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REDD+: Reversing, Reinforcing or Reconfiguring Decentralized Forest Governance in Nepal?

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Abstract

Over the past few years, Nepal has become increasingly involved in international efforts to mitigate climate change through an emerging global mechanism called reducing emissions from deforestation and forest degradation, and enhancing forest carbon stocks in developing countries (REDD+). This Discussion Paper examines the interactions among diverse institutions and actors involved in Nepal's REDD+ readiness process at multiple scales. Drawing on the concepts of 'institutional interplay' (Young 2002b), 'cross-scale institutional linkages' (Berkes 2002), and 'institutional design' (Ostrom 2005), it analyzes how the REDD+ readiness process and its emerging institutional architecture are influenced by international negotiations and funding mechanisms, interplay among national institutions of forest governance, and the interactions of various national actors. This analysis reveals that Nepal's REDD+ architecture is being heavily shaped by imperatives and ambiguities in the international negotiations and funding mechanisms, and by the interplay and interactions of national institutions and stakeholders representing the Government of Nepal, civil society organizations, donors and private consultants, with strong implications for sub-national interactions and decentralized forest governance. Based on this analysis and reflection, we identify key challenges and considerations for realizing inclusive stakeholder engagement and suggest ways forward for the effective, equitable and transparent implementation of REDD+ in Nepal.

1. Introduction

In recent years, forests have been recognized for their important role in helping to mitigate climate change through carbon sequestration and storage. 'Reducing emissions from deforestation and forest degradation, and enhancing forest carbon stocks in developing countries' (REDD+), a proposed forest-carbon offsetting mechanism emerging through the ongoing United Nations Framework Convention on Climate Change (UNFCCC) negotiations, aims to mitigate climate change by curbing carbon dioxide emissions stemming from the destruction of forests. There is a growing optimism at both the international and national levels that it will emerge as a crucial climate change mitigation instrument by decreasing the cost of reducing emissions, and significantly increasing the value of standing forests. A growing number of developing countries, including Nepal, see REDD+ as a potential solution and source of funding for the persistent problems of climate change, deforestation, biodiversity loss and poverty. However, the broader implications of this global response for forest governance, local institutions and forest-dependent communities in specific national and local contexts have not been closely examined.

REDD+ has become a controversial issue worldwide, with a range of views on its implications for forest governance. Some claim that it represents an unprecedented opportunity to enhance governance and bolster global conservation efforts (Wollenberg and Springate-Baginski 2010); while others argue that strong governance, especially respect for local land tenure and resource rights, is an essential prerequisite for its success (Cotula and Mayers 2009). Yet others claim that REDD+ would only destabilize forest governance and exacerbate the persistent efforts of governments and corporations to exert increasing control over forests, to the detriment of community autonomy and well being (Lovera 2009, Phelps *et al.* 2010), thereby reversing recent trends toward the devolution of forest governance. These three divergent views—REDD+ as an opportunity, challenge or impediment to effective forest governance—are the subject of growing debate in both international and national forums.

The Government of Nepal has embraced the promise of REDD+ and is fast-tracking the process of policy development with financing from the World Bank's Forest Carbon Partnership Facility (FCPF). Various donors and civil society organizations are also involved in this process in different capacities. With its strong participatory forest management initiatives and institutions, its supportive legal and policy framework, and the demonstrated capacity of its communities to sustainably manage and monitor forests, many consider Nepal to have an institutional advantage for REDD+. However, given the evolving nature of REDD+ at the global level, the current centralized governance and techno-bureaucratic focus of related pilot projects and policy processes in Nepal, and the uncertain outcomes for resource tenure and other crucial elements of effective participatory forest governance—there is still considerable debate about the extent to which REDD+ will be compatible with broad-

based, participatory forest governance. Through a case study of Nepal's REDD+ readiness process, this paper looks at this debate through the concepts of institutional interplay (Young 2002a), cross-scale institutional linkages (Berkes 2002, Cash *et al.* 2006) and institutional design (Ostrom 2005), and discusses its potential consequences for decentralized forest governance in the country.

Since this Discussion Paper relies on ongoing research and reflections on the institutional dimensions of REDD+ readiness in Nepal, it does not offer definitive results. Rather, it presents preliminary analysis and reflections on the process and their implications for future policy formulation and research. We draw evidence and insights as both researchers and practitioners in the REDD+ readiness process. Our aim is not to criticize specific actors or policies; as practitioners deeply involved in the process, we are also implicated in the issues raised in this analysis. Instead, we intend to evaluate the process as a whole, providing insights into specific issues or trends that should be addressed if REDD+ is to be implemented in a way that can benefit Nepal's forest-dependent communities.

This paper has five sections. The Introduction (current section) introduces the topic, problem statement, major objectives (above)—as well as the context and the conceptual framework (sub-sections 1.1 and 1.2 below, respectively). Section 2 employs the concept of *vertical institutional interplay* to examine how ambiguities and imperatives in international REDD+ negotiations and financing mechanisms affect the national-level institutional architecture and policy process. Section 3 draws on the concept of *horizontal institutional interplay* to analyze the interactions among three major existing institutions of forest governance at the national level—the legal and policy framework (existing laws and policies), the forestry bureaucracy (administrative and regulatory guidelines, procedures and practices), and the policy-making process (rules and norms about how polices are made)—and their influence on the emerging institutional architecture for REDD+. Section 4 looks at the implications of the vertical and horizontal interplay in Nepal for interactions (cross-scale institutional linkages) between national-level institutions and local institutions, and what scope there is for grassroots level institutions and stakeholders to influence policy-making processes. Finally, the conclusion (Section 5) discusses the implications of our analysis for decentralized forest governance in Nepal, highlighting some key challenges and future directions in research and practice for achieving inclusive stakeholder engagement, efficiency, transparency, equity and accountability in REDD+ implementation.

2. The Evolution of Forest Governance and the Emergence of REDD+ in Nepal

The trajectory of forest governance in Nepal is not unique, though it is perhaps exemplary. It reflects a recent trend throughout the Asia-Pacific region and the world toward more participatory, decentralized and community-based modes of forest management and use

(Tyler 2006, Webb and Shivakoti 2008). The specific phases and actors in the devolution process have been shaped by the historical, political and socioeconomic context of each country (Springate-Baginski and Blaikie 2007, Agrawal and Ostrom 2008).

For over a century, from the mid-1800s to the mid-1900s, Nepal's forests were controlled by aristocratic rulers known as the *Ranas*. Communities were granted limited rights to use forests and some of them maintained customary management regimes (Gilmour and Fisher 1991). In 1957, the government nationalized most privately held forest lands. This led to the alienation of communities and signaled the beginning of a state-centric mode of forest governance that lasted for about two and half decades, through the establishment of the *Village Panchayat Forests* in 1978, which granted limited autonomy to communities. Since the early 1980s, a more decentralized mode of forest governance (i.e., community forestry) has taken root. It has been marked by an expansion in donor funding and technical support for local forest management initiatives; the increased hand-over of forests to local communities; the formulation of supportive laws, policies and intermediary government institutions; and a burgeoning of civil society organizations concerned with promoting the legal and economic rights of local communities with respect to the management and use of forests. This decentralization of forest governance has involved the forging of new roles, relationships, policies and processes among government agencies, communities, civil society organizations and the private sector. Today, Nepal's community forestry program represents one of the world's most extensive, touted and widely studied systems of community-based natural resource management, involving over 16,000 forest user groups managing approximately one quarter of Nepal's total forest area (Kandel 2008). It began in the middle hills and then expanded to the other two main geographical regions, the Mountains and the Terai (lowland sub-tropical plains).

Onto the stage of decentralized forest governance in Nepal has stepped a new actor: a market-based mechanism for mitigating climate change through forest conservation known as REDD+. In 2008, Nepal became one of the first countries to receive support from the FCPF—to develop its capacity to engage in international (UNFCCC) negotiations, and to create a national policy framework for REDD+. It also joined the UN-REDD Programme in October 2009 as an observer country, making it one of only a handful of countries in Asia belonging to both of these global initiatives. The FCPF approved Nepal's initial *Readiness Proposal Idea Note* (R-PIN) in 2008 (Wollenberg and Springate-Baginski 2010), setting the stage for further support. In 2009, the government created the *REDD Forestry and Climate Change Cell* (REDD Cell)—housed in the Ministry of Forests and Soil Conservation—to carry out readiness activities. It also formed a national *REDD Working Group* with representation from federations and civil society organizations, and an *Apex Body* for policy coordination comprised of top-level officials from nine government ministries and the National Planning Commission. With support from the World Bank and other donors, Nepal developed its

Readiness Preparation Proposal (R-PP), a document outlining the overall national REDD+ readiness process, which was approved by the FCPF in July 2010. Nepal is also currently in the process of developing a strategy for REDD+ implementation beyond 2012.

In addition to these official policy development efforts, several civil society groups have become closely involved in the process. They are implementing various piloting activities to support REDD+ readiness and demonstrate its social and technical viability at the national and sub-national levels. The International Center for Integrated Mountain Development (ICIMOD), the Asian Network for Sustainable Agriculture and Bio-resources (ANSAB) and the Federation of Community Forestry Users, Nepal (FECOFUN) are conducting a pilot project on carbon measurement and benefit sharing in community forestry. Similarly, NGOs such as the World Wildlife Fund (WWF) Nepal, Winrock International and ForestAction have engaged in applied research, piloting and policy advisory activities. The Center for People and Forests (RECOFTC) and FECOFUN are jointly promoting grassroots awareness on REDD+ concepts and issues. In addition, both FECOFUN and the Nepal Federation of Indigenous Nationalities (NEFIN) are actively engaged in understanding the dynamics of REDD+ through global forums and national debates, while representing the concerns, rights and involvement of their constituents—community forest user groups (CFUGs) and indigenous peoples, respectively. All of these initiatives collectively constitute 'REDD+ readiness', or efforts to build Nepal's capacity and institutional 'architecture' to engage in REDD+ after its projected inception after 2012. This architecture consists of various elements, such as rules and norms (policies, guidelines and strategies), distributive mechanisms (for funding and benefit-sharing), monitoring and enforcement systems, and conflict management procedures.

3. Theoretical Background and Conceptual Framework

Climate change impacts, and the formulation of specific strategies to mitigate these impacts, such as REDD+, occur at multiple scales—from global to local—so the associated institutional responses and interactions must also be cross-scale in nature. Furthermore, the design of national policies and the institutional architecture to facilitate implementation of such global strategies is shaped by interactions among diverse institutions and their associated actors—with varied functions, interests and power—across vertical and horizontal scales. The kindred concepts of institutional interplay (Young 2002a, Young 2002b, Young 2006) and cross-scale institutional linkages (Berkes 2002, Cash *et al.* 2006), along with the complementary concept of institutional design (Ostrom 2005), offer important theoretical lenses for examining the evolution of REDD+ policies and the involvement and interaction of various institutions and stakeholders in this process. The concept of institution used in this paper denotes the "sets of rules, decision-making procedures, and programs that give rise to recognized practices, assign roles to participants in these practices, and govern interactions among occupants of specific roles" (Young 2002b). Such rules might be both formal (rules on paper) and informal customary rules (rules in practice) (Leach *et al.* 1999, Young 2002b).

According to Young (2002a, 2002b) interplay among different institutions may result from either *functional interdependencies* arising from shared biophysical or socioeconomic resources, mandates or jurisdictions; or from *the politics of institutional design and management* deriving from the mutual pursuit of common interests and goals. Berkes' (2002) notion of cross-scale institutional linkages is similar to vertical and horizontal interplay. He argues that solutions to global problems like climate change require close linkages between local and higher level institutions, but that these linkages often put local institutions at risk (*ibid*). For example, in the face of global economic pressures, local institutional norms about "how" resources should be harvested (e.g., when, using what methods, by whom) are often replaced by global and national rules about "how much" should be harvested (Berkes 2002). Berkes (*ibid.*) argues that linkages among different scales of commons management have not been given adequate attention in either academic or policy studies.

Despite their obvious parallels, there are important distinctions between the concepts of interplay and cross-scale institutional linkages. Young (2002a) emphasizes the interdependencies and mutual interests that lead to competition or collaboration (both formal and informal) among institutions at various administrative and geographical scales, while Berkes' (2002) stresses the more formal, rule-based linkages among institutions as separate 'cross-scale' institutions in their own right. In addition, Berkes (2002) emphasizes how larger scale institutions can either interfere with or strengthen smaller scale ones. However, perhaps the main difference between the two approaches, as Berkes (2002) himself puts it, is that: "Young [2002b, 2006] approaches the problems by linking the national level to the global, whereas [Berkes 2002] takes a perspective from the bottom up." Thus, the marriage of these two complementary approaches will help us to look at the linkages from the global to the grassroots level, and vice versa.

The concept of institutional design (Ostrom 2005) relates to how institutional rules are influenced by the actions and interactions among actors with diverse interests and differential power relations (Ostrom 2005, Corbera *et al.* 2009). Thus, it can help us to understand how the emerging REDD+ institutional architecture in Nepal is being shaped by dominant actors.

By combining these three theoretical constructs—interplay, cross-scale institutional linkages, and institutional design—we can conceive of a useful theoretical framework. This framework stresses how specific policy issues (e.g., REDD+) involve particular institutions, which then shape the nature of engagement and interaction of different stakeholders (i.e., who participates and how). The interactions among stakeholders determine the decision-making processes, which in turn can contribute to the (re-)design of institutions, and the cycle repeats. Figure 1 below illustrates this cyclical relationship between institutions, stakeholders and decision/policy-making processes (See Appendix A for a more detailed representation of this

cycle in the context of REDD+, including the components of each element at different scales). It also shows how global institutions can affect the design of national and local institutions, stakeholder participation and decision-making processes. Using this framework, we now turn to an analysis of how vertical and horizontal interplay, and the interaction of stakeholders in the decision-making and institutional design processes, are influencing the national institutional architecture for REDD+.

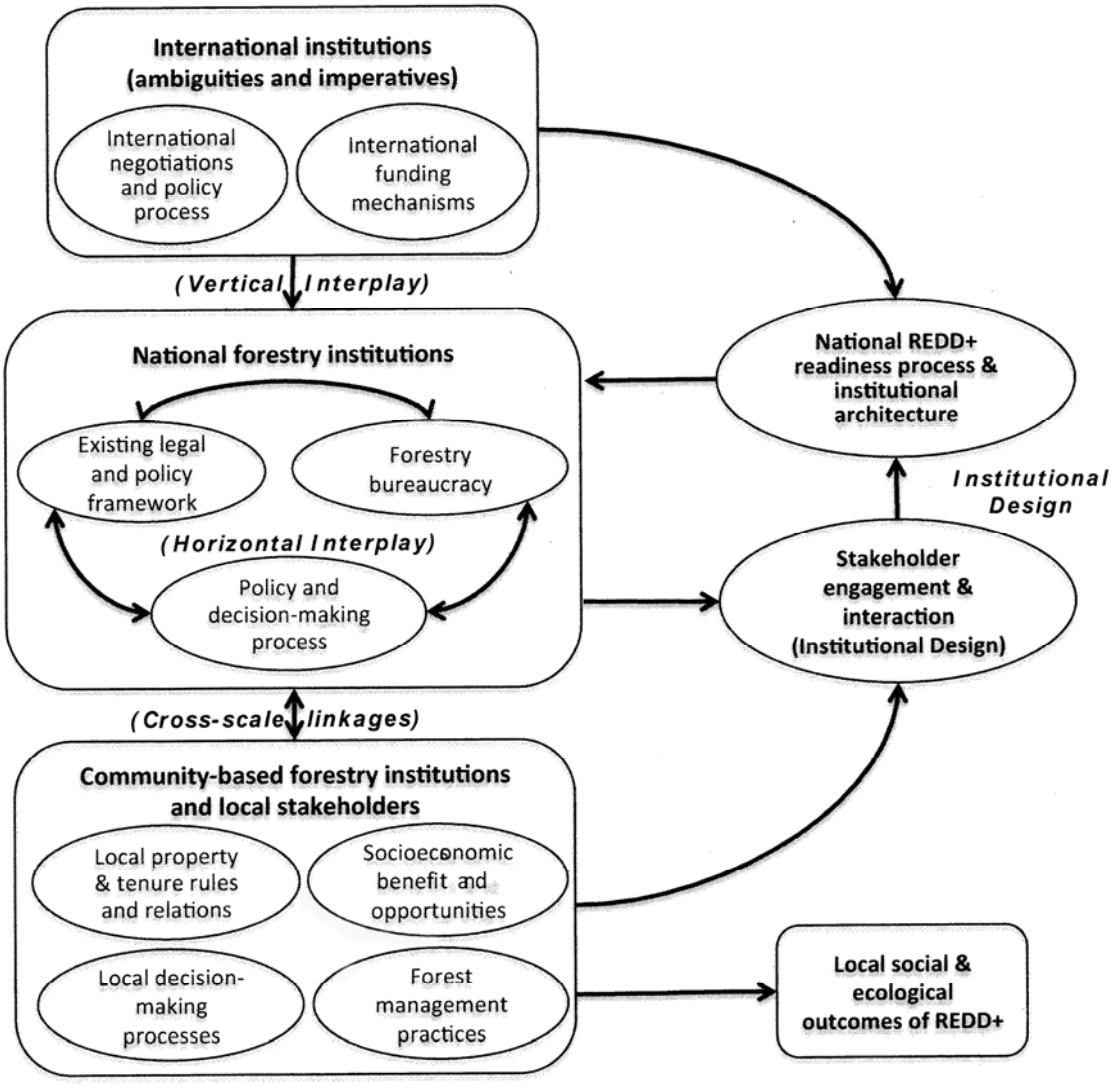

Figure 1. Conceptual Framework for analyzing vertical and horizontal cross-scale interactions

4. Vertical Interplay and Scale

Global environmental challenges often spur concerted global responses, and climate change is no exception. This section looks at one such response (REDD+) in terms of its influence on the design of emerging national policies and institutions. Scale, and cross-scale interactions in particular, are critical considerations for the design of new institutions. We draw on Young's (2002a, 2006) concept of *vertical interplay* to examine how imperatives and ambiguities about global REDD+ architecture and financing in the international negotiations and funding mechanisms have shaped institutional design at the national level in Nepal.

4.1 Imperatives in the International REDD+ Negotiations and Funding Mechanisms

Some of the main imperatives as dictated by the global policy and readiness processes include: (a) providing forest carbon offsets at minimal cost; (b) controlling diverse drivers of deforestation; (c) adopting a national-level approach to carbon accounting and implementation (to ensure net carbon enhancement at the national level); and (d) standardizing the REDD+ readiness process.

REDD+ is based on the notion that reductions in emissions from deforestation and forest degradation in developing countries can be achieved at lower cost than reductions in emissions from domestic and industrial sources in developed countries. Thus, there is an economic imperative to minimize the cost of forest carbon offsets under REDD. This has strong implications for which countries, and which types of forestry activities, are more attractive for investment. As mentioned above, some consider Nepal to have an institutional advantage for implementing REDD+, due to its strong policies and institutions for community-based forest management. However, Nepal cannot compete with Indonesia, Brazil and other countries with more forest and/or higher rates or risk of deforestation from industrial timber harvesting and other large-scale commercial land uses, such as oil palm and soy plantations or cattle grazing. From a global perspective, these factors make it more attractive to invest in these other countries. Because of this shortcoming, Nepal has focused on its perceived community forestry 'advantage', thereby excluding other potential beneficiaries from piloting initiatives and policy dialogues—including forest management regimes that are deemed more complex or costly to monitor, such as leasehold forestry, collaborative forest management and private forestry.

A mechanism like REDD+ will also require controlling diverse drivers of deforestation in different geographic regions. Nepal has been relatively successful in curtailing deforestation in the Middle Hills (Gautam et.al 2003, Braney and Yadav 1994), where forests are mainly used for subsistence and the collection of non-timber forest products. Ironically, this renders these areas less attractive for investments in REDD+ since the 'additionality' of carbon payments—

the need for additional incentives to curb deforestation—is questionable. However, deforestation remains rampant in the lowland Terai region and the adjoining Churia Hills, driven largely by demand for valuable hardwood timber species and agricultural land; and also in some mountainous areas where alternatives to fuelwood are in short supply. Nonetheless, many of the piloting and consultation activities for REDD+ readiness have been conducted in the middle hills, partly due to their perceived greater chance of success there.

International negotiations aimed at developing a global architecture for REDD+ also favor a national approach for implementation in order to facilitate an integrated international carbon accounting and financing system. Under such an approach, 'leakage' (increases in deforestation in some areas coinciding with reductions in other areas) would be subtracted from the national total. To address this imperative, the Government of Nepal has embarked on a comprehensive national forest inventory project with assistance from Finland. While such a nationwide assessment of the current status of forest resources is an important prerequisite for the setting of national and regional biophysical baselines for REDD+, this project has been criticized for its techno-bureaucratic focus, its failure to involve civil society groups in the planning process, and its lack of provisions for capacity building at lower levels[1]. In addition, the lack of consideration of a project-based strategy precludes the possibility of a more bottom-up, adaptive management approach to REDD+ implementation.

Funding mechanisms for REDD+ readiness, such as the FCPF and UN-REDD, seek to ensure that the REDD+ readiness process is standardized and comparable across a range of countries. This imperative has led to a strict, top-down, blueprint approach to the design of REDD+ readiness strategies and activities. As a result, Nepal has strived to conform its readiness process as closely as possible to the detailed template provided by the World Bank, with very specific technical requirements; and has thereby foregone the valuable opportunity to conduct a more organic, deliberative process of REDD+ policy design. Consequently, some opportunities for reflective learning, documentation and sharing of specific concerns about the process of policy design and implementation have been lost. For instance, for one of the components of the R-PP, the design of a detailed 'Consultation and Participation Plan' for REDD+, rich experiences, reflections and constructive criticisms were documented and/or included in the initial report. However, most of this information was omitted from the final report submitted to FCPF because it did not fit into the very specific template (authors' observations as participants in this process). Nor has this valuable information and experience been preserved in any succinct way. As a result, the foundation and key lessons for implementation of future REDD+ consultation activities will have to be rebuilt.

[1] Civil Society Position Paper on National Forest Resource Assessment Project, 2010, prepared by ForestAction, including 11 other Non-Governmental Organizations.

4.2 Ambiguities in the International REDD+ Negotiations and Funding Mechanisms

In addition to the imperatives described above, certain ambiguities in the emerging international policy and financing mechanisms have shaped the development of national-level policies and institutions in various ways. Such ambiguities include: (a) uncertainties about the structure (mechanism) and amount of financing from developed countries; (b) who the specific beneficiaries of REDD+ should be [local communities, government (for government-managed forests and protected areas), private landowners, private sector (for concessions on government or community forests)]; and (c) how to measure the social and ecological outcomes of REDD+.

Uncertainties about the structure and amount of REDD+ funding from developed countries have shaped Nepal's approach to financing. Although there is a general international consensus that REDD+ should be a market-based mechanism, the government and other influential actors in Nepal have argued for the creation of a national "carbon trust fund". Most national actors envisage this as a source of donor funding for forestry activities based on both the capacity-building needs of different forest managers, and their potential for achieving carbon enhancement outcomes. Of course, capacity building will be a crucial element in the realization of REDD+, but if these funds are not kept distinct from market-driven performance-based carbon payments, then ultimately a national program will not succeed. It is important to build a separate fund for market-based payments based on carbon performance and other market-driven criteria, so that they will not be confused with readiness funds. On a broader level, however, the lack of firm financing commitments from developed countries, and persistent uncertainties about the feasibility of achieving legally-binding emissions targets for these developed countries, have led to speculations that a market-based solution may not be feasible and that a purely donor-financed, fund-based solution should be pursued instead. Such ambiguities have resulted in a perception of competition with other countries over limited international funding resources, driving the government to expedite the REDD+ policy design process and leading to a rushed, top-down approach with little opportunity for sincere consultation or meaningful feedback from the local level. This national bias toward a fund-based approach has also meant that the government lacks motivation to engage with investors through the voluntary carbon market, robbing Nepal of valuable experience and learning for the development of carbon trading whether through REDD+ or the voluntary market.

A lack of clear international guidelines about what types of activities and management regimes should benefit from REDD+ has led Nepal to pursue an approach based mainly on community forestry, as noted above. However, it is implicit in international and national policy dialogues that government-managed lands would also play a big role in the new

mechanism. Thus, Nepal's forestry bureaucracy is hoping that carbon payments will also accrue for carbon enhancements in government-managed forests and protected areas, due to tree planting and increased protection measures. Recent declarations of new protected areas and renewed interest in collaborative forest management on national forest lands could be indicative of the government's desire to cash in on carbon payments. There is also ambiguity about whether other land uses, especially agriculture, will be incorporated into a REDD+ scheme. Recent policy discussions in Nepal have begun to explore the possibility of a mechanism for reducing emissions from all land uses (REALU). However, such an approach would require more complex monitoring and enforcement systems, and thus would entail higher transaction costs. It could, however, make Nepal more competitive globally and involve a broader portion of society.

As mentioned above, many global and regional civil society groups and forums—such as the Rights and Resources Initiative (RRI), the Center for International Forestry Research (CIFOR), The Center for People and Forests (RECOFTC) and the Indigenous Peoples' International Center for Policy Research and Education (TEBTEBBA), The Worldwide Fund for Nature (WWF) International and CARE International—are concerned about the potential socioeconomic and biodiversity impacts of REDD+. There have been numerous international dialogues addressing both of these issues, but no clear consensus has been reached on specific standards for measuring these impacts. This lack of a clear international consensus on participatory methods for measuring and monitoring the social and ecological outcomes of REDD+ has led to a more dominant focus in Nepal on developing effective methodologies for carbon measurement and accounting, often via technical means that communities admit they would have difficulty replicating on their own (personal communication with CFUGs). Such a focus is not surprising in the context of an international market dominated by carbon-cost imperatives, as discussed above. However, unless monitoring practices are made more participatory and inclusive, forest biodiversity and the socioeconomic wellbeing of forest-dependent communities could be threatened.

Moreover, although Nepal was one of the three countries engaged in the piloting of the Carbon, Community and Biodiversity Alliance (CCBA) voluntary standards—an international verification scheme for the voluntary market—social and biodiversity concerns have not yet been fully integrated into pilot projects and associated monitoring activities, or into the REDD+ readiness policy documents. For instance, the R-PP does not include an assessment of social and environmental impacts, and none has been completed to date (this was not a requirement, but an optional task under the FCPF guidelines). This is an example of how one global imperative—the need for low-cost emissions reduction strategies—has trumped concerns about the social and ecological wellbeing of communities and their forests.

5. Horizontal Interplay and Institutional Design

National institutional architecture for implementing customized climate change mitigation schemes like REDD+ are not only determined by the global negotiations and financing mechanisms, but also by national-level institutions and actors. This section analyzes how existing national institutions have shaped interactions among national actors and how this, in turn, has influenced the design of emerging institutional mechanisms for REDD.

5.1 Institutional Landscape of Forest Governance

The basic institutional landscape of forest governance in Nepal can be defined by three broad institutions: the legal and policy framework; the forestry bureaucracy; and the policy and decision-making process. This sub-section discusses the components and functions of these three broad institutions.

Nepal's forests are governed by a *legal and policy framework* that has simultaneously supported decentralized forest governance and maintained centralized governance structures, under separate management regimes. Community forestry and other community-based management schemes entail decentralized forest management with varying degrees of autonomy for local communities. Under the Forest Act 1993 and associated regulations, the rights to manage and use forest resources have been granted to local communities in community forests, which cover more than 25% of Nepal's forest area (Kandel 2008). However, the government still controls the majority of forest land and retains the sole authority to regulate the use of forest products in these areas. Even under community-managed regimes, the government has the ultimate legal authority to regulate the management and use of forest products.

The *forestry bureaucracy*, characterized here as the set of administrative, regulatory and technical processes and practices, exerts tremendous influence on forest governance. The Ministry of Forests and Soil Conservation (MoFSC) has two key departments that are more concerned with REDD: the Department of Forests (DoF), and the Department of Forest Research and Survey (DFRS). The DoF is charged with regulating forest conservation and management through its subordinate offices—the District Forest Offices—to enforce forest laws and policies and provide technical support to community-based management regimes. The DFRS is responsible for conducting research and generating and maintaining forest-related statistics. Its main function is to monitor forest cover and resources. There are also other departments with specific roles, such as the management of wildlife, biodiversity and protected areas. Under community forestry, local institutions (CFUGs) have the legal right to manage and use forest products according to their needs. However, community forest management plans must still be approved and monitored by the District Forest Office.

The *policy-making process* is also an integral component of forest governance in Nepal. This process was highly centralized, until the flourishing of community-based forest governance and associated laws and policies during the 1990s, resulting in a more deliberative process involving multiple stakeholders. A growing cast of non-governmental actors are involved in this process: federations of community based organizations (FECOFUN; Association of Collaborative Forest Users, Nepal—ACOFUN); national associations for supporting the rights and capacities of specific disadvantaged groups, including indigenous peoples (NEFIN), Dalits (Dalit Alliance for Natural Resources—DANAR Nepal) and women (Himalayan Grassroots Women's Natural Resource Management Association—HIMAWANTI Nepal); national and regional non-governmental organizations that engage in action research and service projects to support the needs and capacity development of local resource management groups and affiliated institutions (ForestAction Nepal, ANSAB, ICIMOD); representatives of donor organizations supporting the forestry sector; political parties; and private companies and associations. These actors engage in forestry-related policy-making processes and dialogues according to their different interests, mandates and capacities. Recently, various policy dialogues, forums and collaborative projects on REDD+ have brought some of them together to frame the policy agenda for issues such as REDD. However, due to their varied capacities and power, the interests of more powerful actors typically prevail. This issue is discussed further in the next section. Appendix B illustrates the role, interests, and relationships among each set of key actors.

5.2 Institutional Design Process: Actions and Interactions among Key Actors

In general, three sets of powerful actors have influenced the process of REDD+ policy development and institutional design: government agencies, particularly the REDD Cell; consultants employed to prepare the policy documents; and donor agencies. These actors have formed a strong alliance. The donor organizations have provided financial and technical support for crafting the policy documents to the REDD Cell. Then, the REDD Cell outsourced various activities (Terms of Reference) to the consultants, including individuals, private consultancy firms and NGOs.

As part of the institutional design process for REDD, Nepal has prepared two policy documents: the R-PIN and the R-PP. The R-PIN was produced primarily by staff at the Department of Forests. The R-PP was purportedly prepared through an inclusive consultation process, involving multiple stakeholders and broad public participation. The Ministry of Forests and Soil Conservation (MoFSC, 2010: 5) has characterized the R-PP process as follows:

> Altogether, 3,180 individuals were consulted through workshops and meetings. 57 workshops were held at the national (17), regional/district (13) and community (27) levels with participation from a range of stakeholders, such as indigenous peoples and local communities, forest dependent people, *Dalit*[2], women, civil society organizations, government departments, political parties, the media, universities, international organizations, constitutional assembly members, projects, international development partners, and the private sector. Separate workshops were held targeting indigenous peoples (4), women (3) and *Dalits* (1). A variety of outreach materials were developed and used to develop understanding on REDD.

However, although these many workshops and 105 individual expert consultations were carried out throughout the R-PP preparation process (MoFSC, 2010), 17 (approximately 30%) of the consultation events and 91 (about 87%) of the expert consultations were held in the capital city of Kathmandu, involving many of the same participants. This bias has reinforced the interests of powerful actors while marginalizing others, particularly community-based organizations and local and marginalized communities. Another policy document, the Interim REDD Strategy, which was drafted by a group of consultants under the direct supervision of the REDD Cell, was also ostensibly produced through a multi-stakeholder process. The main basis for this claim was that most of the elements of the strategy were drawn from the RPP. However, several civil society organizations objected to this document and questioned the legitimacy of the process. As a result, the REDD Cell eventually rejected the Interim Strategy and is currently in the process of developing a comprehensive long-term strategy for REDD+ implementation beyond 2012, through a more participatory, multi-stakeholder process. All of the major policy processes shaping the institutional and policy infrastructure of REDD+ in Nepal have been criticized by different civil society organizations (CSOs) at one time or another for not properly representing the voices of the weaker actors, especially, local forest-dependent communities and marginalized groups such as women, *Dalits* and ethnic communities.

CSOs directly engaged in the REDD+ policy process were supposed to voice the concerns of their respective constituents, such as CFUGs and indigenous peoples. However their influence over the policy process was limited due to a number of factors. First, there was low representation by CSOs and community representatives in policy forums. For example, the nine members of the REDD Working Group include four members of government organizations, two from donor organizations and the remaining three from CSOs. The Working Group was subsequently expanded to 12 members, but the number of civil society representatives was actually reduced from three to two. Second, CSOs could not make their voice heard effectively due to their weaker position in decision-making forums, as well as their capacity and resource constraints. However, the government has used the presence of civil society leaders in these forums mainly to legitimize their own policy decisions. Third, while

[2] Dalits are members of the so-called 'untouchable' caste under the Hindu caste system.

these leaders have provided critical input at times, they mainly represent the interests of their own constituents, while the voices of other stakeholders have been largely absent in the policy process. Most notably, CSOs representing women and Dalits have been excluded from all major decision-making bodies. Finally, despite their criticism of the REDD+ readiness process, prominent civil society actors have quickly grasped the potential benefits of REDD—for themselves, their organizations, and their constituents—and have become involved in various projects and consultancies to promote its implementation. Thus, they have been playing paradoxical roles, serving as technical experts for the government and donors, while also allegedly advocating for the rights of local communities. These contradictory roles arguably challenge both their organizational mandate, and their allegiance to (and thus their capacity to serve as spokespeople for) their constituents.

5.3 Horizontal Interplay and its Impacts on REDD+ Institutional Design

The institutional architecture of REDD, as envisaged in the policy documents mentioned above, exhibits interplay with other existing forest governance institutions like forest management regimes, tenure, and existing legal and policy frameworks. In this section we analyse how existing institutions have influenced the REDD+ architecture.

As discussed above, Nepal has diverse modes of forest management including community-based regimes like community forestry, leasehold forestry, collaborative forest management and buffer-zone community forests; government-managed forests and protected areas; and private forests. These regimes each have distinct governance mechanisms with respect to forest management responsibility and benefit-distribution mechanisms. Even among different community-based management regimes, the degree of community autonomy and the level of benefits to communities vary. For instance, in community forestry local communities enjoy full autonomy of management and use of the forest products and all income from the forests goes to local institutions (CFUGs); whereas under collaborative forest management, communities have very limited rights over the management and use of the forest products and only 25 percent of the income remains at the local level and 75% goes to government. Such discrepancies have not been widely discussed while devising the REDD+ institutional architecture.

New strategies for combating the drivers of deforestation need to fit with the existing management regimes. There will be options for deciding among management regimes, based on their effectiveness in enhancing forest conditions. However, such choices will not be apolitical. There is considerable contestation among actors supporting the different management regimes. For example, community forestry has been contested in the Terai on the grounds that it has excluded people residing far from the forests, even though it has been recognized as an effective mechanism for promoting conservation and reforestation in the

hills and some parts of the Terai. Conversely, collaborative forest management has been criticized by supporters of community forestry in the past as they see it as an excuse for not handing over more forests to local communities. Therefore, although the R-PP (MoFSC 2010) has strongly recommended the expansion of community forestry into all remaining forest areas, this recommendation will not be easy to implement nationwide.

Access and use rights also vary across different forest management regimes. Legally, the government retains ownership of the land in all types of regimes, except for private forests. Though community-based regimes are endowed with certain rights to manage and use forest resources, such rights are severely restricted in government-controlled forests, including protected areas. Furthermore, the rights to carbon and the benefits deriving from it have not yet been explicitly defined in laws or policies—even for community forestry—leading to conflicting claims. The government argues that, since it owns the land, the carbon benefits should accrue to the central government (as stated by government representatives in REDD+ policy forums). On the contrary, pro-community actors, especially FECOFUN, argue that the rights to carbon benefits should remain with local communities, since they are the ones managing the forests. Such controversies have created confusion when devising mechanisms to share REDD+ benefits (Khatri *et al.* 2010). This confusion is compounded by a controversial provision in the draft constitution, currently under consideration by Nepal's Constituent Assembly, which proposes to assign carbon ownership rights to the central government. This has created concerns among some stakeholders over the fate of decentralized forest governance and benefits to communities.

Nepal's forestry sector is governed by an existing legal and policy framework, developed over the past two decades. The Forest Act 1993 and the Forest Regulations 1995 provide a framework to regulate and manage all forest areas, except for protected areas, under the broad guidance of the Master Plan for the Forestry Sector, which expired in 2010. Protected areas are governed under the National Conservation Strategy and the National Biodiversity Strategy (2002), and regulated by the National Parks and Wildlife Conservation Act 1973, and various subsidiary regulations. This broader policy and legal framework will have a strong influence on the emerging REDD+ architecture, because new forest conservation and management strategies should conform to existing laws and policies.

6. Implications of Vertical and Horizontal Interplay for Cross-Scale Institutional Linkages between Local and National Institutions

Sections 2 and 3 have illustrated how institutional interplay and interactions among prominent national stakeholders are exerting a strong influence on the design of the emerging national institutional architecture for REDD+ in Nepal. In this section, we build on this analysis and turn to an examination of interactions between national and local institutions. Specifically, we

consider the influence of emerging national institutions for REDD+ on community-based forest management institutions, and the prospects for forging effective cross-scale linkages (Berkes 2002, Cash *et al.* 2006) between local institutions and (sub-) national institutions.

6.1 National to Local Linkages – From the Top Down

International and national interplay also have implications for cross-scale institutional linkages between national and local institutions. In this regard, Berkes (2002) stresses that higher-level institutions often exert a negative influence on local ones. In the case of REDD, new international rules and standards about how forests should be measured, managed and verified, could usurp the existing practices and norms of community-based forest management institutions. While it is premature to assess the concrete impacts of REDD+ on local institutions in Nepal—since the national institutional architecture is still evolving and most local institutions have not been engaged in the process—we can examine the participation of local actors and institutions (especially the CFUGs) in the ongoing REDD+ policy-making, piloting and awareness-raising processes. Drawing on the preceding analysis, this sub-section identifies key constraints in these processes, and some general implications for REDD+ readiness.

First, REDD+ pilot projects have been driven by the interests of the implementing organizations, with inadequate concern for developing local capacities to understand and spread awareness about the rationale for REDD+ and the role of local communities in its implementation. Rather, they have focused mainly on imparting technical skills for measuring carbon; but many local community members still do not fully understand the rationale for REDD, what it would entail, or what they stand to gain from it (personal communication with community members in REDD+ pilot study areas). This lack of awareness is troubling. It is emblematic of a fundamental underlying deficiency in deliberative governance in Nepal's forestry sector (Ojha 2008).

Second, the piloting, awareness-raising and policy-making processes have maintained a narrow focus on a national approach to REDD, and a distinct bias toward community forestry. This bias is due largely to the active engagement and ascendancy of FECOFUN in all aspects of REDD+ readiness, the influence of donors and NGOs who have traditionally supported community forestry, and the acquiescence of other actors. Other government, private and community-based regimes are currently being left out of most REDD+ readiness activities. For example, a major pilot project being implemented in three separate watersheds has intentionally excluded other management regimes from piloting activities on the grounds that it is too complicated to include them (Khatri *et al.* 2010). There is an implicit assumption that other forest management regimes can be incorporated later. However, if representatives from forest management regimes including collaborative forest management, leasehold forestry and private forest owners are not invited to participate in the policy dialogue, knowledge

generation and institutional capacity-building processes from the beginning, they will likely continue to be marginalized. Without the engagement of these other stakeholders, REDD+ cannot be effective on a national scale, since it requires a net decrease in the rate of deforestation, whereas community forestry comprises only about 25% of the total forest area. Moreover, the national approach to REDD+ is promoting centralized coordination and approval of forest carbon pilot projects. The government has insisted that all such projects be registered through (and therefore approved by) the REDD Cell. This may discourage innovation in sub-national voluntary projects that could inform the feasibility and implementation of REDD, or other alternative forest carbon trading schemes.

Third, policy dialogues have typically involved handpicked institutions and individuals, rather than broader public awareness campaigns or public meetings. This was especially evident in the development of the consultation and participation plan, which invited specific stakeholders to participate in district-level and local-level workshops, rather than issuing an open call for participation. While some of these events incorporated a significant number and diversity of relevant stakeholders, others were much less inclusive[3] Furthermore, based on the assertions of the government, one could assume that the R-PP incorporates the voices and interests of diverse actors. However, due to the nature of the process and the actors involved, the interests of only a few powerful and influential stakeholders prevail in the final document. The ToR-based approach has given primacy to the opinions of experts and consultants, while undermining the voice of local communities and marginalized groups. In addition, consultation events were held mostly in major cities and towns. These circumstances reveal that the consultation activities under the R-PP and other related policy processes represent at best 'tokenism' (Arnstein 1969) or symbolic consultation, aimed at creating an illusion of legitimacy among stakeholders, instead of fostering true citizen power (*ibid.*) or a discursive, public sphere (Habermas 1973, Forester 1989).

Fourth, there is still a lack of effective channels for sharing objective information about climate change, REDD+ and associated governance issues with local communities. Although dialogues and discourses on climate change are slowly spreading among communities in Nepal, most of these interactions are part of projects with specific goals and agendas. More objective, widespread sources of information on climate change in general, and schemes like REDD+ in particular, are needed in order for communities to make more informed choices about their risks, alternatives and potential participation in such schemes. Some national groups have connected with global advocacy and awareness raising campaigns supporting specific communities or the environment. However, these linkages have ultimately empowered those actors who have the connections, the savvy, the resources, and/or the right organizational profile to participate in these campaigns, such as the NGOs representing CFUGs and indigenous peoples (i.e., FECOFUN and NEFIN), while other groups remain

[3] Authors' personal observation from participation in these meetings.

marginalized, like those representing the rights and interests of *Dalits* (e.g., DANAR) and women (e.g., HIMAWANTI) in natural resource management. Furthermore, while some actors have become very engaged with such campaigns, the benefits of these linkages have not necessarily permeated to the local level.

Fifth, there have been insufficient opportunities for truly deliberative consultations and discussions about REDD+ at the local level, and lack of a corresponding plan for incorporating feedback into national laws and policies. While a few organizations in Nepal are working to raise awareness at the local level about climate change, adaptation, mitigation and REDD, there is a clear disconnect between these efforts and the process of policy formulation. To date, policy development has been driven by the agenda of the World Bank, which holds the purse strings, through the Forest Carbon Partnership Facility. The consultations and writing of the R-PP were carried out within the space of just four months, from mid-December 2009 to mid-April 2010 when it was submitted to the FCTF, with subsequent revisions completed primarily by the REDD Cell. This short timeline has meant that there has been little opportunity or effort for learning from the experiences and perspectives of local communities. Therefore, consultation and outreach activities, and feedback into the policy-making process have been very limited. When asked how they were planning to incorporate local perspectives and concerns in the policy development process, one of the REDD Cell staff members admitted that they did not know (personal communication). Whether there will be a subsequent process to incorporate additional feedback on the R-PP remains to be seen.

6.2 Building Local to National Cross-Scale Institutional Linkages – From the Bottom Up

The above-mentioned factors illustrate how the negative aspects of vertical (international to national) and horizontal (national-level) interplay have hindered the growth of supportive linkages between national and local institutions. Nonetheless, there is some hope for the development of such linkages in the future. It can be found in the increasing intensity of awareness-raising activities and nascent institutional structures for REDD+ that will increasingly connect actors at the sub-national level across horizontal and vertical scales. Here we explore how such evolving cross-scale institutions could help link local institutions to each other and to national institutions and policy-making processes.

Existing federations and associations can arguably play a very important bridging role by linking local common property institutions (e.g., community-based management groups) to each other and with national level institutions and processes. FECOFUN is probably the clearest example of an organization supporting such linkages. With offices and member institutions in nearly all of Nepal's 75 districts, it is a truly pervasive federation, promoting

strong linkages and collaboration between the local, sub-national and national (and international) levels. As such, it plays a crucial role in facilitating the dissemination of knowledge and capacities related to various programs and projects, including REDD, and in bringing the concerns of local stakeholders to national forums.

Through one of the REDD+ pilot projects being implemented in three watersheds in Gorkha, Chitwan and Dolakha Districts, respectively, by ICIMOD, FECOFUN and ANSAB, new local networks of CFUGs have been formed. These networks include one or two representatives from each CFUG in the watershed, who meet on a periodic basis to discuss specific tasks and concerns related to project implementation. While the main goal of these networks is to facilitate the pilot project, they can also serve as forums for information sharing and collaboration on issues related to climate change, REDD+ and other similar initiatives. Already, these networks have served as forums for discussing concerns related to socioeconomic trade-offs and benefit sharing under REDD. Thus, they can provide a model for horizontal cross-scale institutions at the local level. However, some questions remain about their viability and effectiveness. Will such networks be sustainable and replicable on a national scale? Can they be expanded to include other potential local beneficiaries of REDD+ (i.e., other forest management regimes)? Could they serve as broader forums for linkages across a range of interrelated sectors and issues, such as climate change, forestry, agriculture, water resources, and local development (e.g., integrated payment for environmental services schemes)? Can such institutions connect local interests and concerns to national policy-making processes? There is potential for all these to happen, and for these networks to become important multi-stakeholder bridging institutions between local and higher level institutions, but it will depend on the level of common interest, understanding and commitment among different local actors, as well as how they are linked with higher-level institutions.

New partnerships among different civil society institutions have planted the seed for ongoing collaborations on REDD+ and other similar issues. For instance, the development of the Consultation and Participation Plan under the R-PP was carried out by a consortium of seven non-governmental organizations: FECOFUN, ACOFUN, NEFIN, DANAR, HIMAWANTI Nepal, ForestAction Nepal, and the Nepal Foresters' Association (NFA). This partnership has led to mutual capacity building and enhanced sharing of information and resources at the national level. It has also created a strong precedent for future collaborative initiatives. It involved cooperation at the local level for the organization of workshops and consultations, which could help to build horizontal networks of different stakeholders. Thus, this collaborative initiative could serve as a model for multi-stakeholder alliances or forums at both the national and local levels. However, whether this collaboration will outlive the REDD+ readiness activities and serve as an effective cross-scale linkage for promoting mutual interests and dialogue on this and other important issues remains to be seen.

7. Conclusion

This final section summarizes key findings from our analysis of *vertical interplay* (Section 2), *horizontal interplay* and interaction of national actors in the *institutional design* process (Section 3), and *cross-scale institutional linkages* between the national and local levels (Section 4), and discusses the implication of vertical and horizontal interplay and institutional design process of REDD+ institutions for the future of decentralized forest governance in Nepal. It concludes by briefly outlining institutional challenges and future directions for policy and research for promoting the effective implementation of mechanisms such as REDD.

7.1 Reinforcing, Reversing or Reconfiguring Decentralized Forest Governance in Nepal?

As our analysis has shown, three separate phenomena—vertical interplay between international and national policy processes, horizontal interplay among existing institutions of forest governance, and interactions among users in the policy design process—have had a pronounced impact on the emerging REDD+ institutional architecture in Nepal, with strong implications for interactions between national and local institutions and actors. Now we return to the broader question of the REDD+ policy process and institutional architecture for the future of forest governance. Are REDD+ and its associated policy-making and institutional design process *reinforcing*, *reversing* or *reconfiguring* decentralized forest governance in Nepal? The analysis provides little evidence that existing and emerging institutions are *reinforcing* decentralized governance in any significant way. Rather, the influence of existing institutions, their interaction with the emerging REDD+ architecture, and recent efforts by the government to reassert control over forests through both legal and policy mechanisms, suggest a recentralization of forest governance, and a corresponding loss of local autonomy. The analysis has revealed several significant challenges in this regard, described below.

Unilateral government policy decisions and declarations. In the face of increasing efforts on REDD+ and optimism among stakeholders about the possible benefits from forest carbon trading, the government has made some controversial unilateral decisions that have long term implications for community rights and local livelihoods. Neglecting the spirit and the letter (i.e., laws) of decentralized forest governance, the MoFSC put forward a proposal to amend the Forest Act 1993 in July 2010 to curtail the existing rights of local communities, including increasing the tax on all forest products sold by CFUGs nationwide to 50%, arguing that the central government requires more authority to regulate the activities of communities in order to reduce deforestation and forest degradation in the Terai. After about one year of pressure from civil society, led by FECOFUN, the government decided to withdraw the proposal in July 2011. Similarly, the government has declared several new protected areas since November 2009 to meet the national target of 24 percent of forest under protected area status, based on

the logic that these designations support forest conservation. Thus, as a result of these declarations, Nepal (and the government in particular) could benefit more from carbon-trading regimes like REDD. These policy initiatives have challenged the basic rights of local communities to manage, access and use forest resources according to their needs.

Dominance of the policy-making process by powerful actors. The forestry bureaucracy and the associated policy-making process in Nepal are dominated by entrenched interests and the involvement of a few powerful actors with a strong influence on policy outcomes, namely the MoFSC (i.e., the REDD Cell), consultants and technical experts, and donor organizations. This is particularly evident in the case of REDD, where this 'iron triangle' of powerful actors has largely excluded consideration of the interests of other stakeholders, especially more marginalized groups and forest-dependent communities, but also private landholders and potential investors. Although a few prominent civil society groups have been engaged in the process, their role has been mainly restricted to symbolic legitimization of the government-led process. While some CSOs have played an active role in policy dialogues and processes, they reflect the interests and voice of only a couple of stakeholder groups (e.g., community forestry, indigenous peoples), whereas the participation of more marginalized groups, such as the *Dalits* and landless, has been very limited.

Restrictions on resource and carbon tenure and access. Despite the proliferation of CFUGs throughout the country, the policies that ostensibly support them, their autonomy, and strong evidence of ecological restoration in many community-managed forests, members of forest-dependent communities still face significant threats to their rights to manage and use their forest resources. Primary among these threats is a perpetual lack of secure tenure over the land that their forests stand on. Communities now have clear rights to trees and forest products, but not to the land itself. This is problematic within the context of carbon trading, since carbon is contained not only in trees, but also in the soil, roots and organic debris, of which the rights-holders remain ambiguous (Ojha *et al.* 2008, Pokharel & Byrne 2009). Furthermore, even those rights guaranteed by law are continually challenged by government directives and administrators, such as a call by the MoFSC to ban the harvesting of all green trees during 2011, which was later withdrawn. In addition, internal inequities in access to benefits and decision-making persist within many CFUGs, perpetuated by local power imbalances. Although such community-level inequities have given rise to national and district-level policies and awareness-raising campaigns, ultimately they must be addressed at the local level.

Lack of concern for the rights and interests of communities in policy documents. Third, the main REDD+ policy documents (MoFSC, 2010) reflect a lack of attention to safeguarding the rights and interests of local and marginalized communities. Though, these documents have recognized the need for a participatory multi-stakeholder process for preparing the country for REDD+ implementation after 2012 (MoFSC 2010), the manner in which they have been produced

suggests otherwise. The policy documents have been developed mainly through ToR-based consultancies, without broad-based consultation or support from diverse stakeholders. Moreover, these documents do not adequately reflect concern for the socioeconomic and biodiversity impacts of REDD, or important governance concerns, since corresponding safeguards and monitoring mechanisms have not been written into them. Thus, it is clear that the REDD+ policy process and emerging documents are reinforcing the existing unequal power relations between stronger actors, such as the government, donors and consultants; and weaker actors, like civil society groups and community-based organizations. There is also evidence of a shift toward a more autocratic legal process. For example, the government unilaterally put forth their proposals to amend the Forest Act 1993 to curtail the existing rights of CFUGs, and to create new protected areas, without consulting other stakeholders.

Techno-bureaucratic approach to piloting, monitoring and forest inventory. While governance is a critical concern in the REDD+ debates, both internationally and in Nepal, safeguards and monitoring mechanisms to ensure socioeconomic and biodiversity co-benefits and effective decentralized forest governance are not evident in the current REDD+ readiness process. Rather, a techno-bureaucratic approach pervades the policy process, as well as the various piloting activities. For instance, while pilot projects have been very intensive in their efforts to monitor carbon stocks and impart this knowledge to community members, they have not incorporated discussions or monitoring for safeguarding the implications of REDD+ for local livelihoods or biodiversity impacts into their project activities. Furthermore, the comprehensive national inventory project being carried out by the DFRS, which is to serve as a national baseline for REDD, has been criticized on the grounds that it has not consulted civil society and does not include adequate provisions for building the capacity of local forest management officials and community institutions.

These challenges are indicative of a broader failure in forest governance in Nepal at multiple scales. This failure presents substantial hurdles for the effective implementation and governance of REDD+. At the same time, there is some evidence that Nepal's engagement with the REDD+ readiness process is *reconfiguring* governance in subtle ways. First of all, there are new collaborations among civil society, though the longevity and ultimate effectiveness of these collaborations remains to be seen. Second, new actors are emerging in forest politics. A case in point is NEFIN, which had little involvement in forestry dialogues and forums before the advent of REDD+. Third, there has been a gradual (though uneven) increase in the involvement of civil society representatives in policy-making, piloting and awareness-raising initiatives and forums related to REDD+ and climate change, although their influence on institutional design outcomes is still minimal. Furthermore, the somewhat paradoxical role of some CSO representatives, as both consultants in REDD+ policy design processes and advocates for the rights of local communities, could put them at odds with their constituents.

7.2 Future Directions for Institutional Design and Research

Despite the many challenges outlined in our analysis, there are some opportunities for promoting decentralized forest management and the effective implementation of REDD. As Young (2002a) states:

> Costs to operation at higher levels are measured in terms of… [their] lack of sensitivity to both the knowledge and the rights and interests of local stakeholders... What is needed, under the circumstances, is a conscious effort to design and operate institutional arrangements that take local knowledge seriously and protect the rights and interests of local stakeholders, even while they introduce mechanisms at higher levels of social organization required to encompass the dynamics of ecosystems that are regional and even global in scope.

Berkes (2002) adds that it is concrete institutional linkages between local and higher-level institutions that will lead to effective policies, and better social and environmental outcomes. He emphasizes that multi-scale co-management institutions and the 'adaptive management' approach may enhance our efforts to fully understand and promote effective cross-scale institutional linkages. But how do we protect the rights and interests of local forest-dependent communities and marginalized groups in this process? If more impartial external actors (governmental or non-governmental), without a strong position of power or stake in the outcome of REDD, facilitate debates and decision-making processes, they can empower the marginalized actors to voice their concerns (Swallow *et al.* 2007, Tiwari and Amezaga 2009), but identifying these actors is a crucial challenge. Thus, effective and equitable cross-scale institutions and policies require not just functional linkages among existing institutions—with overlapping sets of rules and incentives for ensuring transparency, equity and mutual accountability—but also the engagement of skilled facilitators who can create bridging institutions.

As REDD+ policies and institutions continue to evolve at the international, national and local levels, there is a need for further research at multiple scales to inform the governance of REDD+ in Nepal and other countries where it is being implemented; and to better understand the interplay, interactions and linkages between existing institutions, actors and policy processes across multiple scales. This includes studies on specific elements of the evolving international REDD+ negotiations and financing processes, and how they are impacting ongoing policy processes and institutional design at the national and sub-national levels; as well as in-depth research on the nature and intensity of interactions among different actors both within and across scales, and how they influence the design of policies and institutions. There is also a need for case studies on existing adaptive governance systems for forests, including specific precedents for REDD+ (i.e., market-based conservation mechanisms, such as voluntary carbon trading, sustainable forestry certification or other payment for environmental services schemes) that can provide insights on collaborative arrangements, how they function across horizontal and vertical scales, and what the

implications and outcomes are for local communities and environments. At the local level, there is a need for research on the awareness, perceptions and responses of community members with respect to policy dialogues and processes related to REDD+ and climate change; as well as participatory governance assessments that engage communities in critical reflection and analysis on their involvement in policy dialogues and piloting activities, and on the political and economic constraints for achieving effective, efficient and equitable outcomes for REDD+ (Angelsen 2008, Angelsen *et al.* 2009).

In summary, the forging of effective cross-scale institutions (i.e., institutional linkages) for ensuring key aspects of governance—especially resource tenure and access, equitable benefit-sharing, monitoring, and conflict management—will be critical for realizing a successful REDD+ program in Nepal. These institutions should include specific rules and procedures for the distribution of resources, responsibilities, risks and authority among government bodies, facilitating intermediary organizations (civil society or private) and local common-property institutions and actors. However, such cross-scale institutions are still in their infancy. Lessons for their construction can be gleaned from similar existing institutions for other programs and policies in Nepal. Furthermore, sustained interaction among a broad spectrum of relevant institutions and stakeholders at multiple scales will be critical for the effective development and maintenance of such bridging institutions. It is clear that, at present, the institutional architecture for REDD+ in Nepal is still quite top-heavy, and that there is a vacuum of constructive horizontal and vertical cross-scale linkages for connecting local institutions and actors with each other and with relevant institutions and stakeholders at higher levels. Without this bottom-up web of supportive institutional relationships, there is little hope for the success of globally driven policy initiatives like REDD+.

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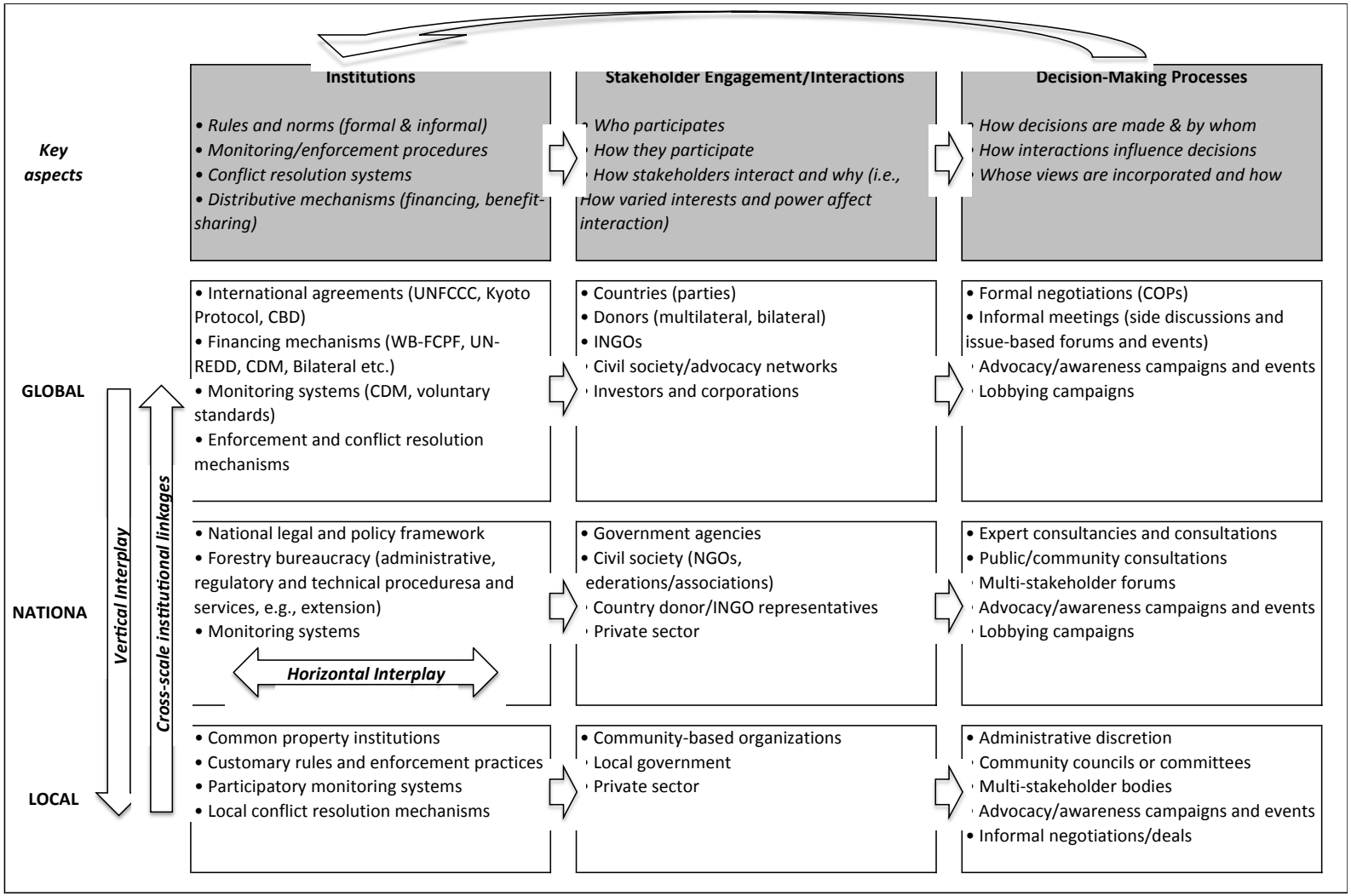
Appendix A. Cyclical relationship between institutions, stakeholder engagement, and decision-making processes in the context of REDD+



Appendix B: Interests, roles, level of influence and relationships of key actors in Nepal's REDD+ readiness (R-PP) process

Key actors	Interests	Roles played	Level of influence	Relationships with other actors
Government agencies (e.g., REDD Cell, Department of Forests and other departments under Ministry of Forests and Soil Conservation)	Devise technically sophisticated REDD architecture with stronger role of government agencies, particularly that of central-level agencies	REDD Cell led the R-PP preparation process Other government agencies have provided necessary advisory support	• High level of influence in both policy processes • 4 out of 9 members of REDD working group are from government organizations. • Comparative advantages in understanding REDD and forestry technologies and terminology • Can devote full time to the process since this is their primary responsibility • REDD Cell led finalization of policy documents.	• Good relations with donors and consultants. • Received financial and technical support to prepare the RPP • Outsourced tasks to consultants • Relations with civil society organizations not so smooth due to difference in interests
Federations of community-based organizations (e.g., FECOFUN and HIMAWANTI)	Ensure voices of local communities in REDD policy processes, especially forest dependent people, women, and poor	Participated in the R-PP process as both consultants and as watch-dog for securing community rights in overall process	• Relatively less influence in policy processes as Limited knowledge base for understanding technical issues and language of key policy documents (English) • Comparative disadvantage in terms of resources availability	• Good networking among civil society organizations, though more for accomplishing consultancy than safeguarding community rights in the REDD policies and institutional architecture
Caste and ethnic-based organizations (e.g., DANAR and NEFIN)	Raise voice of Dalit and ethnic minorities in REDD policy process; ensure rights of these groups.	Participated in R-PP process as both consultants and watch-dog organizations	• Weaker than the federations because these organizations are not well organized and have more limited knowledge of forestry and REDD issues • Limited language and resources capacities to review policy documents.	• Maintained good working relations with other civil society organizations for securing consultancies • Have always been sceptical of government and consultants for not adequately addressing their issues
Non-Governmental Organizations (e.g., ForestAction, ANSAB, WWF)	Differentiated interests—from securing funding to raising civic concerns	Involved in R-PP process as REDD Working Group member, and some as consultants	• Limited access to REDD decision making forums • Their interests have not prevail in REDD-related policies	• Some allied with federations to secure community rights, while also doing consultancies • Others allied with government only for the sake of securing consultancies
Research and academic institutions (e.g., ICIMOD, Kathmandu Forestry College)	Generate knowledge and information for REDD policy process; secure funds for this	Contributed to R-PP process by providing intellectual/technical advice; some have engaged in consultancies	• Limited influence in REDD policy • One representatives in REDD working group • Limited influence in REDD policy processes against the strong influence of government	• Have not shown strong alliances or allegiances in this process

Key actors	Interests	Roles played	Level of influence	Relationships with other actors
Consultants and consultancy firms	Getting work and ensuring that there will be enough positions for consultants during the readiness period	Heavily involved in R-PP activities to accomplish consultancies	• Higher level of influence • Consultants have relatively good understanding of the contents. • Could afford to maintain good relations with government officials so as to ensure their interests in the policy documents	• Maintained both formal and informal relations with government and donor agencies for securing consultancies
Donor agencies (national offices)	Show their visibility in the policy process and create space for future work.	Provided both financial and technical assistance to accomplish the R-PP related activities	• Higher level of influence • Have provided financial support for the policy process. • Presence in policy processes was influential due to their understanding of the issue and good relations with government agencies	• Worked closely with government in this process. However they were also supporting the CSOs to voice their concerns.

Source: Authors' observations of the policy process