Understanding the relationship between community forest user group and local government in changing federal context of Nepal

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KEYWORDS
Community forest
federal system, governance
local government
revenue sharing

ABSTRACT

After the promulgation of a constitution of a federal democratic republican state in 2015, the federal government of Nepal has been restructured into an enlarged system of local government, resulting in a new interface between community forestry and the local government. We examined the community forest governance relationship with local government in the new federal system. This study is the outcome of policy reviews, interviews with stakeholders (n=120), and field observations in four different community forest user groups (CFUGs) within two provinces in Nepal, i.e., Bagmati and Gandaki. This study found that increasing interest from local government in resource management for environmental services, particularly for ecotourism infrastructure development, has increased positive collaboration between local government and CFUGs. However, controversial legal provisions and the organizational structure of forestry offices were found to be major barriers to better collaboration. More than 80% of the forest stakeholders favoured the increased role of local government in monitoring CFUGs; however, most forestry officials were reluctant to involve local government in forest-related activities. Benefit sharing with the local government has already been started in CFUGs; however, multiple tax provisions by local, provincial, and federal governments on CFUG funds have created conflicts among the stakeholders.

Introduction

The emergence of community-based forest management has partly been a response to a perceived failure of the forest industry development model to drive socio-economic development and partly in response to the increasing rate of deforestation and forest land degradation in developing countries (Gilmour, 2016). Community forestry (CF) in Nepal was initiated as part of an environmental movement aimed at conserved forests (Pokharel et al., 2008). After promulgating the Private Forest Nationalization Act of 1957, Nepal initiated
state control mechanisms over forest resources. Deforestation accelerated, however, due to the inadequate institutional capacity of the government to protect forest resources (Fisher et al., 2018). Government management of forests was often found inefficient, ineffective, and corrupt, resulting in widespread loss of forests, forest degradation, and reduced forest productivity (Dahal et al., 2018). Despite the exclusion of local people from management throughout the 1960s and 1970s, local households continued to seek access to needed products. Their traditional history of management and use of the forest provided an environment ripe for establishing a more participatory approach. For the first time, the National Forestry Plan 1976 recognized the need for local participation and set the objective of local involvement in the protection and utilization of forests (Kanel and Acharya, 2008). After the endorsement of the first forestry plan in 1976, the Forest Act 1961 was amended in 1977, which introduced the provision of involving local people in the conservation, development, and management of forests. In 1978, two regulations were passed to involve the local political unit (Panchayat) in conserving degraded forests or restoring barren land. It was the first step in initiating participatory forestry in Nepal. Since the initiation of participatory forestry in the late 1970s, Nepal has adopted many forms of community-based forestry, including CF, collaborative forest management (CoFM), pro-poor leasehold forestry (LHF), buffer zone community forestry (BZCF), and other community-based forest management models (MoFSC, 2016). Nepal’s forest management modalities are a major departure from the state-centric, centralized, and expert-led approaches toward decentralized and community-led forest management regimes (Banjade et al., 2017). Land tenure and ownership remain under the control of the central government due to the unilateral governance system.

For the first time, the 2015 Constitution of Nepal has introduced federalism to Nepal with three distinctive, independent, and interrelated tiers of government, viz. federal, provincial, and local levels (GoN, 2015). Power sharing between these levels is divided and coordinated in such a way that each level enjoys a substantial amount of independence from the other. The Constitution of Nepal provides for sharing management responsibilities of different industry sectors, including natural resources, through its constitutional annexes (GoN, 2015). The primary responsibility for forest management is allocated to the provincial government, but national policy formulation remains the domain of the federal government. By definition, CF is classified as part of the national forest, so the provincial government has remained the authority to regulate the CF. Most CF areas, however, are confined to local government boundaries so that monitoring responsibility ultimately remains the domain of local government. In this way, provincial and local governments have entered the CF governance structure.

Local government is now the tier of government that is much closer to the local people (Acharya, 2018). The community forest user group (CFUG) is the grassroots-level forest management entity most directly responsible for conserving, managing, and utilizing forest resources. Article 18 (5) of the Forest Act 2019 allows CFUGs to formulate or revise forest operational plans with the consent of the local government (GoN, 2019). Local Government Operation Act 2017 has empowered local governments to generate revenue by managing natural resources, including forest resources available in their territory (GoN, 2017).

Section 11 of the Local Government Operation Act outlines the rights and duties of local governments. This section includes the provision of local taxes and service fees under the rights of local government. According to this, the local government can determine and collect taxes on the use of non-timber forest products and wildlife (GoN, 2017). Likewise, the local governments can collect tax from the sale
and export of natural and mineral resources, including timber, fuel wood, leaf litter, and other products like sand, gravel, stone, and soil. Based on this provision, the local government can impose a tax on the sale of forest products by CFUGs. According to the Forest Act 2019, CFUGs have to spend their earnings accumulated from forest products on forest development (25%) and 50% of the remaining earnings should be spent with the collaboration of the local government on poverty eradication and livelihood improvement, while the remaining portion maybe spent in favour of CF (GoN, 2019).

The term “federalism” describes legal and political structures that distribute power territorially within a state. Countries with a federal system of government share responsibilities and authority, generally through the provisions of a constitution, between national level central government and provincial and local levels of government (Gregersen et al., 2004). The 2015 Constitution of Nepal distributes authority between the different tiers of government. In this way, forest management responsibilities are shared between federal, provincial, and local governments. Forestry organizations have been restructured into 84 Divisional forest offices under the Provincial Forestry Directorate of each separate provincial ministry. Provincial forest governance has been mandated with the overall management of all types of forests and supporting community-based forest user groups, including CFUGs. More than 40% of the national forests are being managed by local people and a majority of CF (MoFE, 2020) at the same time as local government has been empowered in natural resource management through various federal acts and regulations (GoN, 2015; GoN, 2017; GoN, 2019). In this context, the main purpose of this paper is to understand the relationship between local government and CFUGs in the changing political context of Nepal.

Materials and Methods

Study approach

The study adopted the descriptive and case study approach. CFUGs with different management approaches, i.e., scientific forest management (ScFM) and without ScFM programmes, were taken as study sites. In-depth interviews and discussions with key stakeholders, interviews with key informants, and group discussion tools were employed and analysed through a descriptive approach. Fieldwork was conducted from September 2018 to December 2019. Data collection and analysis were carried out with due consideration of the changing federal context and its effects on forest governance.

Study area

The study was carried out within the territories of four local governments from two different provinces. Two local governments were selected from Chitwan district (Bagmati province), which represents the inner Terai and Siwalik region, and another two local governments were taken from Gorkha district (Gandaki province), which represents the mid-hills and high Himalayan physiographic region where peoples are highly dependent on forest resources for their livelihoods. Among the selected local governments, one is a rural municipality, and one is a municipality, were taken to examine differences in socio-economic status between rural and urban situations. Two CFUGs from each local government were selected for a detailed study. From Chitwan district, Kankali and Panchakanya CFUG were selected. In Gorkha district, Ghaledada and Birinchowk CFUG were selected. A basic description of selected CFUGs has been described in Table 1. The CFUGs were selected to include the long-term study sites of the Institute of Forestry (IOF), i.e., Kankali and Brinchock CFUG, and the other two were selected considering the above-mentioned non-representing criteria.
Data collection
We employed three key instruments for data collection: interviews with stakeholders, focus group discussions (FGDs), and policy reviews. Interviews were conducted with different stakeholders, including forest users, members of the forest user’s network, i.e., Federation of Community Forest UsersNepal (FECOFUN), forest officials, local government representatives, and external experts, including academics and researchers. In total, 120 stakeholders were interviewed, representing 50 forest users, 25 forest officials from two provinces, 15 FECOFUN members

<table>
<thead>
<tr>
<th>CFUGs</th>
<th>Panchakanya</th>
<th>Kankali</th>
<th>Ghaledanda</th>
<th>Birinchock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Ratna Nagar Municipality; Chitwan: Bagmati Province</td>
<td>Khairi Reni Municipality; Chitwan: Bagmati Province</td>
<td>Sahid Lakhan Thapa Rural Municipality; Gorkha: Gandaki Province</td>
<td>Gorkha Municipality; Gorkha: Gandaki Province</td>
</tr>
<tr>
<td>Handover Year</td>
<td>2010</td>
<td>1995</td>
<td>1999</td>
<td>1993</td>
</tr>
<tr>
<td>Area (Ha)</td>
<td>198.73</td>
<td>749.13</td>
<td>475.80</td>
<td>114.82</td>
</tr>
<tr>
<td>Number of HH</td>
<td>2127</td>
<td>2098</td>
<td>531</td>
<td>202</td>
</tr>
<tr>
<td>Type of Forest</td>
<td>Natural Forest</td>
<td>Natural Forest</td>
<td>Natural forest</td>
<td>Natural forest</td>
</tr>
<tr>
<td>Dominant Species</td>
<td>Shorea robusta associated with Terminalia tomentosa, Dalbergia sissooand Acacia catechu</td>
<td>Shorea robusta associated with Terminalia tomentosa, Dalbergia sissooand Acacia catechu</td>
<td>Shorea robusta associated with Schima xallichiand Castanopsis indica</td>
<td>Shorea robusta associated with Schima wallichiand Castanopsis indica</td>
</tr>
<tr>
<td>Management Model</td>
<td>Without ScFM</td>
<td>With ScFM</td>
<td>With ScFM</td>
<td>Without ScFM</td>
</tr>
</tbody>
</table>

Source: Operation Plan of CFUGs

![Map of the Study Area](image-url)

Figure 1: Map of study area
representing center to district chapters, 20 local
government representatives, and 10 external
experts. Four FGDs were conducted from
each selected CFUG. These included groups of
10 to 15 people representing poor and female
users. Group discussions focused on changes
observed by common users after the initiation
of the restructuring of forestry organizations.
Different policy documents approved after
federal restructuring in Nepal were reviewed.
These include the Constitution of Nepal 2015,
the Local Government Operation and
Stakeholder interviews focused on federal,
provincial, and local-level relationships and
contests with CF in a changing context.
In particular, interviews focused on how
involvement in community forest management
will impact the local federal government in the
new federal context.

**Data analysis**

Data sets were analysed qualitatively and
quantitatively. Descriptive statistics (mean,
standard deviation, percentage, frequency,
and range) were used to analyse the data.
The taxation readiness to pay of CFUGs’
was analysed through a one-way ANOVA with
a 5% level of significance, while the Kruskal
Wallis test was used to analyse the relationship
between CF and local government. The results
are presented in tables, figures, and text.

**Results**

**Legal provisions and initial practices**

The Constitution of Nepal 2015 created new
opportunities to enhance forestry sector
governance and regulation by strengthening
local local-level accountability and
responsibility for forest and environmental
management and biodiversity conservation.
Forest has been included under the concurrent
responsibilities of all three tiers of government,
viz. federal, provincial, and local levels
(GoN, 2015). As part of national forests,
community forest ultimately come under
the responsibility of provincial governments.
Similarly, local governments can develop plans
and programmes for the management of forests
under their jurisdiction by following forest-
related federal and provincial laws. Article 56
and 60 of the Constitution of Nepal provides
authority to the local government to collect
local taxes from forest-based enterprises and
businesses. This will be an important revenue
source for local government in the future.
Therefore, provincial governments are more
responsible for facilitating and operating
community forests. However, both Bagmati
and Gandaki provinces had yet to approve
provincial forest policy at the time of this study.

On the other hand, the local government is
responsible for environmental protection,
biodiversity conservation, and the protection
of watersheds and wildlife (GoN 2017), which
are directly related to community forest
management. The provision within the Forest
Act 2019 to spend at least 25% of income on forest
development and 50% on poverty reduction,
women empowerment, and livelihoods in
collaboration with local government have
couraged local governments to pay more
attention to monitoring CFUG’s contribution
to social justice and prosperity through
entrepreneurship development. The forest
sector strategy has also aimed to encourage the
role of local government in leveraging funds
for pro-poor livelihood promotion activities
conducted through CFUGs (MoFSC 2016).
Besides that, the local government has the
power to collect different local taxes. Bagmati
province has provisioned for collecting 10%
of revenue from income generated in CFUG
treasury. Bagmati and Gandaki provinces
have recently approved provincial forest acts;
however, these acts are yet to be implemented
due to the lack of provincial forest regulations.

**Stakeholder perspectives**

Different stakeholders were asked to
provide their views on different aspects of
their relationship between the local government
and CFUGs (Table 2). More than half of the
respondents (56.12%) expressed that local
government could learn good things from
community forest governance systems, such as proportionate representation in leadership and benefit-sharing mechanisms. Likewise, two-thirds of the respondents thought that the cooperation between the local government and CFUGs had increased after federal restructuring. Nearly 90% of local government representatives said cooperation increased after federal restructuring. However, only 43% of forest officials agreed that local government and community forest cooperation increased after federal restructuring. Most of the respondents from local government stakeholders were politically elected representatives, and their arguments in favour of the statement were due to their responsibility as local leadership. In contrast, a majority of the forestry officials expressed their arguments against supporting the increased cooperation between local government and community forests due to their administrative and technical role.

Most forest officials thought that local governments were interested in forest activities for resource capture rather than conservation. More than two-thirds of the stakeholders (70.4%) suggested that the local governments should support the development activities carried out by the CFUGs and monitor them. However, 18.6% of the respondents were reluctant for the local government to monitor the community forest governance mechanism due to the fear of resource capture by it. Likewise, 11% of the respondents thought that both provincial and local governments should support CFUGs in management and monitoring responsibilities. The study revealed that stakeholders other than forest officials favored the local government playing an active role in monitoring community forests. More than 82% of the respondents representing the local government and 90% of the respondents from CFUGs responded that the responsibility of monitoring of CFUGs should be given to local governments. In sharp contrast, 100% of the forest official respondents were reluctant to involve local government in any activity, including monitoring of CFUGs. Forest officials expressed that if local governments monitored the community forest activities, there would be a high chance of forest degradation due to high political interest in infrastructure development rather than conservation efforts. However, most of the forest users and political leaders thought that the responsibility of monitoring and forest management should be given to local government as CFUGs and local government can jointly plan forest development and conservation activities for people’s prosperity with green economic development. External forestry experts recommended that the provincial government should provide technical backstopping where local government should closely monitor the activities of the CFUGs and that joint ownership can contribute to the spirit of the new constitution by assuring cooperation, coexistence, and coordination among the different layers of government. The respondents suggested that the federal government’s role should be limited to policy formulation, that of the provincial government to providing technical support and that the local government should closely monitor the implementation of CFUGs.

Table 2: Stakeholders' views on different statements

<table>
<thead>
<tr>
<th>Statement</th>
<th>Stakeholder's perception (in percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Forest officials n=25</td>
</tr>
<tr>
<td>Local government can learn from CF governance system</td>
<td>52</td>
</tr>
<tr>
<td>The cooperation between local government and community forest increased after federal restructuring</td>
<td>43</td>
</tr>
<tr>
<td>Monitoring responsibility to local government</td>
<td>0</td>
</tr>
</tbody>
</table>
The income and expenditure pattern in CFUGs after the new constitution was analysed. The distribution of CFUG funds is important for CFUG governance and its relationship with the local government. The Forest Act 2019 has clear provisions for close coordination with local government to allocate CFUG funds. While CFUG had diverse income sources, forest products (timber and fuel wood) contributed more than 50% of the income generated in CFUG. Income from forest products was higher in community forests managed under the ScFM scheme (Table 3). While the income of the Panchakanya CFUG from the sale of forest products was observed to be higher, it was inflated by purchasing timber products from other nearby community forests and selling them to the users. Negligible amounts of timber were harvested from the community forest in Panchakanya CFUG; however, the Kankali CFUG was earned by the sale of the forest products received from the management of the CFUG under ScFM.

Subsidies from external agencies were the second highest income source after the sale of forest products. It was found that the share of subsidies from other agencies was 14 to 85% of the total CFUG income. CFUGs received grants and subsidies from various institutions. Division forest offices and local municipal governments were the major agencies providing subsidies. Community forests in lowlands received more subsidies from the local and provincial governments compared to community forests in hilly areas. Most of the grants were received from the local government, followed by the provincial government via the division forest office, and minimally from other agencies. The majority of the subsidies received from local governments were for ecotourism-related infrastructure development. Among all studied CFUGs, only Kankali CFUG had received income from ecotourism activities as an entry fee.

CFUG funds were expended for different purposes. CFUGs spent their income on forest protection, silviculture and management operations, community development, poverty reduction, and institutional strengthening of user groups. The annual expenditure on forest protection and management was found to be highest in Panchakanya (45%), Kankali (39%), and Birinchok (38%) CFs and were higher than the stipulated 25% minimum expenditure in forest conservation. In the Ghaledanda community forest, the highest

### Table 3: Income of CFUG from different sources in NPR (FY 2019/20)

<table>
<thead>
<tr>
<th>Income from different sources</th>
<th>CFUGs</th>
<th>Kankali</th>
<th>Ghaledanda</th>
<th>Brinchock</th>
<th>Panchakanya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timber</td>
<td>3,966,574</td>
<td>50,190</td>
<td>59,987</td>
<td>5,013,046</td>
<td></td>
</tr>
<tr>
<td>Fuel wood</td>
<td>1,122,883</td>
<td>124,976</td>
<td>100,355</td>
<td>1,418,918</td>
<td></td>
</tr>
<tr>
<td>Non-timber forest products (NTFP)</td>
<td>67,212</td>
<td>60,519</td>
<td>30,000</td>
<td>164,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,156,669</td>
<td>235,685</td>
<td>190,342</td>
<td>6,595,964</td>
<td></td>
</tr>
<tr>
<td>Subsidy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipality</td>
<td>1,208,564</td>
<td>-</td>
<td>897,020</td>
<td>1,336,936</td>
<td></td>
</tr>
<tr>
<td>Division Forest Office</td>
<td>100,000</td>
<td>240,000</td>
<td>372,780</td>
<td>1,071,357</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,308,564</td>
<td>240,000</td>
<td>1,269,800</td>
<td>2,408,293</td>
<td></td>
</tr>
<tr>
<td>Tourism (Entry fee)</td>
<td>1,542,775</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>300,091</td>
<td>715,551</td>
<td>56,648</td>
<td>251,705</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8,096,135</td>
<td>1,191,236</td>
<td>1,516,790</td>
<td>9,255,962</td>
<td></td>
</tr>
</tbody>
</table>

**Income and expenditure patterns of CFUG fund**

The income and expenditure pattern in CFUGs after the new constitution was analysed. The distribution of CFUG funds is important for CFUG governance and its relationship with the local government. The Forest Act 2019 has clear provisions for close coordination with local government to allocate CFUG funds. While CFUG had diverse income sources, forest products (timber and fuel wood) contributed more than 50% of the income generated in CFUG. Income from forest products was higher in community forests managed under the ScFM scheme (Table 3). While the income of the Panchakanya CFUG from the sale of forest products was observed to be higher, it was inflated by purchasing timber products from other nearby community forests and selling them to the users. Negligible amounts of timber were harvested from the community forest in Panchakanya CFUG; however, the Kankali CFUG was earned by the sale of the forest products received from the management of the CFUG under ScFM.

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expenditure (38%) was expended on pro-poor and livelihood uplift. This was slightly higher than the stipulated 35% minimum on pro-poor and livelihood uplift compared to just 22% for forest management, which was lower than stipulated (Table 4).

Ghaledanda CFUG expended 9% of its total expenditure on administration, 18% on forest development, 5% on social development, and 8% on grants and subsidy to CFUG members. Birinchok, Kankali, and Panchakanya CFUGs expended 9%, 3%, and 16%, respectively, of their expenditures on administration. Three CFUGs, i.e., Panchakanya, Birinchok, and Kankali, expended less than the stipulated amount (35%) on pro-poor and livelihood uplift activities. However, each expended more on social development, with 35%, 32%, and 28%, respectively.

**Institutional arrangements**
Following the constitutional restructuring, the GoN restructured the forestry sector to align with the new federalism. New departmental ministries were established in all provinces. Provincial Forest Directorate replaced regional forest directorates. District Forest Offices were converted into Division Forest Offices, and Ilaka forest offices were changed into Subdivision Forest Offices. There was, however, no institutional arrangement for forestry technicians within the local government. While division and sub-division forest offices were established, these forestry organizations were answerable to the provincial government. None of the local governments in this study inherited forest-related human resources into their organizational structure. Due to lacking technical human resources, local governments could not formulate forestry policies. Budgetary support provided to CFUGs from the local government was limited to infrastructure development, particularly related to ecotourism development. More than 76% of the elected political leaders (19 out of 25) responded that a forest and environment section was essential within each local government body for proper coordination with provincial forest governance at the local level.

### Relationship between community forest and local government
To examine the relationship between community forest and local government, the discrete income of CF from the sale of wood products, ecotourism activities, and financial support from local government to community forest was selected as test variables. Most of the local governments of the study area had not formulated local-level policies regarding forest and environment management, and due to the lack of any legal provision, there was no established formal relationship with the local government. The Khairahani Municipality and Kankali CFUG agreed, whereby the local government shares 10% of its income from tourism entry fees with the CFUG. While the amount for revenue sharing seems small, the provision of mutual income sharing is a milestone for harmonious relationships between the local government and CFUGs.

The value of the Kolmogorov–Smirnov test and the Shapiro–Wilk test is >0.05, which indicates that our data are approximately normal, but p-value of Levene test is <0.05, which means the assumption of homogeneity of variance is violated; so, non-parametric Kruskal–Wallis

### Table 4: Expenditure of CFUG fund for different activities in NPR (FY 2019/20)

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Kankali</th>
<th>Ghaledanda</th>
<th>Birinchok</th>
<th>Panchakanya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest conservation</td>
<td>3,157,492</td>
<td>262,070</td>
<td>377,680</td>
<td>4,165,192</td>
</tr>
<tr>
<td>Livelihood improvement activities</td>
<td>1,457,304</td>
<td>452,670</td>
<td>106,175</td>
<td>1,185,287</td>
</tr>
<tr>
<td>Tourism infrastructure development</td>
<td>1,642,705</td>
<td>-</td>
<td>352,000</td>
<td>1,384,944</td>
</tr>
<tr>
<td>Social development</td>
<td>1,818,634</td>
<td>779,285</td>
<td>544,424</td>
<td>1,039,586</td>
</tr>
<tr>
<td>Administrative cost</td>
<td>250,000</td>
<td>107,211</td>
<td>136,511</td>
<td>1,480,953</td>
</tr>
<tr>
<td>Total</td>
<td>8,096,135</td>
<td>1,191,236</td>
<td>1,516,790</td>
<td>9,255,962</td>
</tr>
</tbody>
</table>
test was conducted to analyse the statistical relationship.

A Kruskal–Wallis H test showed (Table 5) that there was a statistically significant association in the relationship due to income from forest products, $\chi^2(2) = 8.321$, $p = 0.016$, with mean rank income of 9.50 for very good relation, 3.67 for good relation, and 3.33 for independent relation, as shown in Table 5.

**Table 5: Statistical relationship between local government and CF**

<table>
<thead>
<tr>
<th>Test Statistics a,b</th>
<th>Income from Forest products</th>
<th>Financial support from local government</th>
<th>Income from tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>8.321</td>
<td>8.330</td>
<td>3.817</td>
</tr>
<tr>
<td>Df</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Asymp.Sig.</td>
<td>0.016</td>
<td>0.016</td>
<td>0.148</td>
</tr>
</tbody>
</table>

a Kruskal Wallis Test, b Grouping Variable: Relations with local government

A similar relationship was observed with financial support by the local government for community forest, $\chi^2(2) = 8.330$, $p = 0.016$, with mean rank financial support of 9.33 for very good relation, 4.83 for good relation, and 2.50 for independent relation. However, there is no statistically significant role of income from ecotourism activities on the relationship, $\chi^2(2) = 3.817$, $p = 0.148$, with mean rank income from tourism of 7.33 for a very good relationship, 6.50 for a good relationship, and 3.0 for independent relationship.

**Discussion**

This study found that 100% of the forest officials were reluctant to engage with the local government in community forestry affairs for fear that the local government would destroy the forest in the interest of infrastructure development. Local governments and populations have a long tradition of considering forests as obstacles to development. Gregersen et al., 2004 and are more interested in infrastructure development. Most of the subsidies provided by the local government.
to CFUGs were prioritized for developing ecotourism infrastructure. However, the forest officials feared not only the danger of diminishing forest resources but also the control and exploitation of the forest by the local government. The provincial forest agencies argue for retaining central control over forest governance (Pokharel et al., 2020).

For effective delivery of forestry services, CFUGs have to negotiate with the local government not only on the role and cost but, more importantly, on revenue and royalties (Dahal et al., 2017). The finding of this study suggests that CFUGs have a significant relationship with local governments and have already started revenue sharing with the local government in one of the CFUGs, i.e., Kankali. This has started a two-way cooperation between the local government and the CFUG. Local government supported ecotourism infrastructure development within CFUG, and CFUGs shared the income with the local government. An increased positive relationship between the local government and CFUGs was observed; however, the income of community forest has not considered the cost of the forest activities, especially forest protection, harvesting, and marketing (Sunam et al., 2013); so sharing the income with local government is only possible once the local government shares the cost of CFUGs.

Sharing income from CFUG with local government has been regarded as a major issue after the promulgation of the federal constitution. Conflicts between local governments and CFUGs are not new in Nepal. Local governments have laid claim to natural resources lying within their jurisdiction; however, CFUGs rejected this move by the government towards handing over the community forest to the local government (Bhattacharya and Basnet, 2005). The level of conflict was quite low in the past due to the absence of political representation in local government. The situation after the enforcement of constitutional federalism in Nepal is quite different than that of the past. Bagmati province has decided to impose a 10% tax from the CFUGs for the local government; however, FECOFUN is conducting continuous agitation to waive any tax from the CFUGs (FECOFUN, 2019). FECOFUN claims that the income of CFUGs does not consider users’ contribution towards the conservation initiatives, and all the income generated from the CFUG is expended locally. Similarly, CFUGs are not profit-making organizations, and all the income from community forests is expended on environmental and socio-economic development at the local level. This study also revealed that Kankali CFUG had started sharing 10% of revenue generated from tourist entry fees with the local government, while the local government also provided remarkable financial support for ecotourism-related infrastructure development.

The mandatory provision of the Forest Act 2019 to spend half of the income (remaining after expenditure on forest conservation) on poverty alleviation, women empowerment, and enterprise development activities in coordination with the local government (GoN, 2019) was not found to be implemented. None of the CFUGs studied had implemented their development activities in coordination with the relevant local government. The expenditure on poverty alleviation and enterprise development was less than 13%, except in community forests in the hilly region. Similarly, the results showed a very low proportion of annual income on pro-poor and livelihood upliftment programmes compared to that stipulated for CFUG (Pokharel et al., 2008). This may be due to the inability of forestry officials to properly monitor fund mobilization. The responsibilities of grassroots-level forestry organizations, i.e., sub-division forest offices, overlapped with territories of more than one local government. The sub-division forest office was responsible for providing services to increasing numbers of CFUGs but it has been limited due to limited technical manpower. The involvement of the local government in monitoring will not only enhance access to government entities but also increase the monitoring capacity. The forestry sector
strategy (2016–2025) has also encouraged local government involvement in the protection and utilization of natural resources at the local level, and it aims to involve the local government in monitoring activities (MoFSC, 2016).

Conclusion

Federalism is a new structural arrangement in the history of Nepal's political system. The constitution of the Federal Republic of Nepal 2015 and the Local Government Operational Act 2017 provide the power to the local government to monitor CFUGs in their respective jurisdictions. Local government has just started funding CFUGs; however, such funding was biased toward ecotourism-based infrastructure development. The legal provision of the new Forest Act 2019 for expanding community development funds in close coordination with local government bodies has not been practised in the field. That provision may be a milestone for contributing to local development through community forestry initiatives. However, the absence of forestry-related technical human resources in local government has limited its capacity to support an increasing number of CFUGs in the field.

References


