



Improving Forest Governance in Knuckles

Dialogue and development for better outcomes

Nathan Badenoch



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Front: Multiple land uses in the Knuckles area / Back: Grazing is an important use of forest land in the Knuckles area. Photos © Shantha K. Hennayake

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Summary

The declaration of the Knuckles Conservation Forest in 2000 altered the physical, social and political landscape of one of the oldest settled, yet biologically richest, areas in the central mountains of Sri Lanka. The Knuckles Conservation Forest, which made human activity illegal within its boundaries, was the culmination of decades of government concern for the forested lands of this rich natural environment. However, it was a major setback to the livelihoods of the local people, who had subsisted upon a mixed system of paddy cultivation, shifting cultivation and harvesting of forest products. Privately owned land used to produce tea and cardamom commercially was also brought within the Knuckles Conservation Forest, and the entire system of private tenure was thrown into doubt.

Sri Lanka's Forest Department considered the Knuckles Conservation Forest to be a major victory for conservation, as it was able to overcome pressure from well-connected commercial estates and secure protected status for the second-most important forest area in the country. It was also a step towards realizing the Forest Department's goal of seeking mixed cultural and natural World Heritage status for the area.

The Knuckles area constitutes 30 per cent of the watershed forest of the Mahaweli catchment, the major source of water for Sri Lanka's agricultural sector. However, the costs to local people in terms of loss of livelihoods, and the marginalization of private landowners as potential partners in forest management, represent a failure of governance. The decision to declare the conservation forest was based on high-quality scientific information about the forest ecosystems of the area, but that information did not include the range of stakeholders who would be affected by the conservation forest. The result was a tense situation between local communities, private landowners and the Forest Department concerning boundaries, tenure, access to resources and livelihood options.

Six years after the conservation forest was declared, IUCN's Strengthening Voices for Better Choices project chose the Knuckles area as a pilot site for addressing the problems of forest governance. The central pillar of the project, which is being implemented in six countries around the world, is the tripartite approach. Tripartite refers to the three main sections of society – government, civil society and the private sector. The basic premise is that good governance is achieved through decision making that enables meaningful roles for stakeholders in all three sectors.

After nearly two years of implementation, the Knuckles pilot site has produced marked improvements in the governance situation and has established a basis for ongoing efforts. First, local institutions have been strengthened. These institutions are representative of local needs and interests, and are empowered to engage actively in the forest management issues that affect their lives.



The Knuckles landscape. Photo © Shantha K. Hennayake.

Second, local entrepreneurs have emerged. With the assistance of the private sector, a farmers' co-operative has been able to eliminate the middlemen who controlled the prices and kept farmers in debt. Entrepreneurship has been a critical factor for local people, as it has produced economic alternatives that compensate for losses stemming from land-use restrictions in the Knuckles Conservation Forest. At the same time, it has brought confidence to the communities and increased their bargaining power in the local economy.

Third, a forum for dialogue on forest management has been established in the Knuckles area. This forum is a platform for diverse stakeholders to build understanding and confidence in order to expand the scope for their participation in decision making.

Lastly, a national-level forum to address the broader issues of forest conservation and management policy has been established. Since it is the first forum of its kind in Sri Lanka, there is strong buy-in from government, civil society, academia and the private sector.

These first signs of success have been encouraging to all involved in the Knuckles pilot project. In many ways, the innovative governance arrangements in Knuckles have just started to evolve. Many issues remain unresolved, such as the security of legal rights over land and the degree to which communities will be empowered in decision making, and it is not yet clear if the current activities can be maintained in the long term. Nonetheless, the stakeholders involved have been eager to reflect on the process in order to understand what has enabled the transformations that are under way, and how this momentum can be sustained.

"The Knuckles governance story" tells of how strengthened voices and better choices can produce conservation benefits while enhancing local livelihoods. This story also highlights how confidence building and open dialogue can open the way for more inclusive and

This paper is a response to an IUCN internal review of the Strengthening Voices for Better Choices project, carried out in May 2007. The review recommended that a study be carried out, focusing on the process of implementation in Sri Lanka, in order to learn lessons about catalysing dialogue for improved forest governance. The research and composition were carried out by a former staff member of IUCN's Lao People's Democratic Republic Country Office. The author has a background in environmental governance, but is not involved in the project or any other IUCN Sri Lanka activities.

The paper is intended to serve as a learning tool for people involved in the Strengthening Voices for Better Choices project in Sri Lanka and beyond. As such, it is not a consensus document, although a broad range of stakeholders was consulted and their views have been taken into account as much as possible. Several reviewers also provided comments on earlier drafts. It is hoped that the paper will inform reflections of a similar nature in other sites within the global project, and that it will be of interest more generally to people involved in forest governance.

transparent decision making. The governance transformation now under way will require “cultural” change within all stakeholder groups and, in particular, appreciation of the processes by which decisions are made.

Introduction: A governance problem and the evolving Knuckles vision

Forest governance

The Knuckles Forest, a mountainous area in central Sri Lanka (see Box 1 and map opposite), has provided the foundation for the agricultural livelihoods of communities living there for many centuries. The area is also highly diverse in terms of its plants and animals, many of which were used directly by local people or sent to surrounding urban areas as trade and tribute. At the same time, the

Knuckles Forest provides water that is critical to the well-being of lowland populations. The introduction of state-led forest preservation in the 1990s has brought about a variety of changes in the natural and social landscapes of Knuckles because it puts tight restrictions on how forests and forest land can be used.

The Knuckles Forest is now the site of a multi-stakeholder effort to improve the processes through which decisions about the forest are made. This effort is part of the Strengthening Voices for Better Choices project, a global initiative to enable and implement forest governance arrangements that result in sustainable and equitable forest conservation and management. Sri Lanka is one of six countries in which the project is operating (Box 2).

Strengthening Voices for Better Choices (from now on referred to as the Governance Project) is a part of the IUCN approach to forest governance. The work of IUCN is based on the belief that forest-related problems are best addressed through collaboration between governments, civil society and the private sector. Working with multiple stakeholders also requires collaboration across landscape, national, regional and global scales because decisions made at one level may have an impact on other actors at different levels.

Box 1 Ecology and history of the Knuckles Forest

The Knuckles Forest covers an area of about 160 km². Geologically the region forms part of Sri Lanka's central massif, but it is isolated from the island's main mountain areas by the Dumbara valley in the south and east, and by the Matala valley in the west. It is characterised by a rugged landscape with deep valleys and high peaks, more than 35 of which are over 300 metres. The highest point reaches 1,900 metres.

The Knuckles Forest lies on the boundary between the wet and dry zones of Sri Lanka and has a variable climate. Its upper reaches have a cool, montane climate, whereas the lower parts have a dry, humid climate. It receives rain during both the north-east and south-west monsoons, and total precipitation ranges from 2,500 to 5,000 mm a year.

As the upper catchment forest of the Mahaweli River, the longest river in Sri Lanka, the Knuckles Forest provides watershed services important for socio-economic development in the plains region. Several important tributaries of the Mahaweli River originate in the Knuckles Forest area.

Three main forest types are found in the Knuckles area: (a) lowland tropical wet semi-evergreen forest; (b) sub-montane, wet semi-evergreen forest; and (c) montane, tropical wet-evergreen forest. Unique to the area is a dense, stunted vegetation type known as “pygmy” forest. Although the Knuckles Forest covers only about 0.3 per cent of Sri Lanka's land area, it harbours over a third of the country's flowering plants. Of the 288 recorded woody plant species in the area, 85 are endemic, 11 are nationally threatened and 26 are globally threatened.

The Knuckles Forest is an important reservoir for biodiversity, providing habitats for nationally and globally important species of fauna such as the Sri Lanka leopard (*Panthera pardus kotiya*). In all some 31 mammal species, 128 bird, 53 reptile, 20 amphibian and 25 freshwater fish have been recorded in the area.

The Knuckles area has been inhabited for over two millennia, and today there are 80 villages in and around the protected forest. The area was relatively isolated and unspoilt until the 1960s, when commercial-scale underplanting of the forest with cardamom (*Elettaria cardamomum*) began.

In 1800 the British colonial administration built a Christian school and church at a village called Pallekumbura in the Knuckles area. In 1873 a Climatic Reserve was declared over all lands above 1,500 metres, and the forest was declared a Forest Reserve. In 1960 the Forest Department allowed commercial underplanting with cardamom, which was soon followed by extensive cardamom cultivation by the surrounding villages. These unprecedented interventions marked the beginning of forest loss and degradation in the area.

In 1975 one of the peaks of the Knuckles range, Dotulugala, was declared a Man and Biosphere (MAB) Reserve. Sri Lanka's new National Forest Policy was formulated in 1980, and in 1988 the Knuckles Conservation Area was declared over all lands above 1,067 metres. In that year Sri Lanka's Forest Department also initiated the first Knuckles Conservation Programme.

The need to survey the forests of the Knuckles Conservation Area in preparation for a comprehensive management plan was recommended at a workshop in Kandy in 1988. As a result, the Forest Department and IUCN prepared the first Knuckles Conservation Management Plan in 1994 with support from the Norwegian Agency for Development Cooperation (NORAD). The Kandy workshop also recommended that the Conservation Area be extended to cover all contiguous forests, and in 1990 the boundary of the area was formally demarcated. In 2000 the area was declared a National Man and Biosphere Reserve, and was given protected status as a Conservation Forest. Subsequently proposals were drawn up for upgrading its status to an International MAB Reserve and World Heritage Site. In 2007 the Knuckles Conservation Forest was gazetted as the Knuckles Environment Protection Area, and Sri Lanka's Central Environment Authority was given responsibility for enforcing all relevant environmental laws in the area.

Since 1988 various studies have been made of the area's ecology, hydrology and forestry, and the socio-economic status of its inhabitants. Besides the work supported by NORAD, and studies carried out for the MAB and World Heritage applications, projects have been implemented by the Universities of Aberdeen and Peradeniya, and the Australian Agency for International Development.

Box 2 IUCN and forest governance

The forest governance objective of IUCN is to ensure governance arrangements that will deliver sustainable forest management and improve local livelihoods. Equity, transparency and participation should be the cornerstones of responses at all levels to illegal logging and other predatory forest-related practices. Through a tripartite approach that seeks to create space for shared solutions and benefits in forest decision making among government, civil society and the private sector, IUCN is working to catalyse the implementation of forest governance actions that are prioritized nationally, and which achieve demonstrable policy and practice impacts.

The IUCN Strengthening Voices for Better Choices project is structured around five result areas (see below). This structure is shared across the pilot site countries; however, in implementation, there appears to be some variation in the response to local conditions and needs. The Knuckles site in Sri Lanka, as in other countries, has taken a flexible and adaptive approach to the result areas. Analysis of how the Knuckles activities have made use of the result areas' structure is a useful way to begin to understand the processes at work in the field.

Result 1: Policy, legal, institutional and economic obstacles to improving forest governance identified in a participatory fashion.

Result 2: New and innovative approaches to overcoming the obstacles to better forest governance are pilot tested.

Result 3: Stakeholders from government, civil society and the private sector have enhanced capacity to participate effectively in forest governance reforms

Result 4: Awareness of, and commitment to, forest governance processes and action are increased and sustained.

Result 5: Lessons are analysed and disseminated at all levels.

After nearly two years of project work, the Knuckles site has begun to provide insights into how a tripartite approach – involving government, civil society and business – to forest governance can be implemented. The story emerging from the Knuckles Forest tells of the importance of process – and how diverse stakeholders interact at different levels – in determining the outcomes of decision making.

The final chapters of this story have yet to be written, as the project is only halfway through its planned duration. Nevertheless, analysis and discussion of these insights can be useful not only for the Knuckles site, but also for the larger community of people working on forest governance in Sri Lanka and globally.*

Conservation in Knuckles

In 1994 the Sri Lankan government created a Management Plan for the Conservation of the Knuckles Forest, in response to the percep-

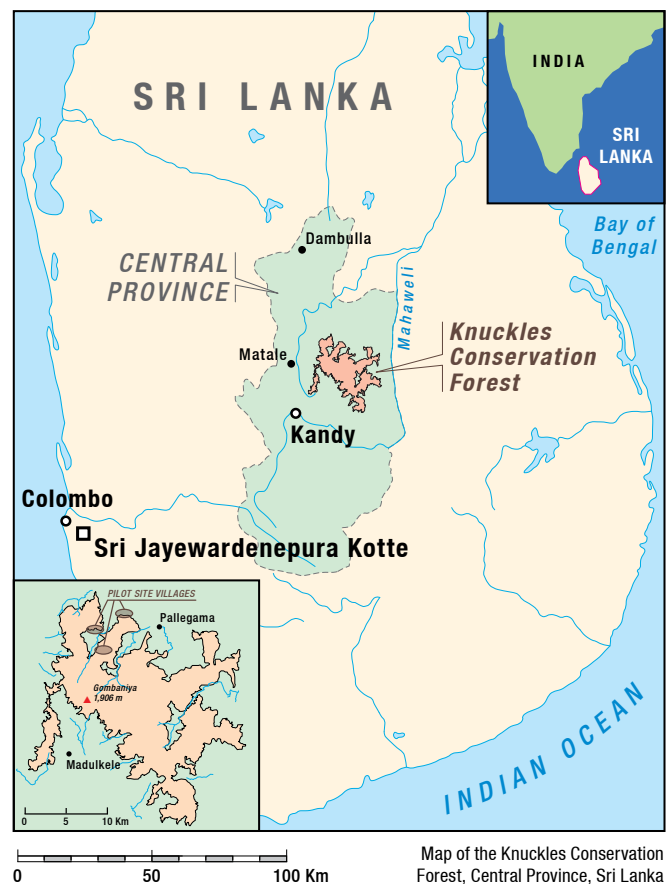
* The story that follows is drawn mainly from the narratives of stakeholders involved in the project, collected in interviews in the project villages, Kandy, Colombo and Bangkok. The storytellers are listed in the Appendix. Three documents were consulted for background information: "Management Plan for the Conservation of the Knuckles Forest (Phase II)", prepared by IUCN in collaboration with the Forest Department of the Ministry of Forestry, Irrigation and Mahaweli Development (March 1994); "Eco-Tourism Development Plan for the Knuckles Conservation Area", prepared by IUCN Sri Lanka in collaboration with the Forest Department (September 2001); and Strengthening Voices for Better Choices Internal Review Draft Report, prepared by IUCN, June 2007.

tion that the ecological values and functions of the area were critically threatened by local subsistence and commercial activities.

The Management Plan, with assistance from IUCN Sri Lanka, was followed by the declaration of the Knuckles Conservation Forest in 2000. The area was also designated as a National Man and Biosphere Reserve, and is now a candidate for mixed natural and cultural World Heritage Site status.

The main environmental concern in Knuckles at the time of the 1994 Management Plan was encroachment by human activities in an area of rich biodiversity and watershed protection value. Large-scale production of coffee, tea and cardamom had been a reality in the area for more than 30 years. Small- and medium-scale commercial activities had also become well established since the 1960s, when the Forest Department granted land to private enterprises that hired local people to work on cardamom plantations. More than half of the cardamom – an important revenue earner in the national economy – cultivated in Sri Lanka was once located in the Knuckles area. Local systems of rotational shifting cultivation had produced a forest-fallow mosaic in areas around villages. Villages near the forest depended upon forest products for subsistence and cash income. Logging of valuable species had been conducted for some time, further contributing to the degradation of the Knuckles Forest. Despite these pressures, much of the forest has remained an area of great floristic and faunal diversity, scenic beauty and an important source of watershed services.

Forest conservation efforts in Knuckles have resulted in a substantial gap between the local people and the local environment. This mismatch is largely the result of forest decision making that does not allow adequate space for participation by many important stakeholders. These problems can be seen in the decision to establish the Knuckles Conservation Forest as well as in the imple-



mentation and follow-up. The three main stakeholder groups in the Knuckles Forest – local communities, private landowners and the Forest Department – are introduced in Table 1.

The Management Plan recommended that cardamom cultivation cease, buffer zones with restricted access to the forest be created, alternative economic activities be promoted and awareness of conservation be raised. When the conservation forest was declared in 2000, shifting cultivation was prohibited and most large-scale cardamom production was stopped. Some privately owned land, which had largely phased out commercial production because of falling profitability, was excluded from these regulations.

The effects of closing the forest still dominate the narrative of local stakeholders. According to the villagers' explanation of this saga, the loss of *chena* (shifting cultivation fields) and access to the forest amounted to a major loss of livelihoods for the 80 villages in the buffer zone. The response was to increase dry-season planting of commercial crops in paddy fields.

Despite an increase in government extension services and training for self-employment, local farmers remained impoverished because they were reliant ("enslaved" in their own words) on local middlemen who controlled access to markets for the few crops they grew. Village paddy fields produced sufficient rice, but without access to *chena* and forest areas that supplied important supplementary food sources, nutrition and food security declined rapidly. Drastic reductions in cash income also meant a decline in overall livelihood standards. In one typical Knuckles village, it was estimated that 62 per cent of villagers' income had been derived from the forest in the form of cardamom (26 per cent), *chena* (20 per cent) and other non-timber forest products (16 per cent). However, the villagers had no channel for communicating these concerns.

Private landowners in the Knuckles Conservation Forest, at that time largely managing their land for recreation after cardamom had been phased out, were marginalized from forest management despite their requests to be considered as partners in conservation. With the ecotourism potential of the area, private land was extremely valuable. As part of the Management Plan the government intended to acquire the private land. This meant purchasing land from the owners at reasonable prices, except that this was not a market transaction because the owners had no right to refuse the sale if the price was deemed appropriate by government assessors. The uncertainty of tenure became the greatest concern of the private landowners, who lacked an effective channel for communicating these concerns.

For the Forest Department's part, the declaration of the Knuckles Conservation Forest was both a great victory and a renewed chal-



Native Knuckles vegetation underplanted with cardamom. Photo © Shantha K. Hennayake.

lenge. Forest Department field staff in Sri Lanka, as in many other countries, are stretched beyond capacity. Besides the low ratio of staff per square kilometre, as well as the resultant difficulties in monitoring and management, the Forest Department did not have the means to comprehend the situation of the local stakeholders.

Evolving the Knuckles vision

From a conservation perspective, forest management problems have been largely resolved since conservation began in earnest in Knuckles in the late 1980s. *Chena* has stopped, cardamom production has been drastically reduced and illegal logging has ended. However, there is a clear divergence in the interests of the three major stakeholder groups: local communities, the private sector and government. Mechanisms for involving local stakeholders in national forest policy have not been developed, while lines of communication among stakeholders remain virtually non-existent. The current challenge is to manage the conservation successes in a way that better recognizes local needs and concerns.

Rather than a question of forest management per se, what has emerged is a question of who participates in decision making. Since the establishment of the conservation forest, there has been no effective mechanism for ensuring that information flows between government, communities and core forest landowners. Villagers are unaware of the details of the management plan – exactly what is prohibited, where the boundaries lie and who is responsible for what. The Forest Department makes decisions while other stakeholders remain unaware.

The original vision of the National Project Co-ordinator, responsible for planning and implementing the Sri Lanka component of the Governance Project, was to work on two levels. In Knuckles, these consisted of (a) a local forum where stakeholders would discuss solutions to the problems that had arisen from the conservation forest, and (b) a national forum where a multi-stakeholder group would learn from the pilot site and work to channel lessons into policy.

A Project Steering Committee was set up in June 2006 to provide a platform for two-way exchanges of information. Data and experiences from the field are presented to the committee, while committee discussions provide ideas and suggestions to the project. The Committee, which is chaired by the Conservator General of Forests, comprises representatives from NGOs, private sector, academia, local government and other line agencies.

During the first half of the project, a three-pronged implementation approach was developed at the Knuckles pilot site. The compo-

Box 3 Talking about forest governance in Sri Lanka

The term "forest governance" is well understood in Sri Lanka. In Sinhalese, the local language, the expression *vana yanapaalanaya* includes nuances regarding the processes through which good decisions are made. The term governance, *paalanaya*, is an indigenous term for how matters of importance are decided, but was joined with the *vana* (good) element to imply processes that are open and equitable. This general term had become common in the development sector since the late 1990s, and was joined with *vana* (forest) and quickly adopted around 2000. It seems that the high levels of literacy in Sri Lanka, combined with a long tradition of civic engagement carried on from British colonial times, facilitated understanding of the new term among the public.

Table 1 Stakeholders in Knuckles Forest governance

Stakeholder group	Traditional interests	Implications of conservation forest establishment	Actors in governance processes
Local communities	Access to agricultural fields and non-timber forest products.	<p>Cultivation of upland fields is banned, access to forest resources is cut; social and economic well-being is adversely affected.</p> <ul style="list-style-type: none"> ▶ Villagers need livelihood options. 	<p><i>Dumbara Surakinno</i> “Protectors of Knuckles” – Local community-based organizations first established by Forest Department and reconstituted by the Governance Project in each village to strengthen local roles in forest management.</p> <p><i>Takkali Samithiya</i> “Tomato Society” – Village-based marketing groups established by the Governance Project with support from the MJF Charitable Foundation to eliminate dependence on middlemen and expand access to regional markets.</p>
Private landowners	Commercial production of cardamom and tea.	<p>Agricultural area is greatly reduced, right to remain on the land is uncertain; value of land is reduced with uncertain tenure.</p> <ul style="list-style-type: none"> ▶ Land owners want secure tenure in recognition of their role in forest protection. 	Eco-Friends of Knuckles – Loose grouping of private landowners registered as a non-governmental organization (NGO) to participate formally in governance processes.
Forest Department	Watershed protection and biological values, potential World Heritage site.	<p>Greater protection of forest values; gap between forest managers and local stakeholders grows; ability to effectively manage the conservation forest is lessened.</p> <ul style="list-style-type: none"> ▶ Forest Department plans to acquire privately owned land; wants communities to implement conservation management plan. 	District Forest Office – Local officials working with local stakeholders in implementing forest management activities.

nents of this approach included:

- ▶ Creating and strengthening channels for local actors to communicate their ideas to decision makers in government.
- ▶ Building relationships with the private sector to mobilize support for local livelihoods.
- ▶ Creating political space and capacity within official forest policy making for meaningful participation of other groups.

The highly nuanced approach that emerged was the product of a number of factors having more to do with the flexible way in which the activities were carried out than the implementation of a detailed roadmap.

Responses to the forest governance problem

IUCN’s internal review of the Governance Project in 2007 concluded that in Sri Lanka, “the work addresses how decisions are made about what is legal and illegal forest use, and includes good strategies for forming private sector and civil society alliances (such as the creation of a National Forest Working Group), and seeking local benefits from forest management.”

The project interventions have addressed the question of how to enhance the voice of local stakeholders within forest decision

making. A set of ten key interventions show how the three-pronged strategy evolved in practice:

- ▶ Strengthening the capacity to communicate:
 1. Establishing a project office in Illukkumbura village.
 2. Inclusive socio-economic assessment to produce information and shared understanding.
 3. Reconfiguring the *Dumbara Surakinno*.
 4. Involving local government to increase legitimacy.
- ▶ Engaging with the private sector and encouraging entrepreneurship:
 5. Forming *Takkali Samithiya* to increase incomes.
 6. Engaging with Eco-Friends.
 7. Promoting local entrepreneurship.
 8. Organizing the Knuckles forum.
- ▶ Expanding political space:
 9. Facilitating opportunities for government–community collaboration in ecotourism.
 10. Developing a national forestry working group.

The intent of each of the interventions is relatively straightforward. The impact of the interventions has been a product of the inclusive way in which each has been conducted as well as the combination of interventions.

Establishing a project office in the village

The first activity undertaken at the pilot site was the opening of the project office. This happened in May 2006. The National Project Co-ordinator decided early on that for the project to succeed, it would need to be firmly rooted in the reality of the Knuckles communities. Concurrently with the design of the project, negotiations with Illukkumbura village were concluded, a house was rented and the Assistant Project Officer took up residence. The project initially planned to work at three pilot sites – the villages of Illukkumbura, Aetanwala and Pitawala – but then decided upon the more centrally located Illukkumbura as its base.

Even before activities had started, villagers recounted having felt appreciation for the statement of commitment the project had made through the establishment of the local office. The project's physical presence is not only symbolic, but also provides a central node through which people, information and ideas are constantly flowing in and out.

Inclusive socio-economic assessment to produce shared understanding

The project's field activities were initiated through an assessment designed by consultants and implemented by the *Dumbara Surakinno*, a local community-based organization set up by the Forest Department in 1991. By entrusting the field surveys to this organization, the project had already begun to build understanding and ownership. More directly, the assessment surveys identified and trained the young people who would lead and subsequently bring the organization onto centre stage of the project.

The assessment fed important information directly into the project. With the initiation of the project, a field office was immediately established in one of the villages. The assessment was conducted as a continual dialogue, in which community researchers from the *Dumbara Surakinno* interviewed households and then fed

information back to the project office daily. Villagers participated in these feedback sessions as the office had quickly turned into a central meeting point for people. Through this set-up the project was quickly able to grasp the nature and extent of the livelihood losses villagers had experienced. Thus, transfer of information occurred on two levels.

The assessment also produced valuable information that was relevant to the development of the project as well as beneficial to national policy. From the start, the plan was to feed this field-level information and analysis into a "learning body" that would provide direction to the project. The main recipient of this information flow was to be the Project Steering Committee. The Committee did indeed make important recommendations based on the assessment results. For example, there was early recognition of the need to focus interventions on livelihood alternatives. Shortly afterwards, the Committee recommended the development of ecotourism as one of those alternatives.

Lastly, the assessment served a confidence-building function. To this end, the assessment activities created common ground from the beginning. There was serious suspicion of the project among the local people, in view of the fact that IUCN had been involved in the creation of the management plan that had led to their loss of livelihood. The decision to work with the *Dumbara Surakinno* was also problematic because it was closely associated in many peoples' minds with the Forest Department. Within the Project Steering Committee, clear and credible information on livelihoods helped establish a common understanding of the fundamental problem between government and the communities. Additional studies on customary law and other legal aspects supported this process.

The assessment's success in simultaneously producing information, creating common ground, achieving buy-in and identifying priority issues meant that subsequent interventions started as a natural product of the assessment's momentum. In fact, the project logical framework analysis was developed just six months after field activities had begun. By that time the key decisions regarding project direction had already been made.

Reconfiguring the *Dumbara Surakinno*

When the Governance Project began its work in Illukkumbura village, it chose to work through the *Dumbara Surakinno* (Box 4). Initially, the *Dumbara Surakinno* did not have many actual functions; however, it at least had a structure and could provide an entry point into the village.

After the late 1990s, when government support to the organization ended, the *Dumbara Surakinno* was largely inactive, with just small-scale and unenthusiastic tree planting at the encouragement of the District Forest Office. The Governance Project's first approach to the *Dumbara Surakinno*, in June 2006, was made to introduce the project and gain community buy-in to the assessment studies. The atmosphere at the meeting was one of tension and mistrust, as the young people in the village associated the *Dumbara Surakinno* with the Forest Department, and remembered IUCN Sri Lanka's role in assisting the Forest Department in the preparation of the Knuckles Management Plan.

As tempers flared in the Project Office, the first test of the project's adaptive management skills was administered by the villagers. The National Project Co-ordinator carefully explained the objectives of the project, stressing its governance features and intention to help villagers convey their concerns to government. After the initial heated debate and three days of ongoing dialogue, the National

Project Co-ordinator was able to gain the confidence of the young group. It was agreed that these young people would help conduct the assessment surveys, in the name of the *Dumbara Surakinno*.

According to the National Project Co-ordinator, this was an early turning point in the project because it was clear that there was interest in a more participatory and transparent process of community-based organization building. Perhaps more importantly, it was through this challenge to the project that the key concern of the villagers – the provision of compensation, or at least alternatives, for the livelihoods that were lost after the declaration of the Knuckles Conservation Forest in 2000 – was articulated to the project staff. Until this point, the idea of livelihood activities had not been part of the project objective, which had remained focused on “pure” governance issues.

Through the assessment survey activities, a group of young people in the village became familiar with the thinking of the project. This group conducted much of the survey itself, which greatly improved the quality and quantity of information generated. Their participation also meant that most of the villagers had the project explained to them by people from their own community. This was the first effort to revive the *Dumbara Surakinno*, starting from the important issues as perceived by the villagers themselves. Lastly, the young people's initiative in the assessment activities identified who would form the

Box 4 The *Dumbara Surakinno*

The *Dumbara Surakinno*, “the protectors of Knuckles”, was established by the Forest Department in 1991 to provide a line of communication between the government and the people. However, local people were not consulted about the establishment of the *Dumbara Surakinno* and its functions.

Ms Airangani, the current chairwoman of the Illukkumbura *Dumbara Surakinno*, tells a story of early successes that could not be sustained. On the ground, the organization was supported by a Forest Education and Extension Officer based in the village. His work was to stop encroachment and help lower local tension stemming from the government's more aggressive conservation policy in the area.

The organization met twice monthly. Soon the Forest Education and Extension Officer had established a good relationship with the local people, who still remember him as being genuinely concerned for both the environment and the people of the Dumbara Valley.

Before the establishment of the *Dumbara Surakinno*, villagers had to get District Forest Office approval for any forest use; however, with the establishment of the organization, villagers were able to make more decisions in consultation with the Forest Education and Extension Officer. Through the *Dumbara Surakinno*, the Forest Department hired villagers to help monitor the forest and plant trees. Villagers were also encouraged to find seedlings and saplings in the forest and plant them in their *chena*.

In addition, the Forest Department used the *Dumbara Surakinno* to collect information on forest offences in the area, which did not help lessen the image of the organization as an arm of the Forest Department. Besides these government-led activities, the *Dumbara Surakinno* helped to provide alternatives to cutting timber to make coffins, and established a revolving funeral assistance fund. In 1998 the Forest Education and Extension Officer left and *Dumbara Surakinno* activities came to an immediate halt.



Interacting with Knuckles community members. Photo © Shantha K. Hennayake.

new leadership of the *Dumbara Surakinno* in its collaborative activities with the government and the private sector.

The *Dumbara Surakinno* in each of the three pilot site villages was formalized as an NGO in October 2006. In just five months, a defunct community organization mistrusted by both the people and the government was transformed into a representative organization working for the people in co-operation with the local government and local Forest Department office. By reviving the *Dumbara Surakinno* under its original name, the Forest Department can feel a certain degree of ownership and trust. By renewing the organization through new membership and transparent process, the communities also feel a sense of ownership. Although it had not been in the project plans, a community-based organization had begun to assume a central role in village governance.

Involving local government to increase legitimacy

Soon, however, a second challenge arose to the project's involvement with the *Dumbara Surakinno*. The Village Government Officer, who had not been extensively consulted in the project's work, expressed displeasure with the direction things were taking. Throughout the assessment survey work, the local government's role did not emerge as an important issue. Indeed, the general understanding was that the Village Government Officer was content in his work and was not particularly concerned with the project activities. In fact, he still harboured suspicion of the project's affiliation with the Forest Department, and was unclear of its intentions.

Upon learning this, a meeting was called between the *Dumbara Surakinno* and the Village Government Officer. The National Project Co-ordinator facilitated the discussion, in which the Village Government Officer aired two complaints. First, he pointed out that he had not endorsed either the project or the renewal of *Dumbara Surakinno* activities. Second, he said the villagers had neither been informed of, nor had agreed to, these activities. Having already requested restraint from the young members of the *Dumbara Surakinno*, these problems were acknowledged by the entire meeting.

The Village Government Officer recommended that the membership of the organization be reconstituted by election. The National Project Co-ordinator suggested that since they were halfway through the year and had already been working together, they could reappoint the existing members and then re-elect in the new year. All agreed to this proposal, and a situation of potential conflict was turned on its head with confidence among the groups actually being increased. Lastly, the Village Government Officer proposed that a

home-garden development project be implemented by the *Dumbara Surakinno*.

Creating the *Takkali Samithiya*

The assessment studies uncovered the primary concern of the villagers of Illukkumbura. They were still suffering from the loss of livelihoods because of the Knuckles Conservation Forest designation. A lack of viable alternatives and weak positioning in the market chain put them in a position of complete powerlessness. Price and market access have always been the constraints for villagers of the Dumbara Valley, where the pilot site villages are located. When restrictions on land use started to tighten in the 1990s, the Forest Department provided some extension service to villagers. In Illukkumbura, villagers started planting tomatoes in 1997 for sale at the district seat of Matale, but “price was the problem, and we have been at the mercy of the *mudalali* (middlemen)”.

Marketing of tomatoes in the Dumbara Valley has passed through three phases. In the early years, tomatoes were purchased by a wholesaler from Matale, who gave extremely low prices. By 2004, middlemen and lorries from the newly established Dedicated Economic Centre in Dambulla started to arrive. These middlemen also took advantage of the farmers and the dependence deepened. Village traders appeared in response to the external middlemen, but this in fact worsened the farmers’ situation. Capitalizing on local kinship networks, these traders were able to establish a monopoly and started providing loans for inputs such as seed, fertilizer and pesticide. The debt trap spread quickly, and prices were suppressed.

When this story emerged clearly from the assessment surveys, the National Project Co-ordinator began a discussion with the Merrill J. Fernando Charitable Foundation (MJF), the charitable arm of Dilmah, with whom IUCN Sri Lanka had been collaborating since the 2004 tsunami on coastal rehabilitation and community development projects. After the tsunami, MJF launched a Small Entrepreneur Programme (SEP) to deliver support to affected communities. The MJF representative, an IUCN Sri Lanka Country Office staff member seconded to Dilmah, and the MJF chairman immediately visited the project site in June 2006 to consult with villagers on the possibility of initiating a SEP in Knuckles through the IUCN Governance Project. After hearing their problems, he encouraged the villagers to come up with a plan to overcome the middleman problem. The villagers of Aetanwala proposed the formation of a marketing group and the submission of a proposal for financial support.

In the end, the villagers of Illukkumbura were the first to form a tomato marketing society (*Takkali Samithiya*), just days before the planned harvest. The group submitted a budget of only US\$200 to finance the first delivery of tomatoes to the market. The result was that farmers got more than double the price paid by middlemen, after deducting costs, and were able to put some funds aside for operating the society. The Illukkumbura society also bought tomatoes from surrounding villages. Members of the society accompanied lorries to the market to ensure that transactions were transparent. Along more traditional capacity-building lines, MJF brought in experts from Dilmah to provide training in basic bookkeeping and accounting.

One year later, having seen the success of the Illukkumbura *Takkali Samithiya*, the villagers of Aetanwala decided to establish their own society. When it came time to sourcing the capital for the society’s activity, the Illukkumbura society provided a start-up loan to the Aetanwala society plus technical and bookkeeping guidance.

This co-operative marketing group has caught on, but has yet to be universally embraced in the communities. In the Illukkumbura



Teak planted in *chena* in the Knuckles area. Photo © Shantha K. Hennayake.

society, women comprise about half of the membership while in Aetanwala only 6 of the 49 members are women. The inhabitants of both villages explained that this discrepancy was due to there being more active and aware individuals in the Illukkumbura *Dumbara Surakinno*. This explanation helps us understand why the first society was formed in Illukkumbura, even though the idea originated in Aetanwala.

The secretary of the Illukkumbura society, Ms Sumanawati, described her role as providing information to people, encouraging discussion among the members and helping the members to get together. She was not sure whether everyone would eventually become involved, because this required a shift in the way of thinking among the farmers. While people understood the potential benefits, she said, they were also worried about price instability, increasing local competition, weather fluctuations and disease. Furthermore, after the societies were established attempts were made by local middlemen to sabotage them.

Although the functions of these two organizations are clearly separated, there is substantial overlap in leadership and membership. In Illukkumbura, where the *Dumbara Surakinno* is strongest, it is clear that the two organizations have been mutually supportive. Also notable is that after just one season of activity the two *Takkali Samithiya* have been able to work together without encouragement from the project.

Real empowerment has occurred as a result of the *Takkali Samithiya* activities. Interestingly, this experience has been enabled by only minimal levels of external support. The scope of the financial resources provided by Dilmah has been very small, and the organizational aspects are being translated into observable changes in confidence and initiative. In the minds of the local people, fostering local entrepreneurs and strengthening the community position within the market network has been the most important contribution of the project to date.

Involving the Eco-Friends of Knuckles

Private landholders in the Knuckles Conservation Forest face a direct threat from the Forest Department, which aims to acquire privately owned land and return it to forest. Only some of the privately owned land is under productive use, and the position of the private stakeholders is that if their tenure is recognized, they are ready and willing to be partners in conservation. After years of commercial cultivation in the Knuckles area, they now want to be seen as working towards the same conservation goals as the government. The conservation

partnership they desire is one in which they agree not only to protect the core forest, but also to invest in its rehabilitation. They would like the government to recognize their rights with conditions for a conservation partnership. However, private landowners are viewed with scepticism and mistrust by the government and, to a certain extent, the local communities. There has typically been no formal mechanism for this group of people to become involved in forest management and decision making.

The newly formed Eco-Friends of Knuckles is a loosely knit association of individual landowners previously involved in plantations, working to establish itself as a credible partner in conservation and development activities in Knuckles (Box 5). Early on, the project convened a meeting of Eco-Friends in Colombo, where the Knuckles Management Plan was presented. Even though Eco-Friends members retain legal tenure over the land, they are not considered true owners by the Forest Department. The Eco-Friends group is involved in research on their privately owned land, documenting amphibians and birds, and testing options for replanting with native varieties. Eco-Friends has also expressed interest in investing in firebreaks if long-term tenure security is provided by the government.

Eco-Friends has been an active partner in the Governance Project activities at the local and national levels. For the group, the project has been the first attempt to bring together all the stakeholders in an open dialogue. The Eco-Friends members have preferred to communicate with senior government officials in Colombo rather than with local forestry officers. With the Governance Project's field presence, Eco-Friends has begun to engage more constructively with the local stakeholders. To some degree, the members have begun to transform themselves from a separate private sector group into an integral part of the local community. Their stakes in the governance process are high, because the potential value of their landholdings will only continue to rise as ecotourism grows. Income is derived from tourists staying at the bungalows they maintain. They are asserting themselves as conservationists, demonstrating how private land ownership can produce positive conservation benefits.

As the Conservator-General of the Forest Department pointed out, "private landowners have changed their attitudes and activities since the initial decision to acquire private land lying within the conservation forest. Their ideas now fall more in line with conservation strategies." Through the governance dialogue, it is becoming clear that their interests in ecotourism, conservation and tenure security are converging in a transparent way.

Promoting local entrepreneurship through Dilmah

The Dilmah connection in Knuckles has been the critical factor in empowering the communities within the local market structure. Dilmah has provided support to individual entrepreneurs in broadening the range of options for livelihood improvement. In this way, support from the private sector has helped strengthen voices simultaneously at the community and local levels.

As described above, the *Takkali Samithiya* proposal emerged from the first trip to Knuckles by the MJF representative. The objective of that trip was actually to introduce the SEP, which was designed as a mechanism to deliver support for post-tsunami reconstruction. The SEP philosophy is to nurture entrepreneurs who can create long-term benefits for themselves and the community. MJF and the Governance Project responded quickly to the villagers' marketing problems by challenging the villagers to organize themselves.

MJF proposed that the SEP funds be provided through the Governance Project, to ensure that ecologically sensitive alternative

Box 5 Eco-Friends of Knuckles

In 1987 the start of the Mahaweli Development Project brought national attention to the private landholdings in the upper reaches of the Knuckles Forest, as concern for watershed functions heightened. The project declared the region a conservation area, though this had no foundation in forest law. Landholders were told that as long as plantation activities were not destructive, they would not be disturbed. During the 1980s, tea plantations were gradually sized down, mainly because they had become unprofitable. There was a corresponding increase in the importance of cardamom operations. As a result, attention was drawn to cardamom's negative impacts on the forest.

The Knuckles Private Land Owners Committee, an informal group of 15–20 individuals, met in 1997 to discuss how they could work together to carry out conservation work. For example, the leader of the group, Clifford Manatunga, had already begun work to reduce the number of cardamom drying barns to relieve pressure on fuel wood resources. At that time, the group was aware of the need to pull together in the face of pressure from the Mahaweli Project and the general atmosphere of tightening land-use restrictions. Their main line of communication with the government was straight to the Minister of Environment, which was not surprising given that these were influential figures.

The Knuckles Private Land Owners Committee presented a model for environmentally-friendly plantation management. The Minister received this well, and there was an agreement that a contract should be formalized whereby the landowners would be held to certain environmental standards, but their rights over the land would be guaranteed as long as those lands were not fragmented.

A subsequent change in government brought a new minister, who ordered the group to stop plantation activities and plan a transition to eco-tourism. He promised that if the landowners formed an NGO, he would link them with donors. The Eco-Friends are now working to establish themselves as partners in conservation and in participating actively in the Governance Project.

income sources were generated. Villagers met the idea with enthusiasm, and MJF worked with IUCN to draft criteria for SEP grants. The first call for grant proposals was made, and 81 were submitted with some proposal-writing support from the Project Assistant. Forty-one proposals with a total value of about US\$13,600 were funded. They included such ideas as tomato-box production, hand tractors to increase rice production, and local production of clothing with sewing machines.

Taken together with the *Takkali Samithiya* support, the SEP interventions in Knuckles can be considered "capacity-building" exercises, though villagers do not describe them as such. Talk of confidence and empowerment is more common. However, some frustration remains among villagers over the slow materialization of tangible benefits from the project. Those people intimately involved in the management of the project at the field level understand the benefits of building individual and institutional capacities. For others, the lack of "hardware" has been more of a problem.

Facilitating government–community collaboration in ecotourism

The first Project Steering Committee meeting suggested that ecotourism be developed as a livelihood alternative, opening a door to

real community involvement in the management of the conservation forest. The Governance Project helped the *Dumbara Surakinno* organizations to develop the “Conservation of Knuckles through Informed Eco-Tourism” project, to be implemented in partnership with the Forest Department. The proposal incorporated elements of the original Knuckles Eco-Tourism Plan of 2001, which allowed the Forest Department to accept the idea.

Under the project, the *Dumbara Surakinno* are creating an information centre and have started collecting data on tourist arrivals in Knuckles, which they then provide to the Forest Department. At the same time, the Forest Department has taken the first steps to give the *Dumbara Surakinno* organizations the space to be involved in several areas of ecotourism.

Under a separate agreement between each *Dumbara Surakinno* and the Forest Department, the communities were asked to establish and run a food service and supply shop for tourists. This, however, appears to be an area where more standard capacity-building exercises would be valuable, as the *Dumbara Surakinno* have had trouble responding to the opportunity.

Socio-economic data produced by the assessment are still used by the Forest Department, as are ecotourism data collected by the *Dumbara Surakinno* in the nascent ecotourism activities. The deep understanding of the Project Steering Committee has been the most important link in this information flow, providing a forum for the presentation of information and allowing broad buy-in through multi-stakeholder consideration of the data.

Organizing the Knuckles Forum

The assessment survey highlighted the fact that while villagers were painfully aware of the livelihood impacts of the Knuckles Management Plan, they were unaware of the details of the plan itself. Questions about the geographical extent, the regulations and distribution of responsibility were met with vague and uninformed answers. Similarly, the private landowners' primary source of information was through their contacts in Colombo. These findings confirmed one of the project's original hypotheses that an improved governance process would have to start by establishing common understanding.

At the second Project Steering Committee meeting, the idea of the Knuckles Forum was proposed, and the Forest Department agreed to open up the Management Plan to discussion and comment with other stakeholders. The first Knuckles Forum was held in Illukkumbura on 23 June 2007, under the title of “Tripartite Meeting to Review the Management Plan for the Conservation of Knuckles Forest (Phase III) and Eco-Tourism Development Plan for the Knuckles Conservation Area”. The meeting was organized by Sewa Lanka, a local NGO involved nationally in environmental and development work.

Put simply, the objective of the forum was to place all the facts on the same table. In doing so the Knuckles Forum was revolutionary in two ways. First, these important documents had never been translated into the local language, and had never been presented to the local stakeholders. The Management Plan was presented by the District Forest Officer and points of clarification were discussed. Second, this was the first opportunity for government, the community and the private sector to sit at the same table. At the forum, a much broader range of government agencies was represented. The Conservator-General of Forests attended and heard directly the concerns and ideas of local stakeholders. The *Dumbara Surakinno* and *Takkali Samithiya* groups provided a collective voice for villagers while the Eco-Friends presented their points of view.



Local handicrafts on sale to Knuckles tourists. Photo © Shantha K. Hennayake.

At the end, the participants agreed that the forum had been useful and should be institutionalized. It was agreed that the Knuckles Forum would be held twice a year.

An elder from Aetanwala explained the villagers' aspirations in constructive and realistic terms: “We are not asking for a free ticket to exploit the forest. We are asking for a way to propose specific considerations for improving our life under the Management Plan.” In the past, requests were transmitted through the forest office, but answers were not forthcoming. As another farmer explained: “Now that we have a forum, we need to make the government understand our concerns. We're not interested in just criticizing the government, but we want to be heard.”

Discussions with villagers regarding the Knuckles Forum revealed a broad range of understanding about the Forum. The *Dumbara Surakinno* organizations were very important in representing community interests at the meeting, but there still appears to be a gap in feedback from the meeting to the community.

Developing the national forestry working group

Decision making at the national level, where the policy for the Knuckles Forest governance situation is determined, has begun a modest transformation. Space for inputs and participation from other stakeholders has started to open up. The Project Steering Committee has been the central co-ordinating mechanism. Originally envisioned as an advisory body, the Project Steering Committee has actually made a more substantive contribution to project activities because it has developed a live link with the field site.

The preliminary findings and recommendations of the assessment studies were presented at the first Project Steering Committee meeting, held in September 2006. The quantification of livelihood losses paralyzing the Knuckles communities had a big impact on the Forest Department. The full extent of local discontent in the pilot sites was also taken seriously. It was immediately agreed that the project must facilitate economic benefits for the local people, and ecotourism was identified as the best option. A senior representative from Sri Lanka's Central Environmental Authority, having some exposure to the business world, suggested that the private sector would, as a partner, be critical in making ecotourism a success. At that point, it was clear that there was a growing consensus regarding the importance of the tripartite approach among local stakeholders.

Owing to the success of the Project Steering Committee, the idea of transforming the committee into a National Forestry Working Group is under discussion. This effort is supported by the Forest

Department, although a national working group was not proposed at the beginning. The project has provided ample time and space for the Forest Department to understand the benefits of a multi-stakeholder process. By maintaining a constructive and proactive atmosphere in the Project Steering Committee, this diverse group has been able to speak with one voice to give direction to the project. In doing so, the group has redefined its own agenda.

Changing culture

In the project, there are signs of “cultural change” across the board among stakeholders. This is a signal that experience is being translated into learning on all sides.

Communities: From charity recipients to confident entrepreneurs

Communities have tended to wait for government to provide social services. The government has indeed provided a substantial level of investment in basic infrastructure and social services to local communities. The project has encountered some problems with community participation, as the communities tend to expect charity from outsiders. Over the course of just a few months, however, communities have started to see the benefits of being a proactive participant in local governance processes. As the entrepreneurial energies of the communities have been unleashed by the MJF-supported interventions, the communities are showing greater confidence in voicing their opinions.

Private landowners: From estate managers to community members

While they were originally considered to be the local private sector, the private landowners appear more to be closely aligned with the local communities. Besides being threatened by the closing of the Knuckles Forest, the private landowners are in a struggle to demonstrate themselves as partners in conservation. After years of living apart from the local communities, there is awareness among the private landowners that if they are going to be entrusted with forest management, they are going to have to be more proactively engaged at the local level.

Private sector: From philanthropists to governance actors

It is clear that Dilmah has been making a great contribution to post-tsunami Sri Lankan society. However, the MJF participation in the Knuckles Governance Project, at both local and national levels, has been a new foray into the world of policy and governance. Dilmah is demonstrating that following “the Dilmah way”, in which support is given to remove bottlenecks such as middlemen, can be broadened to include contributing to forest-related decision-making processes. Improvements in market access are clearly linked to parallel forums in which the same village entrepreneurs contribute information, analyses and recommendations to a forest conservation policy.

The MJF representative intimately involved in the Knuckles work has described the project interventions as an important learning experience. The role of the private sector has been complex, but is being refined through an ongoing process of reflection involving local stakeholders, the national partners and IUCN. By channelling sup-



The inaugural Knuckles Forum, June 2007. Photo © Kelum Prabath.

port through the Governance Project, MJF has also seen how linking of livelihoods and governance processes is mutually supportive.

Government: Towards collaborative management of change

The Forest Department has made strenuous efforts to expand the space for participation in forest policy in Knuckles. The Governance Project is demonstrating the synergies that can be sparked by multi-stakeholder interactions at the local and national levels. Learning at both of these levels has given the Forest Department confidence that it can work with local communities to embrace collaborative management of change processes. The production of credible information and analyses, combined with the demonstration of increased local capacity, has enabled the government to consider a broader range of management options. Through collaborative activities, it appears that new ideas concerning the content of local participation are emerging. The government has begun to help local communities expand their roles in the area through specific activities such as ecotourism.

Back to basics: The principles behind the approach

Local voices have been strengthened. This is evident in the narratives of both the communities and the private landowners. One villager explained that “we feel like we can say anything now”. A long-time private landowner in the area expressed similar sentiments, saying that they “can get a fair hearing now”. Forestry officials confirmed these statements as, on their side, they are learning to work with people and understand their concerns.

How have local voices been strengthened? Efforts to build the capacity of all stakeholders are clear and extensive. Through its support at the local level, the project has refined its approach to capacity-building to encompass two complementary “capacities”. First, communities have built up social capital – networks for information sharing, mutual assistance and problem solving – within and between the three villages in the pilot site. It is growing easier for villagers to think and act based upon common interests. Second, local communities have strengthened their confidence in proactively engaging with outsiders. Enhanced civic engagement includes

interaction with local forest officers, the regional market and middlemen, and the larger networks introduced by the project such as private sector actors. “Unpacking” the concept of capacity shows how the success of the project in these areas was a product of the transparent and flexible way in which the staff worked with local people.

As mentioned above, part of this analysis has been a search for an unwritten master plan for the Knuckles project. The conclusion was that the success of the project lay precisely in the fact that the implementation details were determined through a process-oriented approach that responded to needs and opportunities as they presented themselves, within the general tripartite framework. As the National Project Co-ordinator noted, “I am quite sure that if we did not maintain the flexibility that the project has shown, this would have ended up being just another project. Approaching things as we did, we were able to uncover and nurture the right set of dynamics among stakeholders”. In fact, the project’s conception of stakeholders underwent a major transition, becoming more nuanced throughout the project (Figures 1 and 2). In the initial conceptualization, there were three general stakeholder groups who would interact through two levels of dialogue. In the course of its work, the project has discovered the diversity of actors within stakeholder groups and the increasingly complex interactions among them.

Behind the complexity of stakeholder interactions has been a set of basic operational principles. Virtually all the stakeholders involved in the project mentioned the following critical factors as the reasons for the progress achieved in increasing dialogue:

- ▶ **A strong, continual field presence.** From the start, it was decided to invest in a permanent and intimate presence in the field. Information transfer, conflict management and capacity-building could not have been done without the existence of the field office. The local presence increased the legitimacy and credibility



Figure 1 Initial conceptual understanding of “stakeholders”

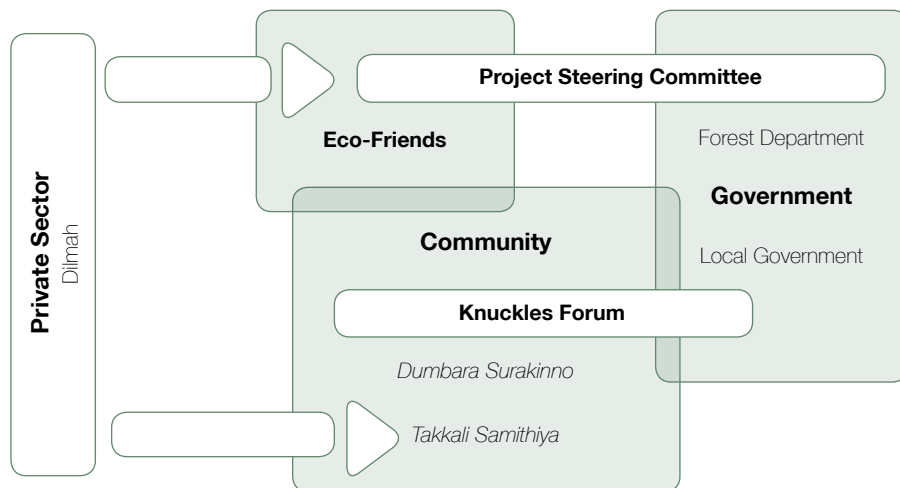


Figure 2 Current stakeholder landscape

of the project among all stakeholders. The Field Co-ordinator’s role in this aspect was the key. He arrived, a recent graduate with a Master’s degree in geography, but very much a musician at heart. He adapted to the local situation, learnt the basics of forest governance and became a community facilitator all at the same time. It appears very likely that the community was responsive to his role in the field because it was shaped by the villagers as they learnt together. With weekly visits from the National Project Co-ordinator, the project continually had its finger on the pulse of the people, and information flowed smoothly in and out of the community.

- ▶ **Flexible and adaptive management.** Because the assessment started without a detailed work plan, the project was able to respond quickly to the needs of the local people. The project has also benefited from recommendations made by the Project Steering Committee. Project staff commented repeatedly on how opportunities would not have been identified had the project been tightly tied to a predetermined work plan. The Governance Project was given strategic flexibility from the global project and budgetary flexibility from the IUCN Sri Lanka Country Office. This flexibility allowed the project to let the Project Steering Committee set its own direction, taking its lead from the Forest Department.
- ▶ **Addressing conflicts indirectly through confidence-building.** The project has made special efforts to avoid the language of conflict resolution. It has found itself in the middle of potential conflicts at several points. When a conflict became evident, the project moved first to establish common ground, and from there work towards solutions agreeable to all parties. By stepping back to “enlarge the pie” – that is, broaden the scope of dialogue to include areas of shared understanding among all stakeholders – it became possible to ensure an outcome acceptable to all parties. At the outset, for example, villagers were quick to express their demands in terms of compensation for lost livelihoods. Knowing that the government did not want to set a precedent of monetary compensation, the project instead focused on alternatives that would raise local community incomes.
- ▶ **Ally of everyone, ally of no one.** In abiding by the above principles, the project has been able to portray itself as a friend of

everyone, but a special friend of no one. Avoiding perceptions of bias, the project has focused on how to improve decision making for better social and environmental outcomes in the Knuckles area. The project has also been able to gradually refine its approach to each of the stakeholder groups, allowing their roles to emerge and change during the project.

Discussion

Replicable and sustainable?

From the outset, there was intense discussion on whether a project operating in the Knuckles area would provide a replicable and sustainable forest governance model for Sri Lanka. The Forest Department insisted that the Knuckles site itself, with a long history of outside engagement, was unique and therefore not a good candidate. From their perspective, serious forest management issues had already been dealt with. But IUCN Sri Lanka persisted and the work has begun to produce the encouraging results presented here.

The three-pronged approach – building local capacity to communicate, the expansion of political space and the involvement of the private sector – was achieved by implementing a combination of basic interventions (Figure 3).

The process behind this project has been successful because the basic principles described above have been tirelessly implemented in all aspects of the work. On their own, these principles are not revolutionary. Taken together, they are powerful.

Concern for replicability and sustainability has arisen from other, perhaps more challenging sources. These concerns arise from within the project itself:

▶ **National Project Co-ordinator.** The National Project Co-ordinator has played the single-most important role in facilitating the project. A native of the general area, he has been able to use his knowledge of the locality, his extensive personal and professional local networks, his position as a “neutral” university professor, and his experience at the highest levels of decision making, in orchestrating the necessary social interactions.

▶ **IUCN Sri Lanka–private sector linkages.** Dilmah’s contributions through MJF have caused a profound shift in the direction of project implementation. Because the IUCN Sri Lanka Country Office and MJF were already working together, the decision to collaborate in the Knuckles site was an easy one. Activities moved forward quickly and with focus. Without this active link between IUCN and Dilmah, a private sector component of the governance work might have taken much longer to emerge, had it emerged at all.

▶ **Dynamic stakeholder groups.** The project has found that the initial three general stakeholder groups are, in fact, composed of diverse actors with differ-

ing concerns and priorities. The “community” is not just the local villages. The private sector includes private landowners, middlemen, *Takkali Samithiya* and Dilmah. Similarly, private landowners have begun to assume more of a place in the local community. The government is not just the Forest Department and its different levels of management, but also the local village government. Maintaining a dynamic understanding and responding to the complex interactions among these actors will be a challenge for the project as each actor becomes more engaged in the dialogue. Strengthening “voice” among these actors will likely require more sophisticated co-ordination and facilitation skills in the project. Institutionalizing a policy dialogue forum beyond the life of the project will pose a challenge in managing these interactions.

Pushing the “double bottom line”

Running through the background of the Knuckles story are two “bottom lines” representing the essence of stakeholder interests. Although the Governance Project has addressed these bottom lines in its work with stakeholders, it has explicitly chosen not to treat them as opposing sides in a conflict. For local stakeholders, the bottom line is the need for livelihood security. Farmers need economic alternatives to make up for the loss of access to forest resources. The government’s bottom line is conservation, i.e. the protection of the biological and watershed values of the Knuckles Forest.

In order to make progress on this “double bottom line”, the next generation of challenges must be addressed. These are:

- ▶ Balancing livelihood options with ecological values by:
 - Further refining approaches to private sector partnership.
 - Helping local entrepreneurs to become sustainable.
 - Integrating business opportunities into conservation.
- ▶ Sustaining community-based organizations by:
 - Broadening the scope of work of the *Dumbara Surakinno*.
 - Federating the *Dumbara Surakinno* to strengthen their “voice”.
 - Diversifying the product range of the *Takkali Samithiya*.
- ▶ Institutionalizing the Knuckles Forum by:
 - Moving forward with meaningful dialogue on a Conservation Management Plan.

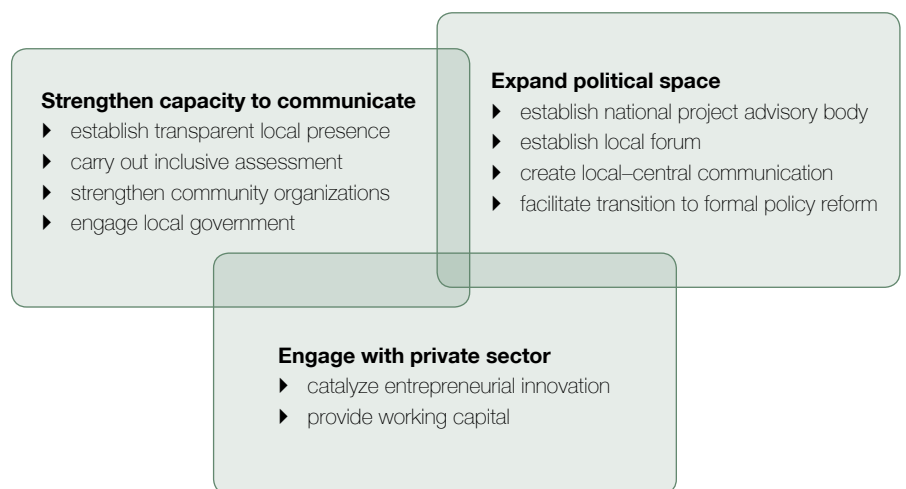


Figure 3 Contribution of project interventions to the three-pronged approach

- Improving outreach to communities and decision makers.
- ▶ Institutionalizing the Forestry Working Group by:
- Devising an effective mechanism for open dialogue.
 - Strengthening the capacity of the Forest Department to engage in new governance processes.
 - Providing input into Forest Department policy in order to enhance participation.

Conclusion

The two years of work in Knuckles offer two sets of conclusions. One is about going back to the basics. The role of the National Project Co-ordinator underscores the importance of involving appropriate individuals who show leadership and have adaptive management skills, creativity, sensitivity and dedication. The early successes of the project's activities highlight the need to proceed with caution until trust and confidence among the project and its stakeholders, and to a certain degree among the stakeholders themselves, can be established, followed by taking advantage of opportunities as they arise. Throughout all components of the project, the importance of information flows has been obvious.

The second conclusion is about strategically extending the current boundaries. The project – including IUCN, the Project Steering Committee, local communities and the private sector – made a decision to depart from the “comfort zone” of most governance projects to embrace the private sector in a partnership for livelihoods and conservation that ranges from the field to the capital. Through dialogue forums at two levels, the project has created an atmosphere in which all stakeholders can step outside of their own comfort zones to learn and adapt.

The Knuckles governance story is one of adaptive management, confidence-building and transparency. The project has developed a three-pronged approach to improving governance that recognizes the real concerns of the actors involved, and which gives equal



Traditional fencing protecting crops in the Knuckles area. Photo © Shantha K. Hennayake.

importance to their diverse interests, needs and concerns. The real contribution of the project has been to facilitate, catalyse and contextualize.

The Knuckles governance project is creating and strengthening channels for local actors to communicate their ideas to the “outside”. At the national level, political space has been created within official forest policy making for meaningful participation by other groups. In an unplanned but critical strategic development, the project has built relationships with the private sector to mobilize support for local activities. In doing so the project has unpacked “capacity” to strengthen institutions, build networks, enhance information flows and foster an entrepreneurial spirit. The voices emerging are increasingly clear, coherent and strategic. As these strengthened voices become heard within the nascent multi-stakeholder forums, it appears that a future of better choices in forest management is rapidly approaching.

The ultimate challenge will be to build on the positive signals coming from stakeholders in order to deepen and expand the two governance forums established, to ensure that they will be sustained by the people participating in them after the completion of the project.

Appendix

The Knuckles storytellers

Ajanta Sanath Kumarsiribandar

Treasurer, Illukkumbura *Dumbara Surakinno*

Airangani Ratnayake

Chairwoman, Illukkumbura *Dumbara Surakinno*

K. M. Sumanawati

Secretary, Illukkumbura *Takkali Samithiya*

Clifford Manatunga

Private landholder

R. M. Jayatilakebanda

SEP grant recipient, Illukkumbura

Aetanwala *Takkali Samithiya* group

Illukkumbura *Dumbara Surakinno* group

M. P. A. U. S. Fernando

Conservator General of Forests, Forest Department

Dissanayake

District Forest Officer, Matale District

Ranjith Priyantha

Knuckles Forest Officer

R. M. Jayasinghabanda

Illukkumbura *Grama Niladari*

Asanka Abeyekoan

MJF

Vimukti Viratunga

IUCN Sri Lanka

Kelum Prabath

Assistant Project Officer, Forest Governance Project

Shantha K. Hennayake

National Project Co-ordinator

Anandalal Nanayakkare

Assessment Co-ordinator

Anshuman Saikia

IUCN Sri Lanka Programme Co-ordinator

Andrew Ingles

ELG1, IUCN Asia Regional Office

Shiranee Yasaratne

IUCN Sri Lanka Country Representative

Guido Broekhoven

IUCN Global Co-ordinator, Forest Governance Project



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