

**Assessing Pathways for Channeling Support to
Indigenous and Local Community Tenure Rights and
Forest Guardianship in the Global South**

**Federation of Community Forestry Users Nepal-FECOFUN
A case study**

Submitted to: INDUFOR-North America

**Prepared by
Ganga Ram Dahal, PhD
Independent Consultant
October, 2022**

List of acronyms

ANSAB	Asia Network for Sustainable Agriculture and Bio resources
CAPA	Community Adaptation Plan of Action
CC	Climate Change
CF	Community Forest
CFUG	Community Forest User Group
CFR	Community Forest Rights
CIPRED	Centre for Indigenous Peoples Research and Development
CR	Community Rights
CSO	Civil Society Organization
DFO	Divisional Forest Office
EIA	Environmental Impact Assessment
FECOFUN	Federation of Community Forestry Users Nepal
FPIC	Free Prior Inform Consent
GACF	Global Alliance of Community Forestry
GBV	Gender Based Violence
GESI	Gender Equality and Social Inclusion
GFN	Green Foundation Nepal
GoN	Government of Nepal
IPs	Indigenous People
IPLCs	Indigenous Peoples and Local Communities
LAPA	Local Adaptation Plan of Action
LCIPs	Local Communities and Indigenous Peoples
LDCRP	Local Disaster and Climate Resilience Plan
LG	Local Government
LGOA	Local Government Operation Act
MOFE	Ministry of Forests and Environment
MoFAGA	Ministry of Federal Affairs and General Administration
NEFEJ	Nepal Forum of Environmental Journalist
NFI	Non Food Item
NG	National Government
NGO	Non- Government Organization
NRM	Natural Resource Management
NTFP	Non-Timber Forest Product
NTNC	National Trust for Nature Conservation
OP	Operational Plan
PES	Paying for Environmental Services
PG	Provincial Government
REDD	Reduced Emission through Deforestation and Degradation
RECOFTC	Regional Community Forestry Training Centre
RRI	Rights and Resources Initiative
SDG	Sustainable Development Goals
TF	Tenure Facility
ToT	Training of Trainers
ICIMOD	International Centre for Integrated Mountain Development
WATCH	Women Acting Together for Change
WWF	World Wildlife Fund

Table of Contents

Executive summary	4
Context and background	5
History, current status, vision, outcomes and outputs	6
History	6
Vision statement	7
Outcomes	8
Strategic outputs.....	8
Governance and transparency, priorities, finance	9
Governance/Transparency.....	9
Priorities/Prioritization.....	10
Financial mechanisms.....	11
Fund flow mechanism and roles of various units and committees.....	13
FECOFUN annual turnover.....	14
Monitoring Evaluation and Learning.....	15
Capacity building	15
Accountability (downward & upward)	15
Outcome examples	15
Design and implementation of issue based projects and program	17
Challenges associated with donors/funding	18
Innovations/approaches used to overcome challenges	19
What would “good” look like?	19
Strategic insights from the cases	19
Principal insights	19
Relevancy of learning.....	20
Scalability: replicability and expansion	20
Annex 1: Fund flow diagram (as in Figure 2).....	21
Annex 2: Written comments and/or notes received on final draft submitted	21
Annex 3: Table of relevant comments/information received in interviews	22
Annex 4: Principal references/documents used for desk review.....	27

Executive summary

Since its inception in 1995, Federation of Community Forestry Users Nepal (FECOFUN) has been playing a key role in forestry sector development by safeguarding the rights of local communities and indigenous people, democratizing forest governance, introducing civic perspective in forest policies through advocacy and lobbying on behalf of community forest user groups (CFUGs). CFUGs are legally recognized as self-governed local organizations for the management, conservation and utilization of forests. FECOFUN has been serving as a guardian of more than 22,000 CFUGs across Nepal and firmly upholding the agenda of tenure security and helping to strengthen local legal and customary rights of indigenous people and local communities (IPLCs) over forests and land resources. The network of FECOFUN exists throughout the country linking CFUGs with its local, district, provincial and national chapters. This has allowed CFUGs to work collectively for the benefits of local people those depend on forests for their livelihoods. FECOFUN became one of the largest member based network of community people in Nepal and has established wider collaboration with various civil society groups, indigenous peoples and their organizations to empower and build the capacity of community forest user groups.

Being a member based origination; FECOFUN has to be more responsible and accountable to its member CFUGs and must work to support them. FECOFUN has been advocating for community forest rights, negotiating solution for problems with forest policy formulation and implementation and mediating conflicts emerging at local level related to boundary demarcation, forest users identification, fund use and benefit sharing etc. FECOFUN functions as a watch dog to avoid possible rollback and curtailing of devolved rights by government agencies. There are a number of incidences where government has attempted to limit the rights of local communities. Recently, the new Federal Forest Act 2019 and the Forest Regulation 2022 have limited the community rights given by the earlier acts and regulations. Therefore, FECOFUN has been campaigning against such decisions and is demanding to correct policies in favor of local communities. The key priority actions of FECOFUN include: protection and promotion of community forest rights of indigenous people and local communities (IPLCs,) enhancement of user's participation in policy making process, advocacy and critical awareness amongst members, supporting livelihood option of forest user groups through establishment of forest based enterprises and ecotourism locally, mainstreaming climate change mitigation/adaptations and biodiversity conservation in community forests, and campaigning against the government decision to declare more conservation areas in Nepal and leasing out the national forests to private companies in the name of economic development and extraction from forests. FECOFUN resists government decisions which are against the rights and benefits of IPLCs.

Moving forward with these mandates, FECOFUN has been mobilizing its internal financial and human resources, and international and bilateral donors funding to enhance institutional capacity, improve governance quality, ensure gender equality and social inclusion, secure CF rights of IPLCs, develop skills and knowledge on sustainable forest management, and to establish and strengthen forest based enterprises and ecotourism activities at local level. Against this backdrop, the case study assesses the potential pathways to channeling support to IPLCs through FECOFUN in Nepal.

Context and background

Community forestry of Nepal is a global example of a decentralized forest governance initiative with clear positive outcomes on environmental, economic and social spheres. Community forestry received legal recognition after the enactment of the Forest Act in 1993, which has recently been enacted and named as Federal Forest Act- 2019. In order to support this act, federal government has also approved Forest Regulation in 2022. These entire regulatory frameworks allow local communities to form community forest user groups (CFUGs) consisting of indigenous people and local communities-(IPLCs) as autonomous institutions to protect and manage a part of the national forest as community forest with a certain level of rights and responsibilities. The latest data from the Department of Forests and Soil Conservation-DoFSC, 2022 shows that there are more than 22,000 CFUGs formally registered and are protecting more than 2.2 million hectares (mha) of forestland- which is one-third of Nepal's total forest area (5.9 mha). The community forestry of Nepal has been extremely successful in reducing deforestation/degradation and improving the livelihoods of local communities. However, in practice, the legal rights of the community forest user groups remain tenuous and can be manipulated at any time by the forest departments (Divisional Forest Office under the new structure adopted in October 2019). The government forest authorities in Nepal largely control the governance of forests, though communities are allowed to generate and execute forest plans, harvest trees and other forest products, use them, or market forest products, but in practice, they have to meet several regulatory and administrative obligations and conditions. In some instances, these requirements contradict with the rights given by the existing Forest Act and Regulation. This puts communities in a precarious position and has restricted community forest user groups from exercising their legal rights freely thereby impeding possibility of harnessing economic benefits and improving livelihoods through community-based forest enterprises and income generating activities

The Federation of Community Forestry Users Nepal (FECOFUN) emerged as an umbrella organization in 1995 primarily to safeguard and advocate the rights of community forest user groups. FECOFUN is a unique example of an indigenously inspired non-project designed organization that in its three decades of journey has had significant impact on how policy practices are played out and local access of IPLCs is enhanced in community forestry. Therefore it is an indigenous national network of community forest user groups founded by and for community forest user groups. FECOFUN is a social movement organization and is different than non-government organization (NGOs) as it represent more than 22,000 CFUGs and bears full accountability to its member in terms of securing rights and capacitates them for better economic benefits through the management of forest resources. The key objectives and roles of FECOFUN are as below.

- Create awareness amongst all member CFUGs about rights and responsibilities in terms of conservation, management and use of forests.
- Promote mechanism for equitable sharing and appropriate use of forest resources obtained from community forest areas.
- Help CFUGs in establishing cooperation and coordination with other stakeholders mainly with government agencies, CSOs, and political players.

- Facilitate to involve local communities in policy making process and ensure that indigenous people and local communities have adequate space in decision making while formulating any acts, regulation and policies pertaining to forest resources.
- Support and coordinate for establishment of income generating activities within CFUGs so as to strengthen local employment and livelihood opportunities.
- Safeguard the rights of CFUGs from possible rollback from government and continually advocate for the security of community forest rights.
- Work closely with government agency to advance and further expansion of community forestry across Nepal so that national forests are handed over to local communities as community forest.

FECOFUN had established a wide collaboration with various organizations at global, regional and national level. At global level, FECOFUN is one of the partners of Rights and Resources Initiative (RRI) and a member of Global Alliance of Community Forestry (GACF). At regional level, FECOFUN is an active member of Asia Forest Partnership (AFP) and member of Forests for People- RECOFTC for Asia and the Pacific. At national level, FECOFUN has been collaborating with a number of civil society groups including indigenous people's organizations namely: Nepal Federation of Indigenous Nationalities (NEFIN) and the Centre for Indigenous Peoples Research and Development (CIPRED). Other organizations such as National Dalit Federation (NDF), National Federation of Indigenous Women (NFIW), HIMAWANTI-Nepal and other national federations of community based natural resource management groups such as water, land and agriculture. These networks are collaborating with FECOFUN and joining hand on issue-based campaigns to support advocacy works in favor of securing tenure rights of indigenous people and local communities.

History, current status, vision, outcomes and outputs

History

After the formulation of Forestry Sector Master Plan for Nepal in 1989 and advent of multiparty democracy in 1990, several policies and legal frameworks such as: Forest Act 1993, and Forest Regulation 1995, Community Forestry Guidelines 1995 were developed as part of decentralized forest governance that aimed to advancing the concept and practice of community forestry. With the geographical and institutional expansion, community forestry has been mobilizing a large number of local people in the restoration of degraded forestlands. Despite major contribution toward rehabilitation of degraded and deforested forestland by the community forest user group, the government always remained reluctant to devolve full rights of forest management to the local communities. Therefore, the Federation of Community Forestry User Group Nepal (FECOFUN) was emerged in 1995 to safeguard and strengthen the rights of community and indigenous people over land and forest resources. The journey of FECOFUN includes ups and down and can broadly be divided into the following three distinct historical phases (*Ojha et al., 2007*).

The initial phase (from the inception until 2005) primarily focused on expanding the area under community forest (CF), where FECOFUN facilitated the formation of

CF user groups across the mid-hills and terai region of Nepal. In this phase, FECOFUN remained extremely successful in achieving the scale in terms of number of forest user group formation and handing over of national forest to local communities as community forests. Nepal passed through a political upheaval during this phase when most of the local institutions were dysfunctional. However, FECOFUN survived as one of the active and functional institutions to provide services at the local level without any political interference, and mobilized CFUGs for forest restoration and uphold democratic values and principles. In this phase, Swiss Development Cooperation (SDC), Ford Foundation, DFID- UK, AusAid, and Care International were some of the funding agencies that support FECOFUN in achieving its mandate.

In the second phase (2005-2015), FECOFUN shifted its priorities towards protecting and expanding the rights of forest user groups (consisting of IPLCs) and advocating for communal forestland tenure for community forestry, establishing good forest governance practices, enhancing and maintaining gender equality and social inclusion in the operation of CFUGs, and application of sustainable management of community forests in the context of adaptation and mitigation from negative effects of climate change. In this phase, FECOFUN received long term funding from Rights and Resources Initiative (RRI), and from Multi-Stakeholder Forestry Program initiated by consortium of SDC, DFID and Finland government.

The third phase (2015 to 2022) can be characterized by adapting with new political/administrative regime-the federal state and has focused on the adoption of a new concept known as 'forests for prosperity' through the management and proper utilization of forest resources (timber and non-timber forest products and paying for environmental services) and adding value through the development of forest-based enterprises. Likewise, FECOFUN played an active role in the inclusion of 'Community Adaptation Plan' and mitigation actions to address climate change agenda. Major funding sources for this phase include: NORAD REDD+project, bio emission reduction schemes, APFnet, USAID, RRI, and International Land and Forest Tenure Facility (TF).

Current situation

In the context of federal governance structure which was introduced after the promulgation of the New Constitution of Nepal in 2015, FECOFUN has restructured its organization to match with the government's federal structure at three levels of governments- federal, provincial and local. In recent years, FECOFUN has been working closely with the local governments to secure community forest rights of IPLCs and strengthen livelihoods opportunities for CFUGs members. Capacity building of CFUGs on enterprises and income generation, and improvement in the governance of forestry sector as a whole and of CFUG in particular are some of the priority areas of FECOFUN in recent years (*FECOFUN, 2022- Silver Jubilee Publication*).

Vision statement

FECOFUN is widely recognised as a vibrant and democratic institution represented by its member CFUGs, committed to safeguard community forest rights, and upholds the principles of sustainable natural resource management, good governance, gender equality and social justice, and functions as an international knowledge hub on community forestry.

Outcomes

Institutionally strong and well equipped FECOFUN significantly contributes to have secured community forest rights, reduced rural poverty, improved forest governance, sustainably maintained forest biodiversity and ecosystem, minimized the effects of climate change, increased practices of gender mainstreaming and social inclusion, and provides practical knowledge on CF at regional and international level.

Strategic outputs

The expected strategic outputs of FECOFUN are as follows as they are directly contributing toward achieving set vision and outcomes (*FECOFUN road map, 2021*).

- Establishment of CF knowledge centres at local, provincial and federal level. This will enable exchange learning, provide necessary CF related information and knowledge, support extension services, delivers trainings, and add value to improve institutional capacity and governance practices.
- Institutional strengthening of national secretariat, provincial, district, and local units through provision of necessary human and financial resources.
- Establishment of wider multi-stakeholder partnership, a mechanism for collaboration and cooperation so as to strengthen community forest rights of IPLCs and recognition of customary practices in forest management through continued lobbying and advocacy at multiple levels.
- Reiterating all CFUGs and FECOFUN units to follow the principle of good governance (accountability, transparency, participation, and inclusiveness), equitable benefits sharing, and participatory monitoring and evaluation system.
- Mainstreaming biodiversity conservation and climate change adaptation and mitigation in the forest management plans of CFUGs.
- Support expanding CF areas through formation of CFUGs across Nepal mainly in high hills and *terai* region having potential forests for community forestry.
- Design and implement pro-poor activities that support livelihoods of the poor and disadvantaged member of CFUGs.
- Formulation of policies, acts, and regulations at local level in collaboration with the local governments that secure community forest rights of IPLCs and enable CFUGs in establishing forest based enterprises and eco-tourism.
- Redefining the roles of local, district, provincial and federal units of FECOFUN in the context of changed system of political governance.
- Insist CFUGs in large scale plantation of high value medicinal plants and other species of cash crops within community forest area with aim to generate income and create local employment.
- Conserve indigenous knowledge and skills in forest management and adopt the model of sustainable forest management to harness economic benefits.
- Partnership with three tiers of government to ensure sustainability in the community forestry activities.
- Clear narration about networking with local, regional and global entities.

Governance and transparency, priorities, finance

Governance/Transparency

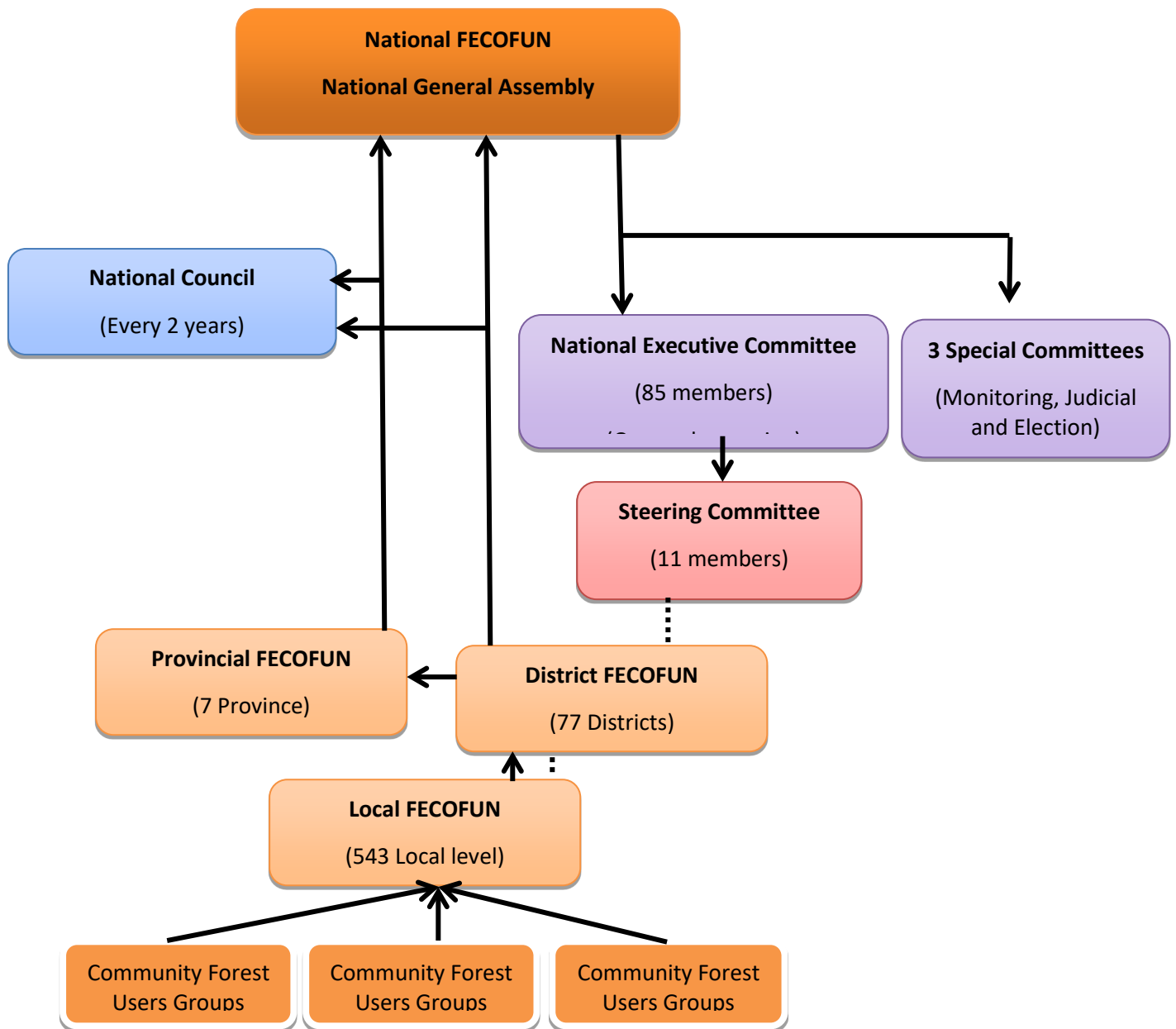
FECOFUN is a membership based organization representing more than 22,000 community forest user groups (CFUGs) as its members across Nepal. FECOFUN is accountable and has specific responsibilities to its member CFUGs. At all level of FECOFUN units, there is practice of adopting inclusive, participatory, and democratic governance system that ensures transparency and provides equal opportunity to all its members to participate in the decision making process. There are multiple committees at each level to govern the organization with specific roles and responsibilities (*FECOFUN Organizational Policy, 1998*).

- **At national level:** the organization is governed by a national council, national executive committee and 11 members' steering committee. Every four year the national level general assembly will take place and decisions are made on the members of each committee at national level. There are three special committees at national level namely: monitoring, judicial and election committee.
- **At provincial level:** there are seven provincial committees (one in each province) that oversee the activities of CFUGs at provincial level and maintain coordination with government agencies and other stakeholders within their jurisdiction. In every four years the provincial assembly will change the committee members.
- **At district level:** there are 77 district chapters of FECOFUN responsible to oversee the program at district level and maintain coordination with district based stakeholders. District committee operates for four years and the new committee will be formed through district assembly in every four year period.
- **At local level:** there are 543 local committee of FECOFUN across Nepal. The local committees are formed in each municipality (rural and urban). These units are directly responsible to deal with the issues related to community forest user groups and provide support to implement operational plan and other activities related to forest management and realizing rights of indigenous people and local communities as given by the existing legal framework. Every four year local general assembly will be organized to select new members of local committee. Coordination with local government and other agencies, extending support to its member CFUGs at local level are some of the key roles of local FECOFUN.

FECOFUN follows democratic and bottom up approach in the formation of national level committees as the members of national steering committee must come through by competing and winning local, district and provincial level election or selection process. There is a provision that male and female must represent equally (50:50) at all levels. A special reservation quota is secured for *dalit*, poor, minorities groups and disadvantaged member of communities to represent the leadership position at all levels. At all level of FECOFUN units, most of the decisions are made at general assembly meeting where all financial transaction must be shared and get approval from. At national level, in addition to the general assembly the financial report must be submitted to the Social Welfare Council and to the national council meeting which held in every two years period.

The comprehensive process of sharing and submission of financial transaction to the various entities indicates that FECOFUN is transparent and participatory in decision making, which are the basic features of good governance. The figure below presents the current governance structure of FECOFUN (*Governance of FECOFUN, 2021*).

Figure 1: FECOFUN governance structure



Priorities/Prioritization

In recent years, FECOFUN has identified the following areas as priority interventions with aim to contribute its vision and mandate and serve its member CFUGs

- Proactive engagement with the policy actors- political, bureaucratic, civic, private, research and academic institutions. In a changed context, particularly working closely with the local governments to enact laws that recognise and secure the community forest rights of IPLCs.
- Establishment of multi-stakeholders partnership for strong advocacy at national provincial, district and local levels in favour of local forest laws and policies that support community forest rights and reduces onerous regulatory burdens and improve the authority and capacities of local communities and IPs to govern and manage their forests and land resources.
- Working closely with international, regional and national institutions to integrate biodiversity conservation and climate change mitigation/adaptation, application of REDD+ schemes within community forests.
- Internal governance reform, leadership and capacity building of FECOFUN units mainly of women and youths to make them capable of taking lead roles in policy advocacy and forest governance.
- Self-reliance on financial needs- development and approval of special plans at general conventions, national council, and national executive committee to generate regular internal funding sources so as to avoid over dependency on project funding from external donors.
- Strengthen the partnership with private, government and CSOs so as to maximise the possibility of generating economic benefits from harvesting, processing and marketing of forest products (timber and non-timber) available within community forest areas.
- At national level, FECOFUN continues to act as an international knowledge hub that provides practical training to the international participants those are interested in establishment and advancement of community forestry.
- FECOFUN engages itself as a pressure group to rectify laws and regulations that stand against the rights, interest and welfare of IPLCs

The implementation of above priorities in action justified that FECOFUN is honest and sincere in upholding its promises in real senses. FECOFUN has established good relation with various civil society groups to work together in safeguarding tenure rights of IPLCs and providing guardianship in the forest management.

Financial mechanisms

According to the *Administrative and Financial Policy-2008*, FECOFUN has well established system of financial management at all levels with clear rules and regulations in place. There exist multiple sources of funds for FECOFUN to operate. The following are the principal forms of FECOFUN funding.

- Membership fees and annual renewal fees of its member CFUGs as levies.
- Periodical donations provided by well off CFUGs and other institutions
- Grants from donor agencies for institutional development and for projects.
- Income from fixed assets, endowment fund and bank interest.

Fund-raising occurs mainly at national level-National Executive Committee (NEC) secretariat. Bilateral and multilateral projects, funding bodies and international foundations are key sources of funding for FECOFUN to run specific projects. FECOFUN

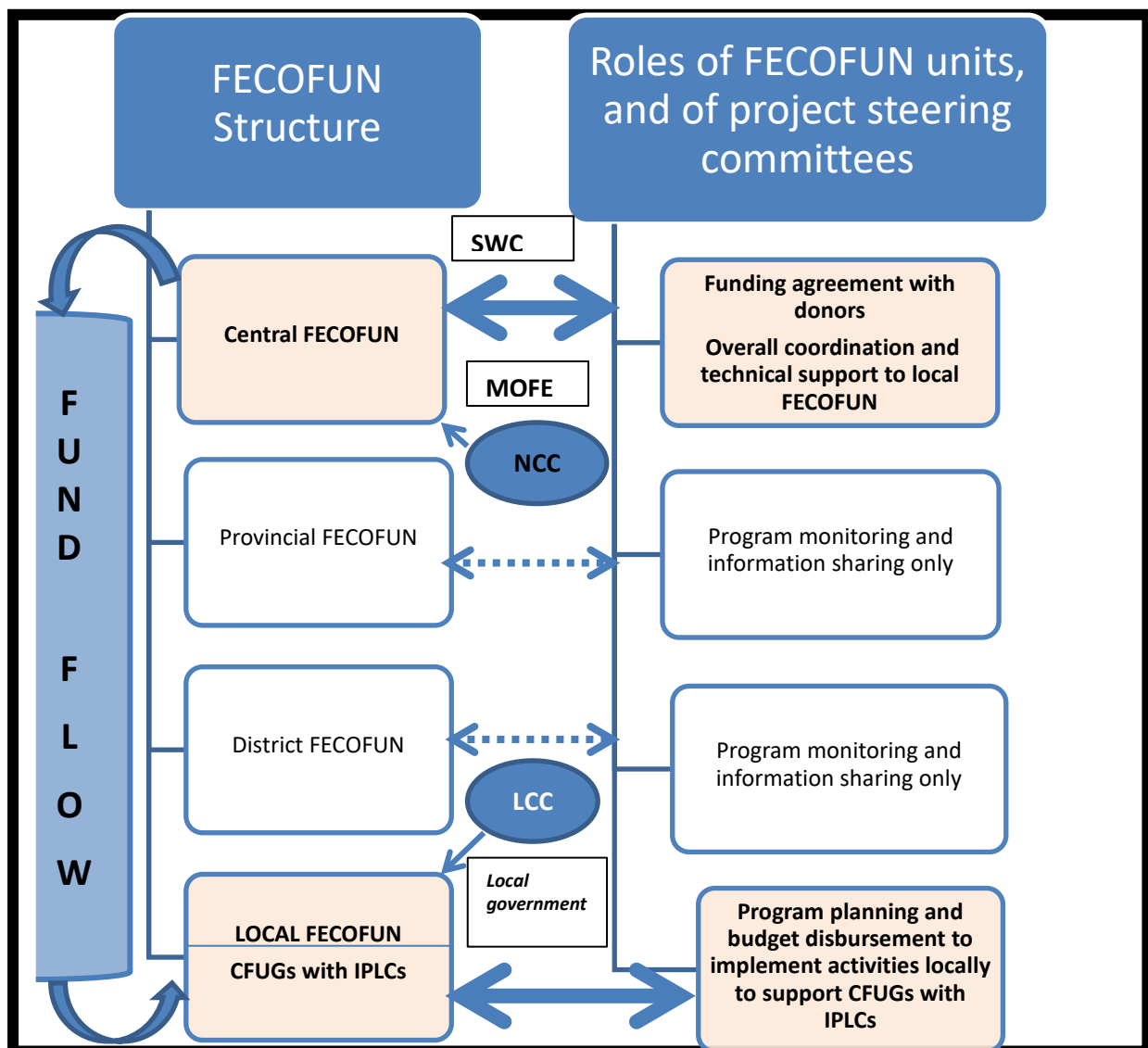
finance system follows the guidelines set by Government of Nepal under the Nepal Chartered Accountants Act-1997 and adopts accrual system of account keeping. The financial report of FECOFUN must be submitted quarterly to its own National Executive Committee's council meetings and to the Social Welfare Council annually. The report must be shared transparently during the assembly as a part of public auditing. Internal auditing will take place annually with the help of the account committee of FECOFUN, but external auditing will be undertaken by an independent auditor which will be assigned only for 3 years. After three years, FECOFUN must hire a new independent auditor. Account details must be shared in the meeting of executive committee for update and to make decision if any.

The annual budget and expenses should be published in a magazine called *Ban Awaj* so that wider audiences can see the status of income and expenses of FECOFUN in a transparent way. At government level, the financial report must be submitted to the Inland Revenue Department annually with clear tax payment for any income. The approval of Revenue Department is compulsory for the annual extension of FECOFUN registration at the District Administration Office. After the extension of registration, the Social Welfare Council will renew the affiliation membership for FECOFUN. This shows that the financial mechanism of FECOFUN is comprehensive, transparent and monitored and reviewed by multiple agencies regularly.

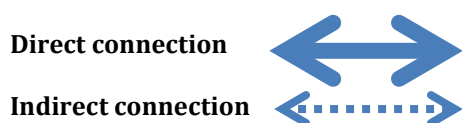
The role of local FECOFUN unit is vital in planning and budget disbursement and in maintaining coordination with stakeholders locally. This unit works closely with the forest and environment committee of the local government (municipalities) by leveraging local government's budget for forest and environment development so that synergy has been established during the implementation of the project across the selected CFUGs to advance tenure security and forest guardianship of IPLCs. Local FECOFUN unit also maintains relation with Divisional and sub-Divisional Forest Office to get technical and legal support while implementing the project.

In order to guide the implementation of the project at local level, a coordination committee is established under the leadership of Forest and Environment Committee of local government, where the chief of local FECOFUN serves as a member secretary and the representative from Sub-Divisional Forest Office, local council of NEFIN and local branch of Dalit NGOs function as members of the coordination committee. This committee meets periodically to design/plan project activities and oversee them during the implementation. All CFUGs (target beneficiaries of the project intervention where IPLCs are members) operating within the jurisdiction of specific municipality work together with local FECOFUN, local government and sub-Divisional Forest Office in every steps of interventions right from the planning to implementation of the project. The diagram below presents an ideal fund flow mechanism within FECOFUN with roles and responsibilities of various units and organizations involved at multiple levels.

Figure 2: Fund flow mechanism



Index



Fund flow mechanism and roles of various units and committees

Once the project is signed between FECOFUN national unit and donors the Ministry of Forests and Environment provides a reference letter to the Social Welfare Council (SWC) to formally endorse the donors funding. At this point, both the Ministry and SWC agree to perform joint monitoring of the project activities. The implementation of a project in FECOFUN is governed through a national coordination committee (NCC) at central level that is coordinated by national FECOFUN and consists of representatives from the Ministry of Forest and Environment, National Dalit Association, Nepal Federation of Indigenous Nationalities (NEFIN), and NGO Federation. The committee provides overall guidance and set direction to take the project forward. After the

formulation of national coordination committee, the fund flows directly from central to local FECOFUN for implementation. The provincial and district FECOFUN play supportive role to make the project successful but these units do not involve in the implementation. However, national FECOFUN provide necessary information to these units about the project and its periodical progress update. At local level, implementation of the project is governed through local coordination committee (LCC) where local FECOFUN functions as member secretary of the committee, but the Forest and Environment committee of local government coordinates the LCC. Other members of the LCC include representative from Divisional or sub-Divisional Forest Office, local NGO, local unit of NEFIN, and local unit of Dalit Federation. The LCC governs the overall planning and implementation of the project, establishes coordination with local stakeholders which are associated with the agenda of forests and environment. The disbursement and fund management for project activities is the responsibility of local FECOFUN.

According to the information provided by the entity members, if any amount of donor funding is received by national FECOFUN for specific objective or projects that to be implemented at local level (within CFUGs); and if there is no specific roles to play by the province and district FECOFUN then there is no need to allocate any percentage of administration and coordination cost. However, if any project is to be implemented by the province and district FECOFUN in such cases there is provision to allocate 10 percent of the total budget as an overhead cost. In the case of IPLC funding, there is no need to engage province or district unit of FECOFUN, therefore there is no need to allocate overhead cost for province and district FECOFUN units. The key role will be played by the local FECOFUN and will be eligible to have 10 percent overhead to cover coordination, management and administration cost.

Based on the assessment of the current institutional structure, human resource capacity and projection of future possibility to strengthen these capacities, FECOFUN views that the following amount of funding can be mobilised effectively and efficiently in the short and medium term. For the short term: 15-20 million US\$; medium term: **45-50 million US\$ even more can easily be mobilised by the FECOFUN.**

FECOFUN financial turnover

Since the inception in 1995, FECOFUN has been receiving funding from multiple sources to move forward in supporting CFUGs and strengthen their rights. Also these funding have been used to develop the institutional capacity of CFUGs. The table below presents the financial turnover of FECOFUN in US \$ in each five year term since 1995.

Table 1: FECOFUN financial turnover

Period	Financial turnover in US\$
1995-2000	577,532
2000-2005	1,151,507
2005-2010	2,855,325
2010-2014	5,096,488
2014-2018	4,919,490
2018-2022	5,029,701

Source: FECOFUN roadmap, 2021

Operationalization of CFUG funds

Based on the provision under Forest Act 2019 and Forest Regulation 2022, CFUGs fund should be managed in a transparent and a systematic ways clarifying the following points.

- Source of funding for CFUGs includes membership fees, forest products marketing and sale, income from environmental services schemes such as PES, REDD+, grants received from the government agencies and other supporting agencies,
- Regarding fund utilization- out of the total annual income of CFUGs, at least 25 percent of income should spend for forest management whereas 50% should go for poverty alleviation, enterprises development and empowerment of women and disadvantaged members of the community. The remaining 25% should go for general community development,
- Chairperson and treasurer can use their signature to operate bank account, but at least one person must be women (either chairperson or treasurer),
- Auditing of the CFUGs account should be undertaken by a registered auditor,
- Annually at least one public hearing must be organized to share CFUG income and expenses and annual program, and
- CFUGs must provide annual audit report along with annual progress report to the Divisional Forest Office and local government.

Monitoring Evaluation and Learning

Periodical monitoring of regular activities and of FECOFUN led projects are commonly held across all units of FECOFUN. Both internal and external evaluation takes place after the completion of each project and provides a comprehensive report which is a basis for future learning and improvement. The monitoring and evaluation is based on reference of indicators (qualitative and quantitative) developed under the logical framework of the project. At project level, a monitoring team consisting of representatives from the Social Welfare Council, Ministry of Forests and Environment, local government, FECOFUN, NEFIN, and local communities work together and provide suggestions to improve the implementation.

Capacity building

It is commonly mentioned by most interviewees that capacity building is one of the key aspects of institutional development of FECOFUN at all level. Capacity to lead a forest user groups and run CFUGs as an institution are the skills that FECOFUN needs most

urgently. In addition, capacity on sustainable forest management, legal awareness and conflict resolution, forest based enterprises and eco-tourism development, climate change mitigation and adaptation PES, marketing, financial transparency; communication and outreach are also equally important areas that FECOFUN units and CFUGs have to develop their capacity.

Accountability (downward & upward)

FECOFUN is accountable to its members CFUGs, and all member CFUGS are accountable to their members (household and families consist of IPLCs) of forest user groups at community level. Therefore, community members of forest user groups are target beneficiaries of all level FECOFUN units. Each unit must work in favor of community people (IPLCs) to secure and strengthen their rights over forests and land resources. There is upward and downward linkages amongst multiple units of FECOFUN (national, provincial, district and local). However, ultimate objective of these units is to support forest user groups those are directly involve in and responsible for conservation, management and utilization of forest and land resources.

Outcome examples

In the last 25 years, FECOFUN remained successful in securing community forest rights of IPLCs through wider expansion of community forestry model across mid hills and terai region of Nepal. Similarly, in the last 25 years FECOFUN remained successful in approaching political leaders in all three tiers of government and was able to influence policy makers, CSOs and their networks to create supportive environment for community forest rights of IPLCs.

FECOFUN remained a pioneer organisation to advocate and apply the principle of gender equality, and democratic practices in the decision making. FECOFUN is a role model organisation that translates the constitutional provision of gender equality in action by mandating engagement of at least 50% women in the key positions at every level of its structure. According to the constitution of FECOFUN it is compulsory to have at least 50 percent of women representation at every level (local, district, provincial, and federal) of FECOFUN units. Gender equality is mainstreamed in all plans and programs. There are also provisions for nominating representatives from highly marginalized groups and ethnic minorities so as to achieve greater diversity and social inclusion. FECOFUN empowered the voices of forest communities, indigenous people, marginalised groups such as women, Dalits, Madhesis across Nepal and applied the principle of equitable benefit sharing mechanism. As of now, there are 1007 CFUGs managed only by women, and 38 CFUGs having women chairperson (leadership position), and are running with excellent performances. At all levels of FECOFUN, it is mandatory to give priority to poor, Dalit and disadvantaged members of the communities while distributing benefits and forest products. Participatory and democratic decision making is widely in practice across all units of FECOFUN.

FECOFUN extended support to capacitate the members CFUGs by providing a number of trainings such as: facilitators training, gender mainstreaming, women empowerment, climate change, leadership development, legal pluralism, FPIC, conflict resolution, good governance and institutional development. Facilitators developed by FECOFUN are currently helping CFUG in the revision of operational plan and creating awareness on contemporary issues such as- climate change, REDD+, and sustainable forest management.

In order to achieve prosperity and sustainable development, FECOFUN encouraged CFUGs to follow the principles and practices of sustainable forest management as indicated in the approved/agreed operational plan. CFUGs have adopted the principles of SFM and established local enterprises through processing, value addition and marketing of timber and non-timber forest products. More than 250 forest based enterprises and about 500 eco-tourism enterprises are being managed by CFUGs. Most common types of enterprises include: furniture, saw mill operation, wooden handicrafts, bamboo crafts, Nepali paper production, processing of medicinal plants, wooden agricultural equipment, eco-tourism, certification, recognition etc. SFM directly contributed in improving rural livelihoods and poverty reduction. In order to reduce the consumption of firewood and reduce the pressure to supply firewood from community forestry, FECOFUN encouraged CFUGs to promote improved cooking stoves, biogas, solar and micro hydro.

FECOFUN played an important role in connecting people and actions with global environment and climate related issues by acting as an appropriate means to translate global environment theories into action. FECOFUN in collaboration with government agencies, donors, international communities, and private sectors helped developing climate change adaptation plan and mitigation actions for the selected CFUGs. Similarly, FECOFUN remained associated with government authority and provided inputs on behalf of local communities while developing national climate change policies and strategies, environment protection act, conservation strategies etc. Furthermore, FECOFUN helped CFUGs to create awareness and build capacity on REDD+, Forest Carbon Trade, interrelation between REDD and tenure security, PES, and benefit sharing mechanism of emission reduction program etc.

Design and implementation of issue based projects and program

FECOFUN implemented a number of collaborative projects and program (short and long term) with the funding support from multiple donors, and were strategically implemented or have been implementing for the development of community forestry and to advance the rights of IPLCs. Major projects and program of FECOFUN implemented in the last 25 years are listed below.

Table 2: Key funding agencies and projects of FECOFUN

Funding agencies	Projects	Timeframe
Ford Foundation	Institutional capacity building of FECOFUN and establishment of core funding	1995 to 2000
Nepal UK Community Forestry Project (NUKCF)	Operation of Community Forestry Radio Program	1995 to 2000
Nepal Swiss Community Forestry Project- SDC/NSCFP	Operation of Community Forestry Radio Program and capacity building of FECOFUN	1995 to 2000
ICIMOD-Nepal	Institutional Development of FECOFUN	1995 to 2000
CARE-International	Community Forestry Radio Program for public awareness	1995 to 2000

WATCH Nepal	Promotion of Terai Community Forestry program	1995 to 2000
Action Aid- Nepal	Institutional development of FECOFUN and CF radio program	1995 to 2000
DANIDA- Nepal	CF radio program	1997 to 1998
British Embassy in Nepal	Terai CF program	1998 to 1999
Nepal Australia Forestry Project	CF radio program	1998 to 1999
NARMSAP	CF radio program	1998 to 1999
Netherland Embassy	Terai CF program	1998 to 1999
F TPP/WATCH-Nepal	Terai CF program	1998 to 1999
GTZ	Terai CF and Radio Program	1998 to 1999
IDRC	NTPFP management	1999 to 2001
CCO- Canadian Cooperation	NTPFP research and study	1999 to 2001
ANSAB Nepal	NTPFP research and certification	1999 to 2001
LFP UK-AID	CF Radio Program	2001 to 2002
American Center Nepal	Terai community forestry	2002 to 2003
IIED Nepal	International participation	2002 to 2003
McConnell Foundation	Women participation in CF	2003 to 2007
Asia Foundation	Election monitoring	2003 to 2007
RECOFTC Thailand	Capacity building and REDD+	2007 to 2008
WWF-Nepal	Forest Certification and governance	2005 to 2007
Win rock-International	Biogas promotion	2005 to 2007
USAID- Hariyo Ban Program	Green forest program	2011 to 2012
APF-Net	Agro enterprises	2010 to 2011
Rights and Resources Initiative-RRI	Policy advocacy	2012 to 2013
JICA	Alternative energy program	2013 to 2014
FAO-FFF	Agroforestry program	2014 onward
USAID/DAI	Water program	2018 to 2020
International Forest and Land Tenure Facility (the Tenure Facility)	Securing CF rights of IPLCs	2020 onward

Source: FECOFUN, 2022 (Silver Jubilee Publication)

Challenges associated with donors/funding

The following points elaborate the key challenges- obstacles/barriers induced inefficiencies pertaining to donors/funding that FECOFUN has been facing since its inception in 1995.

- Initially, FECOFUN was open to obtain financial assistance from multiple development partners and donors mainly for institutional development. This has resolved the immediate financial problem only for a short time. But in long run, in many instances, receiving financial assistance through project implementation diverted FECOFUN from its primary goal of securing rights of IPLCs. Later on, it was realised that the acceptance of external fund should be based on its potential

contribution towards the priorities and mandate of FECOFUN. In addition, FECOFUN also realised that internal fund generation is equally important for institutional sustainability of its operation.

- In recent years, a number of NGOs and federations have been emerged in Nepal with similar mission to support community forestry, rights of CFUGs and of indigenous peoples over land and forest resources. This has created a competition to grab donor funding rather than developing environment to work together for synergy and achieve common goal.
- Based on past experiences, the external funding channeled through government system had limited impact on target beneficiaries because of poor governance system and complicated bureaucratic process which is too difficult to follow. Instead the funding channeled through NGOs and federation had better results. However, government always attempts to control over donor funding and shows little interest to cooperate with other entity if they do not have direct control in fund disbursement.
- In the federal system of governance, the Constitution of Nepal-2015 has given full authority to the local government to make decision on development initiatives, locally. The management and development of forestry sector also falls under the jurisdiction of local government. Therefore, local government in most cases raised concern about the donor funding received by FECOFUN, and wishes to mobilize together with the fund available at the local government and develop collaborative plan. The idea itself sounds good, but the challenge is on priority setting. Some time, the priority areas of intervention for local government in forestry sector might be different than of FECOFUN.
- For effective and efficient financial management, local FECOFUN units may need additional support on capacity building on the latest financial systems and use of various computer based software that are being used in recent years.

Innovations/approaches used to overcome challenges

In order to overcome the challenges, FECOFUN has been adopting the practice of good governance and transparent and participatory decision making process at all levels. For example, public auditing, making most of the important decisions including of finance in a participatory manner at the general assembly, regular internal and external auditing of the financial transactions, following the agreed rules and policies about anti-corruption, procurements, and administrative and financial regulations are followed properly. FECOFUN takes immediate action against its members if the rules are violated and funds are misused.

A comprehensive capacity building package of FECOFUN units and its CFUG members is essential to overcome gap and increase efficiency in project implementation. Capacity building on: financial management, enterprises development, inclusive governance, sustainable forest management, marketing, and leadership are some of the key areas where additional support is required.

What would “good” look like?

The good practice in FECOFUN entails a complete transparency and participation of stakeholders in decision making. Zero corruption and efficient functioning of FECOFUN as a clean and transparent institution that follows the rule of law. Strong and capable institution having democratic governance system that appreciates the process of participation, inclusiveness, fair and equitable benefit sharing are the key features of FECOFUN, hence it looks good.

Strategic insights from the case study

Principal insights

FECOFUN is a well-established network of community forest user groups (CFUGs) having experience of mobilizing donor funding for the last 25 years. It is a guardian institution of more than 22,000 community forest user groups and is fully accountable to the user groups to safeguard their rights and enhance their economic benefits based on forestry and support on building capacity for livelihood opportunities. The institutional network of FECOFUN is widely operating across Nepal at multiple levels: federal, province, districts and local. The donor can easily reach FECOFUN at all levels to discuss about the financial matters. The physical presence of FECOFUN office with regular staff across each level will also help donors to reach out FECOFUN team and its member CFUGs.

The indigenous people and local communities are the members of community forest user groups and are living together in a good harmony. The customary practices of indigenous people, their tradition, belief, and culture are well respected and recognized by local communities and vice-versa. The composition of community is mostly heterogeneous in Nepal; hence IPs and LCs are living together in a specific community group and are working collectively to secure their rights over land and forest resources. This is a unique and inspiring example of collaboration between IPs and LCs. Indigenous people’s rights related organizations such as: Nepal Federation of Indigenous Nationalities (NEFIN) and the Centre for Indigenous Peoples Research and Development (CIPRED) are closely collaborating with Federation of Community Forestry Users Nepal (FECOFUN) to secure the rights of IPLCs over land and forest resources. This creates an enabling environment for donor’s funding to make sure that fund allocated for the specific purpose to secure IPLCs tenure rights and to strengthen forest guardianship is fully utilized on the ground.

FECOFUN strongly promotes and applies social agendas in forestry sector, mainly on gender, equity, inclusiveness and pro-poor support program. All community forest user groups are applying these principles in practice by having clear provision in their operational plan and organisational guidelines. For example: composition of executive committee across all units with 50:50 male and female representatives, special provision for poor and disadvantaged members in benefits sharing, appreciating the customary practices, culture, traditional value of indigenous people and tribal communities within CFUGs.

Well established governance structure across all level of national administrative and geographical boundaries starting from local to district, province, and national level. Functional institutional structure enables to operate effectively and enforce rule of law

and follows the feature of good forest governance. Very good working relation with local government, private sector and civil society groups at all level and upholding the agenda of securing forest land tenure and sustainable management of forest resource that fulfil economic, environmental and social need of local community in particular and of broader society in general.

Relevancy of learning

The learning from FECOFUN could be relevant to those organizations which are established as membership based organization and are accountable to its members in terms of securing the rights of IPLCs. The network of institution must be widely expanded across the nation and their mission should be to safeguard the rights and strengthen livelihoods opportunities for IPLCs.

Scalability: replicability and expansion

Scalability consists of two activities the first is replicability and the second is expansion. FECOFUN at its district, province and local chapters has their units with committee members to take the agenda of tenure rights and forest guardianship forward more effectively. Furthermore, replication of the intervention can be facilitated by FECOFUN units at multiple levels.

For expansion, each CFUG can leverage their own funding to promote activities that are helpful in securing tenure rights. In addition, local FECOFUN unit collaborates with local government to leverage government funding allocated for forest and environment development. This fund can be combined with FECOFUN fund to implement strategic interventions to promote tenure security of IPLCs. In long run, the donor funding could only be used for capacity building and institutional strengthening of CFUGs and of other stakeholders whereas the cost of implementing activities to support IPLCs can be covered by the internal funding from CFUGs/local FECOFUN and from the local government.

Annex 1: Fund flow diagram (as in Figure-2)

Annex 2: Written comments and/or notes received on final draft submitted

Mr Ram Paudel

In order to understand financial system of FEOCFUN it is important to know how the fund operation system works at CFUG level, their source of funding, use of funds, audit system and reporting and communication.

Capacity building should also include areas such as legal awareness, eco-tourism, climate change mitigation and adaptation, account keeping etc. Collaboration with local government is strategic to have best use of fund for IPLCs tenure security and forest guardianship as there is possibility of leveraging fund from local government as well

Dr Sindhu Dhungana

There is a need to facilitate for the integration of biodiversity conservation and climate mitigation/adaptation in community forests. This should be included in the forest management plan of CFUGs.

FECOFUN has to work closely with network of other natural resources such as water, land and agriculture

Mr Dil Raj Khanal

The content of case study is valid and reliable and taken reference of FECOFUN documents. Some of the key comments include:

Based on the decision of CFUG, it is important to include private sector in tenure issue and forest guardianship. At all level, it is necessary to have proportional representation of male, female and IPs, Dalits and Madhesis.

Annex 3: Table of relevant comments/information received from interviews

First name	Last name	Organization	Position
Ghanshyam	Pandey	Green Foundation Nepal (GFN)	Executive Director
Ram	Paudel	FECOFUN	Finance Manager
Sita	Aryal	FECOFUN	Executive Director
Parbata	Gautam	FECOFUN	Treasurer
Thakur	Bhandari	FECOFUN	Secretary
Birkha	Shahi	FECOFUN	General Secretary
Mahomood	Kar Kha	FECOFUN	Central committee members
Sindhu	Dhungana	Ministry of Forests and Environment	Senior Government Officer
Pasang	Sherpa	CIPRED	Chairperson
Sandesh	Chaudhary	FECOFUN	Admin and IT Officer
Dil Raj	Khanal	Freelance consultant	Legal Expert

Annex 4: Principal references/documents used for desk review

- Anti-corruption policy of FECOFUN
- Gender Equity and Social Inclusion (GESI strategy)
- FECOFUN bylaws
- Organization regulation
- Administrative and financial policies
- 25 years road map for FECOFUN
- FECOFUN silver jubilee publication
- FECOFUN annual report
- FECOFUN strategy plan 2075-2079
- FECOFUN structure
- FECOFUN meeting guidelines
- Grievances redressing mechanism
- **FAO (2004)**-CFUG Federation: Institutional Innovation in Practice, FAO publication,
- **Ojha, H., Khanal, D.R., Sharma, N., Sharma, H., and Pathak, B. (2007)**-Federation of Community Forest User Groups in Nepal: An Innovation in Democratic Forest Governance. Proceedings- An International Conference on Poverty Reduction and Forests, Bangkok, September, 2007

The following questions were put forward to the entity to elaborate and provide information with both qualitative and quantitative data.

- What are the prevailing financial and administrative policies of FECOFUN that help to ensure good governance in practice?
- How to make sure that rule of law is maintained across all units of FECOFUN and across its entire member CFUGs?
- How FECOFUN maintains gender equality and inclusiveness in its units and encourages CFUGs to follow the similar approach?
- What are the strategic priorities, vision and outcome of FECOFUN?
- How the cost of operation of FECOFUN is managed and what are the primary sources of funding?
- How the financial transparency is maintained?
- Is the current governance structure is capable enough in achieving set vision and mission and priorities of FECOFUN? If yes, how?
- Is corruption a common problem in FECOFUN? If yes, what are the evidences if no, how to justify it?
- Are there specific mechanisms in place to resolve conflicts and redress grievances? If yes what are those? And how effective they are in practice?
- Is there a clear road map of FECOFUN to move forward in long term with set destination and priorities? If yes please explain what those are and how they are being executed?
- Is there any strategy to have financial sustainability by generating internal funding to cover the cost of day to day operation of FECOFUN?
- Who are the key funding agencies and what are the sectors or areas that are covered by donors funding?
- Is FECOFUN capable enough to handle large scale external funding effectively and deliverable desired outputs, outcomes?
- Are the existing human resources and their capacity adequate for FECOFUN to implement large scale projects? If no what are the gaps or limitations and how to resolve them?
- What are the key learnings and insights of FECOFUN from the implementation of multiple projects over the last 25 years?