6 Resource Governance
and Sustainable Natural Resource Management

Introduction

Initiatives promoting sustainable development through natural resource management (NRM) in the Hindu Kush-Himalayas have shifted in focus from top-down centralised management to participatory and community-based decentralised management. It is now increasingly realised that the core problems causing unsustainable resource use are often linked to poor governance such as unclear rights and responsibilities, centralised planning and management, and inadequate participation of local resource users in decision making. As a result, since the 1990s the issue of resource governance has received growing attention in natural resource management. Awareness and experiences have been growing which suggest that the non-involvement of local communities and an exclusive focus on technical solutions to resource management are woefully inadequate in promoting the sustainable management of resources. The changing approach has also been reflected in NRM policies in Bhutan, India, and Nepal. New policies and regulations have been framed and put in place to promote sustainable resource management.

Although the importance of resource governance is increasingly being recognised, different people view the term 'governance' in different ways. According to GTZ, governance is a set of rules, enforcement mechanisms, and corresponding interactive processes that coordinate the activities of the stakeholders involved in NRM with regard to a common outcome. Governance is, therefore, not a single actor's activity. It comprises institutions, mechanisms, and processes through which different actors and groups articulate their interests, exercise their rights, meet their obligations, and mediate their differences (Sharma and Acharya 2004, based on a definition by GTZ). Governance is understood here in a broad sense as a mode of planning, and decision making that allows the interaction of a multitude of actors, including local institutions, civil society, and state agencies, to regulate and govern the mode of resource use. As good governance is a prerequisite for sustainable natural resources management, GTZ took the initiative to improve resource governance in Bhutan, India, and Nepal. This section documents the process and lesson that emerged from the three pioneering GTZ projects in relation to improving resource governance at the micro level.

Emerging Resource Governance: from State to Community Management

Experiences from Bhutan

Community forestry in Bhutan, also called participatory forest management, is supported by the Forest and Nature Conservation Act of Bhutan 1995 and the Forest and Nature

Conservation Rules 2003. The community forest management groups approved by the government are given legitimate rights (certificates) to manage and use designated areas of government reserve forests as per an approved management plan. A comprehensive Manual for Community Forestry has also been developed and defines the rights and responsibilities of the different stakeholders in community forestry management, as well as describing the steps and procedures for establishing and operationalising community forestry.

Experiences from India

The governance of forest resources in India has been moving from state management to participatory management. The process of participatory forest management in India is facilitated by the development of joint forest management (JFM), which is based on the National Forest Policy 1988. This policy emphasises the involvement of village communities living close to forests in the protection and development of forests. The Government of India subsequently notified state governments in 1990 and 2000 to involve local communities in the management of forests. Joint forest management needs a village level organisation, through which local people participate in forest management. Such an organisation may be the existing village panchayati or an organisation newly formed for the purpose, such as a cooperative society, a village forest development society, or a village forest protection committee. Most village level organisations involved in JFM are in the form of village forest protection committees.

The JFM initiative first started in West Bengal as a part of the pilot community forestry project and has now spread to 28 states in India. By March 2005, about 100,000 village forest protection committees had been formed and were managing more than 21 million hectares of forest land (Mukerji 2006, p.21). About 14 million families (75 million people) are involved in this forest management system (Mukerji 2006, p.21).

Entrusting the management of natural resources, including forests, to village communities known as village forest development societies (VFDSs), and outlining the short- and long-term incentives to them, is designed to generate their interest and commitment towards better resource governance. The focus of the policy guidelines is access to resources, the active involvement of resource poor and women in local decision making, and the accountability of state institutions while implementing and supporting such processes.

Experiences from Nepal

In the Hindu Kush-Himalayan region, remarkable changes have taken place in resource governance, particularly in forest management in Nepal. Community forestry has become a major thrust in forest management in Nepal, representing a major shift in the distribution of power between the state and communities. Forest users are able to exercise a considerable degree of control in forest management. The executive committees of community forest user groups (CFUGs) are entitled to make their own rules and regulations, and to implement them. Rules and regulations regarding the governance of community forests are made in the general assembly and implemented by the decision of the executive committee and sub-committee. Forest users are also actively involved in

planning, decision making in relation to resource use, and management, including benefit sharing.

The Forest Act and Forest Regulations promulgated in 1993 and 1995, respectively, provide the legal basis for the community participated decentralised forest resource governance system in Nepal. Under this legal framework, CFUGs at the lowest level, and their apex body – the Federation of Community Forest User Groups, Nepal (FECOFUN) – at the centre, have been given legitimacy to become actively involved in national and local decision-making processes on matters related to forest management.

The Situation in 2005

When it comes to translating the policies summarised above into field-level activities, there are three distinctly different scenarios in the three countries (and the three projects).

Bhutan

The situation in Bhutan is entirely different from that in either Nepal or India. Due to its thinly distributed population and rich forest cover, conflicts and problems related to the management of natural resources are rare and less complex. For the Bhutanese, entitlements are guaranteed by law and timber/wood is either provided free of cost or (in the case of construction materials) at a minimal rate. Moreover, there is no immediate or foreseeable shortage of forest products (BG-SRDP Doc. 76).

This has resulted in a situation where local communities are not motivated to play an active part in the rehabilitation of forests. It has been necessary to make them conscious of the need to proactively prevent forest degradation and to give economic incentives to generate community participation and support for the protection and development of forest resources.

Bhutan is gradually shifting towards a constitutional monarchy and democracy. The pace of change in resource governance cannot overtake the speed of the political change process. Therefore, Bhutan has adopted a cautious approach to the implementation of community forestry schemes. As a result, Bhutan has only a modest amount of experience in relation to the handing over of forests to local communities.

Examples where forest and farm products have been linked to a long-term livelihoods programme are rare. Hence, continuous interest of local communities in participating in management has yet to become apparent. At the same time, a purely subsidised system of planning and implementation has been hampering the pace of decentralisation as the state still remains the biggest caretaker of forests.

India

Policy changes are an indication that a need for change is felt at the macro-level. Reframed policies, enacted laws, and new regulations in India were clearly meant to promote resource governance. However, in Himachal Pradesh (HP), despite the

enactment of the HP - Panchayati Raj Institutions (PRI) Act and the HP-Participatory Forest Management Guidelines 2001, the ground realities are still far from changed. Similarly, the decision on the three 'Fs' (funds, functions, and functionaries to be entrusted to panchayats) has not really been converted into common practice. Decisions about local development are still taken at the macro-level and major works in NRM are done by government line departments according to their own budget planning. Likewise, progress in entrusting forest management to local communities is still far from satisfactory. Several VFDSs are not even aware of the Guidelines, and virtually no appreciable final yield has been observed.

Dense forest cover has further degraded, which indicates that the favourable and supportive policy changes have not been matched by implementation on the ground. The implementation of these policies was intended to have an impact on poverty, equity, women, the ecology, and the overall management of natural resources. However, the policies have had only limited success. The current decentralisation policies have not actually changed the structure or the distribution of benefit streams from natural resources. The basic political settlement over natural resources remains unchallenged (Baumann and Farrington 2003), despite the building of momentum for decentralisation.

Nepal

In Nepal, the nationalisation of forests in 1957, which had aimed to demolish the network of private forest concessions, led to the rapid degradation of the forest resources and destruction of forest cover? It also resulted in the alienation of local communities from traditional values to and affinities with the forest resources, as well as denying their usufruct rights and destroying indigenous management systems.

The lack of tenure, steady increase in population, use of steeply sloping land for farming, and insufficient human and capital resources for the protection of forests, all led to rapid degradation. Although there has been significant progress since the introduction of community-based forest management in the 1970s, conflicting programmes such as community and leasehold forestry alienated the resource poor as often the most degraded areas were given to them. Similarly, the preferential access of underprivileged groups could not be ensured. As a result of social exclusion, the impact of use by the resource poor and subsistence farmers on forests and productive farmland led to further degradation. The innovative efforts in decentralised community forest management have been affected by insufficient management skills, lack of long-term and genuine commitment, and lack of suitable actions to solve forestry problems by government agencies and political representatives. The existence of a large number of landless households in the forest fringe areas and unchecked encroachment add further problems to community-based resource governance.

The absence of land reform has further complicated the issue of good resource governance, and the situation has been exacerbated by the overall volatile political situation in Nepal. Similarly, the orientation of state programmes towards subsidies has not necessarily improved the willingness of local people to proactively contribute to better governance.

The process of decentralised resource governance may have begun but several pointers speak for the need for a review and for enhanced efforts:

- Better governance is crucial for poverty alleviation, to achieve the MDGs, and for sustainable development; for this, a renewed focus is needed.
- Frequently changing rules, regulations, and polices for better resource governance have not been matched by the committed devolution of powers and/or rights or a progressively designed decentralisation process.
- Gaps in policies and practices are evident. Accountability, transparency, and better decision making and benefit-sharing have yet to be achieved.

It is in the above context and the importance of realising better resource governance, that the three projects took the initiative to improve resource governance in their respective project areas.

Project Initiatives

All three projects started working on these important issues in their respective areas in the early 1990s and initiated processes, innovations, and physical/technical interventions that could be replicated and improved upon to transform resource governance. All three projects were justified, keeping in mind the fact that the issues pertaining to resource governance were not settled. Hence, the main focus of the projects was on addressing advanced and early landscape degradation, the fostering of participatory techniques to involve and gain commitment from local communities and their institutions, the need for innovative tools (e.g., planning guidelines, forest management guidelines), the linking of locally enhanced livelihoods to natural resource management and markets, and the capacity building of stakeholders (including government organisations, NGOs, CBOs, and federations). The cumulative aim of all the projects was to have an impact on policy.

The three GTZ projects were long-term projects and had a relatively stable setup in terms of time period, staff, resources, and an integrated approach. Thus all three projects focused on issues of empowerment, technical management, tenure security, equity, poverty alleviation, women, livelihoods, and essentially how grassroots resource users, formal and non-formal village institutions, and intermediate authorities (e.g. geog, panchayat/block, frontline staff of line departments) reach the various levels of decision making so that policies and their implementation can be synchronised at various levels of governance.

Given the overall situation it was generally felt that the state, as the major stakeholder and custodian of natural resources (owning most of the forest land while local communities are the de facto users and managers), has not delivered as it should have. The continued degradation of natural ecosystems can be taken as an indicator. Similarly, the issue of poverty and inequity in terms of using resources remains obvious. The global reform processes of the past decade have strengthened the resolve of all three countries in which the projects were based to devolve power over resource governance to local communities and their formal bodies (e.g., panchyati raj institutions in India, the geog in Bhutan, and CFUGs in Nepal) through the handing over of state forests to local

communities for management. This devolution of power (or people-centric paradigm shift) is often quoted as the landmark-step in sealing the decentralisation trend. Nevertheless, despite the devolution of power, several planning and implementation approaches are still operating simultaneously:

1. The usual state-geared planning and implementation.
2. Project/programme mode of planning and implementation with community groups (this is usually donor oriented involving government organisations and I/NGOs).
3. Planning and implementation through local/resource governance bodies.

The three projects clearly belong to category two above. The different projects also had an innovative role in developing concepts and strategies to ensure that resource governance issues are addressed and project recommendations on resource governance are not being done in isolation and in a non-replicable way.

All the projects studied have in common that, within their given political, legislative, and legal framework, their focus was on achievements in resource governance, sustainable forest resource management, and participatory institutions.

Achievements in Resource Governance

The process followed by each of the projects studied can be termed as 'unique but common'. Sensitisation and capacity building of local communities to plan and facilitate implementation was conducted so that they could be entrusted with the management of NRM-oriented initiatives. With the overall focus on sustainable NRM, the three projects have had an impact on the policy, legislative, institutional, and planning and implementation (e.g., participatory NRM-technical packages) frameworks that existed in the pre-project era.

The projects did their major work through village or community level committees (village development committees, CBOs, or CFUGs). These communities are the actual users and are directly linked with resource management. Village development committees, water users associations, and livelihoods groups are part of village and panchayat-level resource governance groups.

Experience from Bhutan

The BG-SRDP approach in Bhutan was in tandem with the state's drive for decentralisation across all sectors of government in both management and administration. Subsequently, based on project experience, community forestry has contributed broadly to the decentralisation of resource management in the forestry sector. Similarly, the responsibilities of dzongkhags have increased and they have been made more accountable and responsive to the people and to people's expectations, which is expressed through their planning. The universal application of a simple methodology for forest management planning (e.g., forest function mapping, forest management for local use, and so on), followed by implementation, has improved decision making in decentralised forest management significantly. Several community

forests have already been handed over to local communities, and their number is increasing rapidly.

Experience from India

All the proactive groups have evolved and further developed the traditional norms and regulations in relation to the various aspects of resource governance, while incorporating necessary changes (e.g., grazing control, grass yield distribution on common land, forest rights, and irrigation water distribution). Geographically viewed, local governance bodies are merely an elected group of representatives that belong to the local resource governance group. Hence, there is a straightforward link between resource governance and local governance.

The promotion of local governance bodies in India presents the challenge of bringing NRM under the purview of these bodies which have no experience in NRM. Similarly, based on experiences in community forestry, the project contributed to the shaping of the HP-Participatory Forest Management Guidelines 2001 and Memorandum of Agreement. With the sensitisation and capacity building of local communities and line department staff, the first ever Memorandum of Agreement was signed between the Forest Department and the local communities on the management of local plantations, establishing a clear-cut legal basis for implementation (assigning roles and responsibilities and timber yield distribution). The signing of this Memorandum can be termed a 'landmark' event, as it was a major progressive step towards implementing decentralised resource management.

Experience from Nepal

The ChFDP has made good use of emerging legislation regarding forests and decentralisation. The project sought the cooperation of the new Forestry Sector Co-ordination Committees. Through various sub-committees and working groups, the project has contributed to the development of forest inventory guidelines.

Most importantly, over 310 registered CFUGs covering 44,000 hectares of forestland, bear ample testimony to the reduced mistrust between the people and the government. Similarly, community forestry uses stakeholder agreements as an effective instrument for conflict resolution and controlling or recovering encroachments. Through its inclusive approach, it has also tackled the issue of equity and women's empowerment.

Post project institutional support has also been ensured through FECOFUN, which, as an institutional back-stopper, has not only accelerated the devolution of forest management but also provided a direct link to the government for changes required in policy and regulations from time to time.

Lessons Learned and Limitations

Learning

1. **Decentralisation** can lead to the empowerment of people and, therefore, better coordination between the bottom levels of governance – if investments in the

capacity building of villages or panchayats and clusters of forest user communities and their representatives are institutionalised, and reform processes linked to decentralisation continue. Decentralisation has become an irreversible trend.

2. While planning and managing local natural resources, **multistakeholdership** is the essence of resource governance. It allows all the village or panchayat households to articulate their individual and combined needs, while line agencies and NGOs provide technical backstopping and facilitative inputs. The micro-planning process ascertains the roles and responsibilities of all the actors involved and hence provides clarity in governance.

3. **Local ownership** and the subsequent empowerment of local communities or governance through forward-looking legislative norms and regulations (e.g., improved forest management guidelines, Memoranda of Agreement between the main stakeholders) have proved to be instrumental in fulfilling the emerging roles in resource governance at the local/state level.

4. **Natural resource management** has entered the purview of holistic development and its requirement for long-term asset building for sustainable livelihoods generation. For example, panchayats have already facilitated the implementation of afforestation and soil and water conservation work directly by individual user groups; CFUGs are conscious of their responsibilities towards managing forest resources and distributing usufructs equitably; and geog plans are increasingly considering local needs. The spirit of self-help by communities (e.g., contribution in the form of labour, materials, or cash) has improved, thus enhancing ownership. In turn, this will activate local management (including conflict management) and generate cooperative support from below.

5. **Transparency and accountability in roles and responsibilities** and, subsequently, in management, fund flows, and work done, have added to the overall positive impact on resource generation and conservation.

6. The adoption of **process steps and strategies** for the inclusion of resource poor people and women in particular (culturally not so important in Bhutan where gender equity is traditional) have been improved as a result of livelihood promoting ventures that benefit disadvantaged groups, and which also stimulate a greater concern for, and initiative to, protect local resources.

7. **The federating of local community representatives** (e.g., committee members, formal representatives, and so on) is a very strong mechanism for communicating and having dialogue on emerging issues in resource governance with multiple stakeholders, including the state. Several facilitative concessions and changed norms can be effected through such forums (e.g., FECOFUN and the three tier system of PRIs in India).

The experience of the three projects has revealed that a well-facilitated participatory approach can be very effective in mobilising local communities towards conservation and developing production-oriented forestry. In turn resource governance overall has improved.

Limitations

Undoubtedly, the three projects have contributed favourably overall towards the resource governance policy framework (including its legal and administrative aspects), and made

solid inroads into the decentralisation process. However, we have yet to experience a synergised impact. With the advent of the local governance era (with geog-planning and panchayat micro-planning), there could be numerous implications for resource governance, as the essence of the devolution of power to local bodies is for the purpose of planning their own development and managing it as well. As all of the project countries are essentially rural and natural resources are the major source of livelihood for the people, resource governance will need to be adjusted. Certainly, the promotion of community forestry and watershed management has provided the fulcrum on which the resource governance scenario of the future has been set, but several limitations remain:

- **Changing policies –** The states frequently change their norms and regulations (especially tenurial norms in HP, India, and community forestry policies in Nepal). As a result, functional links developed earlier for an interface between resource governance and local governance (e.g. through a constitutional provision for NRM sub-committees in the panchayat system) are now insecure and weakened.
- **Lack of participation and inadequate support –** panchayats, CFUGs, and village development committees are not as proactive as desired during the participatory planning process and this is further exacerbated by inadequate support from line agencies, which still manage state budgets and development schemes.
- **Post project support –** FECOFUN, water users associations, and livelihood groups need post project back-up support in advocacy and organisational aspects, research and development, and marketing, and these were only faintly visible in the projects (except in IGCEDP).
- **Only partial inclusion –** The operational link between resource governance and local governance is offered through holistic micro-plans, but due to only partial inclusion of resource poor people, young people, and women in the planning process, development targets such as the MDGs may not be addressed satisfactorily.
- **Micro-plans are not locally driven –** Micro-plan implementation (e.g., funds and financial management) does not always match with local peoples' needs.
- **Insecurity among community groups –** Despite the implementation of an innovative reform process, several rules, regulations, and guidelines on tenurial issues (e.g., the HP Participatory Forest Management Guidelines 2001) need to be amended and the state is still causing insecurity among community-based groups when it comes to accountable and transparent sharing mechanisms by not signing Memoranda of Agreement on things like benefit sharing. As a result, the commitment of local people and groups to forest management is affected.

Line agencies have yet to play an active role for several reasons:
- Resistance to change due to conditioned mindsets
- The ossification of the governance structure (i.e., the state departments have an organisational format that is centuries old and was set up in a different political, social, and environmental situation and under a different global scenario).
- The theory that communities will manage on their own (the associated stagnation of technical practices has exacerbated problems with wildlife, weeds, and others, with government departments taking a back seat)

- A growing existential dilemma (the focus on decentralisation and deregulation has unjustifiably set alarm-bells ringing for line agencies which fear that power and control over resources might be lost)

Questions leading to strategic elements

Despite the progress made in strengthening PNRM and with it resource governance, emerging scenarios – such as the globalisation process and challenges in the marketing of goods and services from forests (for example certification), adaptation to climate change (for example technical management), the link to the MDGs (for example poverty alleviation and environmental conservation), livelihoods promotion-based forestry, and the link with good governance – demand futuristic multi-disciplinary networking. PNRM has to reinvent its role in resource governance so that it can address the issues mentioned above in rural scenarios. It can only be underlined that the legal sanctity of the long-term role of communities in management and sharing, for instance the continuous forest yield, will be crucial in adjusting to emerging paradigms such as PFM.

Answering the following questions will help in addressing the challenges ahead:
- How can the various CBOs and user groups be linked so that they provide viable and constructive support towards strengthening their federations, and local governance in general, from below?
- Most of the NGOs are proactive while project funds are available; however, once project funding is discontinued, much of the momentum is lost. How can civil society become economically self-sustaining?
- How can the institutional structure (i.e., the roles and responsibilities of the government machinery) be redesigned to support decentralised resource governance?
- How can micro-planning with NRM be harmonised, simplified, and made less expensive and less time-bound?
- The capacity building of local governance bodies needs a design and focus. But how can the supportive role of the state be promoted if line departments are not cooperating?
- How can greater inter-sectoral convergence be achieved in planning, implementation, and monitoring and evaluation?

Policy changes will have to be backed up by the state providing an enabling and effective governance atmosphere. Moreover, the state should set priorities and milestones, work with a clear impact orientation, and use transparent indicators. Feedback mechanisms must be in place to facilitate policy updates. The global concern about biodiversity conservation, climate change, freshwater conservation, and desertification needs a holistic approach.

In addition to being people friendly, participatory approaches have to adapt locally to the above-mentioned global concerns. We can no longer ignore the role of the private sector in NRM, and must explore how privatisation can add not only to goods and services generated locally but also to improving resource governance. Moreover, the role of local communities and their formal bodies has not only to be sanctified through official acts and government orders, but also implemented and facilitated in letter and spirit.

Cornerstones of a future strategy

The following will provide the cornerstones of strategies to promote better resource governance in the forest sector:

- **Capacity-building** measures at all levels of resource governance – horizontal and vertical – are a must and should be backed up by in-house working manuals, guidelines, and training packages.

- The **linkages** between different governance actors must be recognised. **Networking** between relevant stakeholders needs to be strengthened to provide a mechanism for regular interactions in relation to experiences, constraints, and best practices.

- An executive order must be made requiring all **line departments to support** the planning, implementation, and technical backstopping of micro-plans. Convergence of different priorities and needs are a must to ensure a micro-plan based programme approach, in the case of India.

- **Holistic planning** is needed that brings different supportive and funding agencies together, not only for planning, and implementation support for such a plan, but also for monitoring and evaluation (i.e., convergence). Cross-sectoral issues must find greater integration in PNRM (e.g., watershed management must find linkages with participatory forestry, and reforms in the demarcation and delimitation of sectoral boundaries are needed to integrate multi-sectoral inputs).

- The **legalisation of benefit sharing** accruing out of community NRM assets (e.g., community forests) is a must for good resource governance in India and can be achieved through the signing of Memoranda of Agreement; the provision of facilitative norms, rules, and regulations; and by focusing on the MDGs.

- The **involvement of young people, the resource poor, and women in local planning and implementation** is a largely neglected issue which should be given a more central role in all resource management activities.

- The role of the **private sector** needs to be reassessed so that it can be (re-) defined and strengthened.

- **Positive spill overs from community forest management** should be used for the development of state forest management in the national forests of Nepal.

- Consistent **feedback** systems (information and communication) have to be in place to speed-up the reform process in good governance.

- The issue of **'good governance'** should be included in all working manuals, (government) guidelines, and training packages. Mass campaigns need to be organised to create awareness of good governance.