

Institutions for Natural Resource Governance



About ICIMOD

The International Centre for Integrated Mountain Development (ICIMOD) is a regional knowledge development and learning centre serving the eight regional member countries of the Hindu Kush Himalaya (HKH) – Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan – based in Kathmandu, Nepal. Globalization and climate change are having an increasing influence on the stability of fragile mountain ecosystems and the livelihoods of mountain people. ICIMOD aims to assist mountain people to understand these changes, adapt to them, and make the most of new opportunities, while addressing upstream and downstream issues. ICIMOD supports regional transboundary programmes through partnerships with regional partner institutions, facilitates the exchange of experiences, and serves as a regional knowledge hub. It strengthens networking among regional and global centres of excellence. Overall, ICIMOD is working to develop economically- and environmentally-sound mountain ecosystems to improve the living standards of mountain populations and to sustain vital ecosystem services for the billions of people living downstream – now and in the future.



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Foreword ICIMOD

The need for appropriate natural resource management is felt from the mountains to plains in the Hindu Kush Himalaya (HKH). However, as mountain communities depend heavily on natural resources for their daily livelihoods, governance is especially crucial to ensure sustainable use. Moreover, disadvantaged groups like women and indigenous peoples are particularly affected by weak governance. For this reason, the International Centre for Integrated Mountain Development (ICIMOD) is committed to promoting equity and empowerment for mountain people through improved governance.

ICIMOD views “governance” as a strategic institutional function that can improve conditions of equity and sustainability. This governance manual presents a set of best practices that ICIMOD has established over many years of documenting and analyzing governance issues throughout the HKH, from the national to local levels. We believe these practices can be adopted by our partners and disseminated into their communities where they will improve the potential and capacity of mountain people to manage and distribute their resources.

The need for improved governance has been expressed by the communities and areas we serve, but, they admit, they are uncertain how to go about that task. This manual is expressly designed to help build and strengthen local institutions in the mountain communities of the HKH. It is our hope that this manual will also speak to development practitioners who work in the field of natural resource management to equip them with knowledge for enhancing their effectiveness in the field.

Like many of our publications, this manual represents the combined efforts of many committed and talented individuals. In particular, I would like to express my sincere appreciation to the authoring team for their hard work and dedication: Dr. Rucha Ghate, Dr. Bimal Raj Regmi, Dr. Binaya Pasakhala, Mr. Tshering Samdrup, Ms. Ankita Shrestha and Ms. Varsha Upraity. I would also like to acknowledge the special efforts of our Knowledge Management and Communications team – in particular, Amy Sellmyer and Christopher Butler – for design and publication of this manual.

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Chapter 1

Introduction

1.1 Background

As a regional intergovernmental learning and knowledge sharing centre, the International Centre for Integrated Mountain Development (ICIMOD) works with various partners in eight countries of the HKH: Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal and Pakistan. In this capacity, ICIMOD serves as a regional hub for knowledge sharing to strengthen networks among regional and global institutions.

Through its many programmes and initiatives, ICIMOD works with various partners at the local, national and regional levels. These partnerships take many forms. As just a few examples, we help

- Develop niche product value chains that can bring extra income to households;
- Protect forests to ensure sustainable supply of products and services;
- Develop services to cater to eco-tourism; and
- Design water management committees for equitable sharing.

In all of these examples, communities have expressed the need for stronger institutionalization of governance processes, but lack the know-how for establishing them (see Box 1). Some communities find that institutions they desire once existed, but they cannot find the resources to revive them.

This manual has been designed specifically to address this desire and need, and we see this manual as fulfilling to important objectives in aspiration to the goal of improved governance:

1. We provide ideas and instructions for our partners to work as facilitators for institution building for natural resource management.
2. We present the key components of successful institutions, particularly for areas where a more conventional understanding of institutions is limited or unsuccessful in the past.

1.2 Rationale

In the Himalayan region, most of the communities are known to possess a shared understanding of do's and don'ts. Formal rules and regulations are often confined at the local level for a well-defined group of people. Therefore, any institutional formation at the local scale, being introduced by an external agency, must be rooted in the communities' understanding of right and wrong.

Box 1: Governance and Institutions

What is governance?

Governance is a mechanism through which citizens and groups articulate their interests, exercise their rights and obligations, and reconcile their differences (UNDP, 1997).

What are institutions?

Institutions are "the rules of the game in a society [...] the humanly devised constraints that shape human interaction" (North, 1990: 3). They determine and enforce the rules that govern the behaviours of and the interaction between the actors involved in the processes of governance. Institutions determine who is eligible to make decisions, which actions are allowed, which rules will be used, what procedures will be followed, what information must be produced, what payoffs will be assigned to individuals, and how outcomes and processes will be monitored (Ostrom 1991).

Formal institutions are those linked with official, governmental, or bureaucratic formalities and are usually legally binding. They include constitutions, statutes, common laws, and government regulations, which are externally enforced. Informal institutions are based primarily on social norms and socially and culturally shared understandings of rules that are not formally coded. They include traditional authorities, indigenous groups (chiefs, clan heads, family heads etc.), and organisations, as well as societal norms, values, and beliefs (Ghate and Chaturvedi, 2016).

We stress that any community institution cannot be successful unless a diverse and representative group of all stakeholders are vested and involved in its establishment and operation. This is especially important with natural resources, because when a resource becomes scarce, the need for formal rules is all the more necessary.

In this manual, we propose to answer the following questions:

- When should the needed institutions be set up and what are the benefits?
- How can communities build, revive, and federate institutions and of what kind?

The principal objective of this manual is to help build local institutions in the mountain and rural communities of the Hindu Kush Himalaya (HKH) whose livelihoods are linked with natural resources. As the title of the manual suggests, the guidelines presented in this document will focus on building institutions firmly within natural resource governance. As a result, this manual could be of particular interest to development practitioners in natural resource management who find it necessary to either build an institution or strengthen existing ones.

To practitioners in formal, non-governmental and other governance settings, this manual provides a step-by-step guide to forming, sustaining and strengthening institutions. The manual presents ideas to help agencies create, manage, re-build or federate local level institutions. Overall, we prioritize building new and strengthening of existing institutions to ensure that decision-making, policy implementation and conflict resolution are executed in the best possible manner. We also provide guidelines on how to link different institutions, where federating may be deemed necessary.

1.3 Scope and Structure of the Manual

This manual focuses on, but is not limited to, building local level institutions. The scope of institution depends on the size of the community, the purpose served by the institution, and whether integration and cooperation with other institutions is deemed crucial. This manual will not comment on policies that govern the building of institutions in a particular country.

We recommend practitioners to check the policies within her or his own context, which either allow for or restrict the building, sustaining, or modulating of institutions.

This manual is not guided exclusively by any theories of institution building in governance literature. Rather, we focus on providing thorough practical guidelines, which have been brought together by considering all possible ways by which the process of building of institutions can be informed. The recommendations we provide in this manual represent years of extensive field experience by ICIMOD researchers, and a thorough review of secondary literature on institution building.

This manual proceeds with four chapters, each one dedicated to a particular step in the institution building process:

Chapter 2 proposes various ways to create an institution where there has been none, including a set of rules and regulations to organize households and communities for achieving a collective vision and goal. To do this, the manual will provide a list of detailed specifications of steps needed before, during and after the formation of an institution.

Chapter 3 provides detailed guidelines for strengthening and reviving of existing institutions. This material applies to those settings where institutions have already been established for a given purpose and duration but have somehow failed to function effectively and efficiently. This manual will present ideas from successful revival efforts in the past that will provide current institutional builders improved vision for success.

Chapter 4 provides recommendations for connecting multiple institutions for purposes of collaboration and integration. Where forming collaborative networks is thought necessary to strengthen institutional settings, this manual will suggest how such mechanisms can be established.

Chapter 5 provides detailed explanation of various tools that can be used to understand the context in which governance institutions are to be established. These tools include situation analysis, institutional mapping, SWOT analysis, visioning, and resource mapping.



Chapter 2

Setting-up New Institutions

2.1 Introduction

Institutions may be established in a community for a variety of reasons. Institutions play an important role in organizing communities, managing common property resources, and supporting government and non-government organisations in identifying target groups and implementing various interventions. Institutions are often established to deal with newly arising contemporary issues such as dealing with forest degradation, climate change, and social exclusion. In remote, inaccessible areas, institutions are needed to deliver basic services to the communities.

In the HKH most of the resources are de facto managed by communities locally. Increasingly governments are adopting policies for decentralization, and transforming authority of resource management to local communities. For doing so, local communities can either have informal institution or seek help from governmental or non-governmental organisations for setting up new institutions. In order to do so, the intervening organisation needs to determine the scope of the project site. Institution building may be demand driven or supply driven. However, only if the communities go through the processes of institution building, there is an increased possibility that communities will take ownership of the built institution. The main purpose of setting up a new institution is to facilitate the governance of the resources, bring people together, empower the community, manage resources, and fetch better prices for local commodities.

2.2 Preformation Stage

Pre-formation stage will help facilitators and communities reach broader consensus for initiating institution building through consultations and dialogues. Investing on the pre-formation stage adds value to the institution development process, as it enables communities to realise the need for institutions on the one hand and the constraints and opportunities involved in institution building on the other. Pre-formation requires mobilizing different community members to work together in an area of common interest: to share costs and benefits equitably. In order to build robust institutions, it is imperative that there be consensus about the aim and goal of the institution, the role of its members, the nature of its operations and the areas of work (see Box 2).

2.2.1 Why do you require an institution?

At the outset, practitioners need to know the purpose for building the institution in question (see Box 3). It is also important to know that the objectives of the forthcoming institution will be context-specific and based on the requirements of the community, such as the resource they want to manage (e.g., water) and the time required for the work. Furthermore, the incipient institution must be pushed by the recognition for collective action. The effectiveness of common property resource management depends on significant support from the community.

Box 2: Areas of Focus for Pre-Formation Stage

- Sector management (e.g., water, forest, agriculture), especially at local scale;
- Policy and legislation as prescribed by government and/or local authority;
- Sectoral co-management to understand existing and possible links between different departments (e.g., line agencies, traditional institutions, community based groups, microfinance and credit sectors) to promote sustainable interventions; and
- Leadership and existing governance structures at the community level, particularly in regard to existing socio-cultural contexts, local leadership mechanisms, social differentiations, and their role in resource management.

Box 3: Points to consider

- Why is collective action necessary and/or beneficial, and is an institution the best way to organize the community for this action?
- What are the (potential/actual) costs in terms of time, money, labour, and conflicts of interest for this collective action?
- What are the (potential/actual) benefits of the institution, and who will have access to them?



In order to better envision what kind of institution best suits the community, it is important for the practitioner to have preliminary information about the context in which the rules and regulations need to be developed, such as socio-economic condition of the community, existing institutional situation and communities' desire for and acceptance of a new institution. Having this information will generate a stronger sense of community dynamics, position the new institution, and create links between the institution and stakeholders.

Based on the need for collective action, the practitioner needs to consider how to begin interventions at the institutional level. These could take several forms such as:

- Working with an existing group to revise its structure and functions to meet new demands or challenges;
- Developing the capacities of an existing group whose structure and operations are already standardised but whose skills may be further developed; or
- Mobilizing members of the community in the process of building a new institution.

We now turn our attention to the last of these three options: mobilizing community members to build a new institution. For options 1 and 2, please refer to chapter 3.

2.2.2 Necessary Steps for Institutional Formation

Step 1: Rapport building

A critical aspect of institution building is to establish a rapport and build trust with the community through various activities (see Box 4). At this stage, participatory tools will enable the practitioner to:

- A. **Understand the local context:** Situational analysis methodologies may be used to better understand the social, economic, and ecological contexts. Institutional and stakeholder mapping will support the identification of existing and potential links between actors, resources, and institutions. Through the use of participatory action research tools (PAR), practitioners will gain an understanding of what role institutions may play in this context.
- B. **Build capacity of the institution:** There is a need to mobilise members of the community to build consensus about the institution building process. Then, depending on the community's needs, it will be necessary to build human resources, management skills, and/or technical skills to strengthen the capacity of the institution's members. An assessment to know what trainings are required can serve this purpose.

Step 2: Formulating the work plan

After assessing the local scenario, it is time to draft a work plan for various activities and to allocate responsibilities to identified focal persons.

2.3 Formation of the Institution

Formation stage begins after identification of aspiring members, who are willing to work together for achieving shared goals. During the formation stage, group members discuss, agree and endorse the vision, objectives, and by-laws of the group. Active participation of all the members, including men and women from different settlements, ethnic and social groups, is necessary for accurate identification of relevant issues and concerns. The members should have enough time to discuss, scrutinize and refine content of the by-laws before they are adopted to elicit a sense of ownership and ensure effective enforcement of by-laws.

2.3.1 Vision, mission and objective

The vision, mission, and objectives of the institution communicate purpose and direction to the members, external agencies and service users. First, the group members must share and understand each other's perspectives and aspirations to build consensus on the vision and objectives so that everyone shares the aim toward a common goal and the steps required to achieve it. In the absence of consensus, groups need to consistently engage in dialogue and reach a broader consensus.

- 'Vision' relates to a situation that the group intends to create in mid-term or long-term future
- 'Mission' explains the purpose of the group and with whom does the group work.
- 'Objective' elaborates on the benchmarks and quantity and quality of performance required of the group to achieve its goals.

Example: Vision, Mission, and Objectives for a Women's Group

- **Vision:** A prosperous future for women of every household.
- **Mission:** Enabling women to take up sustainable livelihood options.
- **Objective:** To increase the income of each group member by 10% within five years.

2.3.2 Membership of the institution

a. Membership types

An institution consists of two types of membership: general and executive.

General members include those individuals who have consented to join the group and follow its by-laws or individuals who recognize each other as members of the institution.

Executive members include a few members selected from among the general members, selected for managing the operation of the group (see 2.3.3).

A third but less common type of membership is advisory. Advisory members need not necessarily be members of the institution. Their major role is to provide suggestions to the general and executive members for attaining the vision of the institution. This group may include local leaders, officials of external agencies, and subject matter experts.

b. Conditions and Procedures for membership registration, resignation, cancellation or suspension

After stakeholders agree to form a group, conditions and procedures of membership registration,

Box 4: Key activities

Situational Analysis of Community

- Understand the village community, its demographics, and its areas of cooperation and conflict;
- Evaluate the available resource systems and their uses;
- Identify traditional and existing institutions at community level; and
- Identify other agencies in the existing institutional network for potential cooperation.

Social Mobilization

- Hold discussions with community members on
 - the reasons for setting up a group,
 - the costs and benefits of collective action
- Include marginalized community members in the group discussion

Capacity Building

- Assess the existing capacities of potential members on specific skills, as not everyone will be suited for all activities.
- Provide training on specific governance issues such as:
 - Leadership/public speaking;
 - Financial management, accounting, and book-keeping;
 - Gender awareness and conflict resolution; and
 - Administrative record-keeping

Note: These skills are essential to ensure accountability, inclusiveness, and equity.

resignation, cancellation or suspension will have to be developed and agreed upon by the general assembly. The conditions and procedures should be acceptable to group members, including marginalized groups.

The conditions of membership include membership fee, contributions in the form of cash, kind or labor, and other conditions as dictated by government policies and any requirements of the intervening organisation supporting the group. For example, the government may stipulate a minimum and/or maximum number of members required to form a group.

To obtain membership, an individual will have to submit an application and other necessary documents, as required in the by-laws of the group or the intervening organisation supporting the group formation. The general assembly has final decision on approving or rejecting each individual membership application.

The conditions for membership registration for an individual aspiring to become a member after the formation of the group can be different from those who founded the group. For example, the membership fee for those who apply for membership after formation of the group can be higher than that for the founder members because the founder members of an institution would have invested significantly more in terms of time and effort for establishing it.

If a member violates the by-laws of the group, executive committee, or general assembly can suspend or cancel his or her membership. Furthermore, if a member files a petition against another member, then executive committee shall form a task force to investigate the matter and present the case to the general assembly for necessary actions.

c. Rights, Roles and responsibilities of general body members

Each member of general body has various rights, roles and responsibilities towards the group (Box 5). Depending on types of membership, the rights, roles and responsibilities of the members may be different and should be clearly mentioned in the by-laws of the group. All the members should be aware about their rights, roles and responsibilities. In general, each member has right to voice his/her opinion and know about functioning of the group, be benefitted from group activities, become a leader of the group and also, leave the group if desired.

Important points to remember

- Exclusion of any stakeholders, during the process of group formation, will undermine the success of the group and may create conflict and passiveness at a later stage.
- Policies, rules and regulations of the government should be taken into account while formulating the by-laws. This is necessary to avoid any potential contradictions during operational stage for which the government may dissolve the group.
- Membership fees and contributions, either in cash, kind or labor, can be a limiting factor for an individual to join the group.
- For marginalized groups, special provisions may be arranged to make membership affordable, either by waiving the fee or arranging for payment of fee by installments.

Box 5: Roles and responsibilities of general body members

- Attend general assembly and meetings regularly
- Actively participate in the activities of the group
- Contribute- membership fee, ideas
- Assist executive committee members, whenever necessary
- Comply with by-laws of the group



- Consult with marginalized groups in focus group discussions regarding their ability to pay the membership fee.
- Sensitize potential members from marginalized groups about the benefits of becoming a member of the group.
- The membership fee should be determined considering expected expenses for operation and management of the group, including any grants and support received from external agencies.
- All the members should be made aware about their rights, roles and responsibilities.

2.3.3 Formation of executive committee members

It is not feasible for all members to decide and execute the daily tasks of the group; therefore, an executive committee is formed to manage, coordinate and make decisions. The executive committee should have the endorsement of the general assembly.

a. Size and structure of executive committee

The size of the executive committee should be determined based on amount of responsibility and work to be undertaken. A typical executive committee may consist of a president/chairperson, vice president/chairperson, secretary, treasurer, and member representatives.

b. Eligibility criteria and selection process of executive members

The executive committee of the group should be inclusive, comprised of marginalized groups (including women) to occupy some key decision-making positions, such as president, secretary and treasurer. The executive committee members should be selected based on a set of eligibility criteria as approved by a maximum possible number of general body members, including marginalized group members.

c. Roles and responsibilities of executive committee members

The roles and responsibilities of the executive members (see Box 6) should be clearly defined in the by-laws. During the formulation of group's by-laws, the general assembly should have consensus on how the different executive members will function. To address potential power struggles among executive committee members, it is important to have agreement from the general assembly as to who will carry out what responsibilities and which actions. Each person in the committee should have his/her own tasks and responsibility.

General assembly will need to approve of any provision of incentives (cash or in-kind) for executive committee members. The amount or form of incentives for executive members should be approved by the general assembly.

Box 6: Roles and Responsibilities of Executive Committee Members

- Prepare annual plans, programs, and budget
- Maintain financial and other records of the group
- Ensure auditing of financial records of the group
- Enforce by-laws and recommendations of general assembly
- Facilitate selection of new executive committee members
- Organize meetings and the annual general assembly
- Set the agenda for general assembly
- Share decisions and necessary information to group members
- Take necessary steps for resolving conflicts
- Mobilize resources
- Networking with governmental line agencies and similar other networks
- Provide strategic direction and guidance
- Carry out other work as per the by-laws

d. Conditions and procedures for resignation or revocation of an executive member and dissolution of executive committee

The conditions and procedures for resignation or revocation of the executive committee member status and the dissolution of a standing executive committee must be stated in the by-laws. The by-laws of the group should also contain a provision for an interim arrangement in the event of resignation or revocation of an executive committee member or dissolution of the executive committee. For example, if an executive member would like to resign, that request must be formally submitted to the chairperson of the committee. Decisions to accept or reject the resignation will be taken by the chairperson in consultation with other executive members.

Should there be reason or cause to dissolve the executive committee, either the outgoing executive committee or an appointed task force (comprising of general members) can be established to act as an interim executive committee until new one is elected by the general assembly. If the existing executive committee is dissolved before its tenure is finished, a special general assembly will have to be summoned to select a new executive committee.

e. Meeting of executive committee

The general assembly needs to decide upon the minimum number of meetings in a year, the schedule, and the allowance for executive member attendance and travel expenses, if any. Also, the minimum number of executive committee members needed to be present at the meeting should be stated in the by-laws.

The chairperson will have responsibility to draft the agenda in consultation with other members for endorsement of the topics to be discussed. S/he needs to remind the committee members about the agenda, date, time and venue for the meeting in advance (at least a week before).

Important points to remember

- Sensitize members on the need for representation of marginalized groups in the executive committee.
- Ensure proportionate representation of members from marginalized groups in the committee to create an inclusive committee. For example, up to 50% of the executive committee members should hail from marginalized groups.
- Select executive committee members based on consensus or voting.
- Avoid duplication of structure. For example, do not have two or three vice chairpersons or secretaries, as conflicting roles may undermine the group function.
- Avoid too small (< 5) or too big (>13) member count for executive committee as it will either monopolize or create unnecessary administrative burdens and management difficulties.
- The number of executive committee members should be an odd number (e.g., 5, 7, 9, 11) to avoid voting deadlocks.
- Create term limits to avoid the same person holding an executive position for too long. The by-laws should also stipulate maximum number of times a person is allowed to hold a position on the executive committee.
- Build capacity of the executive committee members to understand procedures for accessing support from external agencies.
- Include in the by-laws a provision for the chairperson to either assume or delegate the roles and responsibilities of the vacant designation to another executive member until election in general assembly for the formal designation.
- All members as well as concerned external agencies will have to be informed of changes to the executive committee.

2.3.4 General assembly

a. Procedure for calling general assembly

The executive committee calls for the general assembly to meet. The date, time, venue, and agenda for the general assembly will have to be decided and posted to members by the secretary or person assigned by the executive committee. The frequency of general assembly meetings and quorum required to be present at the general assembly should also be stated in the by-laws.

To set the agenda, the chairperson needs to consult with the secretary and other executive members. The agenda should have space for general members to register unresolved grievances or to introduce new agenda items by the general members. This will ensure the meetings are participatory in tone and substance.

b. Decision making procedure

There should be clear procedures for decision making, such as minimum number of votes required for a decision, and voting rules. It is important that stakeholders, who are affected by the decision, are engaged and their concerns addressed during the decision-making process, which should be transparent and inclusive. Decisions can be made either unanimously (consensus), by extraordinary majority (more than two thirds of the members), and simple majority (half the members plus one).

c. Provision for special general assembly

A special general assembly may be called by the general members for numerous reasons, such as addressing outstanding issues of the regular general assembly or at times of unexpected events such as natural calamities. The general members will need to submit an application to the executive committee disclosing the reasons for demanding the special general assembly, along with their signatures. The by-laws should prescribe a quorum of general members required to demand a special general assembly. If the prescribed quorum is satisfied, then the executive committee will call the special general assembly, which will follow the same procedure as the regular general assembly.

Important points to remember

- The executive committee should draft a calendar reflecting major meetings, the general assembly date, and other events and have this calendar endorsed by the general assembly for reasons of transparency.
- General assembly and meetings should be organized at a convenient time and place, so that all group members can participate, especially from the marginalized groups.
- Avoid meetings and general assembly during busy seasonal times of the year, such as cropping season.
- The general assembly is usually organized once a year on a predetermined date, and can be organized as deemed necessary by the general members.
- Maintain records of attendees and the minutes of the meetings and general assembly. The minutes need approval by the attendees and should be shared with all members.
- Public voting with raised hands should be avoided to limit potential intimidation of voters who may be influenced by power dynamics within the group. Allow for secret balloting instead.
- There should be a provision in the by-laws to ensure a minimum percentage presence of marginalized group in the general assembly to promote inclusive decision making.

- Agenda of the general assembly can include (not an exhaustive list)- Annual plan and budget; Financial and performance audit report; Unresolved issues and grievances from general assembly members; The election of new executive committee members; and Revisions and amendments of by-laws.
- Decisions of the executive committee and general assembly must be communicated to all members and, if necessary, to concerned external agencies.

2.3.5 Sub-committee formation

If deemed necessary, the general assembly can form sub-committees to address issues relevant to the group, but specialized to a specific topic such as for special groups (e.g., women, pro-poor), conflict resolution, special investigation, monitoring and evaluation, and targeted events. The objectives and procedures for formation and dissolution of a sub-committee, the selection of its members, its structure, size, roles and responsibilities and time frame need to be clarified in the by-laws and endorsed by general assembly.



2.3.6 Fund resources and their management

a. Sources of fund

The by-laws of the institution need to explain the process of securing and managing the group funds, and the specific details to mobilize funds should be laid out in the group operational/implementation plans.

b. Regulations for fund mobilization

By-laws of the institution must clearly specify- for what purposes the group can or cannot use the fund. The financial rules of the group must be in accordance with prevailing laws and regulations of the country. Resources and funds need to be allocated and mobilized equitably and transparently. Transparent management of resources and funds will help maintain group cohesion, while also allowing all members to have the opportunity to comment on the efficient use of the group funds. The general assembly can delegate the executive committee to spend freely within certain expenditure limits and to seek its approval to spend beyond that prescribed limit.

c. Financial auditing

A financial audit is an independent examination of the income and expenses of the group to avoid misuse and misappropriation of assets and funds. The auditor should be selected by the executive committee and endorsed by the general assembly. The treasurer will present the audited financial statement to the general assembly for discussion and approval.

2.3.7 Rewards and punishment

Provisions for rewarding notable contributions and graduated fines for violating rules will make rule breaking an unattractive option. In general, the sanctions need not be high in the first instance, as offenders are often unclear or unaware of the rules they were breaking. Sanctions should then increase according to the number of repetitions of violations. For example, for the first time an offender may be verbally warned but if s/he repeats the offence, then s/he should be warned in writing, followed by public shaming, imposition of fine, suspension and finally expulsion from group.

The violation fines (in cash, kinds or labor) paid by the violator should be higher than the benefits derived from a rule's infraction to discourage rule breaking. If an offender pays only minimal fines or walks without punishment, it will entice other members to violate group rules.

Records of rule violators, the type of sanctions received, and the amounts collected from rule violators should be maintained. Rewards and fines may be collected in the form of cash, labor, social privileges or prohibitions, and in-kind contributions. The terms and conditions for provisioning rewards or levying fines need to be discussed, approved and endorsed by the general assembly. There must be clarity on how and who monitors rule compliance and who to notify in case of a rule infraction. The monitor should be selected and approved by the general assembly, so that the person is accountable to the whole.

Important points to remember

- Treasurer must maintain record of all the financial transactions and receipts (Table 1). Treasurer should check the account regularly.
- Group should make sure if the government levies tax on any of their financial transaction. Treasurer must know about the tax rule of the government, so that the group complies with the rule.

- Groups having financial transactions should open an account in bank or microfinance institution, preferably the nearest one. At least two members of the group (usually the treasurer and the chairperson) must sign for any withdrawals from the bank account.
- Instead of appointing a financial auditor, groups¹ having small funds and assets should get social auditing of its income and expenses done before presenting it to the general assembly. For example, community forest user groups in Nepal utilize social auditing (instead of financial auditing) when their funds are less than USD 250.
- Openly share financial records, and meeting minutes with the organisation and members of the group.

Table 1: **Example of format for recording financial transactions**

S.N.	Date	Details	Received amount	Paid amount	Balance
1.	8 March 2017	Sale of maize	1,500		
2.	10 March 2017	Purchase of fertilizers		1,200	300
3.	10 March 2017	Transportation cost of fertilizers		100	200
4.	16 March 2017	Sale of vegetables	2,000		2,200

2.3.8 Conflict resolution

Situations always arise in which group members interpret a rule differently. Many conflicts also stem from instances when group procedures (financial and otherwise) are not fair and transparent. Therefore, rule enforcement and monitoring, and sanctioning systems have to be fair, low cost, and acceptable to maximum number of group members. Drafting group rules in conformity with local context and traditions is also a proven means to minimize conflict.



¹ Each country would have rules in this regard.

Conflicts may arise with new circumstances or if a situation was not properly considered while formulating the by-laws. Thus, conflicts may also provide an opportunity to integrate new knowledge to devise new rules. Conflicts may relate to internal social structures and relationships. Therefore, if possible, form a group of like-minded people or those who are willing to set their differences aside to act collectively for a common goal. Conflict should be resolved at early stages through dialogue and negotiations (see box 7), and with the support of a third party, if necessary.

A sub-committee can investigate an incident, discern if it is rule infraction or not, discuss and negotiate with conflicting parties and resolve conflict. In order to ensure that none of the conflicting parties feel humiliated or loser in the process or outcome of the resolution, the conflicting parties need to discuss to collaborate and compromise, understand each other's plight and work for mutually acceptable solutions.

If the dispute of the group is with an external stakeholder, then the intervention of a third party will be required. A third party may intervene to reduce tensions and bring the conflicting parties together on common grounds for further negotiations. Language can also be a barrier in conflict resolution, which can be resolved by involving third party. The third party may or may not have the authority to impose binding decision.

Important points to remember

- A portion of fines collected from rule violators may be given to guards for incentivizing them.
- For ensuring unbiased outcome, those involved in the process of conflict resolving mechanism should not be closely related or associated with either of the conflicting parties.
- For conflict resolution, third party may be invited by conflicting parties, appointed by recognized authority or initiate on their own interest.
- To ensure compliance, one of the ways is to give the responsibility of monitoring to all individual members on a rotational basis. Another way could be appointment of guards is done by consensus and they are paid through contributions of all the members.
- Perform regular audits of various institutional activities to know their effectiveness. These should be undertaken by independent auditors.

2.3.9 Monitoring and evaluation

Monitoring and evaluation (M&E) can help groups learn and improve their performance. M&E assesses whether or not the group is achieving its objectives through the activities designed (see Box 8). M&E can be internal (e.g., peer monitoring) or external (e.g., by governmental or non-governmental agencies).

A sub-committee can be setup for internal M&E of the group. The size, composition, roles and responsibilities and the selection process for M&E sub-committee (including its schedule, frequency and theme of monitoring, and the format for monitoring and evaluation) should be provisioned in the by-laws. The M&E sub-committee should not include any members of the executive committee for purposes of transparency.

Box 7: Steps for conflict resolution in mediation by third party

- Conflicting parties **accept and agree to the role of mediator** for conflict resolution.
- Mediator **discusses separately with the conflicting parties and analyse stakeholders' positions** on the issues.
- Mediator **engages stakeholders to listen and express** each others' **positions, interests, and needs**.
- Mediator helps stakeholders to **generate, evaluate and prioritize options** for resolving the conflict.
- Mediator facilitates stakeholders to **negotiate and agree on options** for resolving the conflict
- Mediator helps stakeholders to draw **agreement on agreed options**-implementation and monitoring mechanism, clarify roles and responsibilities.

Source: Engel and Korf (2005)

2.4 Operation of the Institution

An institution begins its “operation” stage after completing the required formalities described in the previous sections. The facilitating organisation needs to ensure that the principles of good governance are followed at every stage of institutional building to ensure institutional strength and sustainability. Major activities in the operational stage include:

- Building the capacity of the group and its members to enable them manage resources effectively; and
- Developing and operationalizing work and business plans, including M&E systems.

2.4.1 Capacity building

Group members should be able to enforce rules, develop and manage resources, resolve conflicts, and govern the institution. The capacity building components can be physical (e.g., construction, technology) or administrative (e.g. financial and logical know-how).

To begin, the group and/or facilitator must assess existing organisational needs, the existing capacity of the group, and the capacity gaps (e.g., financial and clerical skills, conflict resolution, proposal writing).

Capacity development plans need to consider the availability of funds and other logistics in close consultation with its members. The plan should outline the details of capacity building plans such as objective of a selected activity, the target group, the number of participants, and tentative schedules and budgets. Capacity building can be done at the individual or group level.

Financial capacity building aspects entail providing seed funds for group formation or to support group activity to develop skills for the organisation and fund management (e.g., book keeping, financial auditing). Technical skill development includes trainings, workshops, exposure visits, and/or exchange programs.

Important points to remember

- Build capacity of the executive committee members to understand procedures to access support of external agencies.
- The selection of an individual for any benefits or support should be based on nature of benefit/support and needs of individuals. If there is higher number of individuals than available support, the selection criteria of the individual members for the available support must be equitable, inclusive and transparent.
- For equity and inclusiveness, selection of beneficiaries (member receiving the support) should be based on proportionate representation of gender, caste, and marginalized groups.
- The organisation should maintain and share records on its beneficiaries, the type of benefits afforded, and the name of the supporting agency, if any.
- The beneficiaries should share lessons learnt from capacity building activities such as training and exposure visit with other members of the group during meetings.

Box 8: Effective M&E should ask the following questions:

- **Relevance:** Do the objectives and goals match the problems or needs that are being addressed?
- **Efficiency:** Are the activities delivered in a timely and cost-effective manner?
- **Effectiveness:** To what extent does the intervention achieve its objectives? What are the supporting factors and obstacles encountered during implementation and operation?
- **Impact:** What happened as a result of the activities (i.e., intended and unintended positive and negative effects)?
- **Sustainability:** Are the activities likely to bring sustained benefits in the long run?

Source: Monitoring and Evaluation Tips of World Bank available at:
<http://siteresources.worldbank.org/INTBELARUS/Resources/M&E.pdf>

2.4.2 Developing and operationalizing the work and business plan

Having an operational work or business improves an organisation's ability to succeed by envisioning the result it wants to achieve and by determining the necessary steps to arrive at those results. A work or business plan also improves effective decision making in the context of scarce resources to maximize productivity, prioritize goal setting for improved performance, manage risks and reduce uncertainty, and build team spirit among its members.

The content and procedure to prepare successful work plans will vary based on the type of resources available (e.g., agricultural or non-timber forest products). And all work plans need to be endorsed by the general assembly of the group.

a. Work plans

A work plan lays out the organisation's annual activities and budget outlays considering availability of funds and other resources in the coming year(s). Some of the annual activities will include resource management and harvesting, benefit sharing, product collection, transportation systems, and quality assurance (see Table 2). The activities designed should meet the needs and aspirations of the group. And the work plan should be enriched by the existing capabilities of the group, that is, all activities should be considered within the collective skill set of the individual members.



Table 2: **Work Plan Outline**

Annual activities	Detailed information
Resource harvesting	Schedule Guidelines for harvesting resources (allowable quantity, tools for harvesting etc.)
Marketing of products	Price allocation Contract renewal with traders Quality certification
Resource management	Schedule of resource management activities, such as planting, and maintenance of physical structures
Capacity building	Relevant issues of concern Schedule and estimated budget Type of activity (training, exposure visit etc.)
Monitoring and evaluation	Schedule and purpose of monitoring and evaluation
General assembly and meeting	Schedule Stakeholders
Administrative	Financial auditing Registration renewal with governmental agency and federation, if any

The implementation of the work plan is more effective if the plans of the group are aligned with the plans of the local and central governments. The group may, during the initial stage, seek support from external agencies for implementing their plans; therefore, groups should link to external agencies as necessary for support.

b. Business plans

Business plans are essential for any value chain groups and should include market analysis, production plans, organisational plans, marketing plans, and a financial plan (see Table 3). Business plans are important to establish and run an enterprise successfully; however, most small and medium enterprises (SMEs) tend to avoid this step as an unnecessary burden, which should not be the case.

2.4.3 Monitor and evaluate performance

Monitoring and evaluation (M&E) is an important management tool to track the progress of the organisation's activities, as well as to ensure compliance with organisational by-laws. By reviewing a group's work and progress, institutions can amend their activities and goals accordingly to improve future results.

Regular M&E promotes organisational, managerial and financial accountability and transparency. The frequency of M&E, however, should be based on the type of activities engaged in by the group. For example, resource harvesting or member contribution to group activities will require more regular monitoring. The auditor, who executes this M&E does not have to be a member or non-member of the group, and may be either voluntary or paid in cash or in-kind. For any M&E appointment, the payment system, work schedule, parameters of authority and other terms should be clearly stipulated beforehand.

M&E of financial records and group performance and outcomes need be monitored only once a year, toward the end of the group's fiscal year or another interval of time. Records of the general assembly, executive committee, and any sub-committees should be maintained for the purpose of M&E. Proper record keeping also builds trust amongst group members. These records should be open and easily accessible to all concerned stakeholders. Audit outcomes must be shared in the general assembly.

Table 3: **Business Plan Outline**

Main topics	Detailed information
Executive summary	<ul style="list-style-type: none"> • Snapshot of the business with company profile and goals.
Company description	<ul style="list-style-type: none"> • Information on what is the business about; • What differentiates the business from others; • Market segment the business will serve.
Market analysis	<ul style="list-style-type: none"> • Provide overview of industry sector, trends, major players & projected industry sales; • Provide examination of primary target market; • Investigation of direct & indirect competitors with assessment of competitive advantages.
Service of product line	<ul style="list-style-type: none"> • What will business sell? • How will it benefit customers? • What is the product life cycle?
Strategy and implementation summary	<ul style="list-style-type: none"> • Define strategic position such as: • What will the business do for the target market? • What makes the business best? • How to maintain customer base? • Outline management responsibilities with dates, budgets and ways to track results.
Organisation and management	<ul style="list-style-type: none"> • Outline legal structure of business and management resources; Human resource needs, experiences and backgrounds.
Marketing & sales	<ul style="list-style-type: none"> • How do you plan to market your business? • What is your sales strategy? • Detailed explanation of sales strategy, pricing plan, proposed advertising and promotion activities, and product or services benefits.
Financial projections	<ul style="list-style-type: none"> • Provide financial projections: income statement, cash flow, and the assumptions; • Include balance sheet, sales forecasts, business ratios and break-even analysis.
Operational plans	<ul style="list-style-type: none"> • Description of business's physical location, facilities and equipment, kinds of employees needed, inventory requirements and suppliers, and any other applicable operating details.

Source: SME toolkit of International Finance Corporation <https://www.ifc.org/wps/wcm/connect/b4f9be0049585ff9a192b519583b6d16/SMEE.pdf?MOD=AJPERES>

Chapter 3

Reviving Defunct Institutions

Over time, a group may become non-functional due to various reasons. Before establishing new institutions, intervening organisation should explore any non-functional groups in the area because it will be more cost effective to revive groups rather than create new ones (see Box 9).

3.1 Assessing the Factors Precluding Group Functioning

For reviving existing group, supporting agencies and practitioners need to understand its past history: the formation process of that group, its by-laws, and its operations. Furthermore, the conditions and factors that led to the group's eventual dysfunction should be assessed in close collaboration with members of the group. A few effective means for collecting this information include:

- Key informant interviews;
- Examination of records, including past by-laws, financial details, meeting minutes, and meeting attendance;
- Examination of project reports, including audits from external evaluators; and
- Focus group discussions with multiple interest groups to achieve a balanced view of the organisation's history. These discussions should maintain a proportionate representation from marginalized groups.

3.2 Precluding Factors that Led to Group Dysfunction

Factors that may have led to an organisation's eventual dysfunction can be categorized as endogenous (internal to the group) and exogenous (external to the group). Each of these factors will erode people's commitment to achieving the group's vision and mission. Please refer back to chapter 2 for tips on good governance.

Box 9: Conditions for reviving existing non-functional institutions

- Objectives of non-functional group match with those of the proposed group;
- Issues of non-functional groups can be resolved.



3.2.1 Endogenous factors

- **Poor governance** refers to a situation in which the principles of governance are not put into practice while operating the group. Some of the **common governance** issues that may lead to non-functioning of the group include:
 - Dominance of powerful individuals in decision making and operation of the group;
 - Lack of transparency and sharing of information about financial transactions of the group;
 - Inequitable benefit sharing;
 - Poor participation of marginalized groups;
 - Exclusion or poor representation of women and marginalized groups in the executive committee;
 - Weak compliance with by-laws; and
 - Poor or absent M&E processes.
- **Conflicts** may arise amongst group members or with other non-members or external agencies over a wide range of issues. Conflicts within a group often arise due to poor governance practices. Failure to resolve conflicts in a timely manner can lead to a collapse of the group. See chapter 2 for tips for conflict resolution mechanisms.
- **Due to lack of incentives**, members may lose interest to participate and support the group. Our experience in the HKH shows that local groups often become passive after external agencies withdraw their financial and technical support from the groups.
- External agents may **fail to understand the context** under which a group failed or became inactive. This can be due to internal conflicts in the community that go unperceived by the agents or in cases when external agencies impose an institutional formation without true support and interest of the community.
- A group may cease to function due to **a lack of human resources** needed to sustain operation. If too few individuals assume too much responsibility, over time the function of the organisation can suffer.

For example, in some areas, there are only few individuals who can read and write and they are assigned sole responsibility for office management. This work can become a heavy burden over time and eventually these members lose interest or become fatigued from over-exertion and a perception of non-support from the rest of the organisation.

- Some groups **exhaust their financial resources** either due to misappropriation or poor planning in which revenue sought does not equal expenses incurred. This is why auditing and proper planning are paramount for any successful organisation.
- Some groups **lack networks** from which to draw support, either in terms of materials, skill building or advocating policy reforms.

3.2.2 Exogenous factors

After a certain period of time, the **purpose and rules of the group may become irrelevant** due to changes in environmental and non-environmental conditions. Consequently, members may lose motivation or interest to continue their membership after certain points.

- **Environmental conditions:** It may be the case that a group cannot function due to natural disasters in areas where it operates. In such situation, the priorities of the members or those of supporting agencies may change, and the organisation ceases its function.

Moreover, environmental changes can bring changes upon natural resources in terms of growth, availability, and quality. This will also determine to what extent the organisation maintains its relevance to stakeholders.

- **Non-environmental conditions:** Market failures, political instability, technological advancements, access to markets, policy and economic reforms, and migration can affect a stakeholders' dependency upon natural resources, and thus the group's relevance to local concerns and needs.
- a. **Geographical inaccessibility or remoteness** can be a challenge for a group to sustain over a longer period of time because in such places, the costs incurred to operate and/or participate may be higher than the benefits derived from collective work. Such physical barriers also hinder effective communication, an essential element for ensuring good governance.
- b. The **closure of support from external agencies** can often be abrupt, while it takes time for a group to operate on its own. If an external agency withdraws its support before a group can operate independently, the organisation often falls into disuse.

It is important to note here that the process of institution building remains dynamic, not static, and should be flexible and adapt as needed as per the context.



3.3 Action Plan to Revive the Institutions

After identifying the factors that precluded group functioning in the past, an action plan may be developed in consultation with the group members, following the steps of group formation (see chapter 2). Additionally, the following guidelines will be relevant for strengthening these groups:

- a. **Capacity need assessment:** Like new group formation, reviving a group requires understanding what skills and capacities are present and which are needed. Participatory tools and methods can help analyze the capacity needs of the institution, and it is important to include all members in this assessment.
- b. **Institutional strengthening plan:** Once the capacity need assessment is completed, a group needs to develop the institutional strengthening plan to lay out the priority actions or activities required to address major skill and governance gaps identified during the needs assessment. The plan should also answer what is the activity to be undertaken, how it is going to be implemented, when the activities will be implemented, who will implement, and what resources are required and who will provide them.
- c. **Implement capacity development plan:** The capacity development or institutional strengthening plan helps to outline the specific activities, resources, and timeline for this work. For activities that the community cannot implement, they may seek support from external agencies.
- d. **Network and collaboration:** Establishing a strong network for collaboration and resource sharing is a sound method for ensuring sustainability and longevity of a group, as it is often useful for generating financial and technical support for implementing work plans.
- e. **Monitor progress:** M&E is a crucial element to ensure that activities implemented are closely observed and effectively executed. M&E should be jointly conducted in a participatory manner that involves all social groups, including women and marginalized households.



Chapter 4

Collaborating/Connecting/Linking/ Federating multiple institutions

Institutions by nature are an effective means to bind, connect and link people so that knowledge, experience and resources can be shared to promote a collective vision of local and national development. In natural resource management, and particularly management of common property resources, collaboration and linkages between stakeholders and institutions shape the effectiveness of any interventions or activity. From a social learning perspective, growth and development is easier when various elements of societies collaborate and interact with each other to facilitate and solve common issues or problems.

However, often due to lack of skills and knowledge, local institutions operate in isolation and take a silo approach to problem solving. Fragmentation and disconnect among organisations ensue. As a result, we find there is much duplication of effort at local levels.

4.1 Advantages of Collaboration and Linkages

Collaboration between and among organisations at the local level will foster effective exchange of information, knowledge and resources to complement the activities of organisations (see Table 4). Collaborative partnerships are agreements and actions made by consenting organisations to share resources to accomplish a mutual goal. Collaborative partnership relies on active engagement by at least two parties to share resources, such as financial and human resources. The essence of collaborative partnership is for all parties to mutually benefit from working together.

The links between and among institutions can serve the purpose of bonding and bridging at various levels and between vertical and horizontal organisations. For example, a local institution such as a farmers' group can collaborate with other farmers groups in their village, or with the village development committee (VDC), or with farmers groups and VDCs in other districts (see Box 10 and 11). Local organisations can also collaborate with the government line agencies for technology access, knowledge sharing, and resource mobilization. In addition, local organisations can also collaborate with the private sector for business purposes.

Collaborations have pre-requisites. Once the institutions mature, they tend to expand the depth of their relationships and breadth of their networks. In light of this, it is crucial to ensure that all organisations with which an institution maintains a relationship as well as all the members are like-minded in terms of vision and goals and build trust upon that vision.

Steps for creating effective partnerships:

- **Step 1 Consensus building:** Agreement among members and executive committee on the need for extending through collaboration and networking.

Table 4: Types of collaboration and their objectives

Types of collaboration	Objectives
Collaboration between and among local institutions	To share knowledge, policy advocacy, material and resources for collective benefits
Collaboration between local institutions and local government agencies including district	To exchange ideas, technology, knowledge and resources and seek support in institutional development
Collaboration between local institutions and NGOs and INGOs including donors to seek knowledge, technical inputs, and capacity building support	To collaborate on specific issue-based projects, programmes and interventions
Collaboration between local institutions and private sectors to reduce transaction costs and fetch better prices	To promote production, value addition and market linkages and trading
Collaboration between local institutions and national government and stakeholders	To share policy advocacy and support resources

Box 10: Farmers Network in Nepal

Both locally and externally generated technologies are disseminated through farmer-to-farmer interaction. Informal linkages and networks include the exchange and sharing of information, knowledge, agricultural equipment, and materials such as seed, inputs and facilities for transporting agricultural produce to market. Farmers also consult each other about the problems they encounter and interact in agricultural extension and other interest groups. Farmer-to-farmer linkages and informal networks tend to be strongest among farmers with common interests and agendas.

- **Step 2 Agreeing on mechanism of collaboration:** What will the partnership look like? How will it be effected between the two organisations? Institutions should organize a series of consultation meetings to agree on these aspects: outline areas of collaboration, the mode of communication, the mode of exchange of information, and knowledge technology.
- **Step 3 Collaborative action:** Begin sharing experiences and exchanging ideas between groups (horizontal links) and with other governmental and non-governmental agencies (vertical links) and the private sector.
- **Step 4 Monitoring and shared learning:** After collaborative activities begin, the cooperating organisations need to monitor and share lessons about what has been learned and what else can be accomplished.

4.2 Federating Institutions

When there is a need to have strong collective action and voices, federating institutions is often pursued with the purpose of bringing together all like-minded organisations under a single umbrella. Federations are generally represented as cooperatives formed by linking interest groups such as farmers' group. Some federations are represented as forums or networks that bind the organisations. The general purposes of federation include:

- To work together for a collective goal – maintain local provision by sharing knowledge, resources, expertise and facilities;
- To increase opportunities for collaborative and cost-effective local development;
- To promote collectively economic diversification and socio-economic upliftment;
- To advocate the rights of local institutions and empowerment of specific interest groups;
- To strengthen local capacity and effective delivery at the local level;
- To establish linkages and support government and other stakeholders to achieve national goal; and
- To lobby on behalf of the users/beneficiaries for collective good and benefit.

Steps for federating organisations:

- **Step 1:** Agree on the need to federate: Institutions should understand the value of federating and the commitment required. Therefore, all the members and beneficiaries of the institutions should be aware about these decisions.
- **Step 2:** Work on the modality and mechanisms for federating: Mechanisms and modality need to be clarified to avoid conflict. A clear strategy and action plan should be developed.
- **Step 3:** Ensure a smooth transition to federation: Time is required for organisations to sort out their existing arrangements (financial, work related, and human resources).
- **Step 4:** Implement post-federating plan: Agree on some initial activities to strengthen post-federating activities. This includes organisational management training, and exposure visits for the managers.

Box 11: Federating local institutions: Federation of Community Forestry Users, Nepal (FECOFUN)

- FECOFUN, established in 1995, is a representative body of the community forest user groups that seeks to enhance collaboration among community forestry user groups in Nepal. FECOFUN is an autonomous, non-profit membership organisation that provides an umbrella network for more than a half million people.
- FECOFUN works with non-governmental organisations and local and international donors to raise awareness about community forestry legislation and the roles and responsibilities of different actors in community forest management. FECOFUN also promotes empowerment of women and disadvantaged groups in the community by facilitating their integration into the community processes regarding forest management. Furthermore, FECOFUN also provides legal advice and assistance to forest user groups and collaborates with researchers, academics and other civil society groups to provide technical inputs for income-generating activities within forest user groups.

Source: Dahal and Chapagain, 2008.

4.3 Challenges to Federations

Federating institutions or organisations is not mandatory, nor always necessary. The need for federating is contextual and should be demand-driven. Occasionally, federation can lead to centralization of power and resources which can instigate conflict. The success of a federation depends on elements of internal governance such as leadership, transparency, decentralization and devolution.

4.4 Ways Forward

- Institutions rather than NGO/INGOs or government should decide on the need for federating organisations.
- Consensus is crucial to the decision of whether or not to federate.
- Affiliations (networking, federating) have to be governed by clear objectives, agreed principles, and working modalities.
- Post-federation support is vital in order to streamline institutional norms and working modalities.

A clear strategy for collaboration and mobilizing networks for resource management is pre-requisite for success in federating.

Chapter 5

Tools for Building and Strengthening Institutions

To this point we have discussed the development of governance and governance institutions largely in theoretical terms. In this chapter, we present specifics on various tools that can be used to execute the ideas discussed in the previous chapters.

Tool 1: Situation Analysis

Situation analysis involves a systematic collection and study of cultural, socio-economic, and demographic data, existing natural resources statuses, and other contexts to identify and understand specific institutional and governance mechanisms.

Why Conduct a Situation Analysis?

A situation analysis guides the identification of priorities for an institutional intervention and informs all the subsequent steps in the institutional development process. It establishes a clear, detailed and realistic picture of the opportunities, resources, challenges, and barriers regarding institutional governance.

- Analysis of the state and condition of people and the ecosystem (including identification of trends and pressures);
- Identification of major issues related to people and ecosystems that require attention; and
- Analysis of key stakeholders – groups of people and institutions with a right, mandate and/or interest in certain resources in the geographic area of the potential project.

Who Should Conduct a Situation Analysis?

A small, focused team should conduct the situation analysis, and should include community members, community organisations, local government officials, researchers and practitioners.

How to Conduct a Situation Analysis?

- Define the boundaries of the area to be included in the analysis;
- Research and describe the current state and condition of local people and the livelihood systems in this geographic or thematic area;
- Identify the trends in conditions, and the pressures being exerted on the people and the environment, including the factors that may be driving the pressures;
- Identify significant issues or areas requiring attention in relation to institutional development;
- Identify key stakeholders, including key institutions involved with the relevant issue;
- Assess stakeholder interest, potential impact, and power and influence of individual stakeholders; and
- Design the stakeholders' participation and institutional development strategy.

Tool 2: Institutional Mapping (Boef and Thijssen, 2007)

Institutional mapping and stakeholder identification is required to understand who is involved in community development of natural resources, how they are involved, and to what extent.

Why conduct institutional mapping?

Institutional mapping provides a helpful roster of institutional affiliations in a particular community to avoid duplication of efforts and highlight areas where collaboration may yield more effective gains and foster collective action.

How to conduct institutional mapping?

The meeting should include representatives from different sectors of the community. The participants can be divided into subgroups for conducting the exercise, after which results from each group are compared.

Step 1: Identify stakeholders and draw the system

- Discuss organisations in the community, both formal and informal, that play a role in farmers' livelihoods and the community's social organisation.
- Ask participants to write the names of all organisations on cards provided by the facilitator. Informal community groups are added. The discussion may begin with the question: Which institution is most important for the community's development? Participants may disagree, but the facilitator should ensure that all organisations and informal groups mentioned are recorded on the cards.
- Draw a circle in the middle of a large sheet of paper: this circle represents the community. Similarly, draw circles of different sizes and write the names of the most important organisations and groups (one per circle) inside each circle. The sizes of circles represent the degree of importance of organisations and groups. Institutions or groups that are considered part of or very relevant to the community can be placed within the community circle and those less relevant or considered distant to the community are located outside the circle.
- Ask the participants to discuss the relationships that exist among the organisations. Organise the institutions/groups in such a way that related ones are placed near one another. If this is too complicated, indicate the relationships with arrows.

Step 2: Analyze the flow of information, communication and resources

- Using a green marker, draw the flows of information between organisations, indicating the direction of the flow, which may be in one or two directions
- Using a blue marker, level of communication is drawn among the stakeholders
- Using the red maker, flow of resources is drawn among the stakeholders

Tool 3: SWOT Analysis (Regmi et al., 2010)

SWOT stands for strengths, weaknesses, opportunities and threats, and is one of most widely used strategic planning tools. The first two variables are internal to an organisation whereas the last two are external.

Why conduct SWOT Analysis?

A SWOT analysis can help local organisation identify and understand key issues affecting their work, but it does not necessarily offer solutions. By using the results of the analysis to improve an organisation's understanding of its context, the organisation can reduce the impact of unforeseen developments that negatively affect the institutions, while improving performance overall.

How to conduct SWOT analysis?

- **Step 1:** Invite stakeholders to discuss the organisation, its vision, mission, and objectives.
- **Step 2:** Draw a matrix on paper including sections for S, W, O and T.
- **Steps 3-6:** Depending on group size, allot time to allow participants to discuss S, W, O, and T as they pertain to the organisation. Perhaps 10 minutes per category.
- **Step 7:** Identify other relevant issues, that is, other matters that are relevant to the organisation, but unclear in terms of their negative or positive influence on the group.
- **Step 8:** Discuss the results with the participants, asking if there were any comments they would like to revise or amend.
- **Step 9:** Develop action points or recommendations with the participants to guide the institution in future planning and operation.

Tool 4: Visioning (Regmi et al., 2010)

Visioning helps to formulate a shared vision of what an organisation would like to achieve through its work. Visioning encourages creative thinking and fosters the establishment of common ground among groups through ideal scenario planning.

How to conduct visioning?

- **Step 1:** With the group, identify a core problem or objective related to institutional function that needs strengthening. Ask the group, in an ideal scenario, how would this function appear within the organisation and outside the organization.
- **Step 2:** Ask people to describe how they would like the organisation to appear and operate in the future, as well as their vision for the community at-large. Create a vision statement that starts with the words 'I have a dream...' For example, one such vision statement might say, 'I have a dream that our vegetable products are sold in city supermarkets!' Ask everyone to say why this is a positive vision and what gains would be realized from achieving it.
- **Step 3:** Invite participants to list the elements of their vision for institutional development (including current strengths and accomplishments) and to draw them on paper, if possible. You might also ask participants to imagine they are giving a presentation at some point in the future and to describe why their institution has been successful up to that point.

- **Step 4:** Present the expressed visions from this group to a larger group in order to build consensus on how they really want to see their institution grow and sustain itself in the coming years.
- **Step 5:** The vision can be translated into a chart or pictorial form and displayed in the organisation's office.

Tool 5: Resource mapping (Regmi et al., 2010)

Community resource mapping is a method of preparing a participatory map that provides a graphical representation of significant community markers like water resources, forest, health centers, temple etc. that are relevant for the institution's work.

Why conduct resource mapping?

The objectives of resource mapping are to identify and examine relationships between a community's resources, topography, settlements, and activities. This tool can also help to identify aspects of the environment and climate stresses including socio-economic and demographic changes. The resource mapping is important aspect for institutional planning and sustainability.

How to conduct resource mapping?

- **Step 1:** Participants call out the different livelihood strategies such as agriculture, livestock production, on-farm and off-farm labor, within the community and these are written on separate cards or sheets of paper. If the discussion is taking place in a large group, the facilitator needs to form smaller groups with common livelihoods strategies.
- **Step 2:** Participants discuss the resources they use to secure their livelihoods. The facilitator ensures that the participants consider resources in the widest sense of the five capitals of livelihoods (physical, social, financial, natural and human capitals) (DFID, 1999).
- **Step 3:** Local key informants develop the content of the map according to what is important to them: infrastructure (e.g., roads, water taps), services (e.g., medical clinic), and sources of (e.g., agriculture lands, forest). These elements should be mapped according to their location as well to provide a spatial appreciation of the landscape.
- **Step 4:** Discussion on the resource map is necessary. The facilitators and local people should spend some time in analyzing the map, thinking about various uses of the resources and benefit distribution. A further stage that might be useful involves transposing the information from the community resource map onto a conventional topographic map. This should allow the institutions or local organisations to develop a strategy for resource management and mobilization.

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