molnar & Trends, 2003, p. iii):

Many communities face policy and regulatory barriers to extract and process forest products, or to control rights to environmental services generated. The cost of the assessment and auditing process is high for small operations. Given the fact that most community enterprises are incipient, there have been numerous pre-conditions or conditions for them to qualify for certification, requiring them to seek donor financing to pay for these or substantially increase costs relative to their returns. Communities are found in more remote areas where markets are not developed for certified products and do not pay a premium, making the additional cost impractical.

They conclude that the cultural divide between certifiers and communities is often too large, such that the process of certification can conflict with the evolution of the community enterprise and its natural resource management practices, therefore leading to disputes within and among communities, and between communities and external private and government actors (Molnar & Trends, 2003).

Despite the fact that REDD+ policy development and implementation are still in a nascent phase in most countries, a couple of studies have examined the potential for conflict due to REDD+ in Nepal. Patel et al. (2013) developed a predictive framework to determine possible sources of conflict and tested it in three REDD+ pilot project sites in Nepal, based on a categorization of nine possible sources of “impairment” (in relations between actors) at both internal (e.g., intra-community decision making) and external (e.g., regulations regarding community tenure and access rights) levels (Patel et al., 2013): access and use restriction; benefit distribution; competing demands; conflict management capacity; leadership; legal and policy frameworks; participation and information; quality of resources; and tenure security. Findings of their study indicate that many conditions conducive to conflict are present in all three sites.
especially issues with respect to the sharing of benefits, which were points of contention and conflict prior to the introduction of REDD+ (Patel et al., 2013).

Nepal is currently part of an ongoing multi-country study from 2014-2018 entitled “Conflict and Cooperation over REDD+ in Mexico, Nepal and Vietnam” (CoCooR) (UEA 2015). According to their website (UEA 2015): “CoCooR will develop a conflict prediction checklist for REDD+ practitioners, produce recommendations on conflict-sensitive national safeguards processes for decision makers and provide relevant training to local communities, grassroots organizations, NGOs, government and project developers.” This research could yield additional insights into the potential for, and remedies to, conflict in Nepal and other countries where REDD+ is being implemented.

5.4.5. **Cost-effective participatory monitoring systems**

Effective, low-cost systems for monitoring the biophysical condition of forests as well as the socioeconomic wellbeing of forest-dependent communities are fundamental to the success of any certification, forest carbon trading or offsetting initiative, including SFM certification and REDD+. In fact, such monitoring systems are integral to the effective implementation of any program for promoting sustainable forest management and conservation, and especially incentive-based initiatives. These monitoring systems measure a gamut of different concerns and outcomes: from the growth of biomass (i.e., carbon); to impacts on ecosystem structure and integrity; to the extent and equity of social and economic participation and benefits experienced by communities and diverse stakeholders; to the development and implementation of related policies and programs.

Considerable effort has been invested in producing detailed forest and land-use maps, providing estimates of biomass and carbon stocks for diverse regions and countries, including
Nepal (e.g., (Gibbs, Brown, Niles, & Foley, 2007). The advent of forest carbon trading policies and projects has reinvigorated these efforts. The Forest Resources Assessment (FRA) project is conducting a comprehensive mapping of forest cover throughout Nepal. A few other attempts have been made to map forest cover in the past (See Table 5.7 below), but FRA is by far the most comprehensive, using LIDAR technology to produce a detailed map of forest conditions throughout the country.

Table 5.7. Summary of past National Forest Inventories (NFIs) and methodologies

<table>
<thead>
<tr>
<th>Forest Monitoring Efforts:</th>
<th>Leading Organization</th>
<th>Methodology Adopted</th>
<th>Major Output Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>First NFI (1960s)</td>
<td>Forest Resources Survey Office, USAID</td>
<td>Aerial Photographs, Field measurement with Grid, Systematic Sampling Design</td>
<td>Forest resource information and forest cover maps</td>
</tr>
<tr>
<td>District Forest Inventories (1968-1989)</td>
<td>Forest Survey Division (Now DFRS)</td>
<td>Aerial Photographs and Ground Measurement</td>
<td>District forest cover maps and forest statistics</td>
</tr>
<tr>
<td>LRMP (1986)</td>
<td>GoN and Kenting Earth Sciences Limited, Canada</td>
<td>Aerial photographs (1:12000 resolution), Landsat imagery and field verification</td>
<td>Wall to wall hardcopy, Land utilization map at 1: 50000 scale</td>
</tr>
<tr>
<td>Second NFI (1990s)</td>
<td>DFRS and FRISP, Finland</td>
<td>Satellite Images (Landsat TM of 30 m resolution), aerial photographs, Photo point sampling method</td>
<td>National level and Region-wise forest area and stocking estimates</td>
</tr>
<tr>
<td>JAFTA, ForestClassification (2000)</td>
<td>JAFTA, Japan</td>
<td>Satellite images (Landsat TM and IRS1D satellite data), ground checking and Field Sampling</td>
<td>Forest area classification at the national scale, and Forest resource maps</td>
</tr>
<tr>
<td>Forest CoverChange Analysis (1990 to 2000)</td>
<td>DoF</td>
<td>Satellite imageries (Landsat TM, topographic Maps (1:25000), field verification and rectification, no ground sampling.</td>
<td>Terai districts only, 1:25000 map</td>
</tr>
</tbody>
</table>

**Data Sources:** Acharya and Dangi (2009); Shearman (2009); DoF (2005); FAO (2005); JAFTA (2000); Shrestha et al. (2001); NFI (1994).

SFM certification schemes (i.e., standards) each have their own distinct monitoring systems, which measure different biophysical, socioeconomic and ecological aspects. In some cases, such as the Forest Stewardship Council (FSC) standard, these schemes can be adapted for local circumstances, within certain parameters or guidelines. There are also a number of international standards designed for use with REDD+ and other forest carbon trading initiatives, including Plan Vivo, Climate, Community and Biodiversity Standards (CCBS), and the Voluntary Carbon Standard (VCS). As discussed in Chapter 2, these standards vary in the extent to which they cover biophysical, ecological, socioeconomic and/or governance aspects and outcomes of forest management and use. In fact, most are focused heavily on the biophysical (i.e., carbon) aspect.

Perhaps the biggest precedent for a comprehensive monitoring and evaluation system in the forestry sector in Nepal is the SFM certification program to achieve accreditation under the Forest Stewardship Council. This certification process, the first for NTFPs (non-timber forest products) in Asia, was completed in February 2005, and includes 24 products from 21 CFUGs (FSC, n.d.). Unfortunately, the ongoing monitoring of certification activities has been difficult to maintain due to the high costs of auditing for CFUGs, while the amount of financial benefit received by certified communities is still quite low, and there remains no reliable domestic institutional mechanism for monitoring and evaluating certification compliance (Acharya, 2007; PEFC, 2014). In fact, the sustainability of the program is still in question. Despite the extensive network of community forestry and the development of many community-based enterprises, the Program for Endorsement of Forest Certification (PEFC, 2014), acknowledges that, “a lack of knowledge, information and practice of sustainable forest management means these community forests have not yet been able to profit from the benefits of forest certification.”
Some countries, including Nepal, have developed their own monitoring protocols for forest carbon trading (e.g., REDD+). These national protocols are designed to consider the country’s particular natural and social conditions. Nepal has produced its own Monitoring and Evaluation (M&E) Framework for measuring the results of the World Bank’s R-PP implementation process and beyond, with four anticipated intermediate impacts (REDD Cell, 2013):

1. Improved forest governance
2. Reduced emissions from deforestation and forest degradation from Pilot schemes
3. Nepal enters into an international REDD+ funding modality
4. Equitable benefit sharing of REDD+ funding ensured

The M&E Framework includes 26 specific “outputs” leading to eight “outcomes”, which lead in turn to the four “intermediate impacts” (listed above) and then to three broader “impacts”: biodiversity conserved (biological); livelihoods of forest dependent people enhanced (socioeconomic); and green house gas emissions reduced (climate change). Figure 5.4 illustrates these different outputs, outcomes, intermediate impacts and final impacts. Nepal’s M&E Framework also includes provisions for detailed measurement and reporting protocols.

The five elements discussed above are interrelated in the context of forest governance. For instance, effective and equitable benefit sharing depends on clear and secure resource tenure and access rules; enhanced tenure security and clear benefit-sharing rules reduce chances of conflict; and a collaborative planning and policymaking process promotes all of the other elements. In this way, efforts to enhance one element can have indirect positive impacts on other elements.

Figure 5.4. Outputs, outcomes, intermediate impacts and impacts of Nepal’s R-PP Monitoring and Evaluation Framework
5.5. Background on SFM certification and REDD+ in Nepal

The discussion above provides some background on the governance landscape in Nepal up until and coinciding with the introduction of market-based mechanisms such as sustainable forest management certification and forest carbon trading (REDD+). The following two sections outline the process of implementing SFM certification (Section 5.5.1) and carbon trading and REDD+ (Section 5.5.2) in Nepal.

5.5.1. Sustainable forest management certification

Since the Forest Stewardship Council (FSC) was created in 1993, growth in forest certification programs and initiatives has been staggering, mushrooming in geographical coverage and encompassing an increasingly diverse array of forest managers, from corporations to communities (Molnar & Trends, 2003). However, forest certification is relatively new in Nepal, with the first certified forest products, including the world’s first certified handmade paper, being sold in 2005. However, despite its recent inception, one can draw some lessons from the process of certification. Below I present some general background on this process to provide context for the subsequent analysis in Chapter 6.

During the 1990s, as community forestry became a full-fledged phenomenon in Nepal, there was a growing emphasis on reaping economic value from forests. Numerous efforts to promote the production and marketing of NTFPs such as essential oils, medicinal products, fruits and foods, and handmade paper products were supported by the government and by numerous bilateral donors. In the early 2000s, a Nepalese NGO known as the Asian Network for Sustainable Agriculture and Biodiversity (ANSAB), instigated a program to promote the growth of NTFPs. Specific activities and services of the program include (Subedi 2002, as quoted in Molnar & Trends, 2003, p. 34): “(a) market analysis, including an analysis of policy and
regulatory barriers to community participation in the market, (b) technical support for building a strong community forest organization and vision, (c) networking of similar communities and building of a federation of communities to lobby for needed policy reforms, (d) organizing for a to discuss aspects of forest management and forest enterprises, and (e) assisting communities to improve the efficiency and scale of promising enterprises, linking communities to sources of investment capital.” This program laid the institutional foundation for an FSC-accredited Rainforest Alliance/Smartwood Program group certification initiative (based on CFUGs). Today, at least 24 different certified NTFPs are produced and sold by 21 CFUGs (FSC, 2012). Timber certification was not pursued, due to the sensitivity of timber production and harvesting under government policies and supporters of the community forestry program. Building upon this process and the successful marketing of NTFPs, FSC has expanded the scope of certification in Nepal (and in Indonesia, Chile and Vietnam) to include ecosystem services, including carbon sequestration and storage, initiating a new project in Dolakha District in 2011(FSC, 2015).

Now, nearly a decade since the first certified NTFPs from Nepal were sold, communities are still engaged in producing and selling a range of certified products. While many are supportive of the FSC initiative, it is clear that the benefits have not met the communities’ expectations. According to one earlier study by Acharya (2007, p. IV), “the high costs for the auditing process, the lack of a premium price for the certified products and the uncertainties of this programme are still some major challenges.” Findings from my own research carried out among five certified CFUGs in Dolakha district in 2011 matched this. I found that the program faces several significant challenges: certified CFUGs do not receive a higher price for their products than non-certified CFUGs; the income from certified NTFP production remains low overall; there are still significant barriers to certified timber production and marketing;
certification has not expanded to include other CFUGs since the program began; and the existence and viability of institutional mechanisms to sustain the program remain in doubt.

However, despite the fact that the economic benefits from certification have been quite limited to date, proponents like Apsara Chapagain, former Chairperson of FECOFUN (a partner organization in the certification efforts), cite other secondary benefits stemming from certification, such as improved governance and transparency of participation, benefit-sharing, decision-making and fund utilization; more respect for the views and needs of indigenous and disadvantaged people; and positive impacts on ecosystems, including water resources, biodiversity and soil conservation (FSC, 2012).

5.5.2. REDD+ policy and piloting processes in Nepal

Nepal first engaged in piloting of forest carbon trading in 2004, through the “Kyoto Protocol – Think Global, Act Local” project (Bhaskar Karky, personal communication 2010). This project aimed to involve local communities in carbon trading via afforestation/reforestation projects under the Kyoto Protocol’s Clean Development Mechanism. At the inter-governmental level, delegates from Nepal were also active in promoting a community-friendly approach to forest carbon trading in general, and later to REDD+ in particular, through meetings of the UNFCCC’s Subsidiary Body for Scientific and Technical Advice (SBSTA). In fact, some claim that Nepal’s submission to SBSTA in 2007 was instrumental in the conceptual shift from avoided deforestation alone (REDD) to the addition of “sustainable management and enhancement of forest carbon stocks” (REDD+) (Bhaskar Karky, personal communication 2010).

Since 2009, key actors from the government, civil society organizations and other stakeholder groups have taken a proactive role in the development of REDD+ in Nepal. Nepal
was one of the first countries designated to receive support from the World Bank’s Forest
Carbon Partnership Facility (FCPF) to develop its capacity to engage in international (UNFCCC)
negotiations, and to create a national policy framework for REDD. In October 2009, it joined the
UN-REDD Programme as an observer country, making it one of few countries in Asia belonging
to both of these global initiatives for supporting “REDD readiness”. The FCPF approved Nepal’s
initial Readiness Proposal Idea Note (R-PIN) in 2008, setting the stage for continued support. It
then provided financial assistance to the Government of Nepal to develop its Readiness
Preparation Proposal (R-PP), which was submitted in April 2009. The R-PP process involved
development of key components of a technical, institutional and policy framework for
implementing REDD. The RPP implementation is ongoing under the leadership of REDD-Cell
and funding from FCPF and other donors. Reports have revealed that the RPP implementation
process is lagging behind its original time schedule (Khatri & Paudel, 2013). Parallel to the RPP
implementation, the government has also moved to develop a national strategy for REDD
implementation beyond 2013.

In addition to these official policy development efforts, NGOs have initiated a couple of
donor-funded pilot projects to demonstrate REDD’s social and technical viability and readiness
at the sub-national level. They aim to assess and further develop local capacities for
implementing REDD programs, and to set a baseline for measuring its ecological and
socioeconomic impacts. These piloting efforts have worked closely with communities to enhance
their technical ability to measure and record carbon stocks in their forests, and to raise their
awareness about climate change, REDD and the opportunities and challenges presented by
carbon trading.
There are also some separate, yet complementary initiatives aimed at devising effective, equitable schemes for the sharing of benefits from REDD at the sub-national level; creation of a corresponding national forest carbon fund; and informing stakeholders about climate change and the opportunities, risks and challenges associated with REDD implementation, through outreach and training activities. The government is currently in the process of drafting the national strategy with the assistance of an international consultant. All of these activities can be considered part of promoting “REDD readiness”, or Nepal’s capacity to engage in REDD after its projected inception in 2013. Table 5.8 below presents a chronology of significant readiness and policy milestones in Nepal’s REDD readiness and policymaking process.

**Table 5.8. Timeline of key REDD+ readiness activities and policy events in Nepal**

<table>
<thead>
<tr>
<th>Date</th>
<th>Readiness Activity/Policy Event</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 2005</td>
<td>National seminar on preliminary research findings from a carbon monitoring survey in selected community forests of Nepal</td>
<td>Preliminary outcomes from Kyoto: ‘Think Globally Act Locally’ project shared with stakeholders</td>
</tr>
<tr>
<td>Dec 2007</td>
<td>UNFCCC COP 13 in Bali, Indonesia; Bali Action Plan issued</td>
<td>Nepali delegates (from both governmental and non-governmental organisations) attended COP 13 in Bali, Indonesia, where the parties agreed to include REDD as a mechanism to achieve the global target for emission reductions</td>
</tr>
<tr>
<td>Mar 2008</td>
<td>World Bank delegates visit Kathmandu and suggest that the government of Nepal prepare R-PIN to participate in FCPF process</td>
<td>Initiation of REDD+ readiness process with FCPF</td>
</tr>
<tr>
<td>Apr 2008</td>
<td>Formation of task force for preparation of Nepal’s R-PIN</td>
<td>A task force consisting of members from government agencies, donor organisations and CSOs was formed to create the R-PIN</td>
</tr>
<tr>
<td>Apr 2008</td>
<td>R-PIN submitted to World Bank/FCPF</td>
<td>MoFSC and 14 other stakeholders, including CSOs, INGOs and donors, contributed to the process</td>
</tr>
<tr>
<td>Jul 2008</td>
<td>Approval of R-PIN</td>
<td>World Bank officials praised Nepal’s R-PIN, calling it a comprehensive and impressive document</td>
</tr>
<tr>
<td>Sep 2008</td>
<td>MoU signed between World Bank and MoFSC for the development of the R-PP</td>
<td>Formal process for R-PP preparation started</td>
</tr>
<tr>
<td>Dec 2008</td>
<td>UNFCCC COP 14 held in Poznan, Poland; 28 delegates from Nepal attend</td>
<td>MoFSC officials (Secretary and Under-Secretary) and representatives of I/NGOs attended COP 14</td>
</tr>
<tr>
<td>Date</td>
<td>Readiness Activity/Policy Event</td>
<td>Significance</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Jan 2009</td>
<td>Establishment of REDD Cell under MoFSC and formation of 'Apex Body' and 'REDD Working Group'</td>
<td>Aimed to coordinate the REDD+ readiness process and policy formation process respectively</td>
</tr>
<tr>
<td>Jul 2009</td>
<td>Demonstration project launched by ICIMOD, FECOFUN and ANSAB, funded by Norway, started paying communities under REDD+</td>
<td>Pilot of REDD+ benefit sharing in community forestry in Nepal</td>
</tr>
<tr>
<td>Jul 2009</td>
<td>REDD Multi-stakeholders Forum began</td>
<td>Although not an official decision-making body, this forum is an important means of soliciting input from various civil society actors on REDD+ policy issues</td>
</tr>
<tr>
<td>Dec 2009</td>
<td>Government of Nepal organised Cabinet meeting at the Mt Everest base camp</td>
<td>Meeting held about a week before the beginning of COP 15 in Copenhagen to draw the world’s attention to the impacts of climate change on mountain areas. The meeting established one new national park and two conservation areas.</td>
</tr>
<tr>
<td>Jan 2010</td>
<td>Forest Resources Assessment (FRA) project initiated</td>
<td>Project to run 2010–2014; expected to provide an important source of data for setting REDD+ baselines</td>
</tr>
<tr>
<td>Mar 2009</td>
<td>CSO Alliance on REDD+ formed</td>
<td>To consolidate CSO voices on REDD+</td>
</tr>
<tr>
<td>Apr 2010</td>
<td>R-PP submitted to FCPF</td>
<td>REDD Cell submitted the R-PP, with the endorsement of the REDD Working Group and Apex Body</td>
</tr>
<tr>
<td>Jul 2010</td>
<td>Forest Carbon Measurement Guidelines approved by MoFSC</td>
<td>Guidelines developed by ICIMOD, ANSAB and FECOFUN based on experiences from pilot projects</td>
</tr>
<tr>
<td>Oct 2010</td>
<td>Approval of R-PP with commitment of US$3.4 million for R-PP implementation</td>
<td>Commitment for R-PP implementation</td>
</tr>
<tr>
<td>July 2012</td>
<td>REDD+ Strategy Framework Structure developed</td>
<td>Framework shared to stakeholders and received criticism for consultant-driven process</td>
</tr>
<tr>
<td>2012-13</td>
<td>Studies under RPP outsourced (Reference level, MRV, political economy of deforestation and forest degradation)</td>
<td>Several studies ongoing through consultants (national and international)</td>
</tr>
<tr>
<td>February 2013</td>
<td>Technical Review Team for National REDD+ Strategy formed</td>
<td>TOR developed and began to assess the Framework</td>
</tr>
<tr>
<td>October 2013</td>
<td>RPP Mid-term review report sharing with stakeholders</td>
<td>Stakeholders provided input on mid-term review</td>
</tr>
</tbody>
</table>


Although it is perhaps too soon to pass definitive judgment on the ultimate outcomes of REDD+ for communities in Nepal, there are valuable lessons to be learned from preliminary and
ongoing projects and research. One study on the experience of three CFUGs with a REDD+ pilot project since 2009, drew the following conclusions (Poudel, Thwaites, Race & Dahal, 2014, p. 39): “CF condition, CFUGs activities and network, and sources of CFUGs income appeared to be improved, whereas autonomy of CFUGs as independent decision-making institutions and customary access rights to forests are both limited, and external political agendas are seen to be replacing the needs and interests of forest users.” While acknowledging the potential of REDD+ to enhance forest governance, they concede that this has not been the case in practice (Poudel et al. 2014, p. 51):

On the other hand, REDD+ has threatened the decentralized power of decision making at community level by imposing externally developed terms and conditions. For example, CFUGs are not allowed to spend [the] received seed grant beyond those activities framed by the project’s fund regulating guideline (i.e. FCTF). Despite highlighting free, prior and informed consent, REDD+ may overlook users’ rights to access information. For example, Dalit women in the Gangate Bahune CFUG lack basic information about the project and the benefits it has offered. While application of customary rules has always been an important characteristic of community forestry in Nepal, REDD+ has put local approaches to community forestry at risk by overlooking customary rights to access and use forest resources. Considering the introduction of controlled grazing, controlled and customized harvesting, as well as limited access to charcoal burning reported from REDD+ pilot CFUGs but not from the non-pilot CFUG, this research concludes that REDD+ is likely to change customarily managed community forestry approaches into carbon focus community protection forest, suggesting the risk that existing well functioning livelihood supporting community forestry approaches will be destabilised.

While certain actors are more visibly engaged and vested in policy processes related to REDD+ in Nepal, there is a need to look more deeply at the nature of involvement and interactions among these and other actors and how they might shape policy process and outcomes; as well as at actors that are more peripheral, but might have some influence on the policy process. Social (i.e. policy) network analysis is a useful tool that allows us to do this, and to assess the degree of “polycentricity” in the policy process. Policy network analysis forms the basis of my examination of the REDD+ policymaking process in Chapter 7. In Chapter 6, I use narrative policy analysis to explore competing stories and lessons about the impacts of both SFM
certification and REDD+ on the key elements of decentralized forest governance discussed above. I describe my use of these analytical tools in the “Methodology” (Chapter 4).
Chapter 6

Local Experiences with SFM Certification and REDD+: Analyzing Divergent Policy Narratives

This chapter examines narratives about SFM certification and REDD+ among community forest user groups and other local stakeholders at my primary field site in Dolakha District. As outlined in Chapter 4 (Methodology), it draws on the narratives developed by Adger, Benjaminsen, Brown, & Svarstad (2001) and expands this to look at narratives of the five institutional elements, which are outlined in Table 4.7 in Chapter 4 (and repeated at the beginning of the analysis of each institutional element in Section 6.4 below). First, Section 6.1 presents an overview of the geography, forest characteristics, and history of forestry programs in Dolakha, including SFM certification and REDD+. Section 6.2 provides a brief summary of the narrative policy analysis methodology (refer to Chapter 4 for a more detailed discussion of the methodology). Section 6.3 summarizes respondents’ general impressions of good (forest) governance, sustainable forest management, and market-based mechanisms (SFM certification and REDD+). Section 6.4 presents results of the analysis of the five key institutional elements of decentralized forest governance. Section 6.5 summarizes and discusses the results and their relationship to the GEM and PE narratives. Unless otherwise stated, data are derived from key informant interviews and focus group discussions with local key informants and CFUG executive committees or sub-groups.
6.1. Overview of Dolakha District, forest certification and REDD+ activities

6.1.1. Geography, development, and conservation in Dolakha

Dolakha District has widely varying terrain, ranging in elevation from 723 meters to over 7,000 meters (the tree line is at roughly 4,000 meters). Due to this tremendous geographical variation, it spans six climatic zones (upper tropical, sub-tropical, temperate, sub-alpine, alpine, nival), with the majority (over 70%) falling within the sub-tropical to sub-alpine zones (1,000 - 4,000 meters). Situated in the middle elevation range (812m - 3,501m), the watershed of the Charnawati River (see Figure 6.1), the REDD+ project site and location of the five CFUGs included in my study, covers a range of forest types, including a mix of broadleaf (deciduous) and coniferous species. The majority of trees are those typical of the dominant upper-subtropical forest type in this area: Pinus roxburghii, Alnus nepalensis, and Schima wallichiana. Of its 14,016 hectares, 5,726 (41%) are forest, 7,033.37 (50%) are cultivated area, and the remainder is comprised of barren land, bushes and grasslands (ANSAB, 2009).

The Charnawati River is a major tributary to the Tamakoshi River, which runs south from the Tibetan border and feeds into the Koshi and Ganges river systems. The watershed incorporates Bimeshwor Municipality, which includes the District capital of Charikot.

Dolakha also has an established history of development interventions, community-based forestry programs and, more recently, market-based initiatives to promote conservation and development simultaneously. The Swiss government first supported road building in the area in 1975, to connect the area with Kathmandu and also to develop a road to the popular trekking routes in the Solukhumbu (Mt. Everest) region (INFRAS, 1995). More recently, Dolakha has also been the site of development of hydroelectric dams, including the Upper Tamakoshi Hydropower Project, which was begun in 2010 and was initially slated for completion in 2015,
but this has been extended to February 2017. The hydropower project has brought considerable investment to the district capital, Charikot, situated at the edge of the Charnawati Watershed.

![Map of Charnawati Watershed in Dolakha District](image)


**Figure 6.1. Map of Charnawati Watershed in Dolakha District**

Aside from roads and other infrastructure projects, the Swiss government has invested heavily in community forestry in Dolakha. Since 1990, the Swiss Development Corporation has supported the development and training of community forest user groups in Dolakha and two other districts (Okhaldunga and Ramechap) via the Nepal-Swiss Community Forestry Project (NSCFP). This has been one of the most long-standing bilateral community forestry projects in Nepal, active in all Village Development Committees (VDCs) and supporting over 900 community forestry groups. According to an external review of the project conducted in 2007, it
has also been highly successful, especially in promoting the advancement of poor and marginalized groups (Hobley, Baral, Rasaily, & Shrestha, 2007, p. 6):

This is a successful, highly innovative, flexible and responsive project that has added significant value to the community forestry approach. It has demonstrated real progress in this phase to redirect community forestry to contribute to poverty alleviation.

The project, through its poverty reduction and livelihood improvement approaches, has been successful in starting a process of structural transformation in the CFUGs and not just delivering welfare provision. It has reached the extreme poor where most projects do not even recognise these people as a separate group and so they remain invisible to development support. The individual coaching of extreme poor households (often extremely socially excluded) has begun to build confidence and remove some elements of their exclusion. This combined with a programme targeting scholarships for extreme poor female children is the start of a process to break the inter-generational transfer of poverty.


Notes: (1) Area shown includes part of Charnawati Watershed. (2) Black circle indicates location of Khorthali CF near Charikot, one of the oldest community forests in Dolakha, also show in the photographs in Figure 6.3.

**Figure 6.2. Forest Cover Change in Bimeshwor Area (1990 – 2010)**
Evidence suggest that the projects investments have paid off from an ecological perspective as well, with a significant increase in forest cover over the two decades from 1990 to 2010 in community-managed, government, and private forests (Niraula & Maharjan, 2011), as illustrated by Figures 6.2 and 6.3.
Recently, the SDC has curtailed its support for development and forestry programs in Dolakha and surrounding districts. From 2008-2010, during Phase V of the NSCFP, the project focused on expanding success of its support for community forestry to promote more integrated local governance in general (Hobley et al., 2007). As I was conducting my fieldwork there during 2010-2011, SDC closed their last office in the region. However, they continue to support some activities in Dolakha from their offices in Kathmandu, and assistance from other donors has continued in the form of SFM certification activities (since 2004) and REDD+ piloting (since 2009). A brief discussion of the introduction and status of these two market-based initiatives ensues, followed by a description of the implementation of the SFM certification and REDD+ projects. Unless otherwise noted, the information for these descriptions was derived from participant observation and interviews with key informants in Dolakha District.

6.1.2. Sustainable forest management certification project

Sustainable forest management certification was first introduced to Nepal in 2002, via a USAID-funded project designed and implemented by several NGOs, including ANSAB, FECOFUN and ECARDS, with the collaboration of the Dolakha DFO and Himalayan Bio-trade Limited (HBTL), the main national company exporting certified forest products from Nepal. These activities follow the Forest Stewardship Council (FSC) certification protocol. Initially active in 22 CFUGS in Dolakha and Bajhang Districts, the project represents the first community-based SFM certification initiative in the world. The certification program was also linked with the Forest Enterprise Development Program, which was also funded by USAID and involved the same CFUGs. ANSAB coordinated financial and technical support for the certification project, while FECOFUN and the DFO provided technical staff to implement it. As of January 2011, there were 11 certified CFUGs in Dolakha District, with others in the process of being certified. Certified CFUGs sell raw materials to local enterprises, which process them and
sell the resulting products to HBTL and a few other national buyers. In turn, these national buyers refine them and produce some secondary products. In total, HBTL sells ten different types of certified forest products, including essential oils (primarily wintergreen) and handmade paper products, to both national and international buyers, primarily companies in the handicraft and cosmetics beauty products industries, such as the Aveda Corporation.

According to HBTL, the demand for certified products from Nepal is steadily increasing in the international market, although domestic demand has not grown significantly in recent years. In the case of certified handmade paper, HBTL is selling about 99% of it to international buyers and only 1% domestically. However, there are other companies that sell non-certified handmade paper products internationally. For essential oils, HBTL exports about 40% as a certified product directly to international markets (sourced exclusively by Deu Dhunga Cooperatives, a subsidiary of HBTL in Dolakha District), while about 55% is exported through other wholesalers who buy it from HBTL but are not selling it as a certified product since they are not included in the FSC chain-of-custody certification (HBTL is the only FSC-certified company in Nepal). Only about 5% of the essential oil is being sold to consumers in Nepal. Non-certified NTFPs are also collected and sold from Sindhupalchok, Ramechhap, Solukhumbu, Humla, Rasuwa, Parbat and other districts.

*The SFM Certification planning process*

According to the Dolakha Assistant Forest Officer and the local FECOFUN leadership, the certification project was implemented in a few phases in Dolakha District. First, representatives from the national design team and the three main local implementing organizations (ANSAB, FECOFUN and DFO) discussed the program and selected five CFUGs to be included in the first phase. These CFUGs were selected on the basis of their availability of
forest products, their exemplary institutional governance, and their proximity to the main road. Second, the implementing organizations visited the executive committees (ECs) of the five target CFUGs and share details about SFM certification, including the project implementation, its importance and expected benefits. Third, The ECs made a formal decision to certify their CFUGs and prepared a plan of activities to be carried out to facilitate the certification process. Fourth, members of the selected CFUGs participated in a national orientation program in Kathmandu where the principles, criteria and indicators of forest certification were developed for Nepal, based on the international FSC guidelines. Fifth, using these principles, criteria and indicators, meetings were held in each tole (small settlement, e.g. neighborhood) of the selected CFUGs to brief people about the project and to identify different interest groups (e.g. women, Dalits, poor). Sixth, users from each CF conducted a survey of the forest boundary and a resource inventory with the assistance of technicians from ANSAB and the DFO. Seventh, on the basis of the boundary survey and resource inventory, each participating CFUG prepared a revised CF operational plan for approval by their general assembly and by the DFO. During the tole level meetings the implementers realized that the formation of subgroups was necessary to ensure sustainable management of NTFPs, and to target selected poor and marginalized members of the CFUG. Thus, subgroups were not a requirement of certification, but rather an outcome to facilitate the sustainable management of forest resources.

Since their approval, the certified CFUGs have been audited by FSC representatives to verify the social and technical (ecological) aspects of forest management. Each CFUG is allotted an annual allowable harvest for specific NTFPs, such as wintergreen. The CFUGs are generally following a contract system whereby they specify a specific price and amount to be harvested and then a permit is issued to harvest this amount, either by the enterprise purchasing the product.
or by the CFUG members. If the community members harvest and deliver the NTFPs themselves, they are sometimes paid an additional amount per kilogram or other unit of NTFP for their work. In this way, NTFP collection can directly support the livelihoods of specific CFUG members, including marginalized groups. The DFO and SDC/NSCFP have provided technical, financial and legal support for production of certified forest products within the certified CFs.

Although the initial forest certification project has already been phased out, a new UNEP-funded project called “Expanding the FSC Certification at the Landscape Level through Incorporating Additional Ecosystem Services” (project duration: 2011-2015) combines certification with payments for ecosystem services (PES).

In addition to the CFUGs, forest products and enterprises were also certified through a chain-of-custody certification approach, which means the certified products are traced through the production chain to ensure that strict purity standards are upheld, at least in theory. In some instances, CFUGs have become partners in these enterprises, such as the Yanmara Essential Oil Cooperative (EOC). However, the active partners and the CFUGs supplying raw materials are not always the certified CFUGs. In the case of Yanmara EOC, only three of the certified CFUGs provide raw material for oil production and, on average, about 50% of the raw material comes from certified CFs, with the remainder coming from non-certified CFUGs and private land (only about 5%).

The Deu Dhunga Essential Oil Extraction Enterprise is a cooperative that has supported establishment of NTFP processing sites and investing in the production and harvesting capacity of interested CFUGs. It also supports marketing of the NTFPs by linking local enterprises such as Yanmara EOC with national buyers like HBTL. In addition to its partners in Dolakha, Deu
Dhunga is supporting and collaborating with CFUGs in Parbat, Bhajang, Ramechhap and Sindhupalchowk Districts. It also collects wintergreen oil from other enterprises, in addition to those it is investing in in Dolakha. In 2010, Deu Dhunga sold about 1600kg of wintergreen oil. In spite of evidence of enhanced forest management planning and practice in Dolakha (e.g., Acharya, Bhattarai, Dahal, Kunwar, Karki, & Bhattarai, 2015) there are some signs that the sustainability of SFM certification in Dolakha is being threatened. For instance, Yanmara EOC reports that the amount of raw material for wintergreen oil production has decreased over the past few years, citing overharvesting as a leading cause of this.

6.1.3. REDD+ Project

REDD+ piloting activities began in Dolakha in July 2009 and continued until 2013 with financial support from NORAD’s Climate and Forests Initiative and implemented by the International Center for Integrated Mountain Development (ICIMOD – responsible for overall coordination of the project), the Asia Network for Sustainable Agriculture and Bioresources (ANSAB – responsible for coordination of technical aspects of the project, including the forest-carbon inventory and carbon payments), and the Federation of Community Forest Users, Nepal (FECOFUN, responsible for the social and institutional mobilization and coordination among CFUGs and other stakeholders, including good-governance and awareness raising activities) (Shrestha, Karky, & Karki, 2014). The project was active in three districts (Dolakha, Gorkha and Chitwan) encompassing 10,266 hectares and 112 CFUGs, with Dolakha comprising the largest area (5,996 hectares = 59% of total) and the most CFUGs (58 = 56% of total, increased to 65 in 2013) (Shrestha et al., 2014).

I joined the first visit for the pilot project to Dolakha in August 2009, and continued to visit the area until completion of my fieldwork in August 2011. During this time, I participated in the initial stages of project orientation, and also observed the awareness-raising activities,
conducting of the socioeconomic baseline survey, and the initial forest carbon measurements. I
was also a participant observer in several general district-level and community-level discussions
on climate change, carbon trading, benefit sharing, and carbon payments (in Dolakha, Gorkha,
and Chitwan Districts – see Figure 6.4). The REDD+ pilot project encompassed several
overlapping components:

1. Awareness-raising activities at the district, watershed and community (CFUG) level
2. Socioeconomic baseline survey to gauge the level of socioeconomic development
3. Forest inventory to set the historical baseline against which carbon enhancements are
   measured
4. Piloting of a carbon payment program, called the Forest Carbon Trust Fund
   (including discussions about the associated proposed payment criteria), which
   disbursed a total of USD $285,000 over the project lifetime.
5. Institution-building in the development of a watershed-level “REDD Network”


Figure 6.4. Map of REDD+ pilot project sites in Nepal
The REDD+ planning process

The first step in the REDD+ project in Dolakha was a visit by the national implementation team (ANSAB, FECOFUN and ICIMOD) to conduct a consultation meeting with district level stakeholders, including the DFO, District Development Committee, Bhimeshwor Municipality, Community-based Forestry Supporters’ Network (COFSUN), FECOFUN, and some journalists. The objective of this meeting was to share information about the REDD+ pilot project and gauge interest among local stakeholders. Second, a watershed-level REDD Network was established, including one member from each of the 58 CFUGs in the Charnawati Watershed, as well as six representatives from the Bhimeshwor Municipality/VDCs, and six representatives from the District FECOFUN. The role of the network members is to serve as liaisons with the project staff and among the different CFUGs, and to share information and decisions with members of their own CFUGs. In total, The REDD Network consists of 70 members, with a secretariat of 15 people responsible for communicating information to all members. With support from FECOFUN, the REDD Network opened an office to serve as a center for meeting, planning, and information sharing for the REDD+ pilot project. Third, the implementation team met with executive committees of several CFUGs to discuss REDD+ and the pilot project.

Fourth, a technical team, led by ANSAB, delineated the Charnawati Watershed to define the project area and determine the location of each participating CF using GPS/GIS technology. Fifth, the watershed was divided into six clusters and one-day orientations were held in each cluster, covering the basic concept of REDD+, the process of carbon measurement, and the expected role/involvement of CFUGs. Sixth, the technical team visited each CFUG to conduct carbon measurements in their community forest. The eight-member carbon measurement team typically included two forest technicians from ANSAB, a DFO representative, a REDD Network
representative, two local community-forestry facilitators, and two representatives from the respective CFUG. The two CFUG representatives helped to locate sampling plots in their CF and collected samples of soil and leaf litter, while the trained technicians conducted the bulk of the forest inventory measurements. Through discussions with the CFUGs, the technical team also identified five potential leakage areas—such as nearby government-managed forests where users go to collect forest products—established sampling plots, and measured the carbon content in each area.

Seventh, a group profile was developed and detailed socioeconomic baseline surveys were conducted in each of the CFUGs, in order to gauge changes in the socioeconomic conditions among those involved in the project. The project also provided technical assistance to the CFUGs for tree planting, the introduction of improved cook stoves and household biogas systems to promote reforestation and reduce dependence on forest resources (i.e. fuelwood consumption), and to control grazing and forest fires.

During the second year of the project, the Forest Carbon Trust Fund (FCTF) concept was developed and piloted as a prototype for the distribution of carbon payments to the participating CFUGs. The FCTF distributed a total of USD $285,000 based on both biophysical criteria (initial carbon content, carbon enhancement), and socioeconomic (equity) criteria (number of indigenous, Dalit and poor households) between 2011 and 2013 (see Figure 6.5).

The project was phased out in 2013. Although it has not been replaced with a new REDD+ project, some forest-carbon related activities continue via a new Forest Stewardship Council-sponsored PES/SFM certification pilot initiative, which includes carbon sequestration as one of several ecosystem services furnished by forests.
Table 3. Criteria for making pilot reducing emissions from deforestation and forest degradation (REDD+) payments to community.

<table>
<thead>
<tr>
<th>Criteria for Payment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF Carbon Stock</td>
<td>24%</td>
</tr>
<tr>
<td>CF Carbon Increment</td>
<td>16%</td>
</tr>
<tr>
<td>Indigenous People’s Household</td>
<td>10%</td>
</tr>
<tr>
<td>Dalit Household</td>
<td>15%</td>
</tr>
<tr>
<td>Poor Household</td>
<td>20%</td>
</tr>
<tr>
<td>Sex Ratio</td>
<td>15%</td>
</tr>
</tbody>
</table>

Table 4. Total payments in three years and breakdown according to different criteria.

<table>
<thead>
<tr>
<th>Watershed (District)</th>
<th>No. CF</th>
<th>Total (USD)</th>
<th>Payment According to Different Criteria (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Carbon Stock (ton)</td>
<td>Carbon Increment</td>
</tr>
<tr>
<td>Kayarkhola (Chitwan)</td>
<td>16</td>
<td>72,255</td>
<td>16,573</td>
</tr>
<tr>
<td>Charnawati (Dolakha)</td>
<td>58/65</td>
<td>132,879</td>
<td>28,939</td>
</tr>
<tr>
<td>Ludikhola (Gorkha)</td>
<td>31</td>
<td>79,866</td>
<td>17,679</td>
</tr>
<tr>
<td>Total</td>
<td>105/112</td>
<td>285,000</td>
<td>63,192</td>
</tr>
</tbody>
</table>

* in Chamawati, 58 CFs in 2011/2012 and 65 in 2013.


Figure 6.5. Criteria and payments for REDD+ Forest Carbon Trust Fund pilot (2011-2013)

6.2. Brief summary of narrative policy analysis methodology

The results presented in Sections 6.3 and 6.4 below are based on the narrative policy analysis described above in Chapter 4. Generally speaking, I follow the approach of Adger et al. (2001, p. 682) in tracing the different narratives or discourses on environmental change and development (specifically climate change and deforestation):
The analysis is framed within the general approach of political ecology (Blaikie and Brookfield, 1987; Bryant and Bailey, 1997; Peet and Watts, 1996; Stott and Sullivan, 2000) by linking the underlying discourses of environmental change to policies and institutions engaged in implementing environment and development. Peet and Watts (1996), in reviewing the frontiers of political ecology, argue that discursive approaches to the analysis of environment and development are central to this emerging discipline. This area of political ecology includes research on the sociology of science and knowledge, on the history of institutions and policy on environment and development and, most importantly, on the globalization of environmental discourses in relation to `new languages and institutional relations of global environmental governance and management' (ibid.: 11). Likewise, to Stott and Sullivan (2000: 2), political ecology is `a concern with tracing the genealogy of narratives concerning "the environment", with identifying power relationships supported by such narratives, and with asserting the consequences of hegemony over, and within, these narratives for economic and social development, and particularly for constraining possibilities for self-determination.

The guiding questions for the narrative policy analysis are as follows:

- What bearing do market-based schemes have on the (five) key elements (i.e., institutions) of decentralized forest governance? Do they exacerbate or help address existing governance issues (elements) and inequities?

- Can these market-based mechanisms fit into national and local contexts in a way that does not compromise forest governance, especially the autonomy, rights and livelihoods of forest-dependent communities?

In conducting the analysis, I combined the use of NVivo to identify key concepts and phrases with careful readings of my interview, and focus group transcriptions to cull quotations reflecting the narratives for each of the five elements. In the analysis that follows in Sections 6.3 and 6.4, I include detailed quotations from key informant interviews and focus groups with CFUG members (executive committees and subgroups), to give the reader a fuller sense for the perceptions and experience of these actors related to the specific concepts and elements. Table 6.1 lists the different key informants and CFUGs (executive committees and subgroups) involved in the interviews and focus groups, respectively. It includes abbreviations for each, which are used to identify the quotations that follow in the subsequent analysis.
Table 6.1. List of focus group discussions and key informant interviews with abbreviations for quotation identification

<table>
<thead>
<tr>
<th>#</th>
<th>Abbreviation</th>
<th>Full Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>District and local key informant interviews (n=12)</td>
</tr>
<tr>
<td>1</td>
<td>BHPPE</td>
<td>Bhimeshwor Handmade Paper Production Enterprise (Managing Director)</td>
</tr>
<tr>
<td>2</td>
<td>ECARDS</td>
<td>Environment, Culture, Agriculture, Research and Development Society (ECARDS), Nepal (Dolakha office) (staff member)</td>
</tr>
<tr>
<td>3</td>
<td>SDC</td>
<td>Swiss Agency for Development and Cooperation (Program Managers)</td>
</tr>
<tr>
<td>4</td>
<td>DFO</td>
<td>District Forest Office (Assistant Forest Officer)</td>
</tr>
<tr>
<td>5</td>
<td>Yanmara EOC</td>
<td>Yanmara Essential Oil Cooperative (Oil Extraction Technician) (Deu Dhunga Essential Oil Extraction Enterprise)</td>
</tr>
<tr>
<td>6</td>
<td>FECOFUN</td>
<td>Federation of Community Forest Users, Nepal (FECOFUN) District Office (Chair, member and former chair)</td>
</tr>
<tr>
<td>7</td>
<td>ANSAB</td>
<td>Asian Network for Sustainable Agriculture and Bio-resources (Forest Technician)</td>
</tr>
<tr>
<td>8</td>
<td>FECOFUN EC</td>
<td>FECOFUN District Executive Committee (Secretary, Chair)</td>
</tr>
<tr>
<td>9</td>
<td>Bhitteri EON</td>
<td>Bhitteri Essential Oil Network (Representative, Bhitteri Pakha CFUG Secretary, member of REDD Network)</td>
</tr>
<tr>
<td>10</td>
<td>REDD Network</td>
<td>REDD Watershed Network (Committee members, 5 people)</td>
</tr>
<tr>
<td>11</td>
<td>FECOFUN &amp; REDD Network</td>
<td>FECOFUN members and REDD Network members (held at REDD Network office)</td>
</tr>
<tr>
<td>12</td>
<td>HBTL</td>
<td>Himalayan Bio-trade Limited (Manager)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFUG Focus Group Discussions (n=12)</td>
</tr>
<tr>
<td>1</td>
<td>CFUG BP EC</td>
<td>Bhitteri Phaka CFUG, Executive Committee</td>
</tr>
<tr>
<td>2</td>
<td>CFUG BP SG GS</td>
<td>Bhiterri Phaka CFUG, Gip Sing Subgroup</td>
</tr>
<tr>
<td>3</td>
<td>CFUG BSD EC</td>
<td>Bhotle Seti Devi CFUG, Executive Committee</td>
</tr>
<tr>
<td>4</td>
<td>CFUG BSD SG Y</td>
<td>Bhotle Seti Devi CFUG, Yarsa Subgroup</td>
</tr>
<tr>
<td>5</td>
<td>CFUG BSD SG GN</td>
<td>Bhotle Seti Devi CFUG, Gamnagi Subgroup</td>
</tr>
<tr>
<td>6</td>
<td>CFUG Ch EC</td>
<td>Charnawati CFUG, Executive Committee</td>
</tr>
<tr>
<td>7</td>
<td>CFUG Ch SG MG</td>
<td>Charnawati CFUG, Magargaon Subgroup</td>
</tr>
<tr>
<td>8</td>
<td>CFUG Ch SG SG</td>
<td>Charnawati CFUG, Sotre Ghurmise Subgroup</td>
</tr>
<tr>
<td>9</td>
<td>CFUG DSD EC</td>
<td>Dhande Singha Devi CFUG, Executive Committee</td>
</tr>
<tr>
<td>10</td>
<td>CFUG DSD SG KD</td>
<td>Dhande Singha Devi CFUG, Khani Danda Subgroup</td>
</tr>
<tr>
<td>11</td>
<td>CFUG Maj EC</td>
<td>Mahjkarka CFUG, Executive Committee</td>
</tr>
<tr>
<td>12</td>
<td>CFUG Maj SG BP</td>
<td>Mahjkarka CFUG, Bhoje Pani Subgroup</td>
</tr>
</tbody>
</table>
Table 6.2. Narratives and counter-narratives for deforestation and climate change, and market-based mechanisms for addressing both of these global environmental issues

<table>
<thead>
<tr>
<th>ISSUE/ASPECT</th>
<th>NARRATIVES (Global environmental management)</th>
<th>COUNTER-NARRATIVES (Populist – political ecology)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deforestation*</td>
<td>&quot;Neo-Malthusian discourse on increasing population and agricultural conversion in developing countries with slash-and-burn farmers being the primary villains.&quot;</td>
<td>&quot;Deforestation [is] a significant issue caused by the marginalization of rural poor and external forces of globalization such as Northern consumption of timber products.&quot;</td>
</tr>
<tr>
<td>Climate Change*</td>
<td>&quot;Managerial discourse on the compelling science of climate change requiring new markets for carbon and global institutions.&quot;</td>
<td>&quot;Profligacy discourse also accepts climate change as a major problem and as the key symptom in the crisis of global over-consumption espoused by capitalism.&quot;</td>
</tr>
<tr>
<td>Combined narrative on market-based climate change mitigation and forest conservation (PES) mechanisms** (Based on above CC and deforestation narratives)</td>
<td>If implemented on a global scale, markets and market-based mechanisms for ecosystem services can effectively address climate change, deforestation and forest degradation by offsetting local drivers of deforestation and climate change (through SFM certification and/or forest-carbon trading) in a way that strengthens planning processes, resource rights, benefits, conflict management, and monitoring and promotes inclusiveness, transparency, accountability, autonomy, equity.</td>
<td>Global markets for carbon and ecosystem services pose a threat to the rights, participation, livelihoods and wellbeing of forest-dependent communities and marginalized groups by compromising their participation in planning processes, resource tenure and access rights, benefits, conflict management, and monitoring, and will further contribute to climate change and the degradation of forest ecosystems.</td>
</tr>
</tbody>
</table>

5 Institutional elements of decentralized forest governance:

1. Collaborative planning and policymaking processes
   - Ample consultations facilitate significant involvement and input from a broad range of stakeholders in planning and policymaking decisions and forums. All key stakeholders are included and view the process as legitimate.
   - There is little or no meaningful consultation or involvement of stakeholders in planning and policymaking decisions and forums. Some key stakeholders are excluded and few see the process as legitimate.

2. Secure resource tenure and access rights
   - Programs and policies enhance and reaffirm tenure rights and equitable access to natural resources for all community members and concerned stakeholders.
   - Programs and policies threaten or remove tenure rights and resource access for local communities and/or (marginalized) demographic groups.

3. Fair systems for sharing benefits/costs/risks
   - Benefits/costs/risks of participation are shared equitably among all relevant stakeholders and community members.
   - Participation in the program/policy usurps or excludes benefits for some stakeholders and community members.

4. Accessible conflict resolution and grievance mechanisms
   - Policies and programs include effective mechanisms for addressing conflict and airing grievances among different stakeholders that are accessible to all.
   - Mechanisms for resolving conflict and airing grievances are weak or absent, or inaccessible to some. Policies/programs exacerbate conflict among stakeholders.

5. Cost-effective participatory monitoring systems
   - Effective, sustainable, and affordable participatory monitoring systems are in place at all necessary levels, facilitating effective measurement and evaluation of program/policy outcomes.
   - Effective, sustainable, and affordable participatory monitoring systems are weak or absent at one or more levels, leading to incomplete or inaccurate information on program/policy outcomes.

Notes:  
* From Adger et al. (2001) – “Advancing a political ecology of global environmental discourses”  
** The narratives for market-based mechanisms will be discussed in more detail in Chapter 6.
6.3. General impressions of (good) forest governance, sustainable forest management, market-based mechanisms, forest certification and REDD+

In addition to questions about the five elements of effective decentralized forest governance outlined in the conceptual framework (see Chapter 4), I asked respondents about their general understanding and impressions of good forest governance, sustainable forest management, market-based mechanisms, forest certification and REDD+. Below, I briefly summarize their responses on these issues.

Good forest governance

Good governance has been a central focus of development and forestry assistance programs in Nepal in general, and in Dolakha District in particular. As I quickly discovered in my research, the word “governance” (sasan) has a somewhat negative connotation in the Nepali language, akin to “rule”. However, the addition of the modifying positive prefix “su-” changes the meaning to “good governance” and the term susasan has become an integral part of development lingo and practice throughout Nepal. Thus, there has been a strong emphasis on “good governance” in forestry and other programs in Dolakha at the district, VDC and community level. While each community (CFUG) interprets the term differently, there are striking similarities in how good governance is defined and actualized among them.

The negative connotation of governance (sasan), and the strong emphasis on the CF operational plan as the basis for rules and principles of good governance (susasan), is conveyed in the following quotation from the Maj Kharka EC focus group discussion:

CFUG Maj EC: “It [forest governance] is the conservation system for forests on the basis of government laws and rules. There is not much participation by users in the preparation of laws and conservation plans… Forest governance is the process of [promoting] forest conservation directly through the DFO. We can’t use forest resources according to our needs if there is forest governance only. It is a bit different from sustainable forest management… All users should follow the rule as prescribed in the CF operational plan.
This is called good forest governance... The rules about inclusion, forest management, income and benefit sharing and monitoring of CFUG activities are included in the operational plan. The implementation of that operational plan is called good forest governance.”

Respondents identified each of the five elements of effective forest governance noted in the conceptual framework. For instance, they stressed the importance of planning, monitoring and other aspects at multiple levels:

CFUG Ch EC: “Participatory planning, monitoring and feedback collection are the main things [required] for good governance. These are not only important at the CFUG level, but also from the household level to the national level to maintain good governance.”

CFUG BSD SG GN: “Among them [elements], a collaborative planning and decision making process is the most important because it ensures the participation of users and hence informs them about the current activities being carried out by our CFUG.”

CFUG DSD EC: “We need resources to get benefits from REDD. If we conserve the forest, then there is a stock of carbon. If there is carbon, then there is the possibility of payment. So, rights to the resource are the most important element of governance to get benefits from REDD… We can’t expect any benefit from REDD and certification if we don’t have rights to resources.”

CFUG BSD SG Y: “If we [must] rank them, then collaborative planning and rights and access to forest resources are most important. If there is no planning then there is less chance of effective implementation and therefore less chance to get any benefit. Similarly, if there is no right to the resources then of course there is no chance of receiving benefits… We think that our CFUG is strong in collaborative planning and in rights and access to forest resources. Our CFUG is following all these five elements, but there might be space to improve on [their] implementation.”

CFUG Ch EC: “We think that each element [of the 5 elements] of governance is equally important for getting benefits from forest certification, since without any element, there will be injustice between users and this wouldn’t be fair.”

In addition to the five elements, respondents referred to some specific aspects that they believe embody good governance. Most CFUGs stressed the need for a reliable, transparent and participatory CF management plan. They also noted various aspects critical for good governance in the day-to-day activities of the CFUG, such as:

- Financial transparency and accountability;
• Equitable participation in forest and user group management activities (including by women, Dalit, poor);

• Preparation of and adherence to group rules and norms, and sanctions for those who do not follow these rules;

• Maintenance of accurate records on all CFUG activities;

• Sustainable forest management and conservation activities;

• Regular participation in meetings and discussions; and

• Awareness and information sharing among all users about activities and programs affecting their CFUG (e.g. certification and REDD+).

One clear manifestation of good governance emphasized by multiple respondents is the responsible management and use of funds earned by the CFUGs from selling forest products and services. Many CFUGs have devised a system for allocating these funds, which there seems to be some consistency in across user groups. For instance, according to the REDD Network in Dolakha District, which represents 58 CFUGs involved in the REDD+ pilot project:

REDD Network: “We have guidelines to implement the CFUG program. According to it, 35% of the total income of CFUG is to be invested to support livelihood improvement activities of the poor, 25% of total income is to be invested for sustainable forest management activities, and the remaining 40% is to be invested in the CFUG’s institutional development and community development activities. So, to follow these guidelines is also good governance.”

The importance of spreading information about the distribution of financial benefits was also emphasized by CFUG sub-groups:

CFUG Ch SG MG: “The sharing of information to all CFUG members is also essential to ensure good forest governance in our CFUG. We should participate in the planning discussions of benefit sharing. Our CFUG should be transparent about benefit sharing, especially about financial benefit sharing. They should show us the details of the total income and expenditures. In our view, these are the main activities to be carried out to ensure good forest governance in our CFUG.”
One focus group identified poverty as the cause of deforestation in particular, and the lack of good governance in general:

CFUG Ch EC: “In the case of Nepal, there are many poor people. Deforestation and forest resource smuggling is not good governance. These [things] are all happening because people are poor in this country. We hope that both deforestation and forest resource smuggling will be reduced if the rate of poverty is reduced. So, we should reduce our poverty rate to maintain good governance in our country.”

Beyond the user group level, respondents noted the need for different types of external support for CFUGs—from NGOs, donor organizations and government (e.g., DFO)—including technical and financial support for monitoring and implementation of forest management activities (e.g., training and materials for NTFP production, and support for poor and Dalit members); ongoing workshops and discussion programs on good governance; and increased autonomy over the management and sale of forest products, including eased restrictions on the marketing of products outside of the region. Some respondents also stressed the importance of participating in broader governance processes:

CFUG DSD EC: “We don’t have much idea about good governance outside of our CFUG, but we think that CF users should be included in VDC and district-level planning to get benefits from CF. We should also be included in the planning process of other stakeholders who are actively involved in forest conservation and management, including the DFO, FECOFUN and ANSAB.”

CFUG Ch SG SG: “We should also get information about the development plan of the VDC and also get a chance to participate in the planning process.”

In addition, the REDD Network noted a need to focus on several cross-cutting principles to ensure good forest governance at multiple scales, from community to national:

REDD Network: “In brief, transparency, responsibility and accountability, gender balance, social justice, participation, leadership development, and representation are the main elements to be addressed in good forest governance. So, to address the abovementioned elements at the CFUG level, the district level, and the national level is good forest governance.”


**Sustainable forest management**

The emphasis on sustainable forest management predates the introduction of SFM certification, but the certification project gave these efforts a financial and institutional boost since the Forest Stewardship Council (FSC) standards reiterated the importance of promoting both ecologically and socially responsible development within the community forest user groups, and of following good governance principles at the user group level. As indicated above, my research shows that respondents had a broad interpretation of sustainable forest management, encompassing physical (forest management) and socioeconomic (livelihood) goals, as well as larger governance and institutional aspects. Some quotations indicating these different ecological, social and institutional dimensions of forest certification are included below.

CFUG Ch EC: “Forest conservation to assure the availability of forest resources easily and on a perpetual basis for the future is sustainable forest management. Support to the ultra-poor for their livelihood improvement also falls in sustainable forest management.”

CFUG DSD SG KhD: “We are now more dependent on agriculture and animal husbandry. We need different forest resources such as grass, fuelwood and timber to sustain our daily life. We can’t imagine our life without agriculture and animal farming and hence probably our future generation will also depend on it. So, the conservation of forests to get forest resources for our daily life on a perpetual basis is sustainable forest management.”

CFUG BSD EC: “We are all participating equally in forest conservation and management. So, the benefits should be shared equally [among] all users. Hence, the management of forests to share benefits [among] all users equally is sustainable forest management.”

CFUG Maj EC: “Sustainable forest management is the conservation of forests to get forest resources, including timber, for our current and future generations.”

CFUG Maj SG BP: “[Sustainable forest management] is the management of forests with the direct participation of local communities. We should plant the trees, conserve and protect them. We should also participate in thinning and pruning activities. For all these activities the District Forest Office should support us. We shouldn’t destroy the forest; we should ban grazing, protect it from fire, and also get a chance to harvest the forest resources for our daily uses.” [There was no one who had heard about forest certification].
BHPPE: “Forest certification is basically being effective in the environmental conservation aspect. It focuses on sustainable forest management and biodiversity conservation… There is no doubt that [certification] is important for biodiversity conservation, but the main issue is its sustainability. CFUGs are not institutionally and financially sustainable, the government is not taking responsibility for forest certification, and NGOs and CBOs are more dependent on donors.”

CFUG Ch SG MG: “We are really encouraged to do more in our sub-group. We got to know that we are not alone in getting benefits from CF by its conservation, but other countries are also getting benefits since it contributes to environmental conservation.”

CFUG Ch SG MG: “Developed countries are more responsible for the emission of carbon than developing countries. Therefore, sustainable forest management also supports the reduction of environmental [atmospheric] carbon. On the other hand, the concept of carbon trading is emerging from which we can also benefit.”

Some CFUG members confused or conflated good governance with sustainable forest management:

CFUG Ch SG MG: “We are not sure about good forest governance. But, in our opinion, we should participate in tree planting, conservation and management activities in our CFUG [CF]. We should also participate in monitoring activities, such as forest area visits, to check if our CF is being destroyed by other people… All of these abovementioned activities fall under good forest governance, but we can’t say [anything] about the difference from sustainable forest management.”

CFUG BP EC: “All forest users are committed to forest conservation and, in our view, this is [good] governance… We planted the seedlings, conserved it and managed it. We have made rules for conservation. There is a rule of punishment if someone ignores the rule.”

CFUG BP SG GS: “We should include all users, including Dalits, woman and the poor, in every activity in the forest. So, the participation of all users in planning and implementation in our CFUG is good forest governance… There is no difference between good forest governance and sustainable forest management.”

CFUG DSD EC: “Forest governance is the process of making rules and regulations for the forest by users. If users prepare a rule for specific times and duration of harvesting and collection of forest resources including grass, fuelwood and timber, then it is forest governance… In forest governance, no one is bound by any specific rules. Every user has their choice to do anything in the forest, since no conservation system prevails. However, in sustainable forest management, every user should follow the rules of conservation.”

This conflation of the two concepts, though it may be indicative of confusion about these terms, is also indicative of how broad or narrow respondents definitions of sustainable forest management are, which varies considerably as revealed in the above quotations. In general, they
include socioeconomic considerations in these definitions and link sustainable forest management to wider concepts such as the provision of ecosystem services like carbon sequestration.

**Market-based mechanisms**

In addition to the introduction of SFM certification and REDD+, there have been some separate efforts to promote the marketing and sale of forest products in Dolakha. These efforts were not explicitly linked to conservation or certification, but there was an emphasis on products that are compatible with practicing sustainable forest management, mainly non-timber forest products (NTFPs) such as medicinal herbs, essential oils and raw materials for fiber (i.e., paper) production or household purposes. Despite this experience with harvesting, manufacturing and selling NTFPs, as well as the existence of local PES agreements for water sharing among CFUGs and with the Bimeshwor Municipality, my research reveals some lack of clarity among respondents about the meaning and the goals of market-based conservation mechanisms. Some of the different interpretations of market-based conservation by respondents are shared below. While many seemed to have a good grasp of the concept of market-based mechanisms, they did not name any specific mechanisms and some acknowledged that they were not aware of any.

CFUG Ch EC: “The mechanism of getting some benefit [income] from our CF by selling forest products is called market-based conservation.”

CFUG DSD SG KhD: “We don’t know in detail about the market-based conservation mechanism but in our opinion, it is an activity of selling of forest resources that is produced by conserving our CF.” / [There was no one who has heard about sustainable forest certification]

CFUG BP EC: “There is no meaning of conservation of the forest area if the forest resource is not used. Similarly, there is no meaning of conservation if the market for conserved forest resource is not available. Hence, both conservation and marketing are important things. So, conservation for selling of forest products is called market-based conservation mechanism.”
CFUG Maj EC: “I am not very aware about market-based conservation mechanisms, but in my personal view we are getting benefits by selling NTFPs including *machhino* and Lokta. So we should conserve it. This conservation model, in order to get benefits from the forest, is a market-based conservation mechanism.”

CFUG DSD EC: “We are residing here in the village. We are usually busy with farming. So, of course, we will be less informed about any new activities in forest conservation and management.”

*Forest certification & REDD*

If there is a lack of consensus about the meaning and goals of sustainable forest management and market-based mechanisms, there seems to be even more confusion and disagreement about the meaning and purpose of specific mechanisms like SFM certification and REDD+.

*SFM certification*

Although forest certification has been actively promoted and supported in Dolakha for a decade now, most of the participants in the community (CFUG) focus groups, including members of the sub-groups directly involved in harvesting and/or selling of certified forest products, had a very vague understanding of—or had never heard of—certification. After we explained it to them, most users were aware of activities in their CFUG directly related to certification, such as selling of specific non-timber forest products or management and monitoring activities, but many did not understand the bigger picture in terms of the buyers of certified products and the meaning of certification to them. These diverse understandings about certification are illustrated by the following quotations:

CFUG BSD SG Y: “We have prepared an operational plan in our CFUG in which we have planned for activities that should be carried out in our CF. So, in our opinion, implementation of that operational plan is forest certification.”

CFUG Maj EC: “We should measure and estimate the forest resource stocks in our CF. After estimating the forest resource stocks, the process of getting a certificate is forest certification.”
CFUG BSD SG Y: “We are getting fuelwood, timber and fodder to fulfill our daily needs. We are also selling timber in the local market in Bonch [VDC]. All of these benefits have been received since before forest certification. However, we don’t have any idea about additional benefits after forest certification.”

CFUG Ch EC: “I have only heard about forest certification but I don’t know what it means… The prescription for the annual allowable harvest (AAH) of forest resources is made on the basis of an analysis of the forest resource estimation. Harvesting of forest resources on the basis of that prescription for the AAH is called forest certification… Previously, the total forest area was managed by the government of Nepal and was regarded as the property of the government. Now, it has been handed over to communities for conservation, management and utilization. So, in my personal thinking, the management of the forest by communities is forest certification.”

CFUG BSD EC: “Sustainable forest certification is the certificate that allows us to sell our forest products like Lokta, Argeli and other NTFPs in foreign countries. For example, any furniture enterprise has its license to run it and in the similar way CFUGs should have the license to sell forest products from their [forests]... So, sustainable forest certification is the process of getting a license to sell forest products in the international market.”

HBTL: “The forest certification or the certification of any forest products doesn’t affect the quality of the products produced from non-certified forests. It is just to ensure the sustainable management of forests. However, the buyers in the market are focused on the quality rather than the sustainable management of forests. In fact, the market is so competitive and hence we are compelled to sell the certified products at a similar price to other products from non-certified forest. So, there is no difference in the price of certified products.”

CFUG BSD EC: “If our CF wasn’t certified, this discussion with an American [the researcher, Bryan Bushley] would be impossible. After certifying the forest, our forest resources can be exported to the USA and other countries. So, it is important… We are not exporting our forest products to international markets. No specific benefits are received from forest certification, and therefore we don’t have any idea about selling our products... after forest certification. However, carbon might be an additional forest product that could be sold after forest certification.”

**REDD+**

As with SFM certification, respondents’ knowledge of REDD+ has also been heavily shaped by their exposure to and experience with the REDD+ pilot project. Most CFUG executive committee (EC) members had participated in discussions and/or activities related to REDD+ and carbon trading and therefore had some sense for the general premise of this market-based mechanism, but many did not know of its explicit connection to mitigating climate change. Nonetheless, some were eager to engage in carbon trading, having heard about the potential for
local benefits. Among the sub-groups, very few participants of the focus group discussions were aware of REDD+ activities involving their CFUG. I showed some of the groups a brief video about REDD+ produced by the REDD Forestry and Climate Change Cell (government body charged with REDD+ implementation within the Ministry of Forests and Soil Conservation), which helped them to understand and also sparked some interesting conversations. Following are some respondents’ impressions of REDD+.

CFUG DSD SG KhD: “Some people from FECOFUN have come here in our CF for forest resource measurement. I have also participated in that. I can’t say the technical words that they used but they said that that measurement was related to climate change. So, REDD also should be related with climate change, but I have never heard about it.”

CFUG BP SG GS: “Developed countries in America and Europe are emitting more smoke, which pollutes the environment. Forests can absorb that smoke. We are conserving the forest and therefore supporting the absorption of smoke from the environment. The developed countries should pay our CFUG and our sub-group for that contribution. The mechanism for payment to us is under discussion. We might get the payment after 2012 and it is called REDD… We are more curious about carbon trading and therefore we want to know about the tree species that absorb relatively more carbon.”

CFUG Ch SG MG: “Developed countries are more responsible for emitting such smoke or carbon dioxide because of which our environment is being polluted. Forest support the conserving of that carbon dioxide and hence help to make the environment fresh. We are conserving the forest and supporting to conserve the environment. So, developed countries should pay us for it.”

CFUG DSD EC: “REDD is the payment system to CF resulting from conserving carbon. Payment will be from developed countries that are more responsible for forest degradation… We are not very aware about REDD, but in our view developed countries have the largest industries, which are more responsible for polluting the environment. But on the other hand, we are conserving our CF, which sinks [absorbs] carbon. So, we should get payment from these developed countries, which is called REDD.”

CFUG BP EC: “The whole world is suffering from climate change. Due to deforestation and industrialization, environmental pollution is rapidly increasing. Developed countries are more responsible for it. As a result, records of some environmental changes such as drought, heavy rainfall, flooding, landslide and endemics are increasing. These environmental changes are directly affecting human beings. Developing countries are conserving the forest area that is consuming environmental carbon dioxide, even though they are less responsible for pollution. Developing countries are contributing significantly to the conservation of human beings by conserving forest areas. Hence, developed countries should pay developing countries and this is called REDD.”
**Similarities and differences between SFM certification and REDD+**

I also asked respondents about any similarities or differences they perceived between the goals and implementation of SFM certification and REDD+. Some respondents, like the representatives of FECOFUN and ANSAB, who have been heavily involved in carrying out the REDD+ pilot project in Dolakha and other districts, had a good sense of similarities and differences, while others were less sure. A few respondents noted that SFM certification and REDD+ could be incompatible, because the former focuses on utilization of forests while the latter emphasizes conservation. Others noted that the two schemes seem compatible and could or should be pursued concurrently.

CFUG DSD EC: “We don’t think that REDD and forest certification are very similar, and they have some [important] differences. In forest certification, forest resources are sold. However, in REDD only carbon is sold.”

CFUG Maj EC: “I think that REDD and certification are different things. In forest certification, we can’t assure the selling of forest products in the international market since we are only selling forest products at the local level. On the other hand, in REDD, payments should be made by developed countries [internationally].”

FECOFUN: “Forest certification mainly focuses on commercialization of forest products along with biodiversity conservation. On the other hand, REDD+ focuses on increasing carbon stocks by conserving the forest. Both programs focus on good governance in CFUGs for the livelihood improvement of CFUG users… [However,] REDD only considers the increment of carbon by conserving the forest whereas REDD+ encourages the enhancement of carbon stocks [while also] considering the socio-economic aspect [needs] of CFUGs.”

FECOFUN EC: “We are somehow optimistic [about] REDD because it focuses on forest conservation in order to enhance carbon stocks. It will be far better if we get some additional financial benefit from it, but still there is benefit from it [without financial benefits] since it supports forest conservation and sustainable forest management.”

Bhitteri EON: “In my opinion, both forest certification and REDD focus on sustainable forest management and hence they have some similarities... I don’t think there are any incompatible issues between forest certification and REDD since both are ultimately for [promoting] community development, including livelihood improvement of ultra-poor. So, both programs should be implemented together [to get] more benefit for CFUGs.”
In summary, respondents seem to have a strong grasp of diverse aspects of forest governance, to hold a broad view of the various ecological, socioeconomic and institutional factors involved in sustainable forest management, and to possess intuitive knowledge about market-based mechanisms, including SFM certification and REDD+, although many had not heard of these specific initiatives. I now proceed with a detailed analysis of the five elements of decentralized forest governance.

6.4. Analysis of five elements of decentralized forest governance

This section reports the findings of respondents’ perceptions with respect to the five elements of effective decentralized forest governance identified in the conceptual framework (in Chapter 3): (1) collaborative policy-making forums and processes; (2) secure local resource tenure and access rights; (3) equitable mechanisms for sharing of benefits, costs and risks; (4) accessible conflict resolution and grievance mechanisms; (5) participatory monitoring systems. Here I present the detailed analysis and results of the narrative policy analysis, using extensive quotations to illustrate different points. Section 6.5 provides a more concise summary and a discussion of the results. Due to space considerations, I have not included all quotations relevant to each issue here, but I have selected the most relevant ones and tried to provide a balance of the different perspectives.

For each of the five institutional elements, I identify important related issues that emerged from my analysis of the interview and focus-group transcriptions (see Table 6.3), discussed below under the sub-titles 1A, 1B, 2A, etc., for each element. Based on this analysis, I discuss similarities and differences in the narratives, identify crosscutting issues related to the
five elements, and finally relate these to the broader GEM and PE narratives derived from the
literature on environmental discourses (Adger et al., 2001).

**Table 6.3. Five key elements of decentralized forest governance with common issues identified for each**

<table>
<thead>
<tr>
<th>1. Collaborative policy-making forums and processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Internal Governance - Collaboration, participation and information sharing within CFUGs</td>
</tr>
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6.4.1 Collaborative planning and policymaking forums and processes

Main narratives:

**GEM:** Ample consultations facilitate significant involvement and input from a broad range of stakeholders in planning and policymaking decisions and forums. All key stakeholders are included and view the process as legitimate.

**PE:** There is little or no meaningful consultation or involvement of stakeholders in planning and policymaking decisions and forums. Some key stakeholders are excluded and few see the process as legitimate.

Collaborative planning and policymaking forums and processes are central to the success of any large intervention. Through a careful reading of the interviews, I have identified five important issues related to this element, which are listed and then discussed in detail below.

A. Internal Governance - Collaboration, participation and information sharing within CFUGs

B. Multilevel Governance - Horizontal and vertical coordination among CFUGs and with external actors (FP enterprises, DFO, VDC, DFCC, etc.)

C. Institutionalization, support and capacity building for SFM certification/REDD+ (among CFUGs and intermediary institutions)

D. Access to information/communication and understanding of SFM certification/REDD+

1A. Internal Governance

The first issue has to do with internal governance of CFUGs, an issue that extends well beyond SFM certification and REDD+, but is also very relevant to these emerging market-based schemes. Overall, there was strong agreement on the positive impact of these mechanisms on internal governance and planning capacity, and vice versa, including recognition of the impact of previous projects and activities on good governance within individual CFUGs, as well as the additional influence of SFM certification. Thus, most responses seemed to support the GEM narrative, noting the positive impacts on participation and transparency; inclusion of women,
Dalits, ethnic groups and poor users in planning and decision-making; sense of ownership; and capacity for sustainable forest management and development of effective operational plans. The following quotations illustrate this:

DFO: “The participation rate of CF users in the general assembly has increased after forest certification [was initiated], which indicates that users are actively participating in the planning process of CFUGs.”

FECOFUN: “Forest certification further emphasizes [aspects of] good governance in CFUGs, such as maintaining transparency, [holding] regular meetings and planning, implementation and monitoring, support to poor users for their livelihood improvement, etc., along with sustainable forest management. So, it can be a major learning for the success of REDD.”

CFUG Maj EC: “We don’t have any feeling of domination in the decision-making process by any particular groups, actors or institutions after forest certification in our CF… We have made the provision to include Dalits, women, ethnic groups and the poor in CFUG executive committee. So, efforts to promote equity in the decision-making process have been increasing after forest certification.”

CFUG DSD EC: “By nature, [we] women are shy and sometimes we feel some hesitation to share our views since our relatives and seniors are also in the executive committee. In such situation, we [women] share our views with our nearest friend in the executive committee… Women’s involvement in CF activities and decision-making is increasing since the executive committee is more inclusive after forest certification.”

CFUG BP EC: “First, we discussed intensively from the users level to the community level and made a decision to pursue forest certification. Discussion was made with various stakeholders including the Dolakha District Forest Office, and then a plan was made for forest certification. We were getting about NR. 5,000 annually from local users as a royalty for providing grazing in the high-altitude area called ‘Kharka’ during the summer. But we totally banned it after initiating the process of forest certification since forest conservation was our main objective.”

A couple of the key informants also commented on the effect of the creation of subgroups within CFUGs on enhancing local governance and facilitating SFM certification, although they also acknowledged that the introduction of subgroups was not necessarily directly linked to the certification project:

FECOFUN: “[We decided that] it would be easier to share the ideas about forest certification in a small group. So, the sub-groups were formed. Some specific forest areas were allocated for those subgroups that are being managed by those sub-groups on the basis of their separate constitution.”
ECARDS: “Because of sub-group formation, the sub-group members are cultivating, protecting and managing Argeli in their specified area. They can sell their product themselves and can mobilize the money [earned] by selling by their own decision. So, the ownership feeling of CF users in the CFUG is increasing.”

ECARDS: “The concept of sub-group was introduced after introducing the forest certification program and was mainly for sustainable management and conservation of Lokta and Argeli. It was also introduced to ensure the participation of sub-group members in the decision-making process in their group. Hence, the sub-group concept could be linked with the forest certification program mainly to increase the production of Argeli, but in fact it was not directly influenced by it.”

Thus, there seems to be a general consensus among both local key informants and members of the CFUG executive committees about the positive affect on different aspects of internal governance. However, few of the subgroups involved in the focus-group discussions commented on this issue, and one was critical of the decision-making process in their CFUG (see quotation below). This indicates that not all actors have necessarily been closely engaged in CFUG governance, or that they might have less information about SFM management and/or REDD+. Furthermore, the REDD+ project was not mentioned frequently in the context of internal governance, probably because it is a relatively new initiative in the area.

CFUG BSD SG Y: “We have prepared an operational plan to carry out the activities related to our forest. But, we aren’t involved in the decision-making process for its implementation. We don’t know who makes the decision to perform thinning and pruning in our CF. Executive committee members let us know when it is time to go to the CF for thinning and pruning and we just go there as per their instruction.”

1B. Multi-level governance

Another important issue identified in the interviews was that of multilevel governance, or coordination and cooperation among CFUGs and with external actors. Several respondents noted positive performance and impacts of SFM certification and/or REDD+ on collaboration among CFUGs, government bodies (especially the DFO), and NGOs. In particular, they cite successful instances of consultation and cooperation with local communities in implementing the SFM certification and REDD+ projects. Some of their responses are included below:
Bhitteri EON: “ANSAB and FECOFUN supported us to implement the forest certification program. First, we discussed about this program in our executive committee with the facilitation of representatives of FECOFUN and ANSAB. Then we discussed it at the settlement level. In the settlement-level meetings, we [informed] CFUG members about this program. Again we further discussed in the executive committee and finally decide to implement this program through the general assembly… After getting approval to implement this forest certification program in our CFUG by our general assembly, we carried out the resource inventory in our CF. Then we amended our CFUG operational plan and constitutions accordingly.”

SDC: “We are still participating in the bi-monthly meeting organized by DFO where ANSAB and FECOFUN representatives are sharing about their activities. So, the forest certification program is a success not only in the aspect of sustainable forest management in CFUGs, but also in coordination and collaboration among stakeholders in the district.”

FECOFUN EC: “The REDD pilot project feasibility study team had discussed [the project] with different district-level stakeholders and oriented them about this project. Furthermore, it consulted with field-level stakeholders including the VDC, Municipality and CFUGs. In addition, this project is now being implemented with the coordination of district and local-level stakeholders and also the REDD Network has been formed with the representation of different stakeholders. So, in our perspective, the REDD pilot project implementation process is [very] collaborative and participatory… In our opinion, most of the stakeholders are included in the REDD process in Dolakha.”

REDD Network: “Before implementation of the REDD pilot project, there was prior consent of CFUGs. Hence, the planning process can be regarded as collaborative.”

By contrast, the CFUGs were not very vocal on the issue of multilevel governance, which could be read as an indication that they did not perceive the same level of collaboration as the key informants, who in some cases might be more vested in the outcomes of the projects since they have been promoting them. One CFUG executive committee did, however, mention coordination among the various CFUGs involved in the REDD+ pilot project, as well as among the implementing organizations (FECOFUN, ANSAB, DFO):

CFUG BP EC: “We first discussed intensively about REDD. Then we made a decision to launch the REDD program at the executive committee level, in the general assembly. Then we again discussed about the REDD program with 58 CFUGs in the Charnawati watershed area, and with FECOFUN, ANSAB, the District Forest Office and other stakeholders, and only after that the REDD program was launched in our CFUG.”

There were also some actors, primarily key informants, who felt that multilevel governance and project implementation has been lacking (see quotations below). Their
perspectives are more in line with the PE narrative. Specifically, they note a failure to include the private sector and other important stakeholders in the REDD+ project planning and implementation, as well as the lack of an effective national policy. Members of the REDD Network, a bridging organization comprised of representatives from the different CFUGs involved in the project, as well as other key stakeholders—and integral to the effective implementation of the project—were particularly vocal on this matter.

FECOFUN EC: “The private sector is excluded from this [REDD+] process.”

REDD Network: “Currently we are working directly with CFUGs in collaboration with some other stakeholders, including the DFO and REDD implementing partners ANSAB, FECOFUN and ICIMOD. However, we have [not] yet identified or listed the stakeholders that are working on the same issue. Similarly, we have not listed stakeholders who might be affected by REDD. For instance, it has been more than one and half years of REDD pilot project implementation in Dolakha, but we have just invited the federation of ethnic groups in a meeting held one week ago. Because of this [oversight], they [the federation] seemed unsatisfied with this program… Similarly, political parties and the private sector are [not] yet included in this process. These remaining three stakeholders [could] have an important role in REDD implementation and benefit sharing in CFUGs. Hence, they should be included in the REDD process in Dolakha.”

REDD Network: “The effectiveness of REDD implementation will depend on the policy prepared by the Government of Nepal. So, we should advocate on behalf of the REDD Network to prepare a more inclusive and democratic REDD policy in a participatory way.”

Finally, some of the key informants conveyed in their interviews that—although the REDD project appeared to be participatory on the surface—there is evidence of top-down tendencies in the planning and policymaking process. These sentiments are reflected in the quotations below. For instance, they indicate that the project was designed by actors at the central level, without much input from local stakeholders. Furthermore, they noted that piloting of the carbon payments mechanism was not very participatory, although they did elicit some feedback at the district level and included socioeconomic considerations such as the proportion of Dalit, ethnic/indigenous and poor households. Incidentally these socioeconomic
considerations became a source of contention among CFUGs as some felt that they should not receive more emphasis than biophysical criteria, such as the amount of initial and incremental carbon stock in their community forests. On balance, however, respondents perceived the process to be relatively collaborative and inclusive.

REDD Network: “Initially, the REDD pilot project was designed at the central level. So, we didn’t participate in the project design process… However, the representatives of the project design team at the central level have visited the CFUGs for a feasibility study. They discussed with district level stakeholders. In addition, they recruited some social facilitators to inform CFUGs about the program and to support these CFUGs to implement it. Hence, the REDD pilot project planning process was collaborative.”

FECOFUN & REDD Network: “First, we discussed in our respective CFUGs about the criteria that should be set for the carbon payment mechanism in the REDD pilot project, and then we [held] a district-level discussion. The draft of the payment mechanism was presented by ICIMOD on behalf of REDD pilot project implementing institutions and then the comments were made in the district-level discussion. The carbon stock in the CF, and the number of Dalit, ethnic [peoples] and poor households were the main criteria set during that discussion. A similar consultation meeting was organized in the other two watershed areas [in Chitwan and Gorkha Districts] and then all comments collected from the three watershed areas were incorporated into the center through the meeting of FECOFUN, ANSAB and ICIMOD.”

C. Institutionalization, support and capacity building

Third, the issue of institutionalization and capacity of, and support for, CFUGs and intermediary institutions was highlighted in many participants’ responses. They expressed that efforts to promote good governance and build capacity that accompanied the SFM certification and REDD+ projects have resulted in stronger more effective, autonomous and proactive CFUGs, and also increased their capacity for forest management, participatory decision-making, and self-governance:

DFO: “Forest certification is successful [from] the perspective of sustainable forest management and the institutional development of CFUGs. We provided many technical knowledge of sustainable forest management in certified CFUGs and because of this they are more capable in their CF operational plan preparation and implementation. Similarly, CFUGs were empowered for good forest governance during the forest certification process, which finally [in the end] supports the institutional development of CFUGs.”
Hence, the forest certification program is successful mainly in sustainable forest management and CFUGs institutional development in Dolakha.”

DFO: “Because of [their] empowerment in the forest certification process, CFUGs are more conscious of sustainable forest management as well as of the institutionalization of CFUGs. So, it was learned from forest certification that the community empowerment is necessary for the ownership feeling that can be useful for effective REDD implementation.”

Bhitteri EON: “We also focused on the good governance and institutionalization of CFUGs during the implementation of forest certification. Because of this, the institutional capacity of certified CFUGs is comparatively stronger than that of non-certified CFUGs.”

CFUG DSD EC: “Of course, representatives of FECOFUN and ANSAB were participating in discussions, but we didn’t feel any domination [by them] in the decision-making process. They just [helped] us to make decisions by clarifying the potential benefits after forest certification… We are frequently getting technical support in forest management upon our request after forest certification. So, equity and collaboration in the decision-making process has been increasing [since] forest certification.”

REDD Network: “The [field] representatives of REDD project implementation organizations such as ANSAB and FECOFUN… social facilitators, and members of the REDD Network, are frequently visiting the CFUGs of the pilot project area. They are participating in every monthly meeting and general assembly. They are talking about REDD and the REDD pilot project and [are] hence always trying their best to inform all CFUG users about it.”

The REDD Network also reported that their role in helping to coordinate the REDD+ project has helped them to serve as an effective liaison between NGOs, CFUGs and visitors, and to play a constructive role in fostering more sustainable, informed and empowered CFUGs:

REDD Network: “The REDD Network is participating in different meetings to coordinate and collaborate for implementation of the REDD pilot project in the Charnawati watershed area. It is also helping to raise the awareness of CFUG users about climate change and REDD. Furthermore, it is encouraging CFUGs in sustainable forest management and conservation and reducing the consumption of forest products by installing smokeless stoves and bio-gases in CFUG users’ homes… Visitors from different districts and even from the international community have come to observe this program, aiming to learn and explore new things from [us]. This project's implementing partners FECOFUN, ANSAB and ICIMOD may not always be present at the [local] level. So, to disseminate the information, there should be an institution at the grassroots level. Hence, the REDD Network was established to develop it as a [local] information center. It keeps the records and documents of all activities carried out in the pilot project site. Furthermore, it is disseminating this information as per the demand of visitors.”

FE COFUN & REDD Network: "[CFUGs] have gotten some support for their institutional improvement. For example, they wanted to know more about sustainable forest management, REDD and forest certification and hence they are requesting FECOFUN to
visit their CFUGs to conduct some awareness raising programs. Some CFUGs are ready to invest some money for this purpose. This indicates that the CFUGs are feeling ownership in this program and hence want to empower their CF users about it.”

In the case of SFM certification, some respondents also noted that there has been a spillover effect of support and capacity building efforts to non-certified CFUGs:

FECOFUN: “The DFO and community forest facilitators were involved in the forest certification process. So, they are replicating a similar approach during the revision of operational plans of non-certified CFUGs. It further supported the non-certified CFUGs to maintain good governance, sustainable forest management and bio-diversity conservation.”

Furthermore, respondents report that, not only were CFUGs positively impacted, but capacity building efforts have also helped to develop and support local enterprises and to mobilize poor and marginalized groups:

BHPPE: “Besides ANSAB, FECOFUN and ECARDS were also involved in the forest certification program and [they] supported us, especially on the social mobilization part. Apart from this, NSCFP [SDC] also supported [us] to establish the Bhrimeshwor Handmade Paper Products Enterprise and sponsored the share [investment] of selected ultra-poor [households] in the shareholder CFUGs.”

While there was a strong sense of the positive role that external support and capacity building efforts have played in enhancing the institutionalizing CFUGs for implementing projects like SFM certification and REDD+, there were also concerns that these efforts have not helped CFUGs to become more capable or autonomous to sustain these initiatives in the longer term. In this regard, respondents were critical of external actors like the government, NGOs and private sector organizations for failing to provide adequate and sustained support; of CFUG leadership and members for not being engaged enough; and of the REDD network for their failure to plan and implement the project more independently. As the following quotations reveal, both key informants and CFUG members were critical of the lack of attention to, and resources for, institutionalization:
BHPPE: “The forest certification program was just a pilot project in Dolakha and there was a huge gap in its planning to institutionalize it in CFUGs [to ensure] its sustainability. Because of this, CFUGs couldn’t develop their capacity in terms of human and financial resources and hence forest certification program couldn’t sustain in CFUGs. In the same way, REDD is also a pilot project in Dolakha and hence there could be gap on its institutionalization in CFUGs. Moreover, REDD also demands the technical expertise for which certain capital is needed. As per my information, all these issues are not addressed in REDD planning. So, there is again the question of benefit from REDD and its sustainability in CFUGs.”

BHPPE: “CFUGs haven’t designated any specific person to be involved in the forest certification process and the users have participated as per their convenient [available] time, due to which nobody got detailed knowledge of forest certification. A similar case is happening in REDD [implementation], which hinders the development of capable human resources in the CFUGs.”

REDD Network: “We should be capable of implementing [REDD] independently if we don’t get any support after the phase-out of the pilot project. So, the REDD Network should be more capable in terms of planning and implementation of the REDD program independently. [Thus] it should increase collaboration and coordination with other stakeholders at the local, district and national levels.”

FECOFUN EC: “CSOs should mainly support the policy preparation process related to REDD. Similarly, it should support policy implementation and monitoring and also advocate for more benefits to grassroots-level peoples. In addition, it should also advocate for more benefits to CFUGs in national and international debate forums”

FECOFUN: “After completing the pilot project of forest certification, the government didn’t take ownership and hence the forest certification program became ineffective.”

HBTL: “FECOFUN, NFA (Nepal Foresters Association) and HBTL should support CFUGs at the community level. More importantly, the government authorities should maintain ownership in forest certification and put an emphasis on forest certification in its annual program… We had got support from the government during the forest certification process in both the central and district levels. However, they are not providing [any] direct support after the phasing out of the forest certification pilot project. It is neither keeping its ownership in this program nor encouraging the expansion of this program to other CFUGs. We don’t need to search for a market at the international level if the government uses only certified products in Nepal.”

CFUG Ch EC: “I think that the leading organization that has supported us for forest certification was weak in the case of the sustainability of the program and was not farsighted enough to support us to get maximum benefits from forest certification. We are compelled to think that all project personnel are not committed to supporting us, but are really concerned with saving their job. Therefore the users’ interest in forest certification is gradually decreasing and I am pretty sure that the REDD project will face the same condition [fate].”

CFUG Maj EC: “Our executive committee that was involved in the certification program has changed and, therefore, we can’t say exactly about our involvement in the planning process for certification.”
CFUG Ch SG MG: “The DFO and FECOFUN should provide us with seedlings of Argeli in our sub-group and should provide technical suggestions for its conservation and management. We need this support to get more benefit in our sub-group.”

A few respondents acknowledged these shortcomings, but also provided some hope and concrete suggestions for leveraging and reinforcing existing efforts:

BHPPE: “There is still potential to expand the forest certification program if there is any external support but we should plan more minutely [carefully] to ensure benefits to the community from it.”

Bhitteri EON: “To implement any program effectively, institutional capacity such as inclusive decision-making process, record keeping and documentation… of CFUGs should be [strengthened]. [We must] also support CFUGs to maintain transparency and good governance.”

**ID. Access to information, awareness raising, understanding of SFM certification & REDD+**

The issue of information sharing, awareness raising and promoting greater understanding about the market-based mechanisms in general was highlighted throughout the interviews. Most respondents were quite critical of existing efforts to increase awareness among CFUGs and other participants in SFM certification and REDD+ activities, pointing to a low level of understanding despite significant investments in and local interactions concerning these projects. In general, raising awareness was acknowledged as one of the most significant challenges for effective implementation of these initiatives, particularly with respect to REDD+.

FECOFUN EC: “We have spent almost 19 years to make clear to local communities about community forestry. So, it is a really challenging task to make people aware at the local level. In the case of REDD, it is a new and more technical topic. Even we are not [very] clear about REDD and the REDD process though we are involved in this process. Therefore, it is more difficult to make local communities aware about it. Hence, the awareness-raising activities that we have been carrying out are not sufficient.”

DFO: “On the other hand, it is difficult to make local people aware about carbon trading since it is really a new topic for them. So, it might be an obstacle for REDD implementation in Nepal.”

REDD Network: “The development of a similar understanding level among all CFUGs... is another major challenge for successful implementation of REDD in Nepal... The level of understanding of users in CFUGs might be different. Some users may learn about
issues of CFUGs quickly and some may take [more] time. So, raising awareness in CFUGs about [the] REDD program is a challenging task.”

CFUG Ch EC: “Most of the forest users are illiterate and also don’t have a clear idea about REDD, even if some are literate. In my family, all family members are literate and are holding university degrees, but honestly not one family member is aware about REDD.”

CFUG Maj EC: “We don’t know about REDD and we can’t say about it. We went to measure the forest resources stock in our CF with ANSAB technicians but we can’t say anything about REDD or any benefits from it.”

CFUG BSD SG Y: “We haven’t heard about sustainable forest certification. We guess that the main executive committee of this CFUG has been involved in it. They haven’t shared [information] about it with us and therefore we don’t have any idea about forest certification.”

CFUG Ch SG MG: “None of us have heard about sustainable forest certification. We haven’t yet participated in any discussion about it, and therefore we can’t even guess… We haven’t heard about REDD or carbon trading [either]. This is very new for us. We haven’t got any chance to participate in discussions about it. We think that the main executive committee might know about it and might also be involved in discussions about it. However, our executive committee has not yet informed [us] about it and therefore we can’t say [anything] about REDD.”

A few key informants noted specific efforts to increase awareness about certification and REDD+ and felt that these efforts had been somewhat effective, but also acknowledged some shortcomings and information asymmetries in this regard:

Bhitteri EON: “At the community level, we made them [community members] aware about the forest certification program. There was a social facilitator who supported us in this regard. He also facilitated the community/settlement level meeting to identify their interest and expectations for this program. The community also participated in the CFUG operational plan and constitution preparation process including a resource inventory.”

ANSAB: “We invited two representatives from each CFUG in the REDD pilot project [area] to orient them about REDD and this project, with the hope that they would communicate the message to other users in their respective CFUGs. In that orientation meeting, we further discussed about the network so that they would feel ownership of this project and continuously discuss about the issue of REDD within their network and CFUGs.”

REDD Network: “In our perception, the CFUG executive committee members are comparatively more aware than the general CFUG members about REDD. We should regard it as our achievement since raising awareness at the grassroots level is always a challenging task. So, the awareness-raising program at the CFUG level is somehow effective, though there is still space to improve it.”
Another major shortcomings identified through the interviews that is closely related to information and awareness-raising, but is specific to SFM certification, concerns access to markets for, and resulting financial benefits from, certified forest products. Many respondents felt that low awareness of market opportunities, which they attribute to failed or insufficient planning efforts, was a significant barrier to effective involvement in forest certification, and also expressed their concern about the implications of this for benefiting from REDD+.

DFO: “CFUGs were expecting more financial benefit from forest certification but unfortunately they couldn’t get it. So, we should be more sensitive to make people aware about benefits from REDD since it is [not] yet confirmed whether we will get benefit from REDD or not.”

CFUG Maj EC: “In our perception, we were a bit weaker during planning and that’s why we are not getting more benefits from forest certification as per our expectations. We had to make the plan about the selling of other NTFPs such as jhyau, which has more potential to sell in the market, but we just prepared the plan for the selling of Machhino, Lokta and Argeli. We should now prepare the plan for the selling of other NTFPs, including jhyau, to get more benefit from forest certification.”

CFUG BSD SG GN: “Initially, a representative from ECARDS came here [to our settlement] to discuss with us about the concept of the sub-group. He said that it would be easier to conserve the forest and also to get benefit by planting NTFPs like Argeli if we form a sub-group. Selling of Argeli to the international market was not planned and discussed during the [sub-group] formation.”

Despite these shortcomings, some respondents acknowledged that forest certification had been successful in other ways, and also identified the need for raising awareness and building the capacity of relevant institutions:

SDC: “The main objective of forest certification in CFUGs was to get the excess of forest products to the international market. Currently, certified CFUGs are not selling any product directly to the international market. However, they are more aware about sustainable forest management and bio-diversity conservation. So, this program is successful in this regard.”

Bhitteri EON: “They [certified CFUGs] are not getting a higher price for certified forest products. So, we should focus on institutional capacity building of CFUGs for the success of REDD.”
6.4.2. Secure local resource tenure and access rights

Main narratives:

**GEM:** Policies and programs enhance and reaffirm tenure rights and equitable access to natural resources for all community members and concerned stakeholders.

**PE:** Policies and programs threaten or remove tenure rights and resource access for local communities and/or (marginalized) demographic groups.

Secure tenure and access to forest resources are crucial for promoting rural communities’ ability to manage, harvest and sell forest products to improve their livelihoods. They are especially important in the context of market-based mechanisms that rely on specific resources, such as SFM certification (NTFPs) and REDD+ (carbon). I have identified five issues that are relevant to this vital institutional element:

A. Internal restrictions and limitations on access to and sale of forest products
B. Changes in access to and benefits from forests among users and marginalized groups
C. External restrictions on rights to harvest and sell forest products
D. User’s sense of ownership/stewardship over forest
E. Compatibility of SFMC and REDD+ in terms of access and tradeoffs

2A. Internal restrictions and limitations on access to and sale of forest products

Overall, CFUG members perceived substantial restrictions on their access to forest resources and their ability to sell them in broader markets, which were linked mainly to SFM certification. The impacts of REDD+ on internal restrictions were scarcely noted. Respondents from CFUG subgroups also stated that they must first seek permission and pay a “royalty” (fee) to their CFUG’s executive committee to harvest and/or sell specific NTFPs. However, some feel that the benefits from selling products grown and harvested by their subgroup should accrue to them alone. These sentiments are reflected in the following quotations from different subgroups:
CFUG Ch SG MG: “We can’t sell any forest product to the market without permission from our CFUG. The executive committee has the right to sell any forest product as per the provision in our CF operational plan. We [must] get permission to harvest timber, even for our own domestic use.”

CFUG DSD SG KhD: “We [must] first inform the main executive committee about our plan to harvest Argeli and then we can harvest and sell anywhere. We shouldn’t pay any charge to main executive committee to harvest Argeli since our sub-group is solely involved in its management.”

CFUG Maj SG BP: “We should first get permission to harvest argeli from our sub-group. Our sub-group should [ask and] pay NRs. 500 to the main [CFUG] executive committee to get permission and then we can sell it anywhere. We have the right to sell grass and argeli only from our sub-group, but the right to sell other forest resources such as timber is reserved for the main executive committee. We have not yet sold grass, but we have sold argeli once. Other users outside of our sub-group are not allowed to harvest grass and argeli but they can harvest other forest resources as per the decision of the main executive committee.”

CFUG Ch SG SG: “We don’t have harvesting and selling rights over the trees in our sub-group area, but the main executive committee has such rights. We can harvest and sell only Argeli and grass that we have been planting, protecting and managing in our sub-group area… We need not get approval to harvest Argeli in our sub-group from the main executive committee but we should decide to harvest Argeli in our sub-group and then can directly harvest it. We should pay NRs. 5.00 per dharni (2.5 kg) to the executive committee as a royalty and then we can sell it anywhere as per our interest.”

CFUG BSD SG Y: “We don’t know about this [authority to sell forest products directly] since we haven’t sold any forest products yet. We haven’t even discussed about it with the main executive committee. In the case of timber in our sub-group area, we don’t have any authority to harvest or to sell it… We think that, even though we haven’t discussed about it [with the executive committee], the Argeli was planted by our sub-group members and therefore we have the right to share the benefits from it among sub-group members only.”

A few respondents felt that certification has had a mitigating or neutral effect on internal resource access restrictions and limitations:

FECOFUN: “CFUG members are using forest products as usual even after forest certification. Before forest certification, CFUGs were harvesting forest products as per the provisions described in their CFUG operational plan and the same process is being followed after forest certification [began]. So, I don’t think that the access of CF users is limited by forest certification… Besides, the concept of sub-group is being implemented in their CFUG, which is further increasing the access of marginalized and poor CFUG users to forest products.”

CFUG DSD SG KhD: “There is no limitation to get forest resources after formation of our sub-group. We are getting fuelwood, grass, fodder and leaf litter as per our needs… The harvesting and access to other forest products, except for timber and Argeli, is equal
for all users even within our sub-group area. All users can collect and harvest Machhino, fuelwood and grass from our sub-group area but they should follow the rule as per our CFUG management plan and the instructions made by our main executive committee.”

*CFUG BSD SG GN:* “We don’t have any right to sell forest products from our CF individually, but the CF executive committee can sell it. A similar rule prevailed before formation of the sub-group and therefore there are no changes in access to selling forest products from our CF.”

One CFUG executive committee also pointed to the role played by subgroups in helping ensure equitable access to forest resources, suggesting that the subgroups and accompanying rules were unanimously supported by all users:

*CFUG Maj EC:* “We have three sub-groups for the conservation and management of the forest. It is not any caste or other specific group. The total users are divided into three settlements and the total forest area is also divided into three blocks, proportionately. The name of the sub-groups is sub-group one, two and three, respectively. An executive committee was formed for each sub-group. Members of each sub-group are responsible for conserving, managing and harvesting forest resources [according to] the decision of the sub-group executive committee… The members of sub-group one can’t go to collect the forest resources in the area of sub-group two and vice-versa. This rule was made by all users, and so all users are happy with this decision.”

2B. Changes in access to and benefits from forests among users and marginalized groups

In general, most respondents claimed that their ability to access and benefit from forests had not been compromised significantly as a result of SFM certification. Furthermore, they claimed that access is equitable and that socioeconomically marginalized groups, such as indigenous, Dalits and poor households, have more access to forest products and benefits as a result of certification.

*BHPPE:* “We discussed among our CFUG members and decided to allocate some forest [area] to selected marginalized groups to support their livelihoods. The selected marginalized groups planted *lokta* and *argeli* in the designated forest area by forming a sub-group. They were fully responsible to protect and manage it and also were free to sell it anywhere in the market. So, they got access to forest resources and it was because of forest certification... So, forest certification provided more rights to forest resources for the marginalized group and supported their livelihood improvement.”

*SDC:* “During the initial phase of CF program implementation in Dolakha, the forest dependent people who were used to selling forest products like fuelwood in the market and buying food had been really affected, since the program was more concentrated on
conservation of the forest. Realizing their difficulties, some projects including NSCFP (SDC) supported them to conduct other income generating activities including NTFP cultivation... As a consequence, the marginalized and poor people received economic and income-generating opportunities to improve their livelihood and also got access to the forest resources of CF equitably. That system of equitable benefit sharing in CFUGs was further strengthened after implementation of the forest certification program.”

CFUG BSD EC: “We aren’t having any trouble using forest resources after forest certification. Instead of giving up [something], we are getting more forest resources since we started the real practice of sustainable forest management by implementing our CF operational plan more thoroughly.”

CFUG Maj EC: “We don’t think that we have any restrictions on access to forest resources due to forest certification. We were using the same forest resources before forest certification and are also currently using them easily [freely].”

CFUG DSD EC: “There are no forest resources whose use should be given up because of forest certification… There is no example of better-off or worse-off lifestyle [livelihood] of our CF members due to forest certification, but we hope that they will be better off if our certified products get a higher price than the current price… We have a sub-group called Khani-danda sub-group of selected ultra-poor [households]. A certain area of forest is allocated to them to cultivate Lokta and Argeli. They can harvest and sell Lokta and Argeli from that specific area. But, no other members have more access to forest resources to use in our CF... We are not feeling any difference in the access to forest resources of our CFUG members [since] forest certification.”

CFUG DSD SG KhD: “We all have equal access to forest resources in our CFUG. So, there is no restriction on forest resources after formation of our sub-group… There is no forest product that we are not getting now but had access to before. All users are getting the same forest products that we were using before and in the same amount that we need… We didn’t have selling [rights] of forest resource individually before sub-group formation and we still don’t have such [rights]… It is fully controlled by our main executive committee, except the resources that we have planted in our subgroup [area].”

CFUG Ch SG SG: “Our main CFUG is selling timber, Lokta and Argeli from our CF and therefore we are getting some benefit but we are not receiving any benefit from it individually. However, our CFUG harvested and sold the timber from our sub-group area and our sub-group got fuelwood from those harvested trees since we were involved in the conservation and management of that area.”

CFUG BSD SG Y: “We have the right to use all forest resources in our CF and therefore we think that we are strong on the right to access forest resources.”

One subgroup claimed that, overall, their access to forest resources had not been constrained by involvement in SFM certification, but that management practices had changed:

CFUG DSD SG KhD: “There are no difficulties to get forest resources from our CFUG for our daily use, but the harvesting pattern is changed. Before formation of our sub-group, we used to harvest forest products haphazardly and in unmanaged system but now
we are harvesting those forest resources as per the plan of our CFUG and the instructions of our executive committee.”

The REDD Network, responsible for coordinating implementation of the REDD+ project in the area, noted that additional interventions are needed to reduce CFUG users demand for forest resources, which would ultimately be more compatible with both SFM certification and REDD+:

REDD Network: “We should provide them [users] with alternatives such as support to install smokeless stoves and biogas plants and support for other income-generating activities for forest-dependent communities, which will reduce the amount of forest resources used. Ultimately, this will further reduce the demand of users for forest resources.”

2C. External restrictions on rights to harvest and sell forest products

Aside from internal restrictions on access and use of forest resources, external actors can impact the ability of CFUGs to manage, harvest and sell products from their community forest. Such external impacts can stem from either formal or informal local administrative rules and restrictions, or from broader national policy requirements and regulations. For instance, a few respondents mentioned the Forest Act of 1993 and some recently proposed amendments to it, in terms of their negative effect on rights to harvest and sell various forest products. I asked respondents about such restrictions and whether they thought they had anything to do with SFM certification or REDD+.

Many of the respondents from the CFUGs, and a couple of key informants, noted significant restrictions by the local government authorities on their rights to harvest, and especially to transport and sell, specific forest products.

CFUG BSD EC: “We must get approval from the DFO to sell timber and other forest products. If we get approval, then the DFO personnel again troubles us during transportation by unnecessarily checking [the products] mid-way. Such trouble is discouraging us from selling our forest products to the local market.”
CFUG DSD EC: “To harvest the timber for commercial purpose we should get prior authority from the DFO. Similarly, we need to get prior permission to transport any forest resource outside of Bonch VDC where our CF [is located].”

CFUG Maj EC: “We [must] get approval from the DFO to export any forest products outside of the CFUG, but the process is so lengthy. So, the DFO should support us by giving authority to export forest products easily.”

CFUG Ch EC: “We don’t have easy access to the market to sell certified products. So, our government should support the creation of a favorable market environment by giving priority to forest resources [products] from certified CFs in order [for them] to get benefits from forest certification and REDD.”

Respondents also referred to national-level restrictions based on attempts by the Ministry of Forests and Soil Conservation to amend the Forest Act of 1993 in order to expand the tax collected by the government on the sale of forest products by CFUGs substantially (by 50%). Some also speculated that the government might attempt to take back control of the forest. However, when asked, most respondents did not see a clear connection between these moves by the government and REDD+.

CFUG BSD EC: “We have participated in the protest and strike program organized by FECOFUN yesterday. The community rights to forest resources are being hijacked by the government through the second amendment of the forest law [Forest Act 1993], which we don’t want and we can’t tolerate. We are conserving the forest area. Now, it is the time to get benefits from our forest area, but the government is committed to… imposing the new rule to [capture] half of the income of our CF [from sale of forest products] to the government. It is not fair and it is also not good governance. CFUGs are maintaining good governance but the government itself is being dictatorial… We think that the government is committed to amending the forest law because each CF is getting payments from the REDD mechanism. This is also unfair.”

CFUG DSD EC: “We were in the strike with the leadership of FECOFUN, because the government is now preparing to get back this CF by amending the forest law. We are actively involved in conservation and therefore we should get benefits from it. Our strike is for the CFUGs' right to forest resources… We don’t think that this amendment of the forest law and the strike are related with REDD.”

*CFUG BSD SG Y:* “We learned that the government is taking back our CF [rights] and therefore FECOFUN is protesting it. We have been invited to participate, but because [it was] our millet crop harvesting time we couldn’t go there. We have conserved the forest for a long time and, therefore, we should get the authority to use the forest resource. The Government shouldn’t take it back. We don’t know about any connection between the proposed [Forest Action] revisions and REDD.”
CFUG BSD SG GN: “We are not very aware about the proposed amendments to the Forest Act 1993, but we have also participated in the protest led by FECOFUN. According to FECOFUN, the government is planning to take 50% of the income of CFUGs which is not fair for us and therefore we participated in that protest but we don’t have any idea whether it is related to REDD or not.”

However, one CFUG believed that they already have sufficient rights to benefit fully from carbon trading and REDD+:

CFUG DSD EC: “We think that the existing rights of the CFUG are sufficient for the involvement in carbon trading programs such as REDD. We have the full rights [for] conservation, management and harvesting which will be enough to get benefit from REDD.”

FECOFUN’s district leadership (executive committee) also noted that, although some efforts were underway to address the issue of carbon rights, these efforts and rights were ill-defined and insufficient to guarantee that communities benefit adequately from carbon trading:

FECOFUN EC: “The current rules and regulations are somehow focusing on community rights to forest products. In the case of carbon rights, some rules are under formulation. However, most of the rules and regulations have been formulated at the central level without intensive discussion with local communities. So, the community may not feel ownership about such rules and regulations. Hence, current rules and regulations are not sufficient to ensure the carbon rights of the community. So, more rules should be formulated addressing the community issues to ensure the carbon rights of the communities.”

2D. User’s sense of ownership/stewardship over forest

Aside from internal and external restrictions on access and benefits from community forestry, resource tenure and access rights can also be considered in terms of users’ sense of ownership and stewardship over forests in general, and for initiatives like SFM and REDD+ in particular. Respondents put the onus for realizing this sense of ownership on the government, the CFUGs themselves, and the subgroups, respectively:

FECOFUN EC: “The Forest Act 1993 emphasizes community involvement in forest conservation and management, which finally gave the local community an ownership feeling for their CFUGs. So, in our opinion, there should be a separate policy related to REDD in order to ensure community rights to carbon.”
SDC: “In the case of benefits from forest certification, CFUGs were optimistic but unfortunately they couldn’t get any additional financial benefit. So, we should be more sincere on the benefit from REDD so that CFUGs feel their ownership [of] it.”

CFUG BSD SG Y: “We are fully involved in the conservation and management of that [subgroup] area, whereas other members are not. So, we need more access to forest resources in that specific area.”

One CFUG was quite certain that the proposed revisions to the Forest Act of 1993 would have strong negative repercussions for incentives to manage the forest sustainably:

CFUG BSD EC: “We are sure that this forest area will be changed to bare land if the forest law is amended as proposed. Every user will lose their feeling of ownership over the CF and will commit to destroying it. Currently, all users have the feeling of ownership over the forest. They are very sensitive about conservation and think that we should plant and manage the forest, and should use only the old-aged and deformed trees [for our own use]. If the government reclaims the resource utilization authority from the community, we are sure that the users who are more sensitive about forest conservation will be devoted to deforestation.”

Another CFUG executive committee expressed skepticism that they would necessarily benefit from new efforts and initiatives like SFM certification and REDD+:

CFUG BP EC: “There is no assurance to get benefits from each activity in the CFUG. We may lose our forest resources too, even though we were trying to get positive results.”

2E. Compatibility of SFM certification and REDD+ in terms of access and tradeoffs

The last issue related to resource tenure and access rights has to do with the compatibility of SFM certification and REDD+ with community forestry, and with each other, in terms of how they affect tradeoffs and access to forest resources. There was a general sense that the two initiatives are compatible with each other due to their mutual focus on conservation and sustainable use, although there are some apparent tradeoffs between SFM certification and timber harvesting, as well as carbon payments and harvesting of some forest resources:

DFO: “Both forest certification and REDD+ [ultimately] emphasize sustainable forest management and the benefit to forest users. So it is similar in the case of environment conservation, sustainable forest management and the benefit to local people.”
CFUG DSD EC: “We are implementing our CF operational plan. But, we think that the amount of selling of timber has decreased after certification because we should follow the operational plan exactly to harvest it… There was flexibility in harvesting slightly more timber than planned before certification… We think that to get higher payments from REDD, we should conserve the forest. We will get the payment even from the carbon stock in the soil. We should reduce the harvesting of old-aged trees to increase the carbon stock and hence to get higher benefit.”

CFUG BSD EC: “We don’t have any idea about similarities between forest certification and REDD. But, we think that both certification and REDD focus on sustainable forest management. In our view, forest certification focuses on the utilization or harvesting of forest resources from sustainable forest management, while REDD focuses on the conservation of forests. If we harvest the forest resources, then the total stock of carbon will be reduced and the payment will also be decreased. So, we should conserve the forest and make our forest as dense as we can.”

However, some key informants held a more cautious view of REDD+, noting that it could reinforce efforts to protect forests at the expense of users’ access and livelihood benefits, and thus might be incompatible with SFM certification as well as with the broader livelihood goals of community forestry. Some also noted the potential for a lack of benefits due to uncontrolled degradation outside of their community forest (i.e. leakage).

REDD Network: “REDD mainly aims to increase the carbon stock in the forest. This is possible only when we focus on forest conservation and reducing the harvesting amount of forest resources. So, REDD may reduce the access of users to harvest forest resources from the CF.”

SDC: “It seems that REDD may limit the access to harvesting of forest resources since [maintaining] more forest stock is essential to enhance the total carbon stock in CFUGs while forest certification encourages harvesting of more forest resources with sustainable forest management. Hence, REDD and forest certification are incompatible with each other.”

DFO: “Nepalese livelihoods are mainly based on forest resources but in my understanding, REDD encourages [us] to minimize the utilization of forest resources as [much] as possible. Hence, [access] is the main challenge for successful REDD implementation… Community people are dependent on forest resources. So, there is risk for their livelihoods if REDD limited their access to forest resources for their own purposes. Similarly, [communities] are expecting more benefit from REDD but are not very aware about leakage. [Thus], there is no guarantee of benefit from it. So, it [leakage] is also a risk for successful implementation of REDD.”

ANSAB Dolakha: “There is another challenge of leakage control in CFUGs. CFUG members always need forest products such as fuelwood, grass and timber for their daily use. However, they may collect it from other forest areas, such as neighboring CFUGs
and government-managed forests, [in order] to increase the carbon stock in their own CFUG. So, the leakage control might be another challenge for effective implementation of REDD in Nepal.”

6.4.3. Equitable mechanisms for sharing of benefits, costs and risks (benefit-sharing)

Main narratives:

**GEM:** Benefits/costs/risks of participation are shared equitably among all relevant stakeholders and community members.

**PE:** Participation in the program/policy usurps or excludes benefits for some stakeholders and community members.

Perhaps one of the most important elements of forest governance, which is highly relevant to SFM certification and REDD+, concerns systems for sharing the benefits, costs and risks associated with community forestry, and with these market-based initiatives in particular, among various stakeholders. This includes, fundamentally, their distribution among members of CFUGs, but also with other stakeholders, such as private actors and facilitators engaged in these efforts. I have identified five common issues related to this:

A. Sharing of benefits and costs within CFUGs among users and marginalized groups
B. Sharing of costs, responsibilities and risks of certification/REDD+
C. Sharing benefits and costs with actors outside of CFUGs and among CFUGs
D. Extent and type of benefits and costs from SFMC/REDD+ (e.g., certified vs. non-certified)
E. Means of increasing benefits and reducing costs

3A. Sharing of benefits and costs within CFUGs

Overall, respondents reported that CFUGs share benefits and costs among users on an equitable basis, and that their distribution was generally more equitable in those CFUGs participating in SFM certification. In general, benefits result from a combination of external support for development of income-generating activities, the resulting income earned from these
activities, and the advancement of systems for sharing benefits and burdens in a fair way, including specific provisions for benefits to marginalized groups and collective investments in community development needs and infrastructure.

SDC: “In general, equitable benefit-sharing systems have been practiced in CFUGs of Dolakha. However, if we compare between the certified CFUGs and non-certified CFUGs, the equitable benefit sharing system is being practiced more effectively in certified CFUGs. It is because of the resource availability in those certified CFUGs. Firstly, CFUGs having larger forest area have been certified. Secondly, both sustainable forest management and good governance related programs such as trainings, coaching and discussions have been regularly delivering not only by ANSAB and FECOFUN but also by NSCFP and DFO in these areas. Thirdly, certified CFUGs have been engaging in enterprise development activities such as Lokta handmade paper production and timber depot establishment. All three [of these] reasons are supporting certified CFUGs to enhance their capacity and raise funds to conduct income-generation activities for marginalized users and also to practice the equitable benefit-sharing system.”

SDC: “Sustainable forest management practices and benefit-sharing mechanisms are more equitable in certified CFUGs which could be replicable in REDD.”

FECOFUN: “In addition, the entrepreneurship of both CFUGs and individual users has developed because of forest certification… We have established the Bhimeshwor Hand Made Paper Production Enterprise where the share of identified poor [households] is also secured. So, it further encourages involvement of poor CFUG users in enterprise development.”

FECOFUN & REDD Network: “Actually, money from the FCTF has been provided to CFUGs for [increasing] forest carbon stocks in their CF through sustainable forest management and conservation. Similarly, the poor, marginalized and Dalit [households] are contributing to sustainable forest management since they are more dependent on it. So, the money from FCTF is also provided to support them for their livelihood improvement.”

Bhitteri EON: “The concept of timber depot [was] developed during the forest certification program implementation [though not for certified timber]. All the harvested timber from our CFUG is collected in the timber depot and then distributed to users as per their demand. We are also selling it to the local market if it is more than the users demand. This has supported us to get more benefit since we are selling it [outside the CFUG] at a comparatively higher price.”

CFUG DSD EC: “After certification of our CF, we have gotten the chance to sell Machhino to the Deu Dhunga Essential Oil Extraction Company. We also have a share in that company. The income from Machhino and our share bonus is allocated for the improvement of livelihoods of selected ultra-poor [households] in our CFUG. Beside this, users are getting an extra source of income on a wage basis while collecting it… Since forest certification, we feel that equity and collaboration in decision-making is increasing. In our CF operational plan, we have made a provision that 35% of the income
of the CFUG is allocated to livelihood improvements of selected ultra-poor [households]. Then, these selected ultra-poor [households] can share their voice for their rights.”

CFUG DSD EC: “We are allocating 5% of our income from any forest resources of our CF to the VDC fund, which was not in use [practice] before forest certification.”

CFUG BP SG GS: “All users are involved in planning and implementation in our CFUG and also in sharing the benefits equally.”

CFUG BSD SG GN: “The income from CFUG is being invested to development activities like a school building and teacher’s salary. This is also beneficial for us, since our children are studying there.”

CFUG DSD SG KhD: “The benefit sharing in our CFUG is equitable. We are getting forest products such as timber, fuel wood and grass as per our need. Some household may need less forest resources and some may need comparatively more. So, all users are getting as per their need.”

Aside from the benefits accrued directly from income-generating activities and more transparent and equitable benefit-sharing systems, some groups have developed mechanisms to enhance the access of users to financial resources for such activities, such as savings and rotating loan programs. This was the case in several of the sub-groups:

CFUG BP SG GS: “Besides the income from the selling of argeli, we subgroup members are saving money at the rate of NRs. 10/- per month per household. The money from saving and our income from selling argeli is being mobilized to sub-group members as a loan with a 12% interest rate.”

CFUG Ch SG MG: “Last year, we have sold argeli. All the income from it was deposited in the subgroup account. We are mobilizing it among our subgroup members as loans with a 12% interest rate. We can invest this loan for any income-generating activities. Currently we are mobilizing that loan for pig farming and potato farming. Potato farming is being done on our own land... We also started a monthly savings from our sub-group members at the rate of 100 NRs per month. The same [savings] money is being invested as loans among our members.”

CFUG Ch SG SG: “We are saving NR. 50.00 per month per household. That money is being mobilized within our sub-group as a loan with 12% interest. All sub-group members discuss in the meeting and then decide to give loans as per their need.”

Despite strong agreement on the equity of sharing benefits and costs within CFUGs, some key informants and many CFUGs questioned the methods and the extent of equitable distribution:
REDD-NW: “Most of the CFUGs are supporting selected poor users for their livelihood improvement. However, the approach is quite frustrating. The CFUG executive committees are behaving themselves as a donor. They behave as if they are supporting poor people [out of] sympathy rather than as a right of poor people to get support. So, the poor people never feel ownership on the support they are getting, which finally couldn’t be effective to achieve the objective. Hence, the support to poor people should be regarded as their right.”

CFUG BSD EC: “In our CFUG, we are not following a system of equitable forest resource sharing even though I am in favor of it. In fact, we should support the users who are physically disabled, due to their age or any other reason, for their livelihood improvement. However, currently the CFUG is supporting livelihood improvements in the name of the ultra-poor to users who are physically fit and can perform their work easily.”

CFUG DSD EC: “In the case of timber, the ultra-poor get less than other users. In the case of the total income of the CFUG, we don’t have any equitable benefit-sharing approach and should make expenses on the basis of the annual plan approved by the general assembly.”

CFUG Maj EC: “Benefits from the CF should be allocated to the ultra-poor to improve their livelihoods. Benefit and forest resources should be shared on the basis of need and equity. Forest resources should be identified, estimated and sold to the market as prescribed in the CF operational plan.”

CFUG Maj SG BP: “Not all users have an equal social and economic status. So, our CFUG should support our ultra-poor users for their livelihood improvement. The decision on [the appropriate] benefit-sharing mechanism is to be made with the participation of users. In addition, we should punish anybody who violates the rules of the CFUG.”

Some CFUG subgroups also noted that they should pay a “royalty” or fee to their executive committee in order to harvest and/or sell NTFPs from their forest area, which they sometimes perceived as unfair, though one group reported that the executive committee also paid them a fee for harvesting timber from their subgroup area:

CFUG BP SG GS: “We can’t sell any forest products personally [individually] from our CF. We have access to harvest forest products from our CF for our domestic purpose as per the plan in our operational plan. The executive committee can sell the forest products such as timber and NTFPs if it is to be sold outside of our CFUG, but we can’t sell it ourselves… We should first get approval to harvest the forest product in our sub-group, except timber [which we cannot harvest]. Then, we can sell it directly, but we should submit 25% of the total income to the executive committee.”

CFUG BSD SG GN: “In our opinion, benefit sharing is the main weakness of our CFUG. We have not yet got any financial benefits from our CFUG even though our CFUG is selling forest products. So the benefit-sharing mechanism should be [more] transparent,
which could be assured by discussion among users… We have not even discussed about the mechanism to sell forest products outside of the sub-group. In our guess, we should first get harvesting permission from the main [CFUG] executive committee. We should also submit some royalty to them. The rate of royalty has not yet been discussed, but in our guess [opinion?] it should be NRs one per kg of argeli. We believe that we can sell our forest product anywhere after submitting the royalty to the executive committee…. We have not got any [direct] benefit from selling of forest products by our main CF executive committee.”

*CFUG BSD SG Y:* “We have not discussed about it with the executive committee. But in our view, we should get all of the benefit that comes from our sub-group [forest area], since only our sub-group members are involved in the planting and management of Argeli.”

*CFUG DSD SG KhD:* “In the case of timber harvesting, our sub-group doesn’t have rights to harvest and sell timber. The main executive committee has the right to harvest and to sell the timber from our sub-group area but they should pay us 25% of the total income from selling timber from our sub-group area. For our domestic purpose, we should first put our demand to our main executive committee and then give permission to harvest but we also should pay NRs. 5-7/- per cubic feet as a royalty. The amount of royalty varies according to the species.”

Though there was limited discussion of internal benefit-sharing related to REDD+, the REDD Network and FECOFUN, two organizations closely involved in the REDD+ pilot project, acknowledged that it is important to recognize the role and rights of different marginalized groups, and that benefits might differ somewhat among CFUGs based on differences in percentages of such marginalized groups. Moreover, one CFUG expressed hope that REDD+ could actually be a catalyst for improving the equity of benefit sharing within their group.

*REDD Network:* “REDD benefit-sharing mechanism is still under discussion. It is agreed that women, poor, ethnics, Dalit and other marginalized groups contribute more to the CF conservation and management. Hence, they should get more benefit from REDD. However, if the benefit-sharing mechanism [doesn’t] recognize their contribution and ensure more benefit to them then REDD might not be socially equitable.”

*REDD Network & FECOFUN:* “CFUGs have also set some criteria to invest or distribute the money coming from FCTF to their users. The money will be invested in sustainable forest management and conservation, livelihood improvements of the poor, Dalit and marginalized peoples, and community development [projects]. However, the percentages may differ among CFUGs.”

*CFUG DSD EC:* “We should give priority to women, Dalits and the ultra-poor in benefit sharing. And, we hope that REDD will increase the equity of benefit sharing.”
Aside from the distribution of benefits among users, there was some focus on how responsibilities and risks should be shared among the different stakeholders. Respondents did not have strong feelings about this issue with respect to their past or present experience with SFM certification and REDD+, but they did acknowledge the importance of respecting the contributions and participation of different stakeholders, both within and outside of CFUGs, as well as the need for cooperation and sharing of responsibilities to accrue benefits and ensure ownership of such projects while minimizing risks.

CFUG BP EC: “Benefit-sharing should be equitable since we are all equally responsible for the conservation and management of the forest. Equal responsibility for forest conservation and management is also the main thing [required] to get benefit from REDD and forest certification… We should also share equally in all the benefits, losses, risks and challenges, so that we can get an opportunity to learn for the better.”

CFUG BSD EC: “All users should get an equal opportunity to participate in planning, conservation and management… All users are equally responsible to conserve and manage the forest and therefore we all have equal rights to benefit from it. If the benefit-sharing mechanism is not fair, conflicts will increase and, finally, the CF might be destroyed. So, all users have equal rights to benefit sharing and [equal responsibilities] to face the challenges of the CF.”

CFUG BSD SG GN: “All sub-group members should participate, especially in plantation of argeli and other management activities like thinning and pruning. Every member should pay NRs. 50.00 per day as the fine if they do not participate.”

BHPPE: “CFUGs are more dependent financially and hence they can’t sustain the forest certification by themselves. Even in the case of existing certified CFUGs, they are not getting an additional price [premium] for their forest products and hence the CFUGs might not be interested in this program.”

REDD Network: “In our understanding, the REDD program is not possible in a single CFUG because of various limitations such as the smaller forest area. So, it should be implemented in a cluster of CFUGs. When there are many CFUGs collaborating together in REDD, then all the CFUGs should be equally active and responsible for it. If a single CFUG made a mistake (for instance, the activities support deforestation or degradation, such as forest fire) then all other CFUGs will be affected from it in REDD.”
3C. Sharing of benefits and costs with actors outside of CFUGS (and among CFUGs)

While there has been a strong emphasis on benefit sharing within CFUGs, which predates the introduction of the SFM certification and REDD+ projects, there was also some recognition of the imperative to divide benefits and costs among diverse stakeholders and among CFUGs participating in these market-based mechanisms. Both key informants and CFUGs acknowledged that external actors like local and national private enterprises selling certified forest products, are accruing some benefits from SFM certification, and that they should receive some benefit from REDD+ as well.

A few respondents noted that benefits and investments are being, or will be, shared among CFUGs and other participants in SFM certification:

Bhitteri EON: “All five CFUGs have been investing money in this enterprise hoping for some financial benefit. These days, they are getting such expected benefit. In addition, the selected ultra-poor are also getting benefit from this enterprise since they also have a share. Similarly, we are selling wintergreen from our CFUG, which is also a source of annual income. So, in my perception, this wintergreen oil extraction enterprise is successful to achieve our objective.”

CFUG Maj EC: “Besides receiving a royalty for the CFUG by selling forest resources, we should also pay a tax to the DFO. So, not only the CFUG, but also the private companies and government, benefits from sustainable forest management.”

CFUG DSD SG KhD: “All users will get forest resources and also a share of the income earned from our CFUG by selling different forest resources. Similarly, local entrepreneurs will also get some benefit since they will get raw materials such as timber, Lokta and Argeli for their enterprises. So, the users as well as other local entrepreneurs will benefit.”

CFUG DSD EC: “A certain percentage of the income [from sale of our forest products] should be submitted as a tax, which supports the national income. So, sustainable forest management [also] supports the district and national [budget]. Our CF has NTFPs, which are the raw materials for medicine that is exported outside of our country. Prepared medicines again come back to our country and, hence, are easily available to us. On the other hand, some essential oils and hand made paper products are also exported outside of our country. All of this is possible if our CF is sustainably managed. So, sustainable forest management benefits our CF users, the district, the country and other countries [as well].”
CFUG Maj EC: “We can’t say much about the amount of benefit from forest certification to those outside the CFUG, but we think that local people are getting employment in Bhimeshwor Handmade Enterprise and Deu Dhunga Essential Oil Extraction Enterprise. On the one hand, the enterprise owners are also getting benefits from selling the essential oils and handmade paper where the raw material is sold.”

However, a substantial number of key informants and CFUGs cited existing and potential challenges in the sharing of benefits equitably among CFUGs and other stakeholders. Some also noted that the benefits of certification were not trickling down to the CFUGs as they are not receiving a higher price for their certified products as compared with non-certified CFUGs, due to shortcomings and a lack of direct access to markets for certified goods.

DFO: “It is not yet confirmed whether REDD will benefit or not but there is also challenging to get benefit to community people even if some benefit received. So, benefit sharing to the community will also be a challenge [for] successful REDD implementation.”

Yanmara EOC: “Both certified and non-certified oil is selling to HBTL (Himalayan Bio-trade Ltd) in Kathmandu. We haven’t sold it to other companies since we don’t know them. However, we are not getting any difference in the price of oil extracted from the raw material collected from certified and non-certified community forests… In the case of Deu Dhunga Essential oil Extraction Enterprise, we are also not getting a higher price for oil that we have produced from wintergreen collected in certified CFUGs. So, our enterprise is not able to get additional benefit from certification of community forests in Dolakha.”

CFUG BDS EC: “When the total area was bare and like a desert, the government had no interest in conservation. But we conserved, planted, and managed the forest and now it is time to get some benefit from it. The government is now putting its vulture’s eye on our forest resources and hence demanding benefits, which is not good governance. The government doesn’t play a role in conservation and hence it doesn’t deserve any benefit.”

CFUG Maj EC: “We have [invested] our share in the Bhimeshwor Handmade Paper Enterprise, but unfortunately we couldn’t get a profit due to managerial weaknesses. We are getting a small amount from selling machhino [wintergreen] after forest certification, although it is much less than we had expected during certification of our CF.”

Respondents noted potential problems related to the exclusion of some groups of actors from REDD+ planning and implementation, such as private landowners, which could put them at a disadvantage for gaining benefits later, as well as a lack of sufficient interest by officials in both SFM certification and REDD+:
REDD Network: “Currently the REDD pilot project is excluding private forests and cultural forests. However, they also [make a] contribution to emissions reductions. On the other hand, we should start again from zero, i.e. from raising awareness to private forest and cultural forest holders, if REDD decided to include both these types of forest. So, the REDD Network shouldn’t exclude these [stakeholders] when they go to raise awareness of CFUGs about REDD.”

CFUG BDS EC: “The government should be more sincere in getting benefits [for CFUGs] from forest certification and REDD. The policymakers, even our prime minister and our forestry minister, are also users of CFUGs, though they might not need fuelwood and grass to sustain their daily life. But they are also a member of a CFUG and they should feel their ownership in CF. Benefits from CF are actually the benefits for the whole nation. [Policymakers] should be more flexible during the preparation of any laws related to forests to ensure a higher price for certified products.”

Furthermore, some actors including key informants like FECOFUN and the REDD Network, as well as CFUGs, expressed doubt and skepticism about whether communities would reap direct benefits from REDD+ for different reasons, including government transparency and accountability, and concerns about whether any benefits accrued would be sufficient to incentivize conservation:

FE COFUN: “We can’t be assured of [benefits from] carbon trading since we don’t have the idea [how] to sell it. So, I can’t be convinced that REDD will provide more benefit to marginalized people for their livelihood improvement… We can’t say directly who will get benefit from the REDD process. However, talking about the watershed level, CFUGs who are directly involving on the forest conservation and management so as to enhance the carbon stock should get maximum benefits from the REDD process. In addition, the marginalized and poor people within the CFUGs should get more benefits from it and FECOFUN is also advocating for them… at the national and district levels… However, the benefit-sharing mechanism is [not] yet finalized. So, there is the risk [i.e., question] whether CFUGs will get more benefit from REDD or not.”

FE COFUN & REDD Network: “The fund that is being provided through FCTF comes from the Norwegian government (NORAD). . . It is just an example of carbon payments since it is being piloted in Dolakha. Hence, it is not the [true] carbon trading… We have set the carbon payment criteria on the basis of our socioeconomic status, along with the carbon stock in the CF. However, the buyers [of carbon credits] might not agree with our criteria since they may only focus on the total carbon stock… All CFUGs have been managing their CF whether they received money or not. So, they will manage their forest if they couldn’t get money from carbon trading or FCTF. Hence, we need to discuss whether the money received from the FCTF would provide additional opportunities for sustainable forest management and livelihood improvement instead of [whether] it is enough for it.”
REDD Network: “Ultimately, poor people should benefit from REDD... the REDD project is being implemented as a pilot in three districts only. It is not yet [being] implemented at the national level. So, the benefit from it is still not ensured. The price of carbon is also not fixed. So, there is confusion about the amount that we will get [from] carbon trading… Similarly, I have heard that REDD doesn’t include the carbon that we already have stocked in our community forest. It means, we will only benefit from the carbon that we will increase in addition. So, the REDD project should be implemented at the national level with the provision of including already stocked carbon in our CFUGs to ensure benefits.”

CFUG BSD EC: “We hope we will get benefits from REDD, provided the payment is made at the CFUG level. We don’t have much trust in our government, since it is not so transparent on the sharing of benefits. In fact, the CFUG is performing many activities that should be the responsibility of government. CFUGs are supporting the livelihood improvement of the ultra-poor, infrastructure development like irrigation and drinking water, and education through scholarships to users’ children, which are actually the responsibility of the government. We are therefore expecting direct payments to the CFUGs in the REDD mechanism since users will [then] get direct benefits for their livelihood improvement.”

CFUG Ch EC: “We need money to purchase goods for our daily needs. So, we expect some monetary benefit from REDD at the household level. If we don’t get the expected benefit, then I am sure that the interest of users in REDD will be reduced… We are expecting such payments at the community level instead of at the government level, because we don’t have a strong belief [trust] in our government, since the political condition of Nepal is still unstable.”

3D. Extent and type of benefits and costs from SFM certification and REDD+

In addition to looking at the distribution of benefits from market-based mechanisms, it is important to consider the degree and type of benefits accrued to local communities and stakeholders. Some key informants—mainly those directly involved in implementing SFM certification and REDD+ or in marketing certified forest products—felt that the benefits, monetary and otherwise, have been substantial:

BHPPE: “Last year we made profit of about NRs. 55,000 and shared the bonus proportionately to the shareholders.”

DFO: “In the case of forest resource management and the access to forest resources of users, they are really getting more benefit from forest certification.”

FECOFUN: “It seems that the certified CFUGs are motivated for commercial forest management rather than conservation-based forest management... They are involved in the forest-based enterprise establishment such as hand-made paper production enterprise
and Essential oil extraction enterprise. So, CFUG users’ awareness for commercialization of forest products can be regarded as the benefit from forest certification.”

HBTL: “All the certified CFUGs and companies are still in existence and actively involved in sustainable forest management. It should be regarded as a major success of forest certification in Nepal though the certified CFUGs are not getting financial benefit as per their expectations.”

CFUG Maj SG BP: “After formation of our subgroup, we are selling argeli. In addition, our CFUG has invested NRs. 5,000 for a share in the Deu Dhunga Essential Oil Processing Enterprise and has started to sell [them] Machhino… The sale of forest products has increased since the formation of sub-groups, even though an individual doesn’t have the right to harvest and sell.”

However, a significant majority of both key informants and CFUGs, including some of those who were optimistic about benefits above, expressed that communities were not receiving full benefits from SFM certification as promised or expected.

DFO: “There is no difference in the market price of forest products produced by certified and non-certified CFUGs. So, certified CFUGs couldn’t get any extra economic benefit from forest certification.”

FECOFUN: “Sometimes I realize that we motivate the CFUGs to be over-ambitious in terms of benefits from forest certification since we had said that they will get a higher price of their forest product after forest certification. In fact, they couldn’t get such a benefit from CF certification.”

ECARDS: “Looking from the CFUG’s eye, they are not getting any financial benefit from the forest certification program. The price of forest products of the certified CFUGs is similar to the price of non-certified CFUGs… Hence, the [certified] CFUGs are not getting any benefit from it but are getting more financial burden each year to renew, monitor and audit [the certification process]. Similarly, they should certify not only their CFUG but also their products, which is [bringing] a double financial burden… Until now, certified CFUGs are getting support from donors to audit their CF but it would be unaffordable to them if they have to pay themselves.”

SDC: “We believed that the [certified] forest products would be sold in international markets at a higher price but the users of certified CF… are not getting such additional financial benefits. Moreover, the certified CFUGs are completely avoiding child labor, which increases the production cost since they should pay more to adults. Similarly, they should also pay the monitoring cost, which also increases the total production costs.”

CFUG BP EC: “Initially, we users had many expectations regarding direct benefits from forest certification, but in reality we have not realized significant benefits.”

CFUG BSD EC: “During the process of forest certification, the representatives of supporting agencies said that our forest products will be exported to the international market and we will get a much higher price. But no such thing has happened. We are in
the same condition that we were in before forest certification... The agency from which we received support for forest certification never came here to discuss about the marketing of certified products and, on the other hand, we also didn’t try to find out about the market. Therefore, we are not getting benefits from forest certification.”

CFUG Ch EC: “All the discussions we have had here about forest certification are really interesting and useful for us. But at the current stage, we are not very satisfied with forest certification, in terms of the benefits [received] from it. As the then [i.e., former] secretary of the CFUG executive committee, I was actively involved in the forest certification process. HBTL has been very active in... forest certification in Nepal for a long time. Through its help, our CFUG was certified. A public company called ‘Bhimeshwor NTFP Processing Company’ where our CFUG also has a share is also a certified public company. I am not sure whether our CFUG had no idea [how] to get more benefit from forest certification, or whether the agency who had supported us for forest certification was not clear on forest certification, but we had high expectations of the benefits from forest certification in our CFUG. The representative of the supporting agency said that our forest products will be directly exported to international markets and [we] will get a higher price after forest certification... With that understanding, we certified our CF. But in the market... every buyer wants to buy at a lower price and they don’t have any concern about certified products... Because of this, our forest products are not getting a higher price and, in some cases, our product might not be demanded in the market... We noticed that, even some agencies that had supported us to certify our CF, including FECOFUN, NSCFP and the DFO, don’t have any interest in buying our certified products because the cost is higher. Now, you yourself analyze whether our CFUG got more benefit or not—whether our users have gotten more benefit or not?”

CFUG Ch EC: “Once in Charnawati CFUG, there was a trend that each user would participate in discussions if someone came from any organization for a meeting because they all had high expectations for benefits from community forestry. However, no one got such benefits and everyone became passive. Even today, those who are here for this discussion don’t have much interest but are here for formality [sake]. It is because our interest is not really matching [with SFM certification].”

CFUG BP SG GS: “We are not getting much additional benefit from our CF after certification. We are selling forest products from our CF in the local market as usual, but we haven’t got any additional value or price. Though the forest certification is the process of getting a license to sell forest products from our CF to the international market, we have not yet sold them there directly... We don’t know where local entrepreneurs sell the paper and other NTFPs after buying them from us.”

CFUG BSD SG Y: “We don’t have any link with national-level buyers and therefore we are not hoping for a higher price of forest products from our sub-group. We hope that we will sell forest products in the local market in Bonch and therefore [we] will get the local price.”

Moreover, those respondents who are involved in the processing and sale of NTFPs to national and international buyers noted that an increased demand for certified products has not
been reflected in the price, despite the additional burdens of auditing, processing and marketing them separately:

BHPPE: “We are not getting a higher price from HBTL compared with non-certified companies, even though we are producing handmade paper of lokta from certified CFUGs and our enterprise itself is certified. So, there is no additional benefit from forest certification even though the market demand is gradually increasing… Forest certification is a burden to CFUGs since they should pay more [to ensure] its sustainability, but they are not getting any additional financial benefit. So, there was a gap in planning and implementation for its sustainability… Unfortunately, we [BHPPE] are not getting additional profit [after] certifying our enterprise, because local consumers are not very aware about forest certification. On the other hand, we cannot sell our certified products in [the] international market since we are failing to produce it in mass volume.”

Yanmara EOC: “There are no differences in the wintergreen collection and agreement [contracting?] process and even in the price we are paying [to] certified and non-certified CFs. However, we separate the wintergreen collected from certified and non-certified CFs during the storage and oil extraction process. We further package the oil extracted from certified and non-certified CF in separate jars. Unfortunately, we are not having any difference in the price of oil from certified and non-certified CFs.”

Bhitteri EON: “Besides the wintergreen oil extraction enterprise, there is also an enterprise to prepare handmade paper from Lokta. Unfortunately, this enterprise is not beneficial for us since [it] is still running in debt.”

HBTL: “In the case of total forest area and forest resource availability in CFUGs in Nepal, the availability of certified forest resources in certified CFUGs is almost insignificant. On the other hand the auditing cost is more expensive for CFUGs and [certified] companies.”

Nonetheless, despite the obvious lack of a premium price and corresponding financial benefits, many respondents felt that certification has some value in terms of the increased volume of forest products sold and their capacity to reach broader markets, albeit indirectly (though CFUG BP EC reported it was now selling directly to HBTL).

Yanmara EOC: “Even though we are not getting additional financial benefit from forest certification, it is worthwhile since we can sell our certified products to the international market. In my perception, [they] might be difficult to export to international markets if the CFUGs have not been certified. So, it is useful.”

HBTL: “They are not getting extra financial benefits by participating in the certification program, such as a higher price for certified products. However, they are getting an opportunity to participate in trainings related to sustainable forest management… They
are also getting logistical and technical support to establish enterprises in their CFUGs… [and] HBTL has guaranteed the purchase of products made by enterprises in which certified CFUGs have a share.”

CFUG BP EC: “Before the agreement with Bhimeshwor Lokta Processing Company, we were collecting NRs 10,000 annually as the royalty [for the sale of lokta], but after that agreement it decreased to NRs. 1,100, which was too little. Finally we realized that we had lost our forest resource and we didn’t even get any bonus from the company, so we stopped providing our lokta to Bhimeshwor Lokta Processing Company and started to sell it to ‘Himalaya’ [HBTL?] instead. Now, we are getting NRs 5,000 annually as a royalty and also an extra NRs. 5,000 as a bonus.”

FECOFUN, which has been closely involved in implementation of both SFM and REDD+, claimed that in order to maximize benefits it is important to implement both initiatives simultaneously in order to address the needs of disadvantaged groups:

FECOFUN: “Both forest certification and REDD consider the issue of marginalized people. So, both can support the livelihood improvement of marginalized people. However, I believe that [they] should be implemented together [to realize] more benefit for them. In my perception, forest certification can provide more benefits to marginalized people. In the forest certification process, there are different indicators that address the environmental, social and economic aspects in CFUGs. Hence it can provide more benefit to them. However, REDD mainly focuses on carbon stock enhancement. So, forest certification can provide more benefit to marginalized people, along with the carbon stock enhancement.”

3E. Means of increasing benefits and reducing costs

Although most respondents were quite skeptical of the potential for realizing significant benefits from both SFM certification and REDD+, many also shared specific goals and suggestions for increasing the amount of benefits for CFUGs, including measures to link CFUGs and community enterprises more directly to international markets, local production of value-added products, expansion of NTFP production by increasing the number of certified forests (via a cluster certification approach), and development of national certification standards.

BHPPE: “Linkage of communities to the international market [must] be done to increase the benefits… from forest certification. There is no doubt that there is no more benefit if there is no market. So, it is the crucial thing to be done at the community level.”
ECARDS: “The forest certification program should be expanded not only to ensure sustainable forest management in CFUGs, but also to increase the volume of certified forest products, which would support gaining access to the international market.”

HBTL: “We have to increase the volume of production to get financial benefits. If they supply a higher volume of certified forest products, then we can also pay them a little higher price than the other non-certified forest products.”

SDC: “[It] won’t be beneficial to expand the forest certification program in other areas without any improvements such as preparation of national standards for forest certification and marketing of certified forest products… It is clear… that we need more production to get access to the international market. To increase the certified forest products we need to cover more forest area. Hence, it is necessary to certify the forest on a cluster basis rather than by individual CFUGs.”

Yanmara EOC: “We are not getting a higher price for wintergreen oil from certified CFs. So, in my perception, if we got access to sell our… oil directly to the international market, then there [would be] a possibility to get more benefit or a higher price for our product.”

FECOFUN: “It is clear that certified CFUGs are not getting a higher price for their forest products than non-certified CFUGs. In my perception, [this] is because of not following the chain of custody as per the rules of the FSC [Forest Stewardship Council]… They [certified CFUGs] need to produce other materials using [their] raw materials and then they should market their final products.”

FECOFUN: “The CFUGs can’t afford the forest certification costs [on their own]... Even in the case of already certified CFUGs, they were also certified with the support of the Forest Certification Pilot Project. So, the government should take ownership of forest certification and should allocate a budget for it. In my opinion, more than 50% of the CFUGs in Dolakha have potential for forest certification if the government provides support for it.”

CFUG BSD EC: “If some [additional] monetary incentive is provided to certain members of the CFUG, then he will be fully responsible to access the market and might possibly get a high price for our certified forest products… Agencies like ANSAB that motivated us to certify our CF should support us to access the market.”

CFUG DSD EC: “We have forest resources but we couldn’t sell them at a higher price. So, information on market demand and the market price of certified products from district-level stakeholders, including the DFO, ANSAB and FECOFUN [is] important to get more benefit from forest certification.”

CFUG Maj SG BP: “The budget for forest development should be allocated by the local government as in other development activities like construction of irrigation channels and school buildings.”

CFUG BP SG GS: “In the case of payments from carbon trading [REDD+], we think that it will be better if the payment is deposited directly to the account of our CFUG instead of paying [through] the government.”
A couple of key informants noted that the existing money being received through the carbon payment pilot could be leveraged to ensure benefits in the future, and that more support is needed to help communities reduce their reliance on forests:

FECOFUN & REDD Network: “The amount of money that CFUGs are receiving from the FCTF is the seed money. So, they can initiate some programs in order to maintain good governance in their CFUGs by utilizing this money. For example, they can start to support the livelihood improvement activities of poor users if it is not yet initiated or effectively implemented… CFUGs in REDD pilot project have also allocated some amount for woman empowerment and to support their livelihood improvement. It hadn’t been done before implementation of REDD pilot project.”

REDD Network: “I am somehow hopeful to get benefit from REDD but we should provide alternatives to CFUG users [to help] reduce [their] demand of forest resources. For instance, we have to support them to install means of alternative energy such as biogas and solar [power] to reduce the demand for firewood. Similarly, we should support other income-generating activities to reduce [their] dependency… on the community forest.”

6.4.4. Accessible conflict resolution and grievance mechanisms

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<th>Main narratives:</th>
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<td><strong>GEM:</strong> Policies and programs include effective mechanisms for addressing conflict and airing grievances among different stakeholders that are accessible to all.</td>
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<tr>
<td><strong>PE:</strong> Mechanisms for resolving conflict and airing grievances are weak or absent, or inaccessible to some. Policies/programs exacerbate conflict among stakeholders.</td>
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Conflicts related to the management and sale of forest resources have potential to be exacerbated by market-based initiatives like SFM certification and REDD+. To examine this, I identified three issues related to conflict:

A. Degree and/or likelihood of conflict

B. Sources of conflict (present and future)

C. Existing means and capacity for resolving conflicts and grievances
4A. Degree or likelihood of conflict

Overall, most of the CFUG executive committees and subgroups claimed that there were no significant conflicts afflicting their CFUGs, whether related to SFM certification or in general:

DFO: “I haven’t heard about any disagreements within or among CFUGs because of forest certification. Instead, CFUGs are being more united on sustainable forest management and their institutional development.”

CFUG DSD EC: “We think that the [level of] conflict and complaints among CFUGs has neither increased nor decreased due to forest certification. Generally, we don’t have such unmanageable conflicts among CFUGs. There is only a misunderstanding about the CF boundary, which was also occurring before forest certification.”

CFUG Maj EC: “We don’t have any conflicts or complaints between our CFUG and other CFUGs or [with] other actors due to forest certification… There were no significant conflicts or complaints among CFUG members or among CFUGs even before forest certification and the same is happening after it. So, there is no change in the level of conflict and complaints due to forest certification.”

CFUG BP SG GS: “There is no record [history] of complaints or conflict among sub-group members, or with those outside of the sub-group.”

CFUG BSD SG GN: “No, we have not yet felt any kind of conflict among our CFUG members and even with other CFUGs.”

CFUG BSD SG Y: “We don’t have any conflict between sub-group members, members of other CFUGs, or outside actors about our forest resources or boundary.”

CFUG Ch SG SG: “Only sub-group members have access to harvest forest products in our sub-group area since only our subgroup members are involved in the protection and management of the forest in that area. All users are collecting forest resources like grass, fuel wood and fodder as per our need on the basis of our CFUG management plan, even after forest certification and sub-group formation. So, we haven’t noticed any issue of conflict among CFUG members or between CFUGs.”

CFUG DSD SG KhD: “All users are getting forest resources as per our demand for our daily purposes. So, there is no disagreement between users and CFUGs due to the formation of our subgroup… We are getting comparatively more benefit from our CF after formation of our subgroup and hence there is not much disagreement between users.”

A few key informants alluded to the potential for conflict and grievances stemming from participation in SFM certification and the sale of forest products, though simultaneously
acknowledging the lack of conflict. Interestingly, they linked the lack of conflict to lack of benefits from SFM certification.

BHPPE: “I haven’t yet noticed any disagreement among CFUG members due to forest certification. I think, such disagreement won’t be recorded even in the forthcoming days, since the forest certification program is not running effectively in the CFUGs and [they are] not getting any financial benefit from it.”

ECARDS: “There is no doubt that the [certified] CFUGs are not getting any additional financial benefit from forest certification but I haven’t yet noticed any disagreement among users within the CFUG and between CFUGs.”

SDC: “As per our information, we are not yet aware of any disagreement within or between the CFUGs and community members concerning the collection and processing of forest products. However, this question would be really crucial if the market price would be different among the certified and non-certified forest products.”

4B. Sources of conflict

Key informants and CFUGs identified some existing sources of conflict involving CFUGs, which are not necessarily linked directly to forest certification.

CFUG DSD EC: “We have some conflicts among CFUG members in the forest resource distribution system. Some users don’t go to the CF area during the permitted time period, but [then] put their complaint for not getting forest resources such as fuelwood and grass. Actually this is their fault, but we should consider them since they need forest resources. So, we [should] resolve their problem by allowing them to collect a bit more during the next [harvesting] time. We don’t know whether it is due to forest certification or not, but such conflicts are recorded [only] after forest certification… We don’t have conflicts with other CFUGs and actors due to forest certification, but sometimes conflicts about boundaries arise. Harvesting of forest resources in the boundary area is the main cause of [external conflict]. It is not yet resolved but we are trying to resolve it after discussion with that CFUG and we are expecting support from FECOFUN and the DFO to resolve this case.”

CFUG Ch SG MG: “Within our sub-group area there is a public graveyard. People need firewood to burn the dead bodies. Small saplings of uttis and argeli are being destroyed during the felling of trees for [this] firewood. So, it might be the main barrier to getting benefit for us. It is actually the cultural tradition and hence we can’t say [anything] about the solution. We have shared about this with the main executive committee, but they didn’t do anything to reduce the destruction.”

CFUG Ch SG SG: “We don’t have any disagreement between our CFUG and other CFUGs specifically about Lokta and Argeli harvesting, or about boundary issues, but there is some disagreement on fuelwood and grass collection. Users of the neighbor
CFUGs come to our CF area and harvest fuelwood and grass but we are not going to their area.”

**CFUG BSD SG GN**: “The DFO is not cooperating with us to sell our forest products since we should go frequently to their office to get permission. National-level policy makers like the representatives of the Department of Forests and the Ministry of Forest and Soil Conservation are not coming here to hear our problems. So, the DFO should visit us and should hear our voice.”

CFUG BSD EC: “In our society, no one will comment on any activity of dominated people but everyone will protest if a poor person made any mistake. So, governance is autocratic in nature.”

Respondents also identified some potential sources of conflict related to REDD+ implementation:

**FECOFUN EC**: “REDD mainly focuses on carbon stock enhancement. So, there is a possibility of conflict between CFUGs on the issue of the forest boundary in order to claim more carbon stock for their CFUGs. Similarly, there is also the possibility of conflict in the benefit sharing in CFUGs since there might be elite domination of decision-making processes and the poor, marginalized and women may not get any benefit from it... In the current scenario, one household may be a member of more than one CFUG. The households that are members of more than one CFUG would get more benefit from REDD and hence it might be another [source] of conflict among CFUG users.”

**CFUG DSD EC**: “We think that REDD might raise some conflict. First, each CFUG has a different area. If the CF area is different, then the carbon stock will be different of course, but all users may demand equal payment... On the other hand, there are also private and leasehold forests. They also may demand equal payments to the CFs, even though they have less forest area.”

**4C. Existing means and capacity for resolving conflicts and grievances**

Key informants did not have much to say about existing systems and capacities for resolving conflicts. However, the REDD Network noted a need to clarify benefit-sharing mechanisms:

REDD Network: “The benefit-sharing mechanism should be finalized after intensive discussion with all stakeholders and users in the CFUG... We should make users aware about the benefit-sharing mechanism to reduce conflict. It will support them to raise their voice if they couldn’t get benefit from REDD.”
Several CFUGs (both executive committees and subgroups) shared that they have developed effective strategies to prevent and resolve conflict in their CFUGs, partly due to their involvement in SFM certification:

**CFUG BP EC:** “Previously, both the CFUGs and the VDC were implementing plans separately, but nowadays we are implementing the plan collaboratively. We are getting success on conflict transformation in the society through this collaboration. Therefore, collaborative planning and decision making is equally essential in the CFUG and at other levels… We followed these elements in the process of forest certification. But, we realized that there was less access of users to conflict resolution and grievance mechanisms, since there was no provision for public hearings. But these days, we have started annual public hearings and all users can [share] their views and complain about any activity of the CFUG.”

**CFUG DSD EC:** “We have increased our ability to resolve conflicts among CFUG members and with other CFUGs. In fact, we are getting a chance to participate in various workshops, trainings and meetings. Because of this, our level of understanding is increasing. The literacy [awareness?] rate is also increasing due to which we are more [aware] about forest conservation.”

**CFUG Maj EC:** “Though there is no record of conflict among our CFUGs due to forest certification, we are sure that we have the ability to resolve it if such cases arise because, after forest certification, [since] we have got the chance to learn more about good governance.”

**CFUG Maj SG BP:** “All users may not be satisfied with all the activities carried out by our CFUG. So, we should have the right to complain if anybody is not satisfied with any particular activity… After the formation of sub-groups, the level of participation in forest management is increasing and hence we don’t have any issues of conflicts.”

**CFUG Ch SG SG:** “We resolved a disagreement [about fuelwood and grass collection in our CF by our neighboring CFUG] after discussion with them. Our main executive committee and other neighboring CFUGs held a meeting and they decided to pay some amount to our CFUG to get permission for fuelwood and grass collection.”

**CFUG BSD SG Y:** “In our view, although we should get a chance to complain about any issue if we are not satisfied, [this element] is less important to get benefit from market-based conservation mechanisms since we don’t [yet] have a record [history] of conflict in our CFUG and sub-group.”
6.4.5. Participatory monitoring systems

Main narratives:

**GEM:** Effective, sustainable, and affordable participatory monitoring systems are in place at all necessary levels, facilitating effective measurement and evaluation of program/policy outcomes.

**PE:** Effective, sustainable, and affordable participatory monitoring systems are weak or absent at one or more levels, leading to incomplete or inaccurate information on program/policy outcomes.

The last element concerns the existence of participatory monitoring systems to measure the biophysical, socioeconomic and governance aspects of community forestry and market-based mechanisms. For this element, I identified several issues:

A. Technical capacity and support for monitoring

B. Monitoring of socioeconomic and governance processes and outcomes

C. Frequency/participation and quality/effectiveness of monitoring

D. Cost, difficulty and adequacy of monitoring efforts

5A. Technical capacity and support for monitoring

Technical capacity and assistance for monitoring are among the most important aspects for ensuring sustainable forest management and the ability to meet the biophysical requirements associated with SFM certification and REDD+. Respondents were split in their perception of existing capacity and support. Some acknowledged the positive influence of certification on the ability of CFUGs to monitor their forests and management activities:

SDC: “The certified CFUGs are getting a chance to realize gaps in the monitoring process such as sustainable forest management activities and environmental issues including bio-diversity conservation, since they should audit annually which will provide the opportunity to prepare the plan to overcome these gaps. So, the users of certified CFUGs are more aware of the issues of good forest governance.”
DFO: “In the case of the CFUG’s capacity for forest resource assessment and monitoring, there are some users of the certified CFs who have an idea about it since we had provided the training to them. So, they can also monitor the forest resources of their CF even with less technical support from DFO.

FECOFUN: There is some difference between certified and non-certified CFUGs in terms of monitoring capacity within the CFUGs. For instance, certified CFUGs are more conscious of leaving the seed trees in the forest, of biodiversity conservation and also [about] sustainable forest management practices in general.”

CFUG DSD EC: “We users were involved in development of the monitoring system. We prepared a CF operational plan with the active involvement of all CFUG members. So, all users were involved to develop the monitoring system.”

With respect to both SFM certification and REDD+, key informants and CFUGs noted some limitations in their technical monitoring capacity and frequency, including their ability to effectively monitor certain management and harvesting practices, such as “leakage” or the displacement of forest degradation to areas outside of their community forest due to conservation efforts within their forest.

REDD Network: “We should focus on the enhancement of carbon in our CFUGs to implement REDD. So, we should monitor the activities that support carbon stock enhancement. For example, we should monitor whether the tree planting in the CFUGs has been carried out or not. Similarly, other activities in CFUGs such as forest fire control mechanisms and soil conservation should be monitored... The abovementioned types of monitoring were carried out in CFUGs even before implementing the REDD project. They can plan and implement such monitoring activities themselves... CFUGs can monitor all the activities except for the technical aspects. The CFUGs might not be able to measure and monitor the carbon stock in their CF.”

BHPPE: “Technical knowledge for monitoring is still lacking in CFUGs and hence they must hire technicians from outside during the forest certification and monitoring process, which is also a major institutional deficiency. The same situation may arise with REDD, since it also demands highly technical knowledge of carbon measurement and monitoring.”

ECARDS: “I have heard that there are few people in Nepal who are authorized to audit the CFs. So, CFUGs are not getting a chance to audit their CF as per their convenient time.”

DFO: “There are not many obstacles to the implementation of REDD. However... Technical difficulties in carbon measurement and monitoring are the main obstacles because there are no trained human resources [people] at the community level and they should hire others for it.”
FECOFUN: “During the forest certification program in the CFUGs, the frequency of visits to CFUGs by different stakeholders including FECOFUN, ANSAB, ECARDS and the DFO was greater to facilitate CFUGs [to carry out] sustainable forest management activities, governance and biodiversity conservation. So, the CFUGs were more conscious of monitoring their activities to ensure sustainable forest management. Unfortunately, after the phasing out of the forest certification pilot project, those stakeholders reduced their frequency of visits due to resource limitations. As a consequence, the monitoring of different activities at the CFUG level has also decreased.”

FECOFUN EC: “CFUGs don’t have the technical manpower or knowledge of carbon measurement and data analysis. In the other CFUGs where the REDD pilot project is not implemented yet, it would be even more challenging since they need to be made aware about the carbon trading mechanism. So, the carbon measurement by CFUGs might be a major challenge for them if REDD is implemented in Nepal.”

CFUG Ch EC: “Conservation of the forest area is the responsibility of users but we don’t have the technical knowledge for effective forest management. So, technical support from supporting agencies like the DFO should be provided frequently to assure technically sound, sustainable forest management.”

REDD Network: “Biodiversity conservation is also regarded as a major component in REDD. However, CFUGs may conserve their forest area and also attempt to harvest the forest resources from outside of their CFUG. It means, they may support the degradation of forest areas outside of their CF in order to enhance the carbon stock in their own CF. So, controlling for leakage in CFUGs is a challenge for effective implementation of REDD.”

Some respondents noted that CFUGs had some of the technical knowledge required, but they still lacked important skills and support to be able to accurately monitor changes in biomass and carbon stocks:

ANSAB: “In my experience, CFUG members can’t handle the instruments that are used for carbon measurement independently. However, they have knowledge about the carbon measurement process and can say the steps of carbon measurement independently.”

CFUG BP SG GS: “We don’t have a specific monitoring system in the case of forest management in our sub-group area. However, all members frequently visit the sub-group area voluntarily to see if there is any destruction.”

FECOFUN EC: “The government should take ownership in order to provide the technical [skills] to communities for carbon measurement and monitoring activities… The government, CSOs, private sector organizations and other stakeholders also should support the… technical capacity of CFUGs for carbon monitoring.”
5B. Monitoring of socioeconomic and governance processes and outcomes

Monitoring of changes in socioeconomic conditions and outcomes as well as governance processes are just as important as technical monitoring skills for the effective implementation of market-based mechanisms. In general, the CFUG focus groups (executive committees and subgroups) were more critical of the CFUGs’ capacity for such monitoring. However, both key informants and CFUGs shared evidence of effective monitoring of socioeconomic/governance aspects, which has also spilled over into their forest management practices, as a result of involvement in SFM certification:

ECARDS: “We have also observed that the illegal harvesting of NTFPs has significantly decreased in the CFUGs since sub-group members are monitoring their forest [more] frequently. So, the concept of [SFM certification] is being successful and it is also expanding to other parts of Dolakha.”

DFO: “In my perception, CFUGs are more transparent as a consequence of forest certification. There is the provision of presenting financial statement not only to the general assembly but also through a notice board in the certified CF. It can be regarded as self-monitoring of CFUGs, which started after forest certification and is still limited to certified CFUGs… Illegal harvesting of forest products in CFUGs has been significantly reduced since the users are [now] self-empowered, rather than introducing new monitoring strategies, and this is also a result of forest certification.”

FECOFUN: “Because of forest certification, users became more aware of good governance and hence they have started social auditing and information sharing to maintain transparency. In addition, they are holding executive committee meetings and general assembly meetings regularly. Similarly, certified CFUGs have been actively involved in the preparation and implementation of the operational plan. Furthermore, they are more conscious of biodiversity conservation, forest monitoring and record keeping for each activity they have completed.”

CFUG Maj EC: “We present the detail of all financial [transactions] and other CF related activities from the executive committee in the general assembly where users have the right to put their question on that report and the executive committee should address their issues.”

CFUG BSD SG Y: “Our CFUG presents the details of income and expenses in the general assembly meeting, which is conducted once a year. There is also a system of public hearings for financial details, which are [also] conducted once a year. In our sub-group, we are also presenting our total annual income and expenses annually, usually on the first month of the Nepali New Year [in April].”
**CFUG Ch SG SG:** “We have a provision of auditing once a year in July. All sub-group members discuss it together and present the total income and expenditures. Any sub-group member can get information on income and expenditure... at any time.”

Several of the CFUGs stated that monitoring of socioeconomic/governance aspects has not improved significantly as a result of SFM certification activities and remains inadequate:

**CFUG Maj EC:** “We can’t say [that] the monitoring system is more effective since forest certification. We don’t have many discussions on good governance these days. Users are more confused about [the meaning of] good forest governance. If there is confusion about good governance then, of course, we can’t be stronger on inclusive and participatory monitoring of all CF-related activities. We need intensive discussions about good governance and monitoring, and [are] expecting the support from stakeholders since this supports the effective monitoring in the CFUG.”

**CFUG Maj EC:** “Sometimes, users may commit forest destruction by destroying saplings, or illegal cutting of grass and fodder, which affects forest management. So, we should monitor these activities. We should also monitor the sharing of benefits from CF. Sometimes, the ultra-poor might not get enough benefits from CF, even though there is a provision to support the ultra-poor in our CF operational plan.”

**CFUG DSD EC:** “We are not getting enough benefits from forest certification. So, we should monitor why we are not getting any benefit from it.”

**CFUG BSD SG Y:** “We made the decision [to conduct] household-level watchman shifts in our sub-group area--for member households to take turns to go to the sub-group area on a daily basis--since there was intensive grazing there. But that decision was not implemented effectively. We can’t say why that decision was not implemented, but I think that the rate of grazing in our area has gradually been reduced and, therefore, there is no need to monitor it. Currently, we don’t have any monitoring system for conservation and management of forest resources in our sub-group.”

**CFUG BP SG GS:** “To maintain transparency, we should also get information about income and expenditure in our CFUG. All users should be involved in the planning process of our CFUG activities and also in monitoring the status of their implementation.”

Finally, the DFO noted that SFM certification seems to have broader monitoring requirements than REDD+, and is therefore less technical:

**DFO:** “In the case of biodiversity conservation, forest certification seems more liberal [broad] than REDD since it is necessary to identify and consider the area’s cultural and biodiversity perspective. However, REDD mainly considers the carbon in the forest [trees] or in the forest soil. So, REDD is more strict on the technical aspects than forest certification.”
5C. Frequency, participation, and quality/effectiveness of monitoring

The frequency, level of participation and resulting quality/effectiveness of monitoring efforts is also of concern. Both key informants and CFUGs had some limited criticisms of these aspects:

FECOFUN: “The human resources developed [i.e., people trained] during the forest certification process are no longer in the executive committee, which affects the monitoring capacity of CFUGs due to a lack of knowledge about forest certification. So, we can conclude that the monitoring capacity of certified CFUGs is gradually decreasing these days because of a lack of knowledge transfer among CFUG members.”

CFUG BSD SG Y: “We are being informed by the main executive committee only for the thinning and pruning activities but not for monitoring activities. Even in the main executive committee, the chairperson, secretary and treasurer are involved in monitoring activities. [However,] We women are not getting a chance to be involved in monitoring, since they don’t inform us about it.”

CFUG Ch SG SG: “Nobody has yet come here to our sub-group to monitor it formally but some may come and monitor informally since our sub-group area is close to the road.”

However, many CFUGs claimed that SFM certification was a boon to the regularity and quality of their monitoring efforts:

CFUG DSD EC: “We think that the monitoring system is more effective after forest certification. The executive committee visits the forest area frequently to monitor the conservation and management activities. Women and other CFUG members are proactively involved in monitoring and have joined the monitoring team of the executive committee. Similarly, stakeholders like ANSAB, FECOFUN and the DFO frequently visit our CFUG to monitor its activities. We also started the system of public hearings and public auditing after forest certification.”

CFUG Maj EC: “Community involvement in monitoring after forest certification has increased. Women, Dalits and the ultra-poor are actively involved in monitoring, especially in the CF [forest] management aspect. [In addition], monitoring visits from other stakeholders, including FECOFUN, are increasing.”

CFUG Ch SG SG: “We believe that, the condition of the forest after forest certification and formation of our sub-group is improving because we are planting trees regularly, forest resource smuggling is totally controlled, grazing is banned in our CF, and we’re also actively participating in forest management activities.”

CFUG Maj SG BP: “We are monitoring the argeli plantation area, especially focusing on grazing and illegal harvesting. We discuss about monitoring in our monthly sub-group
meetings and all members go to monitor. We don’t have such specific timetable for monitoring, but its frequency increases in the summer season since this season is more susceptible to illegal harvesting and grazing.”

CFUGs also recognized the importance of maintaining their monitoring efforts in order to benefit from market-based mechanisms in the future:

CFUG BP EC: “Timber sales are the main source of income from the CFUG. The CFUG work plan has clearly prescribed the total amount of annual allowable harvest from our CFUG. The executive committee is responsible for monitoring of the effective implementation of the work plan. So, effective monitoring is essential to get benefits from market-based mechanisms.”

CFUG BP EC: “Certain standards of our CFUG have been identified after forest certification. We should follow the rules for forest conservation and management as per our CFUG plan. To check whether we are able to maintain that standard or not, monitoring is essential… Monitoring is not only related to the CFUG but also [extends] beyond our CFUG.”

CFUG Maj EC: Regular monitoring of every activity of the CFUG should be conducted [to benefit from REDD+ and SFM certification]. Monitoring should be carried out mainly by the executive committee, [but] also by other users.

5D. Cost, difficulty and adequacy of monitoring efforts

Some key informants acknowledged that there would continue to be considerable costs and effort associated with implementation of both SFM certification and REDD+:

ECARDS: “Considering the current scenario, there will be more financial burden to CFUGs. The complicated double system of certification of both CFs and forest products [i.e., chain-of-custody certification] should be made simpler and the auditing should be made easier.”

HBTL: “Annual auditing costs are very expensive and hence it is a major challenge for us.”

REDD Network: “Similarly, the [low] availability of money in CFUGs to monitor these activities could be another main challenge for REDD [implementation].”

Respondents recommended several measures to counter such costs and difficulties and to ensure the long-term effectiveness of monitoring activities:

SDC: “It is necessary that the representatives of FSC should come to the field for certification and monitoring, which is more expensive for the CFUGs. So, national
principles and criteria should be prepared and local or national level human resources should be developed and authorized for forest certification and monitoring to reduce the expenditure. This would also encourage other CFUGs to certify their CFs.”

DFO: “The auditing process is lengthy and costly in certified CFUGs since there are no local level auditors for forest certification. Hence, forest certification in CFUGs is more expensive and is not affordable. So, it will be better if the forest certification is done on a cluster basis rather than in individual CFUGs.”

FECOFUN: “The activities that have to be performed by CFUGs in [both] REDD and forest certification are somehow similar. So, the overall monitoring cost may be reduced if we implement both REDD and forest certification together [simultaneously].”

HBTL: “Though we are not getting a higher price for certified products, we should audit all the certified CFUGs and companies annually. There are 22 CFUGs and five companies that are certified in Nepal. FECOFUN is managing the cost of the annual audit of all these certified CFUGs and HBTL should manage the cost of auditing the five certified companies… We will have more suppliers if we certify other CFUGs. However, we need to expand it only to resourceful CFUGs rather than to less resourceful and ones with smaller forests, because forest certification is somewhat expensive so small and less resourceful CFUGs can’t afford it and wouldn’t get benefit from it.”

However, FECOFUN and the REDD Network acknowledged that there are still significant uncertainties about the costs to CFUGs of monitoring for REDD+.

FECOFUN & REDD Network: “It is not yet sure whether the carbon measurement method employed for the purpose of the REDD pilot project will be acceptable for international buyers or not. So, we are still not sure about the exact investment that CFUGs have to make for carbon measurement.”

6.5. Summary and discussion

This section summarizes the findings from the analysis of each institutional element above and discusses their relevance to the GEM and PES narratives, identifying specific narrative aspects for each. For each element, I also explore evidence for the global environmental management (GEM) and political ecology (PE) narratives.
6.5.1. Summary of analysis of five institutional elements

Collaborative planning and policymaking processes

In general, respondents seemed to feel that planning and policymaking forums and processes were participatory and inclusive of diverse stakeholders and their interests, at least on the surface. In particular, SFM certification and to a lesser extent REDD+ were viewed as having a positive effect on the internal governance of CFUGs in terms of participation and transparency, inclusion of traditionally marginalized groups in planning and decision-making processes, and their capacity for forest management, due largely to training and support from external actors. The creation of subgroups—ostensibly to promote economic opportunities for poor and marginalized groups—was generally seen as a positive development, especially in terms of enhancing sustainable management and income-generating opportunities, though few members of the subgroups themselves acknowledged that they were directly engaged in governance processes.

Key informants from those organizations coordinating or benefiting from SFM certification and REDD+ were most enthusiastic about the extent and effectiveness of multi-level governance between communities and outside actors. However, CFUG executive committees, subgroups and some key informants were less supportive, or even critical in some instances, of the nature and extent of multi-level governance. Specifically, they criticized the failure to include actors from the private sector and organizations representing specific (marginalized) interest groups, such as Dalits and indigenous peoples; and a tendency toward top-down planning with less influence from grassroots actors and organizations. In one case, the lack of local input into the criteria for sharing benefits from carbon payments elicited heated discussion among CFUGs—some felt that less emphasis should be put on socioeconomic characteristics and more on the protection and enhancement of forest carbon.
Many participants noted that SFM certification and REDD+ have had a positive influence on institutionalization and capacity building resulting in stronger, more autonomous and proactive CFUGs, increasing their capacities in forest management, participatory decision-making and self-governance. In the case of REDD+, the grassroots coordinating body known as the REDD Network reported that their own capacity to help coordinate among CFUGs, NGOs and outside visitors and to support the needs and interests of CFUGs had grown. However, in the case of SFM certification, respondents claimed that no similar coordinating body existed, which presents a challenge to its long-term sustainability. However, they did concede that training and support for certified CFUGs has had an indirect positive spillover effect on the capacity and governance of non-certified CFUGs and has also helped to support the development of local enterprises and marginalized groups. Despite the perceived positive impacts of SFM certification and REDD+ activities on capacity-building in the short term, many respondents criticized the government, NGOs and private sector organizations for failing to provide sustained support; the CFUGs’ leadership for being insufficiently engaged and transparent; and the REDD Network for failing to carry out project activities independently. In short, they noted a lack of concerted efforts to institutionalize and integrate different aspects of market-based mechanisms to ensure their development and long-term viability. Some respondents cited a need to leverage and improve existing efforts through more consistent planning, monitoring, and external support.

Limited Access to information, awareness raising and understanding about SFM certification and REDD+ is one of the greatest gaps in the planning and policymaking process. In spite of the fact that some respondents noted successes in raising awareness (primarily those with high levels of involvement and high stakes in them), most exhibited a low level of understanding about these mechanisms and felt that existing efforts were not enough to inform community
members about the potential benefits and risks of participating in them. For SFM certification, one of the biggest information deficits noted by respondents concerned knowledge about access to broader markets and the potential financial benefits from selling certified forest products. Some expressed concern that, without targeted efforts, the same could happen with REDD+. Knowledge about REDD+ was especially lacking at the grassroots level; very few CFUG and subgroup members had a clear grasp of its meaning and some had never heard of it before.

In summary, experience with planning and policymaking forums and processes conforms to the GEM narrative on the surface, with broad recognition of participatory, inclusive, transparent and equitable planning and policymaking processes, and a positive influence of involvement in SFM certification and REDD+ on internal governance practices, development of new income-generating opportunities (in general and for marginalized groups in particular), institutionalization and capacity-building, and multi-level governance and support. However, upon more careful scrutiny, we can identify several major strands of discontent—particularly among CFUG executive committees and subgroups, but also from key informants—with respect to exclusion of actors from the private sector and marginalized groups; top-down planning tendencies with limited input from grassroots organizations and actors; lack of a local coordinating body to ensure the sustainability of SFM certification (like REDD Network for REDD+); short-sightedness on the part of government, NGOs and private sector organizations who have failed to provide sustained support; lack of engagement and transparency among CFUGs’ leadership; and a failure by the REDD Network to facilitate more proactive grassroots planning and decision-making. Perhaps the most damning and widespread concern related to both mechanisms is their limited effectiveness in promoting awareness-raising and access to information, resulting in low levels of understanding about the mechanics, benefits and risks of
engaging in them, particularly with respect to key issues like access to broader markets for forest products and forest carbon rights. These strands all point to an underlying PE narrative involving cursory consultation and participation in planning and policymaking forums and processes.

Secure resource tenure and access rights

Secure resource tenure and access rights were seen by a large number of respondents as being crucial to decentralized forest governance. Most respondents perceived substantial barriers related to SFM certification and REDD+ that affect CFUG users’ ability to manage and harvest forest resources and to sell them in broader markets, due to both internal and external restrictions; a lack of a sense of ownership (both literally and figuratively) among CFUGs; and concerns about the compatibility of these market-based mechanisms with each other and with broader livelihood needs and goals.

Users, and particularly sub-groups, faced some new internal restrictions on their ability to harvest forest products for their household use (e.g., timber, fuelwood), and especially to sell them outside of the community. These restrictions often stem from internal rules, including “royalties” or payments by subgroups to executive committees to harvest and sell certified forest products outside of their CFUGs. Some respondents, while acknowledging such restrictions, did not attribute them to SFM certification, and a few noted the positive role that subgroups are playing in promoting internal governance. While many recognized internal restrictions stemming from involvement in forest certification, few noted any restrictions due to participation in REDD+. However, this may be due to the fact that REDD+ is still a relatively new initiative.

Despite the internal restrictions noted above, most of those interviewed said their general ability to access and benefit from forest resources was not significantly compromised by SFM certification, and that access is equitable among users, including marginalized and poor
households for whom they note access has been enhanced. However, there is some evidence that
management practices had changed and become more coordinated and regimented in some
certified CFUGs. Furthermore, the REDD Network admitted that additional measures must be
undertaken to reduce overall demand for forest resources, which would support the effective
implementation of both market-based initiatives.

External restrictions, both formal and informal, were another source of constraints on
CFUGs rights to harvest and benefit from forest products. Two general types of external
restrictions were identified: local administrative rules and procedures; and national policies and
regulations. Most of the CFUGs pointed to restrictions by local government authorities on their
rights to harvest, transport and sell specific forest products, including both timber and certified
NTFPs. They also pointed to national policy mandates and amendments designed to restrict
forest use or capture the value of earned from selling forest products—such as unilateral
declarations of new protected areas and a proposal to levy a 50% tax on the sale of products from
community forests (from 2009-2011)—as well as insufficient efforts to address the issue of
carbon rights, which are perceived as critical to ensuring local benefits from REDD+. Some
CFUGs were even fearful that the government might attempt to take back their community
forests. Nonetheless, few respondents linked these national policy actions to SFM certification or
REDD+.

Restrictions on users’ resource tenure and access rights are closely tied to their sense of
ownership and stewardship of forests. According to respondents, both the government and the
CFUGs (executive committees and subgroups) are responsible for realizing this sense of
ownership. A few CFUGs blamed the government’s attempts to amend the Forest Act to capture
more value from their sale of forest products, or expressed doubt that they could benefit from market-based mechanisms like SFM certification and REDD+.

The compatibility of these market-based mechanisms with one another and with broader livelihood aims in terms of access and tradeoffs is also a major concern. Most respondents felt that SFM certification and REDD+ are compatible with each other due to their emphasis on sustainable management and conservation of forests, though they noted some tradeoffs in terms of timber harvesting and collection of other important livelihood resources. Others held a more cautious view of REDD+, stating that it could conflict with SFM certification and broader livelihood goals of community forestry, without any guarantee of benefits.

In summary, there are many internal and external restrictions on resource tenure and access rights, indicating a dominant PE narrative. Specifically, there were numerous internal rules enforced by the CFUGs resulting from their involvement in SFM certification that constrained the harvesting and sale of forest products by CFUG members in general, and by subgroups in particular, such as “royalties” or fees to harvest and/or sell products outside of the community. In spite of these internal restrictions, some felt that their ability to access and benefit from forest resources has not been reduced significantly due to SFM certification or REDD+, although management practices have been altered in some cases. Others noted that the restrictions were not necessarily the result of SFM certification, and perceived no significant limitations yet due to involvement in REDD+. CFUGs are also plagued by external restrictions, including administrative rules and procedures and national policies and regulations, which they suspect are designed to usurp their resources and rights and to capture a portion of the value from their sale of forest products. Nonetheless, no clear link was drawn between these external restrictions and the market-based mechanisms. Both internal and external restrictions are
negatively affecting users’ sense of ownership and stewardship of forests. Ultimately, SFM certification and REDD+ are seen as being compatible with one another, though not necessarily with the harvesting and sale of some resources or with broader livelihood goals. Furthermore, some perceived REDD+ as risky, potentially contradicting the livelihood goals of certification and community forestry and offering no guaranteed benefits.

_Equitable mechanisms for sharing of benefits, costs and risks_

Ensuring the equitable division of benefits, costs and risks of SFM certification and REDD+ was one of the most common concerns among respondents, including their distribution within and among CFUGs, as well as among other stakeholders. The extent and type of benefits received was another area of concern.

Overall, respondents noted improvements in the equitable sharing of benefits and costs, especially within CFUGs involved in SFM certification, but also in some non-participating CFUGs. This was due to a combination of external support for developing income-generating activities and enterprises; the additional income generated from these activities; and enhanced benefit-sharing systems, including specific provisions for community development in general and for benefitting marginalized groups in particular, such as rotating loans and savings programs. However, some questioned the means by which benefits are gained and distributed, including rules stipulating the payment of fees by subgroups to their CFUG executive committee in order to harvest and/or sell forest products from their own designated forest areas.

Although there was limited experience and discussion of internal sharing of benefits and costs related to REDD+, some cited an imperative to consider the needs, rights and contributions of marginalized groups in the mobilization and distribution of carbon payments. There was also some emphasis on how responsibilities and risks associated with market-based mechanisms
should be shared among different CFUGs and with other stakeholders, and on the importance of respecting contributions by diverse actors in order to maximize benefits and minimize costs.

In particular, respondents acknowledged that external actors, such as enterprises selling certified products, should and do benefit from SFM certification, and should play a role in implementing REDD+ as well. However, many pointed to current and potential challenges to equitable benefit sharing among CFUGs and other stakeholders, noting that the added value of certification was not reaching CFUGs in the form of premium prices for certified products, due mainly to a lack of direct access to broader markets for these goods. In terms of REDD+, many felt that key actors crucial to the success of carbon trading are being excluded from its planning and implementation, and therefore from future benefits—especially private landowners and more marginalized/landless households. They also noted a lack of government interest, transparency, and accountability, as well as inadequate incentives, as reasons why CFUGs might not gain much benefit from REDD+.

The extent and type of benefits and costs from market-based mechanisms was another area of concern and uncertainty. Some respondents, primarily those directly involved in implementing SFM certification, felt that the scope and range of benefits have been significant, but most think that the economic benefits were less than promised or expected, and that the increase in demand for certified products is not reflected in their price, despite the additional costs of production and verification. Nonetheless, they acknowledged that certification has enabled CFUGs to sell more products and reach wider markets, albeit indirectly. FECOFUN, a major collaborator in both SFM certification and REDD+, states that these initiatives should be implemented simultaneously in order to meet the needs of marginalized groups.
Finally, in spite of widespread pessimism about prospects for realizing substantial benefits from SFM certification, some conveyed suggestions on how to enhance benefits for CFUGs, including linking local forest products more directly to international markets, producing value-added products locally, scaling up certification to include more CFUGs, and formulating national certification standards and verification mechanisms. A few also perceived existing REDD+ financing as an opportunity to invest in initiatives that will help communities to reduce their dependence on forests now, thus ensuring more benefits from carbon payments in the future.

In summary, the sharing of benefits, costs and risks within CFUGs is seen as more effective and equitable due to participation in SFM certification and REDD+ and, overall, the level of benefits has apparently increased due to growing demand for certified forest products, suggesting a GEM narrative. This increase was attributed mainly to external support for development of new income-generating activities and improved systems for sharing benefits from them. However, distribution of the fruits of SFM certification among different CFUGs and with other actors has been fraught with some issues and inequities, especially in terms of their inability to earn a premium price for certified products, which was attributed to a lack of direct access to international markets and the capturing of added value by national companies who sell certified NTFPs to international buyers. The sharing of benefits and costs from REDD+ is viewed as problematic, due to uncertainties about the level and types of benefits, the exclusion of key actors from planning and participation in benefit-sharing systems, and the government’s lack of interest, transparency, accountability, and incentives. However, some see REDD+ as an opportunity to boost future benefits from conservation by using existing financing to reduce
forest dependence. Thus, there is a general split between the GEM narrative and the PE narrative, with more critical perspectives on the potential benefit/cost-sharing outcomes of REDD+.

**Accessible conflict resolution and grievance mechanisms**

To date, there have been no major conflicts related to SFM certification or REDD+. However, respondents shared their thoughts on present and future sources of conflict in general, the degree and likelihood of conflict, and local capacity for resolving conflicts and grievances.

Some sources of conflict were noted—not necessarily linked to market-based mechanisms—include complaints by users about their inability to harvest forest products as needed and/or in specific areas; the harvesting and destruction of NTFPs within subgroup plots; restrictions by the District Forest Office on selling forest products; and conflicts between CFUGs over forest boundaries and harvesting of NTFPs and grazing. Potential future sources of conflict related to REDD+ implementation were also mentioned, like elite capture and unfair advantages in benefit sharing. In terms of the degree and likelihood of conflict, most acknowledged no significant conflict from involvement in market-based mechanisms, though some saw potential for conflict arising due to competition over increased benefits from SFM certification.

Very little mention was made of current systems and capacities for addressing conflict and grievances, though the REDD Network saw a need to clarify the benefit-sharing mechanism for REDD+. Some CFUGS stated that, due to their participation in SFM certification, they had increased their ability to avoid and resolve both internal and external conflicts.

In summary, no significant conflict was noted in connection with implementation of SFM certification or REDD+, so there is no compelling evidence for either the GEM or PE narrative. However, there were some conflicts among CFUG users, between CFUGs, and with external actors such as the District Forest Office over such issues as harvesting and destruction of forest
products, infringement on CFUG boundaries, and taxes and fees on the sale and/or export of forest products. Intriguingly, a connection was made between the lack of conflict due to market-based mechanisms and the low level of benefits derived from them. While specific systems to address conflicts and grievances were not emphasized, some argued that their capacity to deal with conflict has been strengthened due to participation in SFM certification.

*Participatory monitoring systems*

Monitoring was evaluated in four areas: technical capacity and support; monitoring of socioeconomic and governance processes and outcomes; frequency, participation and quality/effectiveness of monitoring; and cost, difficulty and adequacy of monitoring efforts.

Technical monitoring capacity is crucial in meeting the biophysical requirements for SFM certification and REDD+. Respondents were divided in their assessment of this capacity. Some felt that monitoring had improved due to involvement in the certification project, while others noted persistent limitations in monitoring capacity and regularity, including the challenge of monitoring “leakage” from market-based mechanisms. Still others noted that CFUGs had acquired some technical skills, but still lacked the capacity to effectively monitor changes in biomass and carbon stocks for both mechanisms.

Although CFUGs (executive committees and subgroups) were critical of both their internal ability and external support for monitoring socioeconomic and governance aspects related to market-based mechanisms, they also pointed to evidence of improvements in monitoring as a result of involvement in SFM certification, which had enhanced their forest management practices as well. The DFO noted that SFM appears to have broader monitoring requirements and is thus less technical than REDD+. 

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Respondents had limited criticisms about the frequency, level of participation and quality/effectiveness of monitoring activities. However, many CFUGs believed that SFM certification had improved the quality and regularity of their monitoring, which they view as important for benefitting from market-based mechanisms in the future.

Last but not least, respondents noted that increased monitoring costs and effort are required to implement both SFM certification and REDD+ effectively. They recommend general measures to counter the costs and challenges of diverse monitoring activities, in order to ensure their long-term viability. Finally, key actors such as FECOFUN and the REDD Network cited significant unknowns and uncertainties about the costs to CFUGs of monitoring for REDD+.

In summary, there is some evidence of both GEM and PE narratives at play with respect to monitoring systems. The GEM narrative can be seen in the assertion that CFUGs’ internal monitoring capacities have improved due to involvement in SFM certification, in terms of both the quality and frequency of monitoring—for both the technical and social/governance aspects—which better positions them to benefit from market-based mechanisms. The PE narrative is evident in claims of a persistent lack of sufficient technical skills, the need to improve monitoring of socioeconomic/governance aspects, and substantial uncertainty about additional costs, effort and support required to monitor for REDD+.

Table 6.3 summarizes key findings of the narrative policy analysis in matrix form, showing which narrative aspects conform to the GEM and PE narratives, respectively. It also indicates some of the similarities, differences and specific issues raised in the analysis, which are elaborated on in the subsequent discussion.
Table 6.4. Summary of narrative aspects identified in narrative policy analysis and relevance to major narratives (GEM/PE)

<table>
<thead>
<tr>
<th>Element/Issue</th>
<th>GEM-Global environmental management</th>
<th>PE-Political ecology</th>
<th>Other (similarities, differences, issues)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Collaborative planning and policymaking forums and processes</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| **1A. Internal governance** | - Positive impact of SFMC & REDD+ on internal governance  
- Enhanced participation, transparency and sense of ownership  
- Inclusion of marginalized groups in planning and decision-making  
- Enhanced capacity for forest management due to training/external support  
- Sub-group creation increased economic opportunity for poor and marginalized | - Failure to include actors from private sector, marginalized groups (Dalits, indigenous) in planning efforts  
- Tendency toward top-down planning; e.g., disagreement about REDD+ payment criteria  
- Lack of local input into criteria for sharing benefits from carbon trading  
- Lack of effective national policy for REDD+ (e.g., carbon rights) | - Little mention of impact of REDD+ on internal governance (probably because it is a new initiative) |
| **1B. Multi-level governance** | - Effective governance between CFUGs and external actors (according to those coordinating of benefitting from SFMC/REDD+)  
- REDD+ readiness process viewed as relatively collaborative and inclusive | - Disagreement on effectiveness of multi-level governance b/w key informants and CFUGs  
- CFUGs not very vocal on multi-level governance  
- Different understanding of participation/inclusion (informing vs. decision-making)  
- Disconnect between planning and policy formulation (e.g., carbon rights, national benefit-sharing system) | |
| **1C. Institutionalization and capacity building** | - SFMC/REDD+ resulted in stronger, more autonomous and proactive CFUGs  
- Enhanced forest management capacity  
- Improved decision-making and self-governance  
- REDD Network improved coordination between CFUGs, NGOs and visitors | - Lack of local (district-level) coordinating body for SFMC  
- Lack of autonomy and initiative by REDD Network (local REDD+ coordinating body)  
- Failure of government, NGOs and private sector to provide sustained support  
- Lack of engagement and transparency by CFUG leadership | - Need to leverage/improve existing efforts through more careful planning, monitoring and external support.  
- Community-level vs. broader institutionalization and sustainability  
- Relative importance of top-down vs. bottom-up support and leadership (both less focused on local CFUG leadership) |
1D. Access to information, awareness raising & understanding of SFM cert. and REDD+

- Stakeholders invested or involved in REDD+ note successful awareness raising (e.g., NTFP enterprises, implementing NGOs)
- SFMC has been successful in providing other, non-monetary benefits, e.g. awareness of biodiversity conservation
- Generally low awareness and knowledge of SFMC/REDD+
- Significant information asymmetries within/among CFUGs and stakeholders
- Existing efforts inadequate
- Lack of information on accessing broader markets and potential financial benefits from SFMC; could repeat with REDD+
- Low grassroots knowledge of REDD+; major challenge for implementation
- Need to build capacity for success of REDD+
- How to measure success of awareness-raising activities?
- Logistical vs. political dimensions of information inadequacy/asymmetry
- External efforts and support lacking

2. Secure resource tenure and access rights

<table>
<thead>
<tr>
<th>Element/Issue</th>
<th>GEM-GLOBAL environmental management</th>
<th>PE-POLITICAL ecology</th>
<th>Other (similarities, differences, issues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2A. Internal restrictions and limitations on access to sale of forest products</td>
<td>SFMC had mitigating/neutral effect on internal restrictions</td>
<td>Subgroups must seek permission and pay royalty (fee) to CFUG executive committee to harvest/sell NTFPs</td>
<td>Impact of REDD+ on internal restrictions scarcely noted</td>
</tr>
<tr>
<td></td>
<td>Subgroups play positive role in ensuring equitable access and are widely supported</td>
<td>Subgroups feel benefits from products they grow and sell should be theirs only</td>
<td>Subgroups seen as positive development, regardless of SFMC/REDD+</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Subgroups raise new issues of tenure/access rights</td>
</tr>
<tr>
<td>2B. Changes in overall level of access/benefits among users and marginalized groups</td>
<td>Access to resources not significantly compromised by SFMC</td>
<td></td>
<td>Access not constrained, but management practices have changed (harvesting pattern more planned/regimented)</td>
</tr>
<tr>
<td></td>
<td>Access is equitable and has increased for marginalized groups (e.g., indigenous, Dalits, poor)</td>
<td></td>
<td>Need additional interventions to reduce dependence on forest (REDD Network)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Some issues with access/royalties for subgroups</td>
</tr>
</tbody>
</table>
### 2C. External restrictions on rights to harvest & sell forest products
- One CFUG felt they have enough rights to benefit from carbon trading/REDD+
- Negative impact of proposed national Forest Act amendment on rights to harvest/sell forest products
- Significant restrictions by local government on rights to harvest/transport/sell forest products
- National efforts to address carbon rights inadequate to guarantee REDD+ benefits for communities (FECOFUN)
- Concern that government might usurp community forests from CFUGs
- No clear connection seen between restrictions and SFMC/REDD+
- Broader policy initiatives/legislation needed to ensure local benefits from REDD+ (and SFMC, e.g. price)

### 2D. Users’ sense of ownership and stewardship
- Forest Act amendments will decrease incentives for sustainable forest management
- Skeptical of benefits from new initiatives like SFM/REDD+
- Government, CFUGs and subgroups all responsible for realizing sense of ownership

### 2E. Compatibility of REDD+ in terms of access and tradeoffs
- SFMC and REDD+ generally seen as compatible with each other
- Some tradeoffs between SFMC/REDD+ and harvesting of some resources (e.g., timber)
- REDD+ could reinforce forest protection efforts affecting users’ access/livelihood benefits (could be incompatible with SFMC, broader livelihood benefits of CF)
- Potential lack of benefits due to leakage
- Compatibility of SFMC/REDD+ crucial to enhancing livelihoods
- Some concern over re-centralizing potential of REDD+

### 3. Equitable mechanisms for sharing of benefits, costs and risks

<table>
<thead>
<tr>
<th>Element/Issue</th>
<th>GEM-Global environmental management</th>
<th>PE-Political ecology</th>
<th>Other (similarities, differences, issues)</th>
</tr>
</thead>
</table>
| 3A. Sharing of benefits and costs within CFUGs | - Benefit distribution more equitable in CFUGs involved in SFMC
- Increased benefits from external support for income-generating activities, income from them, and enhanced systems for sharing this income (e.g., collective investments, marginalized groups)
- Mechanisms to improve user access to financial resources (e.g. loans and savings programs) | - Some questioned methods and extent of equitable benefit sharing
- Subgroup perceived payment of royalty as unfair; though EC paid subgroup for timber harvesting in their area | - Acknowledged importance of recognizing the role and rights of marginalized groups
- Benefits may differ among CFUGs based on differences in percentage of marginalized groups (REDD+ pilot payment)
- REDD+ possible catalyst for improving equity of internal benefit-sharing |
### 3. Accessible conflict resolution and grievance mechanisms

- Some improvements could be maintained, regardless of fate of SFMC/REDD+, e.g. loans/savings.

<table>
<thead>
<tr>
<th>3B. Sharing of responsibilities and risks</th>
<th>No strong feelings about responsibilities and risks with respect to past or present experience with SFMC/REDD+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recognized importance of respecting contributions and participation of different stakeholders within and outside CFUGs</td>
</tr>
<tr>
<td></td>
<td>See need for cooperation and sharing of responsibilities to ensure project benefits/ownership and minimize risks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3C. Sharing benefits and costs with actors outside CFUGs (and among CFUGs)</th>
<th>Many see existing and potential challenges for equitable benefit-sharing among CFUGs and other stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFUGs are not receiving benefits from added value of certified products, due to lack of direct market access</td>
</tr>
<tr>
<td></td>
<td>Exclusion of some stakeholders from REDD+ planning and implementation means no future benefits for them</td>
</tr>
<tr>
<td></td>
<td>Some skepticism about whether communities would benefit directly from REDD+ (e.g., FECOFUN, REDD Network, CFUGs)</td>
</tr>
<tr>
<td></td>
<td>Concerns about government transparency, accountability in sharing REDD+ benefits</td>
</tr>
<tr>
<td></td>
<td>Will REDD+ benefits be adequate to incentivize conservation and meet expectations?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3D. Extent and type of benefits and costs</th>
<th>CFUGs haven’t received full benefits from SFMC as promised or expected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increased demand for certified products not reflected in price to producers, despite additional auditing, processing, marketing costs</td>
</tr>
<tr>
<td></td>
<td>To maximize benefits and benefit marginalized groups, it is important to implement SFMC/REDD+ together</td>
</tr>
<tr>
<td></td>
<td>Need to increase benefits (i.e., price) from selling certified forest products</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3E. Means of increasing benefits and reducing costs (in future)</th>
<th>Increase local production of more value-added products (independent of outcome of SFMC/REDD+)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Expand NTFP production by increasing number of certified CFUGs (via cluster certification approach)</td>
</tr>
</tbody>
</table>

### 4. Accessible conflict resolution and grievance mechanisms
<table>
<thead>
<tr>
<th>Element/Issue</th>
<th>GEM-Global environmental management</th>
<th>PE-Political ecology</th>
<th>Other (similarities, differences, issues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4A. Degree or likelihood of conflict</td>
<td>No significant conflicts affecting CFUGs, related to SFMC or otherwise</td>
<td>Potential for conflict/grievances from participation in SFMC and sale of FPs (lack of conflict due to lack of benefits)</td>
<td></td>
</tr>
<tr>
<td>4B. Sources of conflict</td>
<td>Existing conflict from forest infringement/ boundary disputes, contested resources, restrictions and lack of support by DFO</td>
<td>Potential for conflict from REDD+ due to boundary disputes, elite capture, multiple claims to benefits, excluded actors</td>
<td>Sources of conflict not necessarily linked to SFMC</td>
</tr>
<tr>
<td>4C. Existing means and capacity for resolving conflict and grievances</td>
<td>CFUGs developed conflict management strategies, partly due to SFMC participation</td>
<td></td>
<td>Need to clarify benefit-sharing mechanism for REDD+ to avoid conflict</td>
</tr>
</tbody>
</table>

5. Participatory monitoring systems

<table>
<thead>
<tr>
<th>Element/Issue</th>
<th>GEM-Global environmental management</th>
<th>PE-Political ecology</th>
<th>Other (similarities, differences, issues)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5A. Technical capacity and support for monitoring</td>
<td>Positive impact of SFMC on CFUGs’ ability to monitor forests and management activities</td>
<td>Limitations in CFUGs’ capacity and frequency of technical monitoring, including specific issues (e.g., leakage)</td>
<td>Mixed view of existing capacity and support for monitoring</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Despite some technical knowledge, CFUGs lack skills to accurately monitor changes in biomass/carbon stocks</td>
<td>CFUG technical capacity still lacking (for REDD+)</td>
</tr>
<tr>
<td>5B. Monitoring of socioeconomic and governance processes and outcomes</td>
<td>Some evidence of effective monitoring of socioeconomic/governance aspects stemming from SFMC and enhancing forest management practices</td>
<td>CFUGs critical of monitoring capacity for socioeconomic/governance aspects</td>
<td>Little mention of impact of REDD+ on governing socioeconomic and governance processes and outcomes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Has not improved as a result of SFMC, and remains inadequate</td>
<td>Monitoring of socioeconomic/governance aspects needs improvement</td>
</tr>
<tr>
<td>5C. Frequency/participation and quality/effectiveness of monitoring</td>
<td>SFMC improved regularity and quality of monitoring efforts</td>
<td>Criticisms of monitoring frequency, participation and effectiveness due to lack of support and institutional continuity (e.g., EC)</td>
<td>CFUGs recognized importance of maintaining monitoring effort to benefit from SFMC/REDD+ in future</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>More focus now on technical (biophysical) monitoring</td>
</tr>
</tbody>
</table>
| 5D. Cost, difficulty and adequacy of monitoring efforts | - Ongoing costs and effort associated with implementation of SFMC/REDD+  
- Significant uncertainties about costs to CFUGs of monitoring for REDD+ | - Some measures recommended to reduce costs and challenges and ensure long-term effectiveness of monitoring |
6.5.2. Discussion

Here I examine some of the key similarities and differences in the GEM and PE narratives relevant to the preceding analysis, and then discuss some of the major crosscutting issues. I conclude this sub-section, and the chapter, by reflecting briefly on how this analysis relates to broad characteristics of the two narratives as revealed in the literature on global environmental discourses. The results of my research do not embrace either the GEM or the PE narratives fully, but rather represent a mix of the two. Focusing on specific issues (similarities and differences) can provide useful information for making future decisions about relevant policy and implementation. This is addressed in the Conclusion.

Areas of divergence and convergence in the GEM and PE narratives

The preceding analysis suggests areas of both consensus and disagreement regarding the five institutional elements fundamental to decentralized forest governance in general, and to the success of market-based mechanisms in particular. It is clear that the GEM and PE narratives are tightly interwoven in the case of SFM certification and REDD+ as many of those actors I interviewed highlighted aspects of both narratives. Here I look briefly at some of the major similarities and differences between the narratives, and at some of the issues that they highlight, with respect to the five institutional elements. In this regard, I address a few basic questions: 1) On what issues do the narratives converge or overlap? 2) Where do they diverge or differ?

Planning and policymaking forums and processes

There are a few similarities in the narratives related to planning and policymaking processes. First, both narratives call for additional outside support to CFUGs if they are to realize any benefits from SFM certification and/or especially REDD+, as well as an imperative to improve existing efforts through careful planning and monitoring. Second, both narratives
emphasize the necessity for more top-down leadership and support, with much less focus on
bottom-up leadership and initiatives from local communities. This is not surprising given that
both SFM certification and REDD+ have been implemented through very top-down projects,
coordinated and funded by external donor organizations (though in partnership with local
organizations), but it also suggests something about the level of buy-in among local
communities.

There are also some pronounced differences between the two narratives. For example,
there is considerable disagreement about the degree of effectiveness of multi-level governance
and coordination, with the GEM narrative emphasizing good overall coordination, while the PE
narrative points to significant shortcomings in multi-level governance, particularly with respect
to policies and regulations. The two narratives also rely on quite different understandings and
standards of participation and inclusion: the GEM narrative tends to stress the effectiveness of
information sharing and consultation activities, while PE emphasizes the need for active
participation in all aspects of decision-making. In addition, there appears to be a sizeable
disconnect between the approach of each narrative to planning and policymaking, indicating a
gulf between the two. In particular, the GEM narrative focuses on the need to obtain the
cooperation of national and local institutions in implementing various project activities, while the
PE narrative underscores the dearth of national policies and legislation addressing issues like
carbon rights and distribution of benefits from carbon trading among different types of actors and
stakeholders, which should ideally govern all national and local planning and piloting activities.
Finally, both narratives suggest that, if SFM certification and REDD+ are both to be adopted, it
is crucial to implement them simultaneously in order to maximize livelihood benefits for all
forest users, including marginalized groups, since they could each benefit separate groups and
sets of stakeholders. However, SFM certification is seen as more likely to address the needs of marginalized groups.

The analysis also reveals some interesting gaps and inconsistencies. Generally speaking, the CFUGs are not very vocal on issues related to multi-level governance, focusing much more on internal governance issues. This could be due, in part, to the heavy emphasis placed on CFUG-level governance by district government, international donor organizations and national and local NGOs. However, despite the implementation of significant piloting activities involving local communities during the period of my research, little reference is made to the impacts of REDD+ on the internal governance of CFUGs. Furthermore, information sharing and awareness-raising activities were identified as crucial deficits in both narratives. They are generally interpreted as merely a logistical challenge rather than as a manifestation of vested political interests and competition, although some CFUGs refer to a lack of transparency in their own leadership (executive committees). Another important issue that has received scant attention is how to measure the success of awareness raising efforts. GEM proponents tend to focus much more on the number and types of activities held, while those supporting the PE narrative highlight the level of local knowledge (or lack thereof) about the two market-based mechanisms.

Resource tenure and access rights

There are numerous aspects common to both narratives pertaining to resource tenure and access rights. First, there is a general acknowledgement of internal and external restrictions on forest resource access and use, particularly with respect to selling forest products outside of the CFUG, but these restrictions are generally not directly attributed to SFM certification or REDD+. In fact, the impact of REDD+ on internal restrictions on access is scarcely noted. There also seems to be a consensus that, although overall levels of resource access and use have not
changed significantly for most users, management practices have evolved due to involvement in the SFM certification program. In particular, harvesting patterns have become more planned and regimented, requiring greater coordination within CFUGs. By and large, the creation of subgroups is perceived as a positive development, irrespective of their relationship to SFM certification. Nonetheless, both narratives blame multiple actors, including the subgroups, CFUGs, and government for the lack of a sense of ownership over forests. In addition, they both recognize the need for more interventions to reduce dependence on forests and to boost conservation efforts, such as biogas systems and improved (more efficient) cook stoves. This issue is also viewed as independent of the market-based mechanisms as it is seen as a means of saving labor, conserving resources and protecting health (from internal air pollution due to use of inefficient wood-fired stoves). Related to this, there is a common concern for threats to benefits stemming from leakage (harvesting displaced to other areas due to protection of a given forest area) and the need to address this problem more systematically.

There are also some important differences between the GEM and PE perspectives regarding resource tenure and access. For instance, the PE narrative draws attention to new constraints on access and benefits associated with the creation of subgroups, such as the payment of royalties and restrictions on harvesting or selling certain products from different areas of the forest without permission. It also stresses local concerns about the potential for government to recentralize forest governance, for example by adding harvesting restrictions or levying higher taxes on revenue from forest products, or even by reclaiming community forests. In addition, the PE narrative calls for broader policies and legislation to protect local rights and benefits, such as the establishment of clear carbon rights, and a mandated premium price for certified forest products.
Sharing of benefits, costs and risks

Regarding the sharing of benefits, costs, risks and responsibilities, both the GEM and PE narratives stress a need to acknowledge and respect the contributions and participation of different stakeholders within and outside of the CFUGs, including the role and rights of socioeconomically marginalized groups. Cooperation and sharing of responsibilities is viewed as an imperative to ensure ownership and benefits from either mechanism, and to minimize risks. However, no strong feelings were expressed about the sharing of responsibilities and risks related to past or present experience with either SFM certification or REDD+. In addition, there is a general consensus about the need to increase the benefits (price) from selling certified forest products and to expand production of NTFPs by increasing the number of certified CFUGs, through a cluster certification approach. Furthermore, there are some shared concerns and uncertainty about whether benefits from REDD+ would be adequate to incentivize conservation and reward communities according to their expectations and needs. Finally, there is broad agreement that benefit-sharing systems within CFUGs had improved, and that these enhancements could be maintained regardless of the outcome of SFM certification and REDD+.

There are also some important differences in perspectives on sharing of benefits, costs and risks. The PE narrative emphasizes that benefits may differ among CFUGs based on differences in the percentages of different socioeconomically marginalized groups, and that this may be a point of heightened contention in the future (as it has already been during the piloting of the REDD+ benefit-sharing system). In addition, there is some shared skepticism about whether communities will benefit directly from REDD+, including concerns about government transparency and accountability in distributing benefits in the context of a national fund-based approach.
Conflict resolution and grievance mechanisms

There was general agreement that levels of conflict were low and not necessarily linked to SFM certification. There was no major conflict cited concerning REDD+, probably due to CFUGs limited experience with it, and to the fact that no significant benefits have begun to flow to communities yet aside from the piloting funds. However, due to some disagreements during the piloting phase, it was stressed that there is a need to clarify the benefit-sharing mechanism in order to avoid conflict in the future.

In terms of differences, the GEM narrative assumes that the accruement of more benefits will decrease conflict, while the PE narrative stressed the potential for conflict and grievances to arise from participation in SFM certification and the sale of forest products, noting that the current lack of conflict was likely due to the low level of benefits.

Monitoring systems

Proponents of both narratives agree that current technical capacities for monitoring are inadequate to implement both SFM certification and REDD+ effectively, and that the systems for monitoring socioeconomic and governance aspects need improvement. They concur that ongoing external support is necessary to maintain and improve monitoring efforts in order to ensure that CFUGs can benefit from both market-based mechanisms in the future.

Although the need to bolster monitoring efforts was commonly acknowledged, there were mixed views on the existing level of capacity and support for monitoring, with the GEM narrative generally claiming that training and capacity-building efforts had been effective to date, while the PE narrative expressed concerns about lack of sustainability of monitoring.

In general, there was scant mention of the actual or potential impacts of REDD+ on the monitoring of socioeconomic and governance processes and outcomes, and there was far more
emphasis on the technical aspects of monitoring carbon than on the capacity to monitor social, economic, governance or biodiversity concerns. Some measures were recommended to reduce the costs and challenges associated with monitoring systems in order to ensure their long-term viability and effectiveness.

Crosscutting issues

The discussion above reveals a mix of views and experience with SFM certification and REDD+. Several key issues emerge from the preceding narrative analysis that cut across two or more of the five institutional elements and are considered integral to SFM certification and/or REDD+. These are described below with some quotations from the interviews and focus groups discussions respondents to provide context.

1. Need for careful and inclusive planning to ensure equitable community benefits

Nearly all actors interviewed recognized the need for more consistent and deliberative planning to ensure that communities benefit from market-based mechanisms like SFM certification and REDD+ in an equitable way. Although there have been many activities carried out at the CFUG level related to both mechanisms, most of these efforts have only involved the executive committees with little reach beyond to subgroups, formal or otherwise. Thus, there is a need for more concerted grassroots planning efforts so that these local actors are fully informed about their role and opportunities in these mechanisms.

2. Challenge of raising awareness about SFM certification and REDD+

Respondents noted that raising adequate awareness about the mechanics, and the expected benefits, costs, risks and opportunities associated with market-based mechanisms is one of the most pervasive challenges for their effective implementation. Although some of the actors I spoke with at the sub-CFUG level had heard of SFM certification or REDD+, very few of them
had a clear concept of what these initiatives were really about, or how they might affect their lives, either positively or negatively.

3. Expansion and sustainability of SFM certification program depends on further support

In addition to more targeted and consistent planning efforts respondents perceived a great need for sustained support to ensure the sustainability and expansion of the SFM certification initiative. The two biggest issues identified were the lack of additional economic benefits and the additional monitoring costs associated with participation in the scheme. Without addressing these issues, there is little hope for scaling up certification to encompass more CFUGs and local industries. Conversely, some actors such as the Dolakha DFO see adding more CFUGs as the key to reducing costs of the certification and monitoring process through a cluster approach:

DFO: “The concept of forest certification is directly linked with forest products production. There should be more forest area to produce more forest products. So, it is only feasible to expand the forest certification program in other CFUGs having more forest area since the forest certification process is costly.”

Regardless of whether the “chicken” (reducing costs) or the “egg” (expanding certification) comes first, there is a widely acknowledged need for more sustained assistance in order to streamline the certification and verification processes, through full adoption of a national mechanism and rules and regulations about the sale of certified products. Provisions for a cluster or group approach to certification involving several CFUGs have been mentioned and should be explored as a cost-saving strategy. These lessons can also be carried over to REDD+ implementation. In addition, it was noted that more technical assistance is needed to scale up production of certified products in existing and aspiring certified CFUGs, in order to meet the demands of the market:

FECOFUN: “In order to get more benefit, we need to export the certified products to the international market. We need to produce more forest products in [greater] volume to sell
it to the international market. Furthermore, we need to certify more CFUGs to increase the production of forest products. So, there is still potential to expand forest certification in other CFUGs."

HBTL: “We are getting a higher demand for certified products in international markets but we have failed to supply them as per their demand. So, we should increase the number of certified CFUGs in Nepal. Only because of forest certification have we gotten the opportunity to develop our linkage with international markets [and buyers], including STN UK and Aveda USA... So, from the perspective of HBTL, forest certification in Nepal is successful.”

4. Uncertainties about the economic incentives and benefits from carbon markets

One of the most common issues mentioned in the interviews and focus group discussions with respect to REDD+ is the substantial uncertainty about carbon payments and markets. In particular, there are concerns about whether such payments will be adequate to provide benefits on the scale required to motivate communities, to cover the transaction costs of monitoring and verifying carbon stocks, and to offset the opportunity costs of other land uses:

FECOFUN & REDD Network: “CFUGs have been working voluntarily to reduce the deforestation and forest degradation. It will definitely continue whether they get money from any source such as FCTF or not. So, the amount got from FCTF would provide the CFUGs to initiate or implement the additional programs in order to reduce the deforestation and forest degradation. On the other hand, it again depends on the actual cost and benefit to CFUGs from carbon trading. They would definitely get benefit if the cost for [implementing] carbon trading became less and vise versa.”

Some also question whether REDD+ can be scaled up beyond the piloting phase so that it is economically efficient on a national scale:

REDD Network: “REDD is not being implemented all over Nepal, but just piloted in Dolakha. So, we can’t predict whether it will be economically efficient or not. It of course would not be economically efficient if the [transaction] costs, such as the cost of carbon measurement and other costs, became higher than the benefit received from carbon trading.”

Moreover, there is some doubt about whether Nepal can be competitive in global carbon markets due to the relatively small size of its forest area compared with other countries that are also threatened by deforestation:
ANSAB: “In my opinion, our forest area [in Nepal] is very small compared to the forest area in other countries. So, the carbon stock we have [conserved] here might be very [too] little. So, carbon buyers may not be interested in the carbon that we have conserved since it would be very [small] for them.”

5. Different types of benefits from SFM certification and REDD+

Another point that was expressed repeatedly in the interviews and focus group discussions is that SFM and REDD+ have provided and continue to supply a diversity of benefits, particularly for those CFUGs directly involved in them, but also to some non-certified user groups. While nearly all respondents conceded that the economic benefits of certification have thus far been inadequate or at least well below expectations, due mainly to the lack of a premium price for certified products, they also acknowledged other types of benefits, both tangible and intangible, stemming from participation in these projects. Chief among these secondary benefits are enhanced technical skills for growing different forest products, improved forest management and group governance practices, and increased access to broader markets for NTFPs. There is also some hope among both certified CFUGs and enterprises, that they will be able to reap greater rewards from their efforts in the future.

6. Role and scope of the private sector in implementing SFM certification and REDD+

One of the biggest gaps and questions surrounding both SFM certification and, especially, REDD+ is the role of the private sector in their implementation. The certification process has spawned local, small-scale cooperative industries that are involved in the processing and production of valuable NTFPs, which they in turn sell to national companies and agents. However, neither the CFUGs nor the local cooperatives receive a premium for their forest products, so there is no sustained incentive for them to maintain certification since they must compete with non-certified user groups and enterprises supplying the same products. This is largely due to the fact that HBTL, the only company selling certified products to the international
market (and also receiving a premium price for them), has a national monopsony on certified products and thus is able to set the price for those who supply the products. If there were other national companies competing for the domestic purchase and international sale of certified products, or if local enterprises were able to market their products directly to international buyers by forming cooperatives or other arrangements, then they could break this monopsony and receive a fair, premium price.

The role of the private sector in REDD+ planning and implementation is less clear-cut, but it is also clearly lacking. If the Government of Nepal were more supportive, private companies could play either the role of purchasing domestic carbon credits, or developing and supplying innovations that help reduce demand for forest products, and thus reduce deforestation and forest degradation. Dolakha’s DFO has recognized this potential:

DFO: “I think the private sector can play an important role in REDD implementation, especially in terms of investment and sustainable forest management. The private sector can invest in the carbon marketing as well as in sustainable forest management. At the same time, the private sector can also play an important role in reducing deforestation.”

The REDD+ pilot project has facilitated some private sector involvement in promoting more sustainable forest management, through production of local biogas systems and/or more efficient wood-burning stoves, but these initiatives are still at a relatively small scale at the project sites (although the biogas industry is growing nationwide and predates the REDD project). Not surprisingly, the private sector has had very little involvement in REDD+ planning and policymaking at the national or local levels, which could be one reason for its apparent lack of concern or involvement in implementation. For the most part, private companies are seen as being outside the scope of REDD+, since it is viewed by the government primarily as a donor-funded initiative, and thus they have not been invited to forums organized to discuss these issues.
Yet another common issue that was stressed repeatedly in the interviews and focus groups is the impact of engagement in SFM certification and REDD+ projects and activities on forest management practices. CFUGs almost unanimously state that their planning and decision-making capacity for planting, managing, harvesting, marketing, distribution and accounting of forest products has improved significantly since they became involved in SFM certification. In some ways, it is difficult to attribute these improvements to certification alone, since all of these things were stressed and supported within the context of community forestry programs prior to initiation of the project, but it is obvious that it has reinforced these activities further. There has also been a noted shift away from conservation-oriented management towards more active use of forests for the production of both NTFPs and timber. In the case of wintergreen, some acknowledged that harvesting had not been sustainable in recent years, resulting in a shortage of supply. Examples of such changes are illustrated by the following quotations:

FECOFUN: “In my perception, the forest product use habits of users are also changing since forest certification. Before forest certification, users were using trees of larger size for fuelwood, but these days they are using even pole-sized trees for timber purposes. It is mainly due to the [increased] awareness among users for commercialization of forest products.”

Bhitteri EON: “The amount of timber sold after implementation of forest certification program has increased. I can’t say the reason behind it. However, in my perception, we are more conscious about the implementation of the CFUG operational plan and the harvesting of forest products as described in it. We were more focused on forest conservation before forest certification, but now we are [more] aware of the harvesting and utilization of forest products. So, the amount of timber selling might be increasing these days.”

CFUG BSD EC: “The main difference before and after forest certification is that we started to manage our CF in a more sustainable way by preparing and implementing the operational plan.”

Yanmara Coop: “There is no significant difference in the forest management activities between certified and non-certified CFs. Even in the case of wintergreen, both certified and non-certified CFUGs are using the same process of management and harvesting. So, I can’t differentiate whether forest certification has made a significant contribution to
sustainable forest management or not… In my perception, the market demand of winter
green oil is increasing since many other companies have started this business. However,
in the case of Deu Dhunga Essential Oil Extraction Enterprise, the production is
gradually decreasing. It is due to the scarcity of raw materials. We need to stop collecting
wintergreen for a couple of years to let it to grow…

Despite the propensity for more intensive management and use of both timber and NTFPs
noted under SFM certification, two local organizations in Dolakha closely involved in
implementing REDD+ (FECOFUN and the REDD Network), noted that the carbon trading pilot
project there has had a positive impact on their awareness and forest management practices:

FECOFUN & REDD Network: “After implementing the REDD pilot project, the CFUGs
became aware of climate change and forest carbon trading. So, we have experienced that
the rate of deforestation and illegal felling within the CFUGs is reducing. Similarly, they
have further built the fire lines because of which the incidence of forest fire in the CFUGs
is reducing. In addition, they have planted trees in their CF areas. Moreover, the
consumption of fuelwood is decreasing since the CFUGs are encouraging their members
to install the improved cooking stoves… [and] the CF users are also getting some support
from REDD pilot project to install the bio-gas in their house which also [helps] to reduce
the fuelwood demand in CFUGs.”

Relevance to broader GEM and PE narratives

In concluding this chapter, it is useful to reflect on how the preceding narrative analysis
relates to broader GEM and PE narratives defined for diverse environmental problems in the
literature. For each narrative one can discern a few basic questions: How is the problem defined
and what causes it? What is its source of authority? How does it view external institutional and
policy interventions such as SFM and REDD+? What types of solutions does it propose in
general? What are its narrative structures—who are the heroes, villains and victims? By
addressing these questions one can distinguish some of the basic characteristics of each narrative.

Basically, the GEM narrative emphasizes global and national institutional and policy
failures as the source of the problem. It also raises some Malthusian arguments related to
population growth, by laying the responsibility for reducing impacts from population—and
thereby halting degradation of forest ecosystems—on the developing world (Adger et al., 2001).
It draws its authority mainly from science, arguing that climate change is an unavoidable reality that must be urgently addressed through top-down policies and institutions. The PE narrative, on the other hand, focuses on the consumption patterns and policies of developed countries as the main factors influencing climate and land-use change. Its authority is derived from both science and a moral imperative to support the rights and needs of local communities who depend on natural resources for their livelihoods. Six years before the introduction of REDD+ into international climate change discourse and negotiations, Adger et al. (2001, p. 699) succinctly summarized the PE view with respect to the issue of carbon trading as perceived by some of its major proponents: “Climate NGO activists have been vocal in rejecting, for example, the implementation of the moves towards carbon trading inherent in the Kyoto Protocol of the Climate Change Convention, arguing that planting [or saving] trees in developing countries to offset emissions in the profligate industrialized countries is an abdication of responsibility.”

Adger et al. (2001, p. 704-5) elucidate the distinction between the problem definition and view of external interventions and actors for each major narrative as they relate to different environmental issues like deforestation and climate change:

The GEM and populist [PE] discourses… view the role of external intervention quite differently… Populist discourses in general see external intervention as part of the problem itself… penetration by external actors has caused or exacerbated environmental problems… [They] see the local community and the indigenous populations as the appropriate focus for action… [and] emphasize rights, justice, self-determination and empowerment as the means by which environmental problems can be overcome in the long term. On the other hand, the GEM discourses… view external intervention as a key feature of solutions to environmental problems.

Table 6.4 outlines the general characteristics of the GEM and PE narratives, as they relate to global environmental problems in general, in response to the questions posed above. There are stark differences between the two narratives on these characteristics. I return to the question of
how this narrative policy analysis relates to these broader narratives and specific implications for the solutions they prescribe in the Conclusion (Chapter 8). In general, the findings from this research reveal that people involved in these market-based schemes have experienced a synthesis or a continuum between these two polarized narratives (GEM and PE). I discuss whether there is a metanarrative or a continuum between them in the Conclusion (Chapter 8).

Table 6.5. Comparison of GEM and PE narratives with respect to their problem definition, view of external interventions, proposed solutions, and main narrative structures

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>GEM – Global Environmental Mgmt.</th>
<th>PE – Political Ecology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature of the problem</td>
<td>Environmental degradation caused by irrational local resource use is contributing to climate change</td>
<td>External interventions are driving environmental degradation and compromising or failing to meet local livelihood needs</td>
</tr>
<tr>
<td>Source of the problem</td>
<td>Global and national institutional and policy failures (and population growth)</td>
<td>External policy/political and market interventions</td>
</tr>
<tr>
<td>Source of authority</td>
<td>Science of climate change as an unavoidable reality that should be tackled at least cost.</td>
<td>Both science and a moral imperative to act on behalf of vulnerable communities and tackle climate change equitably</td>
</tr>
<tr>
<td>View of external policy interventions</td>
<td>An essential part of the solution</td>
<td>A source of the problem</td>
</tr>
<tr>
<td>Solutions proposed</td>
<td>Need more international coordination, market integration, donor support, local awareness - Technology or knowledge transfers - Financial transfers or compensation payments - Financial incentives (markets, valuation/pricing) - International agreements and regulations</td>
<td>Need more local collaborations, community autonomy, land and resource rights, local awareness - Community-based forest management and conservation (i.e., decentralization) - Enhancing tenure security - Protecting (local and) indigenous peoples rights - Empowerment and participation of local communities in FM decisions</td>
</tr>
<tr>
<td>Heroes</td>
<td>Government, international donors/NGOs, markets/certifiers</td>
<td>Communities, community enterprises, local NGOs</td>
</tr>
<tr>
<td>Villains</td>
<td>Communities, poor and marginalized groups, non-certified groups/enterprises</td>
<td>Government, donors, corporations, non-certified groups/enterprises</td>
</tr>
<tr>
<td>Victims</td>
<td>Communities, poor and marginalized groups (“vicious cycle”)</td>
<td>Communities, poor and marginalized groups</td>
</tr>
</tbody>
</table>
Chapter 7

National Policymaking and Planning for REDD+

We now shift gears from an in-depth narrative analysis of local experiences with piloting of globalized market-based mechanisms (in Chapter 6), to an analysis of the political interactions and processes shaping Nepal’s experience with formulating national policies and conducting readiness activities for REDD+. In doing so, I examine the consequences of this emerging global PES scheme for decentralized forest governance in Nepal. This involves a shift from a focus on localized policy narratives, to an emphasis on national policy networks. These two aspects, narratives and networks, form two complementary lenses for examining the implementation of market-based mechanisms. Analyzing narratives has provided a sense for the broader global discourses about these mechanisms and how they are internalized, contested, transformed and operationalized in local contexts. Studying policy networks helps us to understand how these narratives are interpreted and enacted by diverse stakeholders leading to specific policy outcomes, and their implications for the governance of forests and forest-dependent communities. As Adger et al. (2001: 683) contend:

Since global discourses are based on shared myths and blueprints of the world, the political prescriptions flowing from them are often inappropriate for local realities. The connections at multiple levels come through the actions and practices of government agents, individuals and civil society, and the alliances formed between them.

This chapter investigates the policy networks of diverse actors from different sectors involved in processes for the formulation of REDD+ policies in Nepal. By scrutinizing this policy network, and the nature and extent of participation and interaction among different actors, one can assess how inclusive and transparent these processes are, and draw conclusions about the
implementation, governance and legitimacy of REDD+.

7.1. REDD+ policymaking in Nepal: Toward state-centric, polycentric or market-oriented governance?

Reducing emissions from deforestation and forest degradation and enhancement of forest carbon stocks in developing countries (REDD+) has strong implications for forest governance worldwide. REDD+ is an emerging market-based mechanism designed to curb greenhouse gas emissions through performance-based payments for the protection and sustainable management of forests. Some stakeholders involved in REDD+ believe that it will inject renewed vigor, transparency, and accountability into forest governance, and promote decentralized and inclusive modes of governance, considered necessary for forest conservation and reforestation (Springate-Baginski & Wollenberg, 2010). Others note its potential to recentralize governance and threaten biodiversity by ignoring social and ecological safeguards, increasing the value of forests to governments (thus producing incentives to regain control over them), and promoting more techno-bureaucratic, carbon-focused approaches to forest management, thereby undermining community rights and benefits, incentives to protect the forest, and ultimately reductions in forest-carbon emissions (Phelps et al., 2010). Yet others claim that mechanisms such as REDD+ constitute a distinct form of forest governance shaped by emerging markets, in which certain actors and solutions are favored over others, thus determining the engagement of and outcomes for different stakeholders (Thompson et al., 2011).

Employing the lens of network governance and the tools of policy network analysis, and using Nepal as a case study, this analysis examines REDD+ in the context of the ongoing transition from state-centric to more polycentric and market-oriented modes of governance. It gauges the impact that REDD+ is having or will have on this transition via the following overarching question: How inclusive and deliberative is the REDD+ policy-making process?
This question is addressed through two secondary (operative) research questions: (1) Which actors and groups of actors or sectors are most dominant and which are most marginalized in the policy-making process? (2) To what extent do actors and groups of actors, such as government, civil society organizations (CSOs), educational/research institutions, international nongovernmental organizations (INGOs), donors, and private sector organizations, engage in information sharing and collaboration with one another? Drawing on this analysis, I discuss the degree to which REDD+ policymaking in Nepal reflects state-centric governance (top-down, government-led), market-oriented governance (driven by market influences and actors), or polycentric governance (characterized by multiple nodes of authority and decentralization and/or deliberative decision-making); and consider which actors and actor groups dominate the policy process, as shown through network relations. Finally, I reflect on the implications of these findings for the current system of decentralized forest governance in Nepal.

Forest governance has undergone a pronounced transition over the past few decades on a global scale. It has developed from a state-centric paradigm toward a more polycentric one involving new actors and legal and administrative decentralization (Ribot et al., 2006; Tyler, 2006; Springate-Baginski & Blaikie, 2007; Agrawal & Ostrom, 2008; Agrawal et al., 2008). Once largely the purview of colonial administrations and the state, the management, use, and benefits of forests are increasingly shared by a range of stakeholders from multiple sectors—including civil society, private companies, and local communities—and at multiple scales, from local to international (Agrawal et al., 2008). Simultaneously, market actors and incentives increasingly affect decisions about forest management and use (Cashore, 2002; Agrawal et al., 2008). Nepal’s forestry sector and community forestry program exemplify this transition, with over 30 years of decentralization, deliberation, and increasing engagement with markets.
It is widely held that decentralization initiatives can enhance efficiency and equity of forest management, as well as the ability of governments to effectively respond to local people’s needs, demands, and aspirations (Ribot et al., 2006; Larson and Soto, 2008). There is also evidence that decentralization can promote more sustainable forest management and enhance ecological outcomes (Gibson et al., 2000; Springate-Baginski and Blaikie, 2007). However, for decentralization to be truly transformative and promote meaningful change for local communities and the protection of their forests, it must come from below, driven by the demands and needs of grassroots actors (Larson and Soto, 2008). Thus, rather than being solely an administrative act, decentralization is a political process that is often fraught with contestation and power struggles (Ribot et al., 2006).

Some argue that by focusing on local socioeconomic and ecological objectives, such as tenure reform, REDD+ could further stimulate decentralized forest governance (Angelsen et al., 2008). However, experience in various countries reveals that forest decentralization does not always meet its stated objectives or its implicit goals, especially in terms of strengthening local resource management and use rights (Ribot et al., 2006). Decentralization initiatives are frequently accompanied (and often undermined) by restrictions or limitations imposed by governments seeking to maximize their own efficiency, management objectives, and financial benefits, while not fully devolving decision-making and management authority to local bodies (Ribot et al., 2006). A further challenge of decentralization is its inability to avoid the subversion of democratic processes by more powerful actors at multiple levels (Lane, 2003). In Nepal and elsewhere, there is a tension between formal decentralization initiatives and informal, often covert, efforts to recentralize or maintain power and control over critical financial, political, and natural resources (Dahal, 2003; Ribot et al., 2006; Ojha, 2008; Sunam et al., 2013). There are
concerns that REDD+ may reinforce these recentralizing tendencies in forest governance (Phelps et al., 2010). Moreover, decentralization does not guarantee that local governance and management of forests will be transparent or equitable. For instance, there have been numerous cases in Nepal of exclusion, elite capture, corruption and collusion involving community leaders and external actors (Dahal, 2003; Iversen et al., 2006; Thoms, 2008).

7.2. Decentralization, community forestry and REDD+ in Nepal

Nepal’s community forestry program grew out of efforts to mitigate the perceived threat of rampant deforestation and soil erosion in Nepal’s Middle Hills during the 1970s (Guthman, 1997) by enlisting local communities in conservation efforts. Its evolution was marked by several overlapping phases: a steady expansion in donor funding and technical support for community-based forest management initiatives (1980s onward); formulation of supportive laws, policies, and government institutions (late 1980s to 1990s); increased allocation of state forest lands to communities for their management and use (mid-1990s to mid-2000s); a burgeoning of civil society groups concerned with promoting social and economic rights and opportunities for local communities with respect to forests (mid-1990s onward); and a growing emphasis on marketing of products and services from community-managed forests (late 1990s onward).

Today, Nepal’s community forestry program is one of the most extensive and widely studied systems of community-based natural resource management, involving more than 17,685 forest user groups, comprising almost 2.2 million households or nearly 35% of Nepal’s population, which collectively manage approximately 1.65 million hectares (about 25%) of Nepal’s forested area (Kanel, 2008; DoF, 2011). It engages actors from government, civil society, educational and research institutions, donor organizations, and the private sector in
forest governance. Community forestry has promoted the recovery of degraded forests in many areas and supported the socioeconomic development of rural communities (Nagendra, 2007; Pokharel et al., 2007; Kanel & Dahal, 2008; Pandit & Bevilacqua, 2011). This is largely due to the efforts and hard-won achievements of forest-dependent communities and their advocates (Britt, 2010). Despite these advances, community forestry has met with some resistance by government actors attempting to curtail local rights, autonomy, and benefits in various ways (Ojha, 2008). Over the past decade, declarations of new protected areas, proposals to raise taxes on products from community forests, bans on the harvesting of live trees, and repeated threats to revise the Forest Act of 1993 in order to curtail local autonomy provide some evidence of the government’s recentralizing tendencies (Sunam et al., 2013).

Threats to forests remain prevalent in Nepal, particularly in the subtropical Terai and Churia Hills regions (Devkota, 2010). Allegations of corruption have surfaced within Nepal’s forestry sector at all levels, from the Cabinet to the communities, along with claims that this corruption has led to a spree in illegal timber harvesting and trade, resulting in increased degradation and deforestation in both government-managed and community-managed forests (Devkota, 2010). Curbing deforestation and forest degradation remains an elusive goal in many areas (Pokharel & Byrne, 2009), posing significant challenges for REDD+ policymaking and implementation (Paudel et al., 2013).

Key government, civil society, and international actors have taken an active interest in REDD+ in Nepal, in the hope that it might help to address ongoing corruption and deforestation, and bring financial benefits for communities and other stakeholders. Since 2008, the World Bank’s Forest Carbon Partnership Facility (FCPF) and other donors have provided financial and technical support to the government to develop its Readiness Preparation Proposal (R-PP), which
defines key components of a technical, institutional, and policy framework for REDD+.

Following approval of the R-PP in October 2010, the government moved to develop a national strategy for REDD+ implementation after 2013. In addition, donor-sponsored pilot projects have been introduced to demonstrate the social and technical viability of REDD+ at the subnational level. These projects aim to develop local implementation capacity and to set baselines for measuring the socioeconomic, ecological, and forest-carbon impacts of REDD+. They have worked closely with communities to enhance their technical ability to measure and record carbon stocks in their forests; to devise local benefit-sharing schemes; and to inform stakeholders about climate change and the opportunities, risks, and challenges associated with carbon trading (Bushley & Khatri, 2011). All of these efforts aim to enhance Nepal’s “REDD+ readiness”, or its capacity to effectively engage in REDD+ during the subsequent implementation phase. However, as highlighted in the narrative analysis in Chapter 6, many of these activities are perceived as being ineffective or inadequate in various ways.

7.3. Theoretical basis and conceptual framework

As noted in Chapter 3, two concepts are fundamental for understanding the governance of forests and other natural resources under conditions of decentralization: polycentricity and deliberative governance. Fundamentally, polycentricity means the presence of multiple, independent nodes or “centers” of authority in the provision of public and/or private goods and services (Ostrom, 2010). One can achieve a more robust, cross-scale understanding of polycentricity by viewing it as comprising both vertical and horizontal dimensions: decentralization and deliberative governance, respectively. Decentralization denotes a shift in administrative, fiscal, and/or decision-making authority from larger (e.g., national) to smaller
(e.g., state, district, or community) geographical scales (Ribot et al., 2006). It can, but does not always, result in polycentric governance structures; this depends largely on the extent of deliberative governance (Andersson & Ostrom, 2008; Andersson et al., 2012). Deliberative governance or “deliberative democracy” embodies the idea that more equitable and sustainable public policy decisions will be achieved through open dialogue and debate among diverse actors from different sectors (Dryzek, 2010). There is some overlap between the two: decentralization can involve devolution of authority from government entities to actors in other sectors and deliberation can occur across administrative scales. Thus, decentralization promotes greater autonomy in local institutional structures, whereas deliberative governance facilitates inclusion and interactions among an array of actors, views, and interests across sectors and scales. These two linked processes reinforce on another and are essential to strong, pluralistic, and cohesive governance structures and institutions (Andersson & Ostrom, 2008, Andersson et al., 2012).

Three models of governance are commonly applied to the management and decentralization of forests and other natural resources and ecosystems. In the first, state-centric governance, government controls decisions concerning the management and use of forests and their resources, and reaps most of the benefits. The second model, market-oriented governance, represents a mixed approach that relies heavily on economic incentives from private sector investments to promote benefits for forest managers while pursuing specific ecological and/or social goals, and also involving state and/or civil society actors (Cashore, 2002). The third, polycentric governance, challenges the notion that governments or markets are always the best stewards of forests, noting the important role played by local institutions (Ostrom, 2009 and 2010). It implies the existence of multiple nodes of power, whereby the formulation and execution of decisions and policies are shared among diverse actors from different sectors (e.g.,
government, civil society, the private sector) and at different administrative scales (e.g., national to local) (Ostrom, 2009).

A fourth, distinct conceptualization known as network governance is increasingly being employed to study policy-making processes at global, national, and local scales (Kenis & Schneider, 1991; Perkins & Court, 2005). Like polycentric governance, network governance involves multiple, dispersed points of decision-making. However, whereas polycentric governance focuses largely on participation, interests, sources of authority, and overlapping institutions (shared rules and norms) among autonomous actors, network governance is primarily concerned with cooperation and conflict, including flows of information and resources, among actors. Thus, network governance focuses on relations among actors and groups of actors as key determinants of policy and governance outcomes, and is concerned with the structure and performance of the network as a whole (Carlsson & Sandström, 2008). Dedeurwaerdere (2005:2) states that network governance strives to “take into account the increasing importance of NGOs, the private sector, scientific networks and international institutions … to create a synergy between different competences and sources of knowledge in order to deal with complex and interlinked problems.” It contrasts with more elitist approaches such as the “iron triangle”—often used to describe issue-based politics in the United States—which is characterized by interactions among a small, exclusive set of actors from the government bureaucracy, legislature, and powerful interest groups (Kenis & Schneider, 1991).

Network governance can be conceptualized through policy networks, or sets of specific relations among policy actors. According to Kenis and Schneider (1991), policy networks represent new hybrid forms of political governance and resource mobilization, marked by an altered relationship between state and society where decision-making and program formulation
and implementation are shared among various public and private actors. In the context of REDD+ policymaking, this means that organizational actors from different sectors are expected to play an active role in key policy decisions through joint involvement in policy forums (e.g., multi-stakeholder dialogues, working groups, and as members of legislative and executive bodies). According to Dryzek (2010:124-125), “Networks are polycentric… while inequalities may exist within networks, they are not formally constituted as hierarchies… [but] a network can be more or less inclusive of those affected by a decision, as well as more or less deliberative when it comes to the terms of their inclusion.” It is also important to acknowledge political economy critiques that question more normative conceptualizations of policy networks and reveal how hierarchical relationships can be embedded in supposedly horizontal networks, affecting their nature and efficacy (Davies, 2012). Using Nepal as a case study, this research examines the unevenness in REDD+ policy networks and its broader implications for decentralized forest governance.

The concepts and models of forest governance described above are depicted conceptually in Figure 7.1 (same as Figure 3.1, presented again below for reference), which shows the three main sectors (state, market, civil society) and the models of governance (state-centric, market-oriented, polycentric, network) across scales, from the national to the community level, along with the paired processes of decentralization and deliberation.
Figure 7.1. Conceptual diagram of different modes and processes of forest governance.

7.4. Brief summary of methods for policy network analysis

Social network analysis (SNA) is useful for studying relationships, views, and flows of information and resources among actors engaged in social processes (Wasserman & Faust, 1994; Scott, 2004). It has been used to study socio-ecological systems, natural resource regimes, and political systems in many contexts and at multiple scales (Bodin & Prell, 2011), including functions such as sharing of information, resources, perspectives, and authority among diverse individuals and organizations, and environmental policy processes at national and international scales (Kenis & Schneider, 1991; Dedeurwaerdere, 2007; Crona & Hubacek, 2010). SNA can also help to assess whether information exchange and collaboration (i.e., characteristics of the policy network) reflect a hierarchical (state-centric) or market-oriented model (Kenis & Schneider, 1991). Using SNA, I investigate the national REDD+ policy network in Nepal to assess the degree of polycentricity and deliberation in the governance regime or policy process. One perception variable (*perceived influence*, a measure of reputational power) and two relational variables (*information exchange* and *collaboration*) were used to investigate relations
among organizational actors active in REDD+ policymaking. The relevant survey questions used to analyze each perception or relation variable are as follows:

**Perceived influence:** Which organizations stand out as being especially influential on domestic REDD+ policies?

**Information exchange:** With which organizations does [your organization] regularly or routinely discuss and exchange information about REDD+ policy matters?

**Collaboration:** With which organizations does [your organization] regularly collaborate on REDD+-related issues and activities?

In the resulting networks (Figure 7.2), nodes represent the actors (organizations) that are active in the REDD+ policy domain and the “ties” (lines between nodes) represent specific perceptions or relations. For each variable, I have examined several network measures (see 7.1 for specific measures and their definitions, meanings, and uses). These results are then combined and compared across the three network variables to assess which groups and actors have the most influence and involvement overall (Table 7.6).

The current analysis is based on a detailed survey of 34 organizations (policy actors) involved in REDD+ policymaking in Nepal, which included relational questions (i.e., about interactions among policy actors), conducted between February and December 2011. Initially, a panel of experts working in Nepal’s forestry sector identified 53 organizations relevant to REDD+. However, 19 of these organizations were omitted from the survey based on three factors: lack of direct involvement in REDD+ policymaking (n = 14; i.e., they had no formal role in policy deliberations, decision-making bodies or projects, which was ascertained through preliminary discussions and semi-structured interviews with these organizations); redundancy with other organizations (n = 1; i.e., their constituent departments or divisions were included in the survey); or difficulty in securing an appointment (n = 4). Thus, 34 organizations (actors) participated in the survey (see Table 7.3) and were included in the analysis of the three network
variables. The network variables were analyzed using social network analysis software (UCINET) and accompanying visualization software (NetDraw) (Borgatti et al., 2002).

Actors constitute six distinct groups (categories based on sector): (1) government organizations (ministries, departments); (2) educational/research institutions (universities and institutes); (3) national NGOs/CSOs (both membership and non-membership, including professional associations); (4) business associations (representing private companies in the forest product and general business sector); (5) international NGOs; and (6) multilateral/bilateral donor agencies (multilateral development banks, UN, country aid agencies). Table 7.2 presents the number of actors in each group identified and surveyed.

The analysis incorporates measures at both node (actor) and network levels for each of the three network variables. Node-level measures are also aggregated to assess the relative importance of the groups for each network variable. The Results section presents the findings from the two operative research questions, which are outlined below with a brief explanation of how each is analyzed (the meaning and use of each network measure are outlined in Table 7.1).

1. Which actors and groups of actors are most dominant and which are most marginalized in the policy-making process? Inclusiveness is indicated by the most dominant and marginalized actors and groups of actors in the policy network, as measured by in-degree centrality, betweenness centrality, and the core–periphery ratio. In-degree and betweenness centrality indicate the frequency of incoming/connecting ties. The core–periphery ratio measures those actors in the “core” (with many mutual interactions) of the network, versus those in the “periphery” (with few mutual interactions).
Table 7.1. Definitions, meanings and uses of measures employed in analyzing REDD+ policy networks in Nepal.

<table>
<thead>
<tr>
<th>SNA measure</th>
<th>Definition (and source)</th>
<th>Meaning in practice</th>
<th>What it measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-degree centrality</td>
<td>Sum of an actor’s incoming ties ((a))</td>
<td>Level of activity or popularity of a given actor (as identified by others)</td>
<td>Level of perceived influence and involvement in information exchange/ collaboration</td>
</tr>
<tr>
<td>In-degree centralization</td>
<td>Degree of inequality or variance in a network as a percentage of that of a perfect star (completely centralized) network of the same size ((b))</td>
<td>Extent to which nodes are connected to one central actor in a network via incoming ties</td>
<td>Concentration of power in information exchange/collaboration</td>
</tr>
<tr>
<td>Betweenness centrality</td>
<td>Number of times an actor connects pairs of other actors, who otherwise could not reach one another ((a))</td>
<td>Individual actor’s potential to control relations or flows of information and resources between other actors that it connects</td>
<td>Degree of “brokerage” in (control over) information exchange/collaboration</td>
</tr>
<tr>
<td>Betweenness centralization</td>
<td>Degree of inequality, or concentration in the distribution of betweenness centralities among actors relative to that of a perfect star (completely centralized) ((b))</td>
<td>Average difference in centrality between the most central node and all others ((c))</td>
<td>Concentration of control of information exchange/collaboration</td>
</tr>
<tr>
<td>Core–periphery ratio</td>
<td>Number of actors found in the core (those with high density of mutual ties) vs. the periphery (those with low density of mutual ties) ((b))</td>
<td>Proportion of those actors who interact most frequently with each other (core) to those who interact seldom with each other</td>
<td>Proportion of actors strongly/weakly involved in information exchange/collaboration (core actors as percentage of all actors)</td>
</tr>
<tr>
<td>(Group) Homophily</td>
<td>Extent to which two actors (or groups) who share some attribute form social ties with each other ((b))</td>
<td>Degree of interaction among like actors (or groups)</td>
<td>Extent of information exchange/collaboration (i.e., deliberation) within and among actor groups</td>
</tr>
</tbody>
</table>

Sources: \((a)\) Hawe et al. (2004); \((b)\) Hanneman and Riddle (2005); \((c)\) White and Borgatti (1994).

Table 7.2. Actor groups in the REDD+ policy domain in Nepal

<table>
<thead>
<tr>
<th>National policy domain actor group</th>
<th>Identified (53) (100%)</th>
<th>Number of total identified surveyed (34) (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>15 (28%)</td>
<td>8 (23%)</td>
</tr>
<tr>
<td>Education/Research</td>
<td>3 (6%)</td>
<td>2 (6%)</td>
</tr>
<tr>
<td>National NGOs/Civil society organizations</td>
<td>12 (22%)</td>
<td>10 (29%)</td>
</tr>
<tr>
<td>Business associations</td>
<td>3 (6%)</td>
<td>2 (6%)</td>
</tr>
<tr>
<td>International NGOs</td>
<td>11 (21%)</td>
<td>6 (18%)</td>
</tr>
<tr>
<td>Multilateral/bilateral donors</td>
<td>9 (17%)</td>
<td>6 (18%)</td>
</tr>
</tbody>
</table>
(2) To what extent do groups of actors engage in information sharing and collaboration (i.e., deliberation) with one another? Deliberation is reflected by the density of communication and collaboration among and within distinct actor groups, illustrated by network measures such as in-degree/betweenness centralization and homophily. Centralization reveals the extent to which interactions are controlled or shaped by the most central actor (and other influential intermediaries). In highly centralized networks, key actors can easily manipulate information or resource flows. Such networks can also break down easily if the functioning of these actors is compromised. Homophily reveals the propensity for groups to interact with their own members.

7.5. Results

The following results are presented according to research questions (1) and (2) above, with their corresponding subheadings below, and for each of the three network variables: perceived influence, information exchange, and collaboration. The number codes, names, abbreviations, and network measures for each organizational actor are listed in Table 7.3.

7.5.1. Dominant and marginal groups and actors in the REDD+ policy domain

Perceived influence

The groups (and actors) identified as having the most reputational power (perceived influence) in REDD+ policymaking are government (REDD Cell, DoF, MoEnv, DFRS, DNPWC); CSOs (NEFIN, FECOFUN, FA); and to a lesser extent INGOs (WWF, ICIMOD). Five (50%) of those actors seen as most influential are government entities (three of these are divisions of the Ministry of Forests and Soil Conservation), three are CSOs, and two are INGOs. This is evident in the in-degree centrality values for perceived influence (Table 7.3). Conversely, actors seen as least influential include some INGOs and CSOs, donor agencies, educational/research institutions, and particularly business associations. There is much disparity in perceived influence of INGO and CSO actors, and less disparity among donor agencies, whereas all educational/research institutions and business associations have low influence.
Table 7.3. Basic network measures of individual actors for perceived influence, information exchange, collaboration (n = 34)

<table>
<thead>
<tr>
<th>Type of organization (actor group)</th>
<th>OrgID (n = 34)</th>
<th>Organization full name</th>
<th>Organization abbreviation</th>
<th>Network variable</th>
<th>Perceived influence</th>
<th>Information exchange</th>
<th>Collaboration</th>
<th>Info exchange + collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Indegree centrality</td>
<td>Indegree centrality</td>
<td>Betweenness centrality</td>
<td>Average betweenness centrality</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>In-degree centrality</td>
<td>Betweenness centrality</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>002</td>
<td>REDD Forestry and Climate Change Cell</td>
<td>REDD Cell</td>
<td>33</td>
<td>31</td>
<td>242.31</td>
<td>28</td>
<td>157.73</td>
</tr>
<tr>
<td></td>
<td>003</td>
<td>Department of Forests</td>
<td>DoF</td>
<td>30</td>
<td>17</td>
<td>10.19</td>
<td>19</td>
<td>24.78</td>
</tr>
<tr>
<td></td>
<td>004</td>
<td>Department of Forest Research and Survey</td>
<td>DFRS</td>
<td>28</td>
<td>14</td>
<td>63.77</td>
<td>14</td>
<td>4.40</td>
</tr>
<tr>
<td></td>
<td>005</td>
<td>Department of National Parks and Wildlife Conservation</td>
<td>DNPCW</td>
<td>22</td>
<td>7</td>
<td>75.83</td>
<td>10</td>
<td>46.52</td>
</tr>
<tr>
<td></td>
<td>006</td>
<td>Ministry of Environment</td>
<td>MoEnv</td>
<td>28</td>
<td>15</td>
<td>14.33</td>
<td>15</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>007</td>
<td>Ministry of Agriculture</td>
<td>MoAgr</td>
<td>12</td>
<td>3</td>
<td>0.05</td>
<td>5</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>008</td>
<td>Ministry of Local Development</td>
<td>MoLD</td>
<td>12</td>
<td>4</td>
<td>62.45</td>
<td>5</td>
<td>11.74</td>
</tr>
<tr>
<td></td>
<td>011</td>
<td>Department of Soil Conservation and Watershed Management</td>
<td>DSCWM</td>
<td>10</td>
<td>3</td>
<td>0.22</td>
<td>4</td>
<td>1.94</td>
</tr>
<tr>
<td></td>
<td>022</td>
<td>Nepal Foresters' Association</td>
<td>NFA</td>
<td>18</td>
<td>11</td>
<td>10.80</td>
<td>16</td>
<td>33.93</td>
</tr>
<tr>
<td></td>
<td>023</td>
<td>Rangers' Association Nepal</td>
<td>RAN</td>
<td>15</td>
<td>8</td>
<td>2.54</td>
<td>8</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>024</td>
<td>Community-based Forestry Supporters’ Network</td>
<td>COFSUN</td>
<td>11</td>
<td>6</td>
<td>1.84</td>
<td>7</td>
<td>1.84</td>
</tr>
<tr>
<td></td>
<td>025</td>
<td>Nepal Federation of Indigenous Nationalities</td>
<td>NEFIN</td>
<td>29</td>
<td>16</td>
<td>5.64</td>
<td>19</td>
<td>27.77</td>
</tr>
<tr>
<td></td>
<td>026</td>
<td>Federation of Community Forest Users Nepal</td>
<td>FECOFUN</td>
<td>28</td>
<td>19</td>
<td>82.96</td>
<td>22</td>
<td>67.00</td>
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<tr>
<td></td>
<td>027</td>
<td>Association of Collaborative Forest Users Nepal</td>
<td>ACOFUN</td>
<td>9</td>
<td>4</td>
<td>4.89</td>
<td>7</td>
<td>4.52</td>
</tr>
<tr>
<td></td>
<td>028</td>
<td>Dalit Alliance for Natural Resources Nepal</td>
<td>DANAR</td>
<td>9</td>
<td>11</td>
<td>23.87</td>
<td>14</td>
<td>1.94</td>
</tr>
<tr>
<td></td>
<td>029</td>
<td>Himalayan Grassroots Women's Natural Resource Mgmt. Assoc.</td>
<td>HIMAWANTI</td>
<td>8</td>
<td>7</td>
<td>1.95</td>
<td>9</td>
<td>5.39</td>
</tr>
<tr>
<td></td>
<td>043</td>
<td>NGO Group on Climate Change</td>
<td>NGOGCC</td>
<td>6</td>
<td>4</td>
<td>1.17</td>
<td>7</td>
<td>3.98</td>
</tr>
<tr>
<td></td>
<td>016</td>
<td>Kathmandu Forestry College</td>
<td>KFC</td>
<td>4</td>
<td>7</td>
<td>6.41</td>
<td>8</td>
<td>4.05</td>
</tr>
<tr>
<td></td>
<td>017</td>
<td>Kathmandu University</td>
<td>KU</td>
<td>5</td>
<td>3</td>
<td>0.44</td>
<td>3</td>
<td>1.43</td>
</tr>
<tr>
<td></td>
<td>019</td>
<td>Federation of Forestry Based Industry and Trade Nepal</td>
<td>FFBITN</td>
<td>3</td>
<td>1</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>020</td>
<td>Federation of Nepalese Chambers of Commerce and Industries</td>
<td>FNCCI</td>
<td>10</td>
<td>1</td>
<td>0.17</td>
<td>2</td>
<td>0.11</td>
</tr>
<tr>
<td></td>
<td>033</td>
<td>Asia Network for Sustainable Agriculture and Bioresources</td>
<td>ANSAB</td>
<td>15</td>
<td>13</td>
<td>16.24</td>
<td>8</td>
<td>5.51</td>
</tr>
<tr>
<td></td>
<td>034</td>
<td>Center for People and Forests</td>
<td>RECOFTC</td>
<td>9</td>
<td>10</td>
<td>89.04</td>
<td>15</td>
<td>65.52</td>
</tr>
<tr>
<td></td>
<td>035</td>
<td>World Wide Fund for Nature</td>
<td>WWF</td>
<td>19</td>
<td>13</td>
<td>45.28</td>
<td>19</td>
<td>63.20</td>
</tr>
<tr>
<td></td>
<td>036</td>
<td>International Centre for Integrated Mountain Development</td>
<td>ICIMOD</td>
<td>19</td>
<td>17</td>
<td>105.84</td>
<td>18</td>
<td>36.49</td>
</tr>
<tr>
<td></td>
<td>037</td>
<td>Winrock International</td>
<td>Winrock</td>
<td>10</td>
<td>7</td>
<td>1.05</td>
<td>9</td>
<td>14.11</td>
</tr>
<tr>
<td></td>
<td>040</td>
<td>CARE Nepal</td>
<td>CARE Nepal</td>
<td>7</td>
<td>7</td>
<td>0.99</td>
<td>8</td>
<td>0.17</td>
</tr>
<tr>
<td></td>
<td>045</td>
<td>World Bank – Forest Carbon Trust Fund</td>
<td>WB-FCPF</td>
<td>15</td>
<td>10</td>
<td>47.08</td>
<td>12</td>
<td>23.56</td>
</tr>
<tr>
<td></td>
<td>046</td>
<td>Swiss Development Corporation</td>
<td>SDC</td>
<td>8</td>
<td>5</td>
<td>0.51</td>
<td>15</td>
<td>14.38</td>
</tr>
<tr>
<td></td>
<td>047</td>
<td>Department for International Development (UK)</td>
<td>DFID</td>
<td>12</td>
<td>9</td>
<td>8.42</td>
<td>19</td>
<td>41.02</td>
</tr>
<tr>
<td></td>
<td>048</td>
<td>Embassy of Finland</td>
<td>FinEmb</td>
<td>7</td>
<td>6</td>
<td>0.73</td>
<td>9</td>
<td>1.19</td>
</tr>
<tr>
<td></td>
<td>051</td>
<td>United States Agency for International Development</td>
<td>USAID</td>
<td>7</td>
<td>5</td>
<td>17.88</td>
<td>10</td>
<td>17.04</td>
</tr>
<tr>
<td></td>
<td>052</td>
<td>Netherlands Development Organization</td>
<td>SNV</td>
<td>7</td>
<td>4</td>
<td>0.16</td>
<td>11</td>
<td>1.52</td>
</tr>
</tbody>
</table>

Average: 14.29, 9.24, 29.65, 11.62, 22.15, 10.43, 25.90
In both the information exchange and collaboration network relations, the core includes those actors with the most links to each other in information sharing and collaboration on REDD+ policy issues (indicated by the round nodes in Figure 7.2, 2a and 2b). Government, CSOs, and INGOs have the highest proportion of core actors (see “percentage in core” in Table 7.4), underscoring their central role in both relations. Similarly, the most marginalized groups of actors in information exchange and collaboration are business associations, followed by educational/research institutions, donor agencies, and many CSOs, as indicated by their position in the periphery. Despite dense relations among core actors, actors in the periphery (indicated by square nodes in Figure 7.2, 2a and 2b) also engage in information exchange and collaboration. However, this exchange is mainly with core actors, not with other peripheral actors.

*Information exchange and collaboration*

Government actors, CSOs, and INGOs dominate the information exchange network, as revealed by their higher than average in-degree/betweenness centrality values and their higher core–periphery ratios (Table 7.4). The most dominant actor groups are government (REDD Cell, DoF, MoEnv, DFRS, DNPWC, MoLD), INGOs (ICIMOD, WWF, ANSAB, RECOFTC), and CSOs (FECOFUN, NEFIN, FA, NFA, DANAR). Two donor agencies (WB-FCPF and USAID) and one educational/research institution (KFC) are also located in the “core”, although their importance (in-degree centrality) is lower.

The same three actor groups also dominate the collaboration network. Specifically, the most dominant groups (and actors) are INGOs (RECOFTC, WWF, Winrock, ICIMOD); government (REDD Cell, DNPWC, DoF); and CSOs (NEFIN, FECOFUN, NFA). The most marginalized groups (and actors) include business associations (FFBITN, FNCCI); educational/research institutions (KFC, KU); and donor agencies (all except DFID). Several
government actors and CSOs are found in the periphery (five and seven, respectively), while only one INGO plays a marginal role (CARE Nepal).

Note: Size of nodes indicates degree centrality or the number of incoming and outgoing ties. Circular nodes indicate actors in the core and square nodes indicate those in the periphery. The numbers accompanying each node correspond to the organizational identification (OrgID) numbers in Table 7.3.

Figure 7.2. Organizations in the REDD+ policy arena in Nepal that regularly discuss and exchange information (2a) and collaborate (2b) with each other on REDD+ issues (n=34)
Table 7.4. Relative prominence of REDD+ actor groups in Nepal in perceived influence, information exchange and collaboration.

<table>
<thead>
<tr>
<th>Organization type (actor group)</th>
<th>Perceived influence</th>
<th>Information exchange</th>
<th>Collaboration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(average in-degree centrality)</td>
<td>Average in-degree centrality</td>
<td>Avg. betweenness centrality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Core</td>
<td>Periphery</td>
</tr>
<tr>
<td>Government</td>
<td>21.88</td>
<td>11.75</td>
<td>58.64</td>
</tr>
<tr>
<td>CSOs</td>
<td>15.40</td>
<td>10.20</td>
<td>19.86</td>
</tr>
<tr>
<td>Educ./Research</td>
<td>4.50</td>
<td>5.00</td>
<td>3.42</td>
</tr>
<tr>
<td>Business assoc.</td>
<td>6.50</td>
<td>1.00</td>
<td>0.08</td>
</tr>
<tr>
<td>International NGOs</td>
<td>13.17</td>
<td>11.17</td>
<td>43.07</td>
</tr>
<tr>
<td>Donor agencies</td>
<td>9.33</td>
<td>6.50</td>
<td>12.46</td>
</tr>
<tr>
<td><strong>Average/Total/ Percent (all actors)</strong></td>
<td><strong>14.29</strong></td>
<td><strong>9.24</strong></td>
<td><strong>29.65</strong></td>
</tr>
</tbody>
</table>

Notes: Bold indicates that the group average is higher than the average for all actors. *Numbers reported for actors in the core and periphery are totals, not averages.

7.5.2. Information sharing and collaboration among actor groups (centralization, homophily)

Information exchange and, especially, collaboration on REDD+ issues are relatively centralized (with in-degree centralization values of 68% and 51%, respectively; Appendix 2) and are thus influenced by the most dominant actor (REDD Cell) and by other powerful intermediaries in the core, with relatively little direct interaction among more peripheral actors (as illustrated in Figures 2a and 2b). This indicates that REDD Cell has substantial control over information flows and moderate influence over collaborations. Despite this central position in information exchange and collaboration, the degree to which REDD Cell and other dominant actors serve as exclusive brokers of information and collaboration between other actors is relatively low (with betweenness centralization values of 21% and 13%, respectively).

Table 7.5 shows the density of interactions (as a proportion of all possible ties) among...
and within actor groups for both information exchange and collaboration. In general, these results reveal a lot of interaction between INGOs, CSOs, and government. Intergroup information exchange is highest from INGOs to government (0.48, which means that 48% of all possible ties are realized) and from INGOs to CSOs (0.48), with much fewer ties from government to CSO (0.28). Intergroup collaboration is highest for INGOs to CSOs (0.58) and INGOs to government (0.52). Donors and educational/research institutions also interact frequently with the abovementioned actor groups, but interactions involving the private sector and academic institutions are much more limited. INGOs exhibit the highest level of internal interaction (homophily) for information exchange and collaboration (0.70 and 0.70, respectively), followed by government (0.50 and 0.63) and donors (0.40 and 0.53). However, these homophily values are statistically significant (p < 0.05) for INGOs and government only.

Table 7.5. Comparison of group-wise density of interaction among and within actor groups for information exchange and collaboration networks in Nepal's REDD+ policy arena

<table>
<thead>
<tr>
<th>Actor Groups</th>
<th>Gov</th>
<th>Educ./Res.</th>
<th>CSO</th>
<th>Bus. assoc.</th>
<th>INGO</th>
<th>Donor</th>
<th>Averages (row-wise)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Info</td>
<td>Coll</td>
<td>Info</td>
<td>Coll</td>
<td>Info</td>
<td>Coll</td>
<td>Info</td>
</tr>
<tr>
<td>Gov*</td>
<td>0.50 0.63</td>
<td>0.19 0.19</td>
<td>0.28 0.35</td>
<td>0.13 0.06</td>
<td>0.27 0.40</td>
<td>0.17 0.50</td>
<td>0.25 0.35</td>
</tr>
<tr>
<td>Educ./Res.</td>
<td>0.38</td>
<td>0.38</td>
<td>0.00 0.50</td>
<td>0.30 0.25</td>
<td>0.00 0.00</td>
<td>0.25 0.25</td>
<td>0.08 0.50</td>
</tr>
<tr>
<td>CSO</td>
<td>0.30</td>
<td>0.31</td>
<td>0.05 0.05</td>
<td>0.38 0.41</td>
<td>0.00 0.00</td>
<td>0.28 0.37</td>
<td>0.10 0.23</td>
</tr>
<tr>
<td>Bus. assoc.</td>
<td>0.06</td>
<td>0.00</td>
<td>0.00 0.00</td>
<td>0.10 0.10</td>
<td>0.00 0.00</td>
<td>0.00 0.00</td>
<td>0.00 0.00</td>
</tr>
<tr>
<td>INGO*</td>
<td>0.48</td>
<td>0.52</td>
<td>0.33 0.25</td>
<td>0.48 0.58</td>
<td>0.00 0.08</td>
<td>0.70 0.70</td>
<td>0.33 0.44</td>
</tr>
<tr>
<td>Donor</td>
<td>0.25</td>
<td>0.19</td>
<td>0.17 0.25</td>
<td>0.15 0.37</td>
<td>0.00 0.00</td>
<td>0.36 0.33</td>
<td>0.40 0.53</td>
</tr>
</tbody>
</table>

Notes: *Results of ANOVA test for goodness of fit are significant (p < 0.05) only for government and INGOs. Borders around cell indicate values for the density of interactions within groups (homophily).

Note: Scores indicate the density of interactions (as a proportion of all possible ties) among and within actor groups; a score of 0.48 means that 48% of all possible ties are realized. ANOVA test for goodness of fit is significant (P < 0.05) for government and international nongovernmental organizations.
7.5.3. Overall importance of actor groups and actors in the REDD+ policy arena across different network variables and measures

If we compare the groups on the given measures with the average for all actors and then take the average proportion for all measures and networks (Table 7.6), we can see the overall importance (i.e., power) of each actor group in the REDD+ policy arena. In general, INGOs (average proportion = 1.64) and government (1.40) have the most power in REDD+ policymaking across all network relations and measures, followed by CSOs with an average combined power of just above average (1.02). Donor agencies are somewhat below average (0.86), while educational/research institutions (0.47) and especially business associations (0.03) are consistently below average.

Table 7.6. Group averages for different network measures as a proportion of the average for all actors in each group for each network variable.

<table>
<thead>
<tr>
<th>Actor group</th>
<th>In-degree centrality</th>
<th>Betweenness centrality</th>
<th>Core–periphery ratio</th>
<th>Homophily*</th>
<th>Overall average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Perceived influence</td>
<td>Info. exchange</td>
<td>Collaboration</td>
<td>Info. exchange</td>
<td>Collaboration</td>
</tr>
<tr>
<td>Government</td>
<td>1.46</td>
<td>1.27</td>
<td>1.06</td>
<td>1.98</td>
<td>1.40</td>
</tr>
<tr>
<td>Civil society</td>
<td>1.08</td>
<td>1.10</td>
<td>1.11</td>
<td>0.67</td>
<td>0.97</td>
</tr>
<tr>
<td>Education/Research</td>
<td>0.34</td>
<td>0.54</td>
<td>0.47</td>
<td>0.12</td>
<td>0.12</td>
</tr>
<tr>
<td>Business associations</td>
<td>0.45</td>
<td>0.11</td>
<td>0.09</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>International NGOs</td>
<td>0.92</td>
<td>1.21</td>
<td>1.10</td>
<td>1.45</td>
<td>1.39</td>
</tr>
<tr>
<td>Donor agencies</td>
<td>0.65</td>
<td>0.70</td>
<td>1.09</td>
<td>0.42</td>
<td>0.74</td>
</tr>
<tr>
<td>Ordinary (All n=34)</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
</tbody>
</table>

Notes: *Results of ANOVA test for goodness of fit are significant (p < 0.05) only for government and INGOs. Results indicate the relative overall importance (i.e., power) of each actor group in the REDD+ policy arena. The numbers are based on the average of the total amount for all actor groups (n=34).
Government actors have the highest average perceived influence, followed by CSOs. Government actors dominate in information exchange in terms of centrality (in-degree and betweenness), while INGOs exhibit the highest homophily and percentage of actors in the core. With respect to collaboration ties, government, CSOs, donors, and INGOs are similar in terms of their in-degree centrality, but INGOs are significantly higher in both homophily and their core–periphery ratio.

The preceding analysis indicates that REDD+ policymaking in Nepal clearly does not represent a purely state-centric model, given that some INGOs and CSOs wield considerable power and that donor organizations also play a relatively important role in key network relations. Nor does it resemble an “iron triangle” (an exclusive three-way relationship involving government bureaucracy, the legislature, and powerful interest groups) or a polycentric governance model with diverse multi-stakeholder participation and influence. Instead of broad-based participation or highly dispersed and deliberative decision making, there is evidence that REDD+ policy processes in Nepal are dominated by a “development triangle”, that is, a strong tripartite alliance of dense interactions among a select set of key government organizations, influential INGOs, and powerful CSOs. Moderate involvement by donor agencies reinforces the external influence of INGOs. Important domestic stakeholders from the private sector, academia, and civil society are only marginally involved or are excluded altogether.

We now turn to the roles of powerful individual actors in the “development triangle” and their collective influence on policy processes for forestry and REDD+ in Nepal. Dominant government actors include REDD Cell, DoF, MoEnv and DFRS, DNPWC, and MoLD. All except for MoEnv and MoLD fall under the Ministry of Forests and Soil Conservation (MoFSC) and have direct responsibility for forestry research and policy formulation. MoEnv has a broader
mandate than MoFSC and serves as the government’s focal point for the United Nations Framework Convention on Climate Change, albeit not for REDD+. DoF and DFRS exhibit above-average reputational power, information exchange and collaboration (in-degree centrality), likely due to their key involvement in policymaking and piloting activities. DNPWC, while lower in terms of perceived influence and participation in information exchange and collaboration (in-degree centrality), serves as an important broker of both information and collaboration among other actors (with high betweenness centrality). This could be explained by DNPWC’s interaction with other, more influential actors, and the fact that their director is the former head of REDD Cell. Other government actors, namely MoAgr, DSCWM, and MoLD, have low reputational power and little involvement in information sharing and collaboration (i.e., peripheral status and low in-degree centrality), but are nonetheless important partners for implementing REDD+ because of their potential to influence the major drivers of deforestation and forest degradation. Furthermore, MoLD plays an important brokering role in information exchange. Conversely, MoEnv has high reputational power and significant involvement in information exchange, but low capacity as a broker, especially for facilitating collaboration.

REDD Cell is by far the most dominant actor in the policy network. As the national coordinating entity for REDD+ and the primary recipient and distributor of donor support, REDD Cell provides information to and collaborates with a large number of actors, but has more power to manipulate the exchange of information than to affect collaboration among more peripheral actors. The high level of centralization for information exchange and the moderate level for collaboration indicate that communication and partnerships are significantly mediated by REDD Cell and other central actors in the “development triangle” (e.g., FECOFUN, DoF, FA, NEFIN, ICIMOD, WWF) with less horizontal interaction and coordination among other actors.
This potential to distort or control information has implications for the extent of awareness, involvement, and influence of more peripheral actors, creating a potential imbalance or constraint for deliberative policymaking. If some actors and groups are not sharing information or collaborating with each other regularly, their capacity to understand and influence policymaking could be restricted. However, this also depends on the specific nature and depth of interactions or relations involving more peripheral actors.

The most important INGOs are ICIMOD, WWF, ANSAB, and RECOFTC, all of which have played coordinating and consultative roles in REDD+ pilot projects and policy discussions. ICIMOD and WWF were technical leads on Nepal’s first two REDD+ pilot projects and ANSAB has been closely involved in developing both technical guidelines for carbon accounting and a subnational mechanism for distributing REDD+ payments. RECOFTC has been closely involved in outreach and awareness-raising activities.

Powerful CSOs include FECOFUN, NEFIN, FA, and NFA. Most of the policy debates and pilot projects on REDD+ have targeted community forest user groups and, to a lesser extent, indigenous communities, while sidelining other important stakeholders and forest management regimes, such as private forests, collaborative forest management, national forests, and protected areas. Our results suggest that this is due to the prominence of FECOFUN and NEFIN in deliberations and piloting activities. Although there is widespread representation and participation by these two organizations and their constituencies at both the national and grassroots levels, a number of CSOs representing other important constituencies have had only marginal involvement and trivial influence in REDD+ policymaking. These constituencies include women, Dalits (members of the “untouchable” caste), professionals working to support community forestry, and participants in other community-based regimes, such as collaborative
forest management and leasehold forestry. Without substantial buy-in and participation from these additional constituencies, it is doubtful that REDD+ could be implemented effectively, efficiently, or equitably on a national level. Furthermore, information exchange and collaboration are relatively low among CSOs, compared with INGOs, government, and donors. This points to a lack of cooperation and communication among CSOs, which could hinder the potential for the key CSOs (e.g., FECOFUN, NEFIN, FA) to effectively represent the interests of more marginalized civil society actors.

7.6. Discussion

With its uneven, multi-sector institutional landscape characterized by strong influence and ties among government organizations, powerful INGOs, and influential CSOs (i.e., a “development triangle”) and scant involvement by the private sector, forest governance in Nepal—as reflected in REDD+ policymaking—resembles neither a purely state-centric nor a market-oriented model. Yet with (perceived) influence, information sharing, and collaboration concentrated among relatively few actors and sectors and civil society involvement limited to a few powerful CSOs, it does not reflect broad-based polycentric (or network) governance either. Rather, the pendulum of forest governance seems to be wavering between state-centric and polycentric, with limited influence from the market. With a government-dominated policy process, an INGO/donor-driven agenda, narrow and tokenistic involvement by civil society, and the exclusion of many important constituencies and stakeholders, the practice of REDD+ policymaking in Nepal threatens to push the pendulum back toward a more techno-bureaucratic, centralized mode of forest governance. This regressive force and its consequences can be attributed to several factors.
It is widely held that the effectiveness of governance of socio-ecological systems in general, and of far-reaching policy mechanisms such as REDD+ in particular, depends on broad participation and deliberation among a wide range of actors from multiple sectors (Stringer et al., 2006; Pokharel & Baral, 2009). In Nepal, however, the “development triangle” hinders participation by important actors from the private, academic, and civil society sectors, which are either marginalized or completely excluded from the process. Rather than an inclusive network of even horizontal relations, there is considerable disparity in the influence, importance, and connectedness of actors across key relations representing vital dimensions of policymaking, with sparse interaction among and within some actor groups. This unevenness does not reflect the normative ideal of polycentric or network governance. It undermines the capacity for many actors to participate in and benefit from REDD+, and hinders the development and implementation of effective policies.

One key finding is that external actors (INGOs and donors) have more impact on REDD+ policymaking than is perceived and are driving the process to a large extent. Although government and CSOs have more reputational power (perceived influence), INGOs have greater importance across nearly all network measures for information exchange and collaboration (Table 7.6). With INGOs’ power augmented by the collaboration and resources of bilateral and multilateral donors, the strong influence of external actors is not surprising, especially considering that international organizations have played a major role in Nepal’s forestry sector for decades (Ojha, 2011). In fact, it was largely due to technical and financial support from multilateral and bilateral donors that community forestry first took root in the 1970s and 1980s (Gilmour & Fisher, 1991). However, heavy INGO/donor influence in policymaking could have detrimental effects on the long-term financing and implementation of REDD+ in Nepal. The
current aid-driven approach means that alternative financing channels are not being explored. Nepal has had no direct experience with either regulatory or private-sector (voluntary) forest-carbon trading, which could adversely affect its flexibility and competitiveness in participating in global carbon markets. Moreover, some claim that the strict guidelines imposed by WB-FCPF for the R-PP process reinforce a techno-bureaucratic approach and limit the nature and extent of participation (Bushley, 2010).

Along with external actors, it is clear that government drives REDD+ policymaking in Nepal. Powerful actors within the MoFSC (especially REDD Cell, but also DoF and DFRS) and the MoEnv have strong influence over information sharing and collaboration. However, the failure to effectively involve other influential government stakeholders, such as the Ministries of Agriculture, Land Reform, and Energy, presents a challenge for addressing Nepal’s diverse drivers of deforestation and forest degradation.

Some CSOs are also closely involved in REDD+ dialogues and activities, but have little direct influence in policymaking. They play an important role in coordinating projects, especially at the grassroots level, but exhibit less communication and collaboration with other national actors (lower homophily and density of interactions) than their government, INGO, and donor counterparts. Although the significant involvement by local communities and indigenous people in REDD+ policymaking and pilot projects in Nepal could suggest polycentricity (e.g., Ostrom, 2010), there are significant gaps in participation, particularly in the deliberative (horizontal) aspect of polycentric governance, by sectors and actors crucial to the success of REDD+. CSOs also have weak representation in official decision-making forums, holding just two (NEFIN and FECOFUN) of 12 positions in the REDD Working Group, the official body for REDD+ policy development (the remaining 10 include eight representatives from government, one donor
representative, and one “independent expert”) (Bushley & Khatri, 2011). Consequently, their impact on policymaking is limited. So why are CSOs perceived as playing a more significant role than INGOs? It may be partly due to their visibility and voice in projects and advocacy forums, although this does not necessarily translate into political influence. In contrast, INGOs and donors exercise power behind the scenes, through direct consultations and advice given to REDD Cell.

The lack of private sector participation in REDD policymaking in Nepal is another important finding, given that REDD+ was conceived as a market-based mechanism. Domestic companies can play two main roles in REDD+: investing in carbon offsets and producing commercial products and market-based solutions that help reduce deforestation and forest degradation. Although the first is not essential, because external funding sources are anticipated, the second is crucial for the effective realization of REDD+. Thus, the paucity of private sector involvement in relevant policy forums and activities could affect the success of REDD+ in Nepal in the longer term. As in other countries, REDD+ policy development in Nepal is driven by external (INGO and donor) agendas, hampering investments by private sector actors.

Effectively reducing emissions from deforestation and forest degradation requires governing a wide range of land-cover types, commercial and livelihood activities, and ecosystem services (Angelsen, 2009), and involving all management regimes that could help realize reductions. So far, other modes of forest management, including private and government-managed forests, as well as other participatory forestry schemes such as collaborative forest management and leasehold forestry, have been excluded from the REDD+ process in Nepal. Furthermore, there is little evidence of efforts to engage stakeholders that influence decisions about land and resource tenure and use, such as private companies, powerful government entities
outside the forestry sector (such as the Ministries of Agriculture, Land Reform, and Energy) and diverse local landholders and commercial interests.

There are a host of institutional challenges inherent in REDD+ that must be resolved to guarantee its effective, efficient, and equitable implementation (Angelsen et al., 2012). In Nepal, the externally driven, state-centered REDD+ agenda has privileged certain aspects of policymaking over others. Whereas policymaking and piloting activities have emphasized systems for monitoring, reporting, and verification of carbon stocks and benefit sharing at the grassroots level, a national-level monitoring and financial architecture is less apparent and major social, institutional, and ecological concerns have been largely overlooked. For instance, such critical issues as defining and securing carbon tenure; promoting broad-based benefit-sharing systems; ensuring protection of biodiversity; increasing awareness and obtaining free, prior and informed consent; and creating a role for private (voluntary market) projects and investments have hardly been addressed. External actors are also complicit in the failure to address these issues. Some CSOs have attempted to convene dialogues on these and other important aspects of REDD+ governance, but these have had little direct impact on policymaking.

This analysis is not without its limitations. For instance, a more in-depth, accurate assessment of inclusiveness and deliberation in Nepal’s REDD+ policy process would examine participation in specific decision-making forums and events, and explore the quality of interactions among actors. Nevertheless, the findings point to an imbalance in policymaking. Furthermore, although this research did not explicitly address decentralization, it is clear that REDD+ policymaking in Nepal, with its exclusive, centralized nature and its failure to involve many important stakeholders, is doing little to further decentralized, community-based forest governance. Although there is no compelling evidence to date, there is concern that the emphasis
on more technical aspects of governance, the disproportionate influence of state and external actors, along with institutional uncertainties and incentives for the state to capture benefits from carbon trading, could lead to a recentralization of forest governance (e.g., Phelps et al., 2010).

7.7. Summary

By employing social network analysis tools, this research has analyzed the influence and power of 34 policy actors in three key aspects of REDD+ policymaking, namely reputational power (perceived influence), information exchange, and collaboration, through an assessment of inclusiveness and deliberation based on the degree of dominance, marginalization, and interaction among actors.

This analysis suggests that the exchange of information and collaboration related to REDD+ are dominated by key government organizations and by a few INGOs and CSOs coordinating pilot projects. As a result, related policies and discourses have been largely shaped by interactions among a limited set of actors, and the advent of REDD+ has done little to engage the private sector or to loosen the grip of the state on the policy process. By failing to engage important stakeholders at national and subnational levels, REDD+ policymaking has enabled a powerful coalition of select government, donor/INGO, and civil society actors to dominate the policy process, while marginalizing the voices and roles of other crucial stakeholders from the private, academic, and civil society sectors, as well as a few key government entities. As a result, the process lacks valuable input and support from timber and forest product industries, scholars of forest governance, government agencies outside of the forestry sector, and CSOs representing Dalits (untouchables), women, private landowners, and other local forest users. However, involvement of these stakeholders is critical to realizing effective, efficient and equitable forest
governance and conservation, and to the successful implementation of policies such as REDD+. As Thompson et al. (2011:100) observe, “Even as it takes shape, REDD+ is already functioning as a form of governance, a particular framing of the problem of climate change and its solutions that validates and legitimizes specific tools, actors and solutions while marginalizing others.” Consequently, there is a risk that, far from being a neutral policy mechanism, REDD+ may promote the recentralization of forest governance by allowing a “development triangle” coalition comprised of a few powerful government, INGO, and civil society actors to dominate the policy process, while simultaneously suppressing the role and voice of many important stakeholders.

The ecological consequences of such a shift in forest governance are uncertain. However, if we accept that community forestry has contributed to the regeneration of forests in many parts of Nepal (Pokharel et al., 2007), and that collaboration, information sharing, and deliberative governance are essential for the sustainable management of forests (Andersson, 2006; Tucker, 2010), then the degradation of collaborative, people-centered, deliberative, multi-use, decentralized approaches to forestry in favor of a more top-down, techno-bureaucratic model controlled by a limited number of powerful actors will likely have an adverse impact on forest ecosystems and the livelihoods of communities that rely on them. This research suggests that the current policymaking process in Nepal is thwarting the realization of effective, efficient, and equitable outcomes for REDD+ and jeopardizing the impressive social and ecological gains of community forestry.
Chapter 8

Conclusion: Lessons from Narratives and Networks

This chapter provides a synthesis of the findings from the narrative policy analysis of SFM certification and REDD+ in Dolakha District (Chapters 6) and the policy network analysis of Nepal’s national REDD+ policymaking process (Chapter 7), and discusses the implications of these findings for decentralized forest governance and the viability of these two globalized market-based mechanisms in Nepal.

8.1. Lessons from policy narratives

*Toward a metanarrative or reframing of global market-based mechanisms?*

Roe (1994) asks us to read between the (narrative) lines and consider the possibility of a metanarrative or a synthesis of the two dominant (GEM and PE) narratives that help to better decipher and reframe an environmental issue, thereby facilitating better decisions and policymaking. What about in the case of market-based mechanisms like SFM certification and REDD+? Are the GEM and PE narratives diametrically opposed to one another, or can one derive a metanarrative that bridges the two and helps us to view them in a different light, by revealing potential areas of consensus and mutually acceptable solutions? The policy narrative analysis in Chapter 6 considered the extent to which the experience of local actors with the five institutional elements of effective decentralized forest governance (summarized below) under SFM certification and REDD+ reflects either of the main narratives. In this vein, my analysis addresses the following question related to the GEM and PE narratives: On balance, have SFM
certification and REDD+ strengthened or compromised the capacity and experience of CFUGs and other stakeholders in the areas represented by the five institutional elements?

The results of the narrative analysis amply illustrate that local experience with the market-based mechanisms of SFM certification and REDD+ has been decidedly mixed in regards to their impact on the five institutional elements of decentralized forest governance and does not neatly conform to either the GEM or PE narrative.

Planning and policymaking forums and processes have been transparent, inclusive and equitable on the surface, but with some significant underlying issues related to the exclusion of certain stakeholders, grassroots actors and marginalized groups (e.g., indigenous peoples, Dalits, and other types of landholders besides CFUGs); a lack of initiative and commitment on the part of government, NGOs, the private sector, and grassroots organizations for the long-term institutionalizing of these market-based mechanisms; and a failure by government, NGOs, civil society organizations and donor agencies to adequately inform communities about potential benefits and risks associated with them.

Resource tenure and access rights are threatened by both internal and external (and formal and informal) restrictions, rules and regulations, though few attribute these constraints directly to the introduction of SFM certification or REDD+, and they are not viewed as a significant threat to the overall levels of access to forest resources. Nonetheless, although they are generally seen as being complementary, both schemes have implications for access to specific resources and the achievement of broader livelihood goals associated with community forestry.

Systems for sharing benefits, costs and risks are generally effective at the CFUG level, thanks to extensive external support for income-generating activities and development of
effective distribution mechanisms, both prior to and during the SFM certification and REDD+ projects. Although forest certification has enhanced the overall level of benefits, much of the value of these benefits is captured by external actors like District Forest Office administrators and the companies selling certified forest products to international markets. Moreover, there is considerable uncertainty about the level and types of benefits and costs that will come from REDD+, although some see it as an opportunity to reduce reliance on forest resources in general.

Mechanisms for resolving conflicts and grievances are scarcely mentioned and it appears that the SFM certification and REDD+ initiatives have no built-in provisions for this. Overall, there is little conflict stemming from either initiative, which some have attributed to the low level of benefits derived from them. However, CFUGs are confident that their involvement in the SFM certification project, and their experience with community forestry in general, has increased their capacity to deal with conflict now and in the future.

Monitoring systems have improved in their quality, frequency and ability to measure biophysical, socioeconomic and governance aspects, especially at the CFUG level, thereby enhancing the ability of communities to participate in and benefit from market-based mechanisms. However, a persistent lack of technical skills for independently monitoring forest conditions was also recognized as a significant challenge.

Comparison of narrative aspects

Another way to examine the evidence for a metanarrative is to highlight the similarities and differences in basic narrative aspects between the GEM and PE narratives in terms of their definition of the problem, source of authority, view of external policy interventions, cast of characters (heroes, villains and victims), underlying philosophy, and proposed solutions (e.g., see Table 6.4 for an example of this).
*Problem definition and view of external interventions.* Both narratives agree that climate change is a grave problem on a global scale, and that its impacts are inevitable and widespread, but they place the blame for this problem and the responsibility for resolving it on different actors and activities. The GEM narrative primarily blames irrational resource use by impoverished local communities and proximate forest users. It points to a ‘vicious cycle’, a mutually reinforcing downward spiral of poverty and environmental degradation. It also faults global and national institutional and policy failures for their inability to intervene and address these issues. In this light, market-based mechanisms address deforestation by providing economic opportunities to communities to lift them out of poverty and thus convert the vicious cycle into a ‘virtuous’ one. The PE narrative points the finger at external political and economic (i.e., market) interventions that they claim lead to socioeconomic exploitation and environmental degradation, while failing to meet local livelihood needs. Market-based mechanisms are seen as a usurper of resource rights and as a cause of inequitable resource access and benefits. Thus, it perceives a different sort of vicious cycle, whereby global political and financial capital has dire effects on local communities, which in turn buy into these schemes and perpetuate them while their local environment continues to be degraded. These two positions are quite opposed to one another. Overall, while there are some elements of a PE narrative in my analysis of market-based mechanisms in Nepal, the GEM narrative dominates in the problem definition. SFM certification and REDD+ are mostly seen as desirable, if imperfect, interventions.

*Source of authority.* Both narratives draw their authority from science in general, and from the scientific consensus that climate change is an unavoidable reality in particular. However, the GEM narrative relies on economics and rational decision-making and management as the tools to achieve an effective solution, whereas the PE narrative cites a moral imperative to
act on behalf of vulnerable and affected communities (and in opposition to those who threaten them) in order to address the problems of deforestation and climate change in an equitable way. In the case of SFM certification and REDD+ in Nepal, the GEM narrative is stronger with respect to sources of authority, but the PE narrative provides a significant counter-narrative.

*Cast of characters (victims, villains and heroes).* One of the most striking commonalities between the two narratives is that they both see local communities and poor and marginalized groups as the *victims* of deforestation and climate change. However, the GEM narrative attributes this to the absence of effective policies and institutions, especially market-based interventions, whereas the PE narrative sees such interventions as a major threat to the victims. In the GEM narrative, the *villains*, or those responsible for the negative impacts on communities and forests are the communities themselves, especially poor and marginalized people who exploit the forest to meet their livelihood needs. In the PE narrative, however, the villains are situated both within and outside of the local context. They blame the government, donors, corporations and non-participating local groups and enterprises (e.g., non-certified CFUGs, other types of local forest users that threaten their forests) for the destruction and degradation of forests and the resulting negative socioeconomic impacts. In the case of the *heroes*, they are flipped (i.e., the exact opposite) from the villains in each narrative. The heroes of the GEM narrative are the government, international donors/NGOs and investors, and market institutions (e.g., certifiers). They can provide the tools to reach an effective solution. The PE heroes are the communities themselves, community-based enterprises and cooperatives, and local NGOs and advocacy organizations that help to protect their rights and economic interests and resist the negative external influences. In the case of Nepal, the GEM narrative also dominates in defining
Underlying philosophy. The philosophies implicit in each narrative differ considerably. The GEM narrative is based on neoliberalism and techno-managerialism, akin to the “market liberal” position described in Clapp and Dauvergne (2008). It views markets in general, including market-based mechanisms like SFM Certification and REDD+, as the solution for providing benefits to the widest number of people possible. The GEM discourse also has elements of the “institutionalist” perspective, which embraces technical and institutional solutions to environmental problems (Clapp & Dauvergne, 2011). The PE narrative derives mainly from a philosophy of populism, meaning that it promotes the role and interests of local actors as the champions (i.e., heroes) of environmental conservation and stewardship, including strong community-based institutions and programs. It is akin to the “social green” position in Clapp and Dauvergne (2011). In Nepal, the GEM philosophy is the major driving force behind the REDD+ and SFM certification projects, based firmly on market principles. However, there is also a strong populist emphasis on the imperative of broad community participation in the implementation and benefits from each project.

Proposed solutions. The solutions proposed for each narrative are also quite distinct in their nature and scale. The solutions pertaining to each narrative, along with their relationship to the narrative analysis of SFM certification and REDD+ in Nepal and their implications for implementation of these market-based mechanisms, are discussed in detail below.

Scale and type of interventions related to the GEM and PE discourses

A critical issue raised by the analysis of the two narratives concerns the appropriate scale and nature of action required to curb deforestation and thus mitigate climate change impacts.
from land-use change. What level and types of interventions are proposed and what specific solutions are prescribed? In this regard, the GEM and PE narratives differ markedly. Adger et al. (2001) describe four types of interventions related to each narrative, outlined below.

Global environmental management

1. Technology or knowledge transfers
2. Financial transfers or compensation payments
3. Financial incentives – calling for strengthening/creation of markets and correct valuation/pricing of resources
4. International agreements and regulation are central to mitigating global environmental problems

Political ecology

1. Community-based forest management and conservation (i.e., decentralization)
2. Enhancing tenure security
3. Protecting the rights of local and indigenous people
4. Empowerment and participation of communities in forest management decisions

How do the specific narratives and institutional elements that have emerged from this narrative analysis (in Chapter 6) relate to these different types of interventions? Below, I briefly examine each intervention with respect to this question and its broader implications for SFM certification and REDD+ in Nepal.

Global environmental management

(1) Technology or knowledge transfers. Transfer of knowledge and technology is an obvious aspect of external support for both SFM certification and REDD+. The main technological transfers include the skills to grow and process NTFPs, including equipment and supplies for this purpose; to measure forest conditions and growth in carbon stocks; and—to a
more limited extent—to produce and install alternative energy technologies like biogas systems and improved cook stoves. Knowledge transfers have been more diverse, including the ability to conceptualize and measure different components of local forest governance (such as sharing of benefits and resources and systems for ensuring more accountability and transparency like group auditing and subgroups); the importance of biodiversity conservation; and the formation of cooperative institutions for processing and selling certified forest products. However, these knowledge transfers have done little in terms of equipping communities to produce value-added products and to market them beyond the local level. Furthermore, the continued low level of understanding about SFM certification and REDD+ among most CFUG members, especially marginalized groups, means that there is a risk that they will be excluded from future benefits that flow from these initiatives. There has also been some limited focus on knowledge transfers across communities through exchanges of local actors (CFUG members) from Nepal’s different REDD+ pilot project sites, as well as visits from those in other countries, to learn first-hand about the implementation process on the ground. These types of knowledge transfers are quite important because they give communities the chance to learn from each other’s successes and failures with market-based mechanisms.

(2) **Financial transfers or compensation payments.** There have also been some direct financial and in-kind transfers to communities from donor organizations such as SDC and government agencies like the DFO to facilitate the kinds of technology and knowledge transfers described above, such as grants, seedlings and supplies for growing wintergreen and other NTFPs.

Although there have been few direct compensation payments, one example of this is the piloting of the Forest Carbon Trust Fund at the three REDD+ project sites described at the
beginning of this chapter. In this case, compensation was made directly to CFUGs based on both initial and accumulated carbon stocks (40% combined) in a given community forest, as well as on socioeconomic criteria such as the proportion of different historically marginalized groups (Dalits, indigenous people, poor and women) in the respective community (60%). The fact that this payment was not based on existing international carbon prices further reinforces the fund-based approach that Nepal has adopted toward REDD+. However, it is uncertain whether such an approach can work in the long term, due to the shifting budgeting priorities of international donors and the national government, and competition for funding other important development needs in Nepal. Currently, The future of such direct compensation payments in Dolakha’s REDD+ project areas remains murky, since there have been no major REDD+ activities instituted there since the project closed in 2013.

At the same time, the government has shunned opportunities for external private investments. One such opportunity has come from Wildlife Works, a leading private developer of forest carbon offsets, which has been actively exploring the possibility of a privately funded REDD+ project in eastern Nepal since 2010 (Personal communication with Brian Williams, Wildlife Works Carbon, 2010). In 2011, Wildlife Works sold the world’s first REDD+ carbon credits, validated and verified by both the Voluntary Carbon Standard (VCS) and Climate, Community and Biodiversity Standard (CCBS), for the Kasigau Corridor REDD+ Project in Kenya, covering over 500,000 acres of forest and involving over 100,000 people, which is estimated to avoid more than 1 million tons of CO₂ emissions over a 30-year period (Wildlife Works, 2015). However, the Government of Nepal has so far refused to allow private developers entry into the country’s REDD+ program. This stems partially from a long-standing reluctance on the part of the government to engage with international markets and investors in the forestry
sector, and a corresponding reliance on donor funded programs. But this reluctance could cost them important opportunities for innovation and learning. By adopting this monolithic fund-based approach and shunning private investments, the government is putting all of its carbon “eggs” in one basket, so to speak, and losing an opportunity to gain valuable experience that could inform future carbon trading, especially if donor funds dry up or a global framework for REDD+ fails to materialize.

(3) Financial incentives. Attempts to create reliable financial incentives have been minimal for both SFM certification and REDD+. In the case of certification, despite ongoing assistance from international donors and domestic NGOs like ANSAB and FECOFUN, respectively, there has been little support or regulation by the government to create and strengthen markets for certified NTFPs—particularly to enhance the position of local communities and companies in the supply chain by promoting the development of value-added products and ensuring a premium price for certified products. These steps could potentially make a big difference in the ability of CFUGs and local enterprises to benefit from SFM certification while also increasing incentives for sustainable forest management and conservation. With respect to REDD+, the government has thus far restricted access to global markets for carbon trading, as mentioned above, and also failed to promote investments by national companies, so no direct financial incentives are currently available.

(4) International agreements and regulation. This issue is beyond the immediate scope and scale of my research. However, Nepal has been an active participant in the international climate change negotiations of the UNFCCC and its Subsidiary Body for Scientific and Technical Advice (SBSTA), and was an early proponent of REDD+, particularly its “enhancement of forest carbon stocks” through community-based approaches to forest
management. Holding the former Chair position of the Least Developed Country (LDC) block of the United Nations (from 2013-2014), Nepal has also been quite vocal on international climate change justice issues, albeit more with respect to climate adaptation than mitigation. In this capacity, Nepal has advocated for more direct financial support for REDD+ from developed countries (UNFCCC, 2014, 1):

LDCs have urgent funding needs to enable them to prepare for and undertake REDD+ actions and despite various international REDD+ initiatives, large gaps remain. Based on UNFCCC Article 4.9, Parties shall take full account of the specific needs and special situations of LDCs in their actions with regard to funding and transfer of technology. This must be reflected in all decisions related to REDD+. The LDC Group calls upon developed countries to take the lead to meet their obligations for financial and technology transfers to the LDCs.

Furthermore, in a recent submission to the SBSTA, the Government of Nepal reaffirmed its commitment to “non-market-based approaches” (NMA, a fund-based strategy) to REDD+ (UNFCCC, 2014):

As a REDD+ piloting country, Nepal has a high level of political commitment, willingness and preparedness to implement REDD+ activities. Lessons from REDD+ pilots motivates Nepal to step forward and test NMA in order to generate and share knowledge with the global community about the relevancy, efficiency and effectiveness of this approach. For this, Nepal Seeks reciprocal commitment from international partners for additional, transparent and predictable financing including capacity building and technology transfer to proceed with the implementation of REDD+ through NMA.

Political ecology

(1) *Community-based forest management and conservation (i.e., decentralization).* The government, donors and citizens in Nepal have demonstrated their commitment to community-based forest management, and to decentralization in the forestry sector in general, with over two decades of progressive legislation, financial and technical support, and civil society mobilization and advocacy for community forestry. Nepal is also considered a leader in other forms of community-based resource management and conservation, such as community-managed...
irrigation projects and collaborative management of conservation areas. Despite this reputation and experience, this research shows that there are clear limits to the government’s willingness and/or ability to support greater economic autonomy for CFUGs’, especially with regards to engaging in broader domestic and global markets for forest products and ecosystem services.

(2) Enhancing tenure security. Secure resource tenure and access rights have also been a major focus of community forestry activities and research in Nepal. While the rights of communities to manage and benefit from forests are clearly supported by the national legal and regulatory code, they fall short of granting CFUGs full tenure (i.e., land ownership) of forests. This has been an ongoing concern for advocates of community forestry who see forest (land) tenure as an ideal means of ensuring greater benefits, buy-in, and investments for and by local communities. As my findings indicate, tenure also has strong repercussions for the ability of communities to benefit from specific market-based initiatives like SFM certification and REDD+.

(3) Protecting local and indigenous peoples rights. Indigenous rights have become increasingly central to global discourses on REDD+. In Nepal, this discourse has contributed to the rise of marginalized voices and the formation of civil society groups like the Nepal Federation of Indigenous Nationalities (NEFIN), which has been actively involved in both domestic and international dialogues on REDD+, as they relate to the rights of the country’s many indigenous peoples. Despite the growing influence of this vocal advocate, indigenous groups still do not have strong claims to land and natural resources in Nepal. There are no formally recognized indigenous reserves or territories, although the country is currently undergoing a transition to federalism based on ethnic-oriented states. In the case of REDD+, indigenous groups have been fighting for the government and donors to respect the principle of
“free prior and informed consent” (FPIC) encoded in the International Labor Organizations Convention on Indigenous and Tribal Peoples (Convention No. 169) (ILO 1989), to which Nepal is a signatory. In addition, aside from the rights encoded in the national Forest Act (1993) and the Decentralization Act (1982), there is little in the way of active legislation to protect the resource rights of other marginalized groups such as Dalits (members of the untouchable caste). In fact, my research clearly shows that Dalits have been less involved in activities and dialogues related to key aspects of SFM certification and REDD+.

(4) Empowerment and participation of local communities in forest management decisions. The analysis reveals a strong emphasis by most respondents on the importance of participation for local communities in all aspects of forest management and governance, from the community level to the watershed and even the district level. This emphasis has been germane to community forestry activities in Dolakha for decades, particularly within individual CFUGs. My findings reveal that there is general agreement that local (CFUG) forest management and governance practices have improved due to involvement in SFM certification. However, certification and REDD+ have also placed more emphasis on participation beyond the village and CFUG level, including involvement in the governance of these projects through local bridging institutions (e.g. the REDD Networks), as well as input into VDC and district-level dialogues and decisions on forest management and governance, especially concerning the marketing and export of forest products.

Which of the narratives (GEM or PE) and the corresponding interventions mentioned above has had more influence on policy debates and outcomes in Nepal? In terms of the interventions related to the GEM narrative, there has been a significant emphasis on technology and knowledge transfers in conjunction with the SFM certification and REDD+ projects. This
includes a strong emphasis on the mapping and measurement of forest carbon stocks. There has also been a strong focus on financial transfers or compensation payments, especially in the form of international fund-based financing for REDD+, as well as a perceived need to develop greater financial incentives for SFM certification. Although Nepal has been quite active and vocal in its call for international agreements, regulation and formal assistance at the national level, particularly related to securing dedicated funds for REDD+ implementation, this has not yet been a major emphasis at the sub-national level. External funding has, however, had a substantial impact on shaping the national REDD+ strategy and, particularly, on Nepal’s ardent pursuit of a fund-based approach.

For the PE narrative, there is a strong emphasis on community-based forest management. In fact, it is the primary focus of both the SFM certification and REDD+ projects, while other forest management regimes have been neglected. Enhancing security of resource tenure has been a common concern of CFUGs and community forestry advocates for many years, prior to the advent of both market-based mechanisms, and this discourse has been strengthened by involvement in these mechanisms. Although there are a couple of vocal advocates for CFUGs and indigenous people, respectively, protecting the rights of local and indigenous people is perhaps the weakest narrative aspect in current projects and policy debates. The empowerment and participation of communities in forest management decisions is an ongoing concern that has received lots of attention under community forestry in general and in the implementation of both SFM certification and REDD+ in particular. However, there are still many concerns about the current level (or lack) of participation and empowerment under both mechanisms. All in all, it appears that experience with both market-based mechanisms in Nepal conforms more to the
GEM narrative, though there are important strands of the PE narrative that also influence ongoing policy debates and planning efforts.

8.2. Lessons from policy networks

Analyzing policy networks through PNA (using social network analysis tools) can be quite useful for discerning the roles of different actors involved in policy formulation, including the degree and nature of their interactions, and their individual and collective influence on different policy processes and outcomes.

The analysis of the national policy network for REDD+ in Nepal in Chapter 7 provides a quite different type and level of findings from the study of local policy narratives in Chapter 6, but it presents some equally salient and complementary insights about market-based mechanisms like REDD+. Specifically, PNA can reveal the extent of inclusiveness, deliberation and decentralization associated with key relations among actors such as the exchange of information and collaboration on activities related to policy development, as well as the perceived influence of different actors involved in policy processes.

Nepal’s experience with decentralization in the forest sector over the past two decades has been characterized by steady advancements in local communities’ autonomy and capacity for self-governance, and in the growth of organizations and institutions to support them. As a result, many communities have enhanced their skills in forest management and governance, including the cultivation and marketing of forest products and systems for governing local decision-making processes, access, use and benefits. However, the impact of REDD+ on decentralization and its consequences for the wellbeing of communities and forest ecosystems are not fully known. Thus, a key question addressed by the policy network analysis is: How inclusive and deliberative is the national REDD+ policymaking process, and what are the implications for the future governance
of this mechanism and its socioeconomic and ecological outcomes? In the policy network analysis (PNA), I examined this question by looking at three network variables—perceived influence, information exchange, and collaboration—to gauge the relative importance of different actors and groups, and then addressed the following two operative research questions:

- **[Inclusiveness]** Which actors and groups of actors are most dominant and which are most marginalized in the policymaking process?
- **[Deliberation]** To what extent do groups of actors engage in information sharing and collaboration with one another?

**Brief summary of PNA results**

Before proceeding with a discussion of general lessons from the network analysis, I briefly summarize the main results with respect to identification of the most influential and important actor groups, related to the two questions immediately above.

**Inclusiveness**

Overall, government actors have the highest reputational power (i.e., perceived influence; average in-degree centrality or number of connections = 21.88, compared with 14.29 for all actor groups), followed by CSOs (15.40) and INGOs (13.17). In fact, half (five) of the ten most influential actors are government organizations, three are CSOs, and two are INGOs. The least influential actors include some of the INGOs and CSOs, as well as donor agencies (9.33), business associations (6.50), and educational/research institutions (4.50).

Government actors and INGOs dominate the information exchange and collaboration network relations, with a few actors from each group serving as brokers of information (average betweenness centrality or number of connections between actors = 58.64 and 43.07, respectively; overall average for all actors = 29.65) and gateways for collaboration (average betweenness centrality = 30.98 and 30.83; overall average = 22.15) among diverse individual actors and
groups. These averages are skewed by some significant outliers, especially among government actors. The groups playing the smallest role in both information exchange and collaboration are educational/research institutions and business associations (average betweenness centrality is < 3.50 and < 0.10, respectively, for both network relations). Government and INGOs also dominate the core of the network (i.e., the set of most interconnected actors) for these two network relations, with a few CSOs and educational/research institutions also present in the core.

**Deliberation**

Examining the networks as a whole for information exchange and collaboration, it is clear that both networks are very centralized overall (in-degree centralization index = 68% and 51%, respectively; extent to which other actors are linked to one central actor), although dominant actors have more limited control over the flow of information among other actors throughout the network (betweenness centralization index = 21% and 13%). In terms of interactions among the different actor groups, the highest levels of information exchange occur from INGOs to government (covering 48% of all possible actor ties), and from INGOs to CSOs (48%), with moderate ties from government to CSOs (28%); while collaboration is greatest from INGOs to CSOs (58%) and from INGOs to government (52%). The highest levels of interaction within groups for both information exchange and collaboration occur among INGOs (70% for both relations), government (50% and 63%, respectively) and donor agencies (40% and 53%).

**Overall influence and importance of groups and actors**

In general, the actor groups with the highest perceived influence are government (1.46 = 146% of average), CSOs (1.08), and INGOs (0.92). In this context, 1.0 = the average for the entire network. These same actor groups are most involved in information exchange and collaboration across all network measures, but in a different order: INGOs (1.64 = 164% of
average), government (1.40) and civil society organizations (1.02). The least involved groups are educational/research institutions (0.47) and business associations (0.03).

The high degree of centralization in information exchange, and moderate level in collaboration suggests that central actors have substantial influence over policymaking processes and, consequently, the power to distort or control information. This has significant ramifications for the level or awareness, involvement and influence of more peripheral actors, thus forming a potential barrier to their participation and to effective deliberative policymaking in general.

Analysis of the reputational power and importance of individual organizational actors reveals some striking differences in the influence of actors within specific actor groups. For example, among the influential government actors, most are located within the Ministry of Forests and Soil Conservation (e.g., REDD Cell, Department of Forests, Department of Forest Research and Survey, Department of National Parks and Wildlife Conservation), while other government bodies like the Ministry of Agriculture, the Ministry of Local Development, and the Department of Soil Conservation and Water Management (also under the MoFSC) are quite peripheral to policymaking. This has important implications, discussed below.

Evidence of substantial disparity in influence among CSOs also exists. There are a few CSOs that are involved in many aspects of REDD+ policymaking, planning and piloting. By far the most prominent among these are FECOFUN and NEFIN, the national associations representing CFUGs and indigenous peoples, respectively. These two organizations have been closely involved in both piloting initiatives and national policymaking activities for REDD+. Another CSO that is viewed as consistently influential and important is ForestAction, which conducts policy-relevant research on environmental governance issues throughout Nepal and has been closely involved in projects and research associated with REDD+ policy development and
implementation. Many other CSOs representing important marginalized communities (in parentheses below) have quite limited representation and involvement in the REDD+ policy process, including DANAR (Dalits), HIMAWANTI (women), COFSUN (professionals working in community-based forest management), and ACOFUN (collaborative forest users).

In summary, instead of an inclusive network of relatively even horizontal relations, the policymaking process for REDD+ in Nepal reveals major disparities in the influence, importance, and connectedness of actors and actor groups across key relations representing crucial aspects of policymaking (e.g., information exchange, collaboration), with relatively low interaction both among and within some actor groups. This is contrary to some normative notions of polycentric governance and networks as being politically “flat” and highly interactive. As a result of this unevenness, many actors are not able to fully participate in or benefit from REDD+ and the policies that are formulated may not be responsive to their needs.

**Key findings and implications**

The PNA has also revealed a few interesting findings raising important issues and implications that warrant further exploration. These are discussed below.

*Discrepancies between perceived influence and importance in key network relations*

One key finding is the difference between perceived influence and importance in network relations among some actor groups. For instance, government and CSOs are both perceived as being more influential than INGOs in shaping REDD+ policies, although it is clear that, on the whole, INGOs are considerably more important and involved in information exchange and collaboration (as indicated by their high measures of in-degree centrality, betweenness centrality, core-periphery ratio, and homophily, e.g., see Table 7.6).

What accounts for this higher reputational power of government and CSOs? In the case of government it is quite clear, since they are more visible in general and have the highest
number of prominent actors across all network relations and measures. However, the higher perceived influence of CSOs is more of a mystery. There are also more CSOs than INGOs that are viewed as being influential in one or more of the network relations (6 actors vs. 4 actors). Furthermore, the influential INGOs are all involved in specific pilot projects and have been less vocal and engaged in more general policymaking forums and processes, at least on the surface, so they are perhaps less visible than the CSOs. Moreover, most influential CSOs have organized and participated in numerous policy dialogues and/or been engaged in diverse REDD+ piloting and policymaking activities, so more actors may have had the opportunity to interact with them directly and they may thus be perceived as more active.

It is also likely that INGOs influence the policy process more from behind the scenes, advising government bodies and officials on specific issues; and that they are less vocal in public forums. The strong external influence on policy exerted by INGOs, with support from well-healed donor agencies, could negatively impact Nepal’s ability to engage in other forms of carbon markets than a fund-based REDD+ program. The reluctance to engage private sector funding begs the question of whether Nepal is protecting or isolating its forest communities from rapidly evolving global carbon markets. Perhaps these are two sides of the same coin?

*Exclusion or weak representation of important actors from government, civil society, educational/research institutions and the private sector*

One of the most significant and troubling findings revealed in the network analysis from a deliberative governance perspective is the low level of involvement or the complete absence of certain stakeholders in policymaking processes. This relates to several government bodies, CSOs, educational/research institutions and private sector entities.

While government actors from the Ministry of Forest and Soil Conservation dominate the REDD+ policy network, other important ministries, such as the Ministry of Agriculture and
Ministry of Local Development are not central to the network at all. This is problematic, because these latter, less influential, government actors are key partners for implementing REDD+, due to their capacity to influence decisions related to land use and drivers of deforestation and forest degradation. The Ministry of Environment is also seen as quite influential, and serves as the UNFCCC-designated contact body, but it is not as invested in REDD+ as in climate adaptation efforts.

Due to the low engagement of some CSOs in REDD+ policymaking and piloting, the needs and rights of their corresponding interest groups such as Dalits, women and participants in other types of forest management regimes, are being denied or ignored. Although the first two of these groups have been somewhat vocal in various REDD+ related events, they have not been adequately consulted on many key aspects of policy crucial to effective implementation, such as the development of measurement, reporting and verification (MRV) standards or the Forest Carbon Trust Fund (FCTF). Moreover, these CSOs have no voice on the REDD Working Group, the main body responsible for policy formulation, whose membership is dominated by government, donors, and technical experts (10 out of 12 positions). Thus, the role of CSOs representing various marginalized interest groups seems to have been relegated to one of sharing information and raising awareness among their networks and members, rather than having any meaningful input into important policy decisions and forums.

The lack of involvement by educational and research institutions is also of concern, with only two organizations actively involved in REDD+ policy development. The Institute of Forestry and Tribhuvan University, arguably two of the most renowned and relevant institutions in Nepal for research on forest governance, have not been actively engaged in REDD+ policy development.
dialogues and debates. We need to bolster the role of such organizations to foster more academically informed critical analyses on REDD+.

Finally, there seems to be a serious dearth of private sector interest and participation in the policymaking process. The only two actors involved in the REDD+ policy network are business associations: Federation of Forestry Based Industry and Trade in Nepal, and Federation of Nepalese Chambers of Commerce and Industries. There are no independent domestic companies involved with an interest in supporting carbon trading either directly (by serving as a developer and/or purchaser of carbon credits) or indirectly (by developing and selling technologies that help to reduce the reliance of rural communities on forests). There are also no foreign companies actively investing in forest carbon offsets in Nepal. In fact, none of the actors could identify any other companies or private sector organizations—domestic or international—that have a clear interest or stake in REDD+.

Without the active participation of these marginalized CSOs/interest groups, educational and research institutions, and private sector actors, the effective, efficient and equitable, and successful implementation of REDD+ in Nepal remains elusive.

Disproportionate focus on community forestry

One of the most conspicuous aspects of REDD+ readiness and policymaking in Nepal has been the exclusive focus on community forestry and the lack of involvement by other forest-management regimes and their proponents. Although community forests cover close to one third of the total forest area in Nepal, significant areas are also under other forms of participatory forestry and land use, such as collaborative forest management, leasehold forestry, buffer-zone community forestry, religious forests, and co-managed conservation areas. This discrepancy is likely due to the fact that community forestry is the major success story in Nepal and has many strong proponents and supporters in the government, civil society, NGO and donor sectors.
FECOFUN, the national federation of CFUGs is often touted as Nepal’s largest CSO, representing over 17,000 local forest management institutions throughout Nepal’s 75 districts.

In addition to community-managed forests, the role of government forests in REDD+ remains unknown. For instance, in other countries, protected areas have become important components of REDD+ and other PES and forest carbon trading initiatives, but in Nepal they still remain outside of the carbon calculus. There is also a substantial amount of forest under exclusive government ownership, managed by forest department officials, though these forests are often utilized by communities, often as a result of tighter restrictions in their community forests. To be successful in Nepal in the long run, REDD+ will have to adopt a more integrated approach that takes into account (both literally and figuratively) these diverse forests and their multiple users, and controls for issues like leakage on a regional (i.e., district) and national scale.

The “development triangle” and implications for REDD+ policymaking and forest governance

One overarching question that this network analysis has sought to address is: Does the REDD+ policymaking process reflect a state-centric, polycentric or market-oriented governance regime?

The PNA has revealed that forest governance as reflected in REDD+ policymaking is neither state-centric nor truly polycentric, and with such low private sector involvement it is still far from being market-oriented. Rather, the configuration of forest governance in Nepal resembles a “development triangle”, represented by a three-way alliance of powerful INGOs, government bodies and select CSOs, which dominate policymaking forums and processes. Furthermore, the moderate influence of multilateral and bilateral donor agencies reinforces the power of INGOs. In this configuration, critical stakeholders from the private sector, academic and research institutions, and other civil society groups have only marginal involvement or are completely excluded from policymaking.
The REDD+ policy process is dominated by government institutions with substantial financial and technical support from INGOs that heavily shape the policy agenda, and tokenistic involvement by a couple of prominent civil society groups with no strong influence on major policy issues. At the same time, many important constituencies and stakeholders are left out. As a result, there is a threat of a potential recentralization of forest governance. Some evidence for this recentralization can be found in the government’s recent unilateral declarations of new protected areas without community consultation, and in its proposed amendments to the Forest Act (1993) that would essentially roll back key local rights and benefits from community forestry. While this evidence is not conclusive, it is clear that due to its exclusive, technical and centralized nature and its failure to engage some important stakeholders, REDD+ policymaking is not promoting decentralized, community-based forest governance.

Instead, the “development triangle” is reinforcing a state-centric, fund-based approach that lacks genuine deliberation. Thus, those driving the policy process are committing a “sin of omission”, with potentially dire consequences for the future of REDD+ and forest governance in general. However, some feel that this is not merely an omission and that, rather than being a neutral policy mechanism, REDD+ (at least how it is being implemented in Nepal) is promoting a techno-bureaucratic approach that undermines inclusiveness and deliberation and marginalizes important stakeholders, thus contributing to the recentralization of forest governance.

In this regard, REDD+ is quite different from SFM Certification. One of the biggest differences is that, from the international perspective, REDD+ should be implemented at the national level. Thus, deforestation outside of the target area and all over the country should be considered. This is not the case with SFM certification, which focuses on management, production practices, and conservation within the certified CFUGs and local industries. Thus,
there is more of an imperative by the government to ultimately implement REDD+ in a way that takes into account regional, national and, some say, international degradation. In this regard, degradation in the Terai region could impact local benefits in the Middle Hills. Moreover, the payment structure for REDD+, based on the amount of forest preserved and other socioeconomic factors of an entire community differs from that of SFM certification, which is based on the collection and sale of specific forest products by individuals, households and sub-groups. Thus marginalized communities have more potential to receive direct benefits from SFM Certification, whereas they could be excluded from REDD+ payments.

Another major difference between the two mechanisms is that there is already an established global market for SFM certification, based on the concerns of international buyers and established companies, whereas there is no clear market for REDD+ in Nepal yet, since it is based solely on donor funding. Finally, another concern with REDD+ is that it could promote a heavy focus on conservation, which could impact certain communities and their access to specific livelihood resources. Based on all of these factors, and the current issues in REDD+ policymaking, it is more likely that REDD+ could have a negative impact on such marginalized communities, promote a recentralization of forest governance, or fail altogether as a market-based scheme.

These findings also have implications for the viability of the institutional elements analyzed in Chapter 6. The specific actors and the nature of their participation in REDD+ policy processes impact policies and systems for monitoring, benefit-sharing, ensuring resource tenure and access rights, and resolving conflicts and grievances, as well as general planning and piloting procedures. More specifically, although aspects such as community-based systems for monitoring carbon stocks and sharing of benefits have been tackled, some broader institutional
issues and requirements remain unaddressed: defining and securing carbon rights; developing effective and equitable multi-scale benefit-sharing systems; creating mechanisms for ensuring biodiversity protection; devising means for increasing awareness and obtaining free, prior and informed consent; and defining a role for private (voluntary market) projects and investments.

8.3. Key insights from the analysis of narratives and networks

Using disparate, yet complementary methods, this dissertation has sought to understand the implications of two international market-based mechanisms (SFM certification and REDD+) for the communities and other stakeholders who are engaged in them, and for their forest management practices (narrative policy analysis). It also examines how the configuration of actors in a policy network (including those who are excluded from the network), and the nature and extent of interactions among them, affect policy processes and outcomes (policy network analysis).

My findings reveal that there is more than one way to skin a narrative. They can be dissected and parsed extensively, but the reality on the ground seldom conforms neatly to either the GEM or the PE discourse; rather it typically reflects a complex hybrid of the two. As Adger et al. (2001, 709) have put it:

Local contexts are largely illegible through the lenses of the two main environmental discourses [GEM and PE]… Such illegibility and simplification of reality are linked to attempts at legibility, standardization and simplification articulated in the context of state modernization… The resulting simplified designs for social organization and environmental management can be seen as logical consequences of the broader discourses… Adopting the language and rhetoric of Global Environmental Management constrains the solutions proposed for these issues. These technocratic solutions do not necessarily reflect ecological realities of the human utilization of the environment. By this means discourse [i.e., narrative] analysis can, we argue, contribute to a political ecology sensitive to the political construction and use of scientific knowledge and the multi-level nature of interactions between institutions and environmental change.”
I have also attempted to go beyond the general narratives to examine particular aspects of them and how they relate to essential elements of governance identified through a review of the literature on forest governance. By identifying specific institutional elements and constructing my analysis around them, I have sought to probe some of the building blocks of decentralized forest governance and the effect that market-based interventions have on each of them. This approach has helped to elucidate some more specific issues and impacts, outlined below in Table 8.1 along with some potential measures to remedy them.

Table 8.1 Summary of major issues, impacts, and possible remedial measures related to the five institutional elements of decentralized forest governance

<table>
<thead>
<tr>
<th>1. Planning and policy making forums and processes</th>
<th>Possible remedial measures</th>
</tr>
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<tbody>
<tr>
<td>Issues and impacts</td>
<td>Possible remedial measures</td>
</tr>
<tr>
<td>SFM certification and REDD+ appear transparent, inclusive and equitable on the surface, but there are underlying issues of exclusion of certain stakeholders and interest groups (Dalits, indigenous, other landholders).</td>
<td>- Provisions for including marginalized stakeholders in important policy forums and dialogues (Dalits, indigenous, other landholders)</td>
</tr>
<tr>
<td>Lack of long-term commitment by government/INGOs/donors to institutionalize mechanisms (e.g., SFM certification)</td>
<td>- Promote better local institutionalization of programs to ensure their long term coordination and sustainability</td>
</tr>
<tr>
<td>Failure to inform communities about benefits and risks of market-based mechanisms</td>
<td>- Focus on programs to better inform communities about the benefits, costs and risks of participation and their options (e.g., FPIC)</td>
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</tbody>
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<table>
<thead>
<tr>
<th>2. Resource tenure and access rights</th>
<th>Possible remedial measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues and impacts</td>
<td>Possible remedial measures</td>
</tr>
<tr>
<td>Threatened by internal and external (formal and informal) restrictions, rules and regulations</td>
<td>- Promote more autonomy and fewer restrictions and fees for collectors of certified forest products (NTFPs)</td>
</tr>
<tr>
<td>No significant impact on overall levels of access to forest resources</td>
<td>- Ensure systems for equitable access to resources to meet livelihood needs are not compromised by mechanisms</td>
</tr>
<tr>
<td>Implications for access to some resources and achievement of broader livelihood goals of CF</td>
<td></td>
</tr>
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</table>
3. Sharing of benefits, costs and risks

- Functioning local benefit-sharing mechanisms at the CFUG level
- The overall level of benefits were enhanced, but significant portion of the value of benefits are captured by external actors (e.g., DFO, NTFP companies)
- Uncertainty about level and type of benefits/costs from REDD+
- Recognition of non-monetary benefits from participation in SFM certification/REDD+
- Preserve and strengthen existing CFUG benefit-sharing systems
- Ensure a fair price and minimal fees (from certified enterprises and government) for sale and export of forest products
- More experimentation with carbon markets, including voluntary carbon market payments (i.e., not purely fund-based approach)
- Increase awareness about level of benefits to be expected from REDD+ and how it can be compatible with other forest uses

4. Conflict resolution and grievance mechanisms

- No built in provisions for conflict resolution/grievances in SFM certification and REDD+ projects
- Little conflict due to either mechanism (perhaps due to low level of benefits?)
- CFUGs are confident in their ability to manage conflict
- Develop specific mechanism for resolving conflicts and grievances within/among CFUGs and with external actors
- Promote better understanding of types of conflicts that may occur from SFM certification/REDD+ and how to avoid them
- Provide support/mediation for resolving current conflicts and grievances

5. Monitoring systems

- Enhanced quality, frequency and ability to measure biophysical (i.e., carbon), socioeconomic and governance aspects associated with M-B mechanisms
- Persistent lack of technical skills and autonomy among CFUGs for monitoring forest conditions hampers effective participation in SFM certification and REDD+
- Enhance training and support for measuring diverse aspects of forest health and socioeconomic impacts.
- Increase community participation and training in forest measurement for REDD+, e.g., Develop low-tech community-based monitoring protocols

Local experience with SFM certification and REDD+

Overall, the experience of most participants with SFM certification has been positive. It has raised income levels among some poor and marginalized groups, generally enhanced forest management practices (with the exception of overexploitation of some NTFPs), and improved local systems for the sharing of benefits, costs, and risks (including the introduction of grants, loans and savings programs for poorer community members), as well as for managing conflict
and monitoring some aspects of forest management and governance. However, it has also caused
tensions within and among communities with respect to the management and use of specific
forest areas, and payments for the harvesting and selling of various forest products. Furthermore,
there are ongoing restrictions and fees levied by the District Forest Office to capture some of the
value from selling certified forest products. Similarly, companies who purchase the certified
products and sell them to broader national and international markets are not paying a premium
price for them. As a result, the expectations of communities have not been met. Nonetheless,
there seems to be a steady demand for certified products and with proper support for their
sustainable management and marketing, as well as government intervention to ensure a fair,
premium price for certified products, SFM certification could continue to grow and benefit more
communities and users. To ensure that this happens, more effort and support should be directed
toward institutionalizing the SFM certification program, by creating a local coordinating body
for all certified CFUGs and enterprises in the area.

Experiences with REDD+ present a much more complicated picture. On the one hand,
there have been many resources invested and numerous meetings and activities conducted during
the REDD+ pilot project: communities have been mobilized to map and measure their forests
with the help of technical experts; physical and socioeconomic baseline surveys were conducted;
payment criteria were developed that take into account both the biophysical conditions of the
forest as well as the socioeconomic conditions in each community; benefit-sharing plans were
created; and payments were made to each community involved. Some participants are optimistic
about REDD+, stating that it has galvanized communities to protect their forests, and that they
have received other benefits besides the monetary payments in terms of improved governance
and forest management skills. However, there are still too many uncertainties to fully appreciate
whether and how REDD+ will benefit the communities that have been involved in the pilot project in the long run. Perhaps the greatest uncertainty is that there is no guarantee that a full-fledged REDD+ program will materialize in Dolakha District or even in Nepal, though there are currently ongoing REDD+ projects in other parts of the country and a more recent pilot project attempting to integrate carbon sequestration and other ecosystem services with ongoing forest certification efforts in Dolakha.

The REDD+ pilot project closed down in 2013 and there is no assurance that more funds will be forthcoming. The future of REDD+ in Dolakha will depend largely on decisions made by the national government, on the funding priorities of international donor organizations, and on international agreements and programs and/or global demand for forest carbon offsets.

One critical difference between REDD+ and SFM certification is that, in the case of SFM certification, communities are selling concrete products, which users can harvest and sell individually to local cooperatives. They earn a price for each kilogram of forest product that they deliver and this money goes directly to them, as well as to their CFUGs through different fees and payments. So, there is a tangible good and a direct economic benefit for both communities and individuals. In the case of REDD+, the product (carbon) is much more elusive. It is not harvested or sold by individuals, but rather preserved collectively by the community, which ostensibly receives a payment for this service. The buyer is also a distant entity, and the utility to them is less concrete from the perspective of communities, so the direct benefits to both sellers and buyers are more difficult to perceive. Perhaps the biggest difference between the two mechanisms, though, is that SFM certification ensures a steady stream of income that communities seem to enjoy more direct control over and continuous benefits from, whereas they have seen only one payment from REDD+ and there is no guarantee of more in the future.
Despite their differences, there appears to be some scope for implementing SFM certification and REDD+ (or forest-carbon trading in general) simultaneously. In general, with a balance of conservation and sustainable management of forest resources, these two market-based mechanisms could conceivably be compatible with each other. However, there are some concerns that REDD+ might prioritize absolute conservation over sustainable management, thereby affecting the ability of users to plant and harvest certified forest products, as well as basic amenities for subsistence purposes such as fuelwood, grass and timber. Furthermore, after many years of conserving their forests and establishing reliable market linkages, communities are finally reaping benefits from the sale of timber and non-timber forest products. If REDD+ reduces access to these products with renewed conservation measures—enforced by government officials, NGO partners and/or elite community members—then the livelihoods of some community members, especially socioeconomically marginalized groups, could be affected and they may go to other non-protected forests to harvest them instead.

**Networks and their implications for policy processes, outcomes and forest governance**

The number and type of actors involved in specific forest-related policy processes, and the nature and extent of interactions among them, have important consequences for the formulation and implementation of particular policies, and for the current and future practice of forest governance in general. As the results of the policy network analysis demonstrate, there are significant discrepancies between actors’ perceived influence and their importance in key network relations like information exchange and collaboration. This indicates that some actors (notably INGOs and donors), in addition to those funding and implementing specific projects, are influencing broader policy agendas and decisions from behind the scenes. Simultaneously,
other actors with a stronger public presence that appear to play an active role in policy dialogues, such as prominent CSOs, have considerably less influence on actual policy decisions.

In addition, some important stakeholders from government (non-forestry sector agencies), civil society organizations (representing marginalized groups like Dalits and women) and, especially, educational and research institutions and the private sector have very weak representation and do not play a significant role in policy debates and decisions. Furthermore, the disproportionate focus on community forestry and dominance of FECOFUN in policy dialogues, and the lack of representation of other types of forest management regimes (e.g., collaborative forest management, leasehold forestry, private forests, government-managed forests) in policymaking processes has strong implications for the equity, viability and sustainability of an integrated national approach to REDD+.

Last but not least, and affecting all of the abovementioned issues, the existence of a “development triangle”—an exclusive alliance of key government actors, influential INGOs and prominent CSOs—in REDD+ policymaking, and in forest governance in general, has had a strong bearing on who shapes and benefits from specific policies and projects. If REDD+ is to remain sustainable and inclusive in the long run, this triangle must be broken and a broader “circle” must emerge encompassing a more diverse array of actors.

Global financing and implications of PES for local development

In addition to looking at the implications of narratives and networks, it is crucial to consider the local impacts and global funding sources for PES oriented programs like SFM and REDD+, both of which have been receiving increased financial and technical support globally. SFM certification is an established international mechanism with projects in many countries. Nepal represents one of the first examples of certification through community-based
management and has brought positive impacts to families and communities in Dolakha District, where I conducted my research. Marginalized communities have increased their skills and access to specific non-timber forest products, which they can sell to local paper and herbal oil manufacturers for their own personal profit. Some money also goes back to their community forest funds to help them build more financial resources and to better manage their forests. However, the long-term impacts of such practices are unknown, and there have been some tensions about ownership and management of these resources and the areas where they are grown. Many people in the certified community forests were concerned about this issue.

REDD+ is a newer phenomenon in Nepal, as well as in many other tropical countries. Current interest in REDD+ is large, as seen by the increased level of donor support and programs. However, in Dolakha the pilot program was discontinued after three years and there is no reliable source of income for those communities that were involved in this program before (although there is a new pilot program that is looking at combining certification with carbon credits). Nonetheless, whether any new funding for REDD+ will reach these communities in the future is unknown. Furthermore, even if they do, the socioeconomic impacts of REDD+ on marginalized participants remain unknown.

Another critical factor for these market-based forest conservation/climate change mitigation programs in Nepal is the source and reliability of external funding sources. International funding for both SFM certification and REDD+ has been increasing in recent years. However, many continue to argue that they represent a margin of what is really necessary to adequately curb deforestation and promote sufficient forest recovery globally. In Nepal, SFM certification has established linkages with a few companies outside the company, and with some domestic companies as well. There has been an increase in the sale of forest products from both
Dolakha and Bajhang (the other district where this has been administered), but there is no difference in the price of these products from certified vs. non-certified forests. It seems reasonable that SFM certification will continue to develop now, but important national issues must be addressed, like the cost of production and monitoring, verification of forest biodiversity conditions, and especially the lack of a higher price for products sold by certified community forests. The effective certification of chain of custody of specific products must also be improved.

Since REDD+ piloting activities were introduced to Nepal there has been significant support from multilateral organizations (World Bank), numerous bilateral organizations, and international donor organizations. Some national government organizations and a few CSOs have also been quite involved in supporting REDD+ activities throughout the country. As the projects were set up, they completed detailed measurements in a few communities in Dolakha and elsewhere, and paid fees to them based partially on the increase in forest cover, and on other social factors. However, the existence, permanence and structure of a global REDD+ market is still in question. As mentioned before, Nepal has only pursued a fund-based approach, receiving funds from governments, multilateral organizations and INGOs, but not from any private investors or developers. If these donor organizations are willing to continue to fund REDD+ for a significant time frame in the future, then there is hope for continuation of this project.

However, it is also possible that this funding will dwindle in the future and/or that it will not be part of a global market-based approach to REDD+. In this regard, several other countries like Brazil and Indonesia have received funds from private investors to support their avoided deforestation activities. Thus, the future of REDD+ in Nepal is highly uncertain. Even if Nepal does enter an international market for REDD+, it may not be as competitive with countries that
are more threatened by deforestation in terms of the total volume of forests lost. On the positive side, there is an established institutional system in place in Nepal (community forestry) that can facilitate further development of this initiative. Nonetheless, the question of how to engage the many other types of forest management regimes and users—which Nepal has not done—could be a stumbling block to effective national participation, particularly if one considers local concerns about the number and size of entities and forests involved. For instance, the size of the community forests in Dolakha falls in the top 30% of community forests nationwide, which has significant implications for future implementation of both SFM certification and REDD+.

8.4. The bigger picture – Implications for decentralized forest governance and the future of market-based mechanisms in Nepal

In concluding this chapter and the dissertation, I return to the broader questions posed in Chapter 1 concerning the compatibility of market-based conservation schemes like SFM certification and REDD+ with local priorities, needs and institutions for effective, collaborative forest governance. Do these mechanisms exacerbate or help to address existing issues and inequities? Can they fit into national and local contexts in a way that does not compromise the autonomy, rights, voice and livelihoods of forest-dependent communities?

In short, are such interventions necessarily part of the problem, or can they actually be part of the solution to the vexing global challenges of deforestation and climate change in Nepal and elsewhere? In other words, are there inherent contradictions in these market-based mechanisms that threaten to recentralize forest governance and compromise the rights, autonomy and wellbeing of communities and the ecological integrity of their forests; or are the many issues and challenges described above due to specific institutional failures (i.e., failures to adequately implement and regulate the markets)? My findings show that reality is much more complex than
either of these narratives allows for. They provide ample evidence that these market-based interventions can have adverse impacts on community wellbeing and local forest management practices, leading to socially and ecologically undesirable and unsustainable outcomes. They also suggest that interventions like SFM certification and REDD+ often put techno-bureaucratic principles and governance practices above the priorities and needs of local communities, thus leading to political contestations and, potentially, to a larger recentralization of forest governance. However, my findings also reveal improvements in community and local governance, resource access, economic benefits, and monitoring practices due to participation in these market-based mechanisms, especially SFM certification.

If such mechanisms are going to be part of the solution to deforestation and climate change, there are other important questions that must be addressed. For example, what are some of the major barriers to effective implementation of these mechanisms? What does this suggest about specific measures that should be taken to improve them? In this regard, it is critical to consider what happens at the interface of these global market-based interventions and local communities—and to address broader policy and governance issues that have a direct impact on local and community-based institutions—in order to ensure that the “logic of the market” does not contradict or undermine local priorities and needs (i.e., logic of the community). For instance, while the REDD+ piloting initiatives have tackled local governance issues such as the mapping and measurement of carbon stocks and the establishment of community benefit-sharing systems, they have failed to effectively address broader national and regional issues crucial to the effective and equitable implementation of REDD+, such as defining carbon tenure; developing effective systems for monitoring biodiversity; formulating inclusive national policies and mechanisms for distributing payments and sharing benefits; creating effective consultation and
FPIC protocols; and considering the potential role of voluntary markets (i.e., private investors) as an alternative model and source of funding to fund-based REDD+. If these broader issues are not resolved, then there is little hope for the successful implementation of REDD+ and similar market-based mechanisms in Nepal.

This research has made a number of theoretical and practical contributions to the study of forest governance in the face of global market-based mechanisms aimed at controlling deforestation and climate change. It identifies the institutional foundations for the success of decentralized forest governance and examines how they are undermined or supported by prominent global mechanisms like SFM certification and REDD+. Thus it reveals both the possibilities and the limitations for communities to serve as agents of global environmental agendas and their accompanying market-based schemes, as well as the impacts of these schemes on the socioeconomic wellbeing of these communities, their forest management practices, and forest governance in general. In this way, this study has sought to increase our understanding of these possibilities, limitations and impacts, and to inform the adoption and implementation of similar globalized PES policies and programs in Nepal and elsewhere in the future.
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Annex A. Expert panel participants for selection of policy network analysis (PNA) actors

(Panel conducted on March 10, 2011, in Kathmandu)

<table>
<thead>
<tr>
<th>Name of Individual</th>
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<tr>
<td><strong>PARTICIPANTS</strong></td>
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<tr>
<td>Kalpana Giri</td>
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<td>Eak Bahadur Rana</td>
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<td><strong>FACILITATORS &amp; Resource Persons</strong></td>
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<td>Rahul Karky</td>
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Annex B. Summary from sharing workshop on Policy Network Analysis

This annex presents a summary of questions and feedback from a sharing workshop organized and conducted in December 2013 by members of ForestAction Nepal, based on the Policy Network Analysis. We have included a brief response for each question and some of the points raised during discussion.

Questions:

*How was the institution selected and, quantitative results were collected and calculated in PNA?*

Institutions were selected based on an initial categorization and list of organizations that was then vetted by an expert panel (see Annex B). See Methodology (Section 4) for further details.

*How were CSOs categorized and selected for the study? And what is the operational definition?*

CSOs were selected based on the process described above. Generally, only organizations with a clear connection to forestry and/or climate change were included. They include membership organizations (i.e., federations and associations) and non-membership, interest-based organizations, as well as a combination of advocacy and applied research/awareness-building organizations.

*What are the reasons behind DNPWC's organizational space in REDD+ institutional landscape?*

This is an interesting question that requires some further analysis. We may speculate that it is due to the fact that one of the most influential directors of the REDD Cell subsequently became director of the DNPWC (Department of National Parks and Wildlife Conservation, also under MoFSC) afterwards and continued to be actively in REDD+ policymaking and readiness discussions and activities.

*How the core and periphery institution were identified and located?*

Core and periphery actors were identified via social network analysis tools, based on a predetermined threshold of mutual connectivity. Core actors are those that are most closely connected with one another. Peripheral actors may be well connected with the core actors, but are less connected with each other.

*How the interests between global, national and local actors were linked?*

This analysis primarily considered the interests of organizations engaged in REDD+ policymaking at the national level. We suppose that their interests are significantly linked with those of some global and local actors, but this was not the focus of our research.
Points raised during discussion:

- Institutional like ForestAction should have clear legacy in this kind of research, it represents more research institute rather than CSOs. In case of positioning ForestAction in research institute whole institutional mapping of REDD+ would have been different.

  *Although ForestAction does conduct action research this is not its inclusive function and it has more of an advocacy orientation that other more traditional educational/research institutions. Therefore, it was included as an NGO.*

- A need of periodic update of institutional mapping has been realized. The institutions engaged in this field are dynamic. Furthermore, CSOs and research institutions should focus to update international development on REDD+ policymaking processes and should share among other concerned stakeholders.

  *As noted, REDD+ policymaking is a dynamic process and an update of institutional mapping would provide a clearer picture of changes in organizational relations and views. The current study provides only a snapshot of interactions and perspectives up to the point when the surveys were conducted.*

- There was debate on recentralization and decentralized issues on REDD+. In regards to MRV, monitoring and verification is decentralized process whereas reporting is always centralized. There is obligation of state in reporting.

  *Some technical aspects of REDD+ such as MRV (and also certain social aspects like the benefit-sharing system) may require some centralized procedures, but the point about decentralization/recentralization refers to the process of governance in general, meaning the process of decision-making regarding important aspects of policymaking and implementation.*

- There is knowledge gap among stakeholders – some were updated with international agenda and REDD+ policy development whereas some were still roaming around REDD+ ideology.

- Most of the agenda and discussion around REDD+ were guided by the donor’s interest.

- In Global negotiation, private sector was creating space and in future there is chance of dominating REDD+ policy development discourse by private sector.

- International Consultation and Analysis (ICA) have clarified the roles and responsibility of organizations regarding verification.

- In REDD+ financing, there should be insurance of safeguard mechanism. In COP 19, Warsaw, non- carbon benefit was prioritized than carbon benefit.

- Indigenous and local peoples were against the offsets. In offset mechanism, market principle will dominate and buyer gets the benefit.

- Gender aspects should be always considered in this kind of research.