Practical guidelines for establishing a Community Environment Conservation Fund as a tool to catalyse social and ecological resilience

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List of acronyms

ADC  Austrian Development Cooperation
BDR  Building Drought Resilience
CARE Cooperative for Assistance and Relief Everywhere, Inc.
CbWRM Catchment-based Water Resources Management
CECF Community Environment Conservation Fund
CMOs Catchment Management Organisations
ESARO Eastern and Southern Africa Regional Office
IUCN International Union for Conservation of Nature
IWRM Integrated Water Resource Management
LC  Local Council
LRA  Lord’s Resistance Army
NAADS National Agricultural Advisory District Services
NUSAF Northern Uganda Social Action Fund
RESFRAM IUCN’s Resilience Framework
UCO Uganda Country Office
WRUAs Water Resource User Associations
WUAs Water User Associations
VSLA Village Savings and Loans Association
1. Introduction

These guidelines have been developed based on practical lessons learnt from the Building Drought Resilience through Land and Water Management (BDR) project. BDR is a three year (2012-2014) project being implemented around the lower Tana River in Kenya and around the upper Aswa River in Uganda. The project is implementing IUCN’s Resilience Framework (RESFRAM) to climate variability and change, and is funded by the Austrian Development Cooperation (ADC). It aims to improve resilience of dryland communities within the named river catchments to the impacts of severe and frequent drought through implementation of the RESFRAM. Specifically, the BDR project is facilitating a total of six parishes (98 villages) in Lira, Otuke, and Alebtong districts of the upper Aswa in Uganda to build resilience to drought and climate change.

2. Why the Community Environment Conservation Fund (CECF)?

The communities of northern Uganda (one of the project’s intervention areas) have, over the last five years, settled after over 20 years of disturbance as result of civil war. Settlers in the project area were formally from agro-pastoralist communities. Baseline data collected for the project in the upper Aswa sub-catchment in April 2012 indicates that the newly settled communities are over exploiting their natural resources. This is being done in order for them to ensure their immediate survival given the limited livelihood options available to them.

The communities’ reliance on natural resources is not, however, guided by any significant rules, or set practices, which control the amounts, locations, type, and timing of such usage. This is because old, traditional, systems were eroded during the war and new, statutory, ones are only weakly enforced, if at all. As such, the unregulated exploitation of natural resources is leading to their significant degradation, and this degradation is in turn exposing those dependent on this livelihood approach to adverse impacts from external and internal factors, such as climate change and disease. Wetlands and streams are being farmed right up and sometimes even in to, the actual channel, and trees are cut for charcoal (especially the Shea butter tree – Vitellaria paradoxa- which, traditionally was always protected due to the multiple other benefits it provides). Such actions are in turn increasing the potential for floods, as well as the susceptibility to drought as a result of a reduced quality and quantity of water. In summary, communities are caught up in a vicious cycle where they are both reliant upon, whilst also degrading or destroying, their natural resource base.

This vicious circle slowly but surely erodes a community’s ability to survive, firstly in the long-term, but eventually also in the medium and short-term. It also, crucially, undermines their adaptive capacity in times of uncertainty and change. This interconnectedness of livelihoods and natural resources is critical to reflect upon and bear in mind in the development and implementation of strategies designed to achieve sustainable management of natural resources1. More so, there is need to consider the heterogeneous make-up of communities, recognising their different strata and how different livelihoods options are met and determined.

1  Natural resources in this context also refers to water
The RESFRAM approach promotes the consideration of the following:

- **Diversity** – of the economy, livelihoods and nature. Diverse markets or farming systems give people the alternatives they need to be adaptive. Enhancing and protecting biodiversity by maintaining, or recreating, natural diversity also ensures the availability of the ecosystem services needed to buffer climate impacts, such as storage of water in vegetated riverine habitats and sustains life and productivity.

- **Sustainable infrastructure and technology** – landscape management that recognises, encourages and combines the presence, development and maintenance of both engineered and ‘natural infrastructure’, as well as adaptable and sustainable technologies for their management, reduces vulnerabilities. Infrastructure includes not only engineered responses, such as the sinking of boreholes, but also ‘natural infrastructure’, such as healthy and functioning wetlands and floodplains that store water, lower flood peaks or buffer surrounding lands from flooding.

- **Self-organisation** – a critical characteristic of resilient, highly adaptive communities is participatory governance and self-empowerment.

- **Learning** – ensuring that individuals and institutions are availed, and can make use, of new skills and technologies as they become available helps them to make more effective use of information and thus to develop effective adaptation strategies.

Implementation of a RESFRAM, therefore, requires innovative financing mechanisms that will support attainment of these four considerations in an integrated way.

In the past, conservation projects have promoted the support of alternative livelihood activities, which have often only been determined by external actors (donors, implementers etc.), as those they think will take pressure off the environment, ensure better natural resource use, etc. In IUCN’s experience, however, such alternatives have often been very unrealistic and, many times, not in line with the livelihood priorities and aspirations of the people to whom they are promoted. It is in light of the perceived weaknesses of previous approaches that IUCN has developed its own approach, known as the Community Environment Conservation Fund (CECF). Unlike other similar approaches, which have paid people based on the delivery of specific conservation works, the CECF fund works by providing money for the establishment of a community credit fund to communities who have collectively agreed to implement an environmental management plan. This means that environmental management work is promoted, undertaken and monitored by whole communities to ensure receipt of the credit facility, but that the money itself can be borrowed and used for any purpose, for example from paying school fees and hospital and doctors’ bills, to investments and other activities. In this way, the provision of the fund delivers improved environmental management because it enables improvements in livelihoods by removing barriers to accessing credit and not by prescribing specific actions. This is more effective than ‘traditional’ conservation funds because livelihood priorities are very dynamic and dependent on the status of a household at a point in time.

### 3. Uniqueness of the CECF and its principles

The CECF was derived from CARE’s Village Savings and Loans Association (VSLA) model, which is widely used in northern Uganda as an economic empowering mechanism for communities to access credit and build a resource base to tackle poverty. Although derived from VSLA, the CECF model incorporated some variations geared towards enhancing sustainable natural resources management. These have made it a unique tool with which to catalyse implementation of the RESFRAM. The variations were based on 7 key principles:
• It should enhance natural resources management and governance within the area under consideration
• It should promote and be clear on individual and collective incentives and actions
• It should enhance self-determination. Conditions for using the fund should not be prescribed but should be acceptable enough to meet general conditions
• It should be an all-inclusive system that all categories of society have an opportunity to participate in (conditions should be attainable by all members of society)
• It should be transparent and highly accountable with both effective rewards and sanctions
• It should be linked to local governance systems; local government should provide legitimacy to the system by providing oversight
• It should be a revolving fund, sustainable in perpetuity, and should be considered as a village social fund designed to attract and catalyse more support

4. A step by step guide to the establishment of CECF

Step 1: *Introduce the CECF concept to stakeholders in the target catchment area*

As a first step, all stakeholders within the catchment, landscape, communities, parish, district in which the CECF is to be established must be informed about the proposed action. Critically, they need to understand that the CECF is a performance-based environmental management fund that can only be accessed by communities based on adequate performance in managing their natural resources within a designated area. It must be made clear that the fund will be made available to every community member upon meeting communally agreed criteria for the sustainable management of natural resources. Finally, it must be made clear that the funds can only be accessed as credit and that they must be repaid.

The following sub-steps are recommended to introduce the fund concept to stakeholders:

a) **Meeting District officials**

*Step 1.1.* Convene a meeting\(^2\) between CECF facilitators and relevant local governance representatives, such as parish and district officials. This should be a meeting of both technical officers (in the areas of water, environment, natural resources, agriculture and community development) and political and administrative leaders of the designated area. This first meeting is critical to ensure ownership, develop support and create synergies with, and integration into, local government programs and the fund.

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\(^2\) This meeting should ideally take between 2-3 hours, but it may be more in some places, or less in others. However, most important is whether the meeting has delivered on what it set out to achieve. It is important to make it clear to local government officials that ensuring sustainable natural resources management is not just part of their role, but also will benefit local communities. It should also be made clear that establishment and use of the CECF process is an opportunity for them to mobilise their constituents in natural resources management.
Step 1.2. Use this meeting to introduce the RESFRAM approach and relate it to the particular landscape, catchment etc. under consideration. Then explain how the CECF fund would be used to support and facilitate RESFRAM.

Step 1.3. Introduce the objectives, benefits, general natural resource management conditions that must be met in order to access the CECF, and explain how the CECF works (ref. step 2 below). Present to them the detailed steps that will be followed (as shown in Step 2 below) and clearly explain that their roles and responsibilities will include routine monitoring of the fund, checking adherence to the natural resource management plans of the area, and providing arbitration channels in case of non-compliance. Inform them about the nature and size of the funds available to commit to the CECF. If the Local Government will provide the funds, then this is the time to determine what they have.

Step 1.4. Develop and agree strategies to seek local, sub-national and national government commitment to, as well as support for and participate in, the process. These must include seeking integration of the CECF approach and activities into development plans and identifying a focal person at local government level who will monitor the CECF and periodically provide updates on its progress.

Step 1.5. Arbitration channels, in case of non-compliance in management of the fund, should also be clearly agreed during the meeting to ensure accountability.

Step 1.6. Request the local government leaders to inform other local stakeholders in the catchment about the CECF, its objectives, benefits, how it works and each individual’s role and responsibilities.

b) Meeting lower local government officials

Step 1.7. Organise similar meetings with officials or representatives of lower local government, and/or traditional government institutions in order to also introduce the CECF to them. The same process, as described in steps 1.1 to 1.5 above, should be followed and the focal person (identified above) should also be engaged.

c) Use the local media and public meetings to introduce the CECF to the wider public

Step 1.8. Information about the proposed CECF should also be disseminated using appropriate local media, e.g. local radio, where the local government representatives (those engaged above) are invited to speak about and discuss the CECF fund, its objectives, benefits, how it works and the roles and responsibilities at household, village, and the various local governance levels. The objective here is to ensure wider public acceptance and appreciation, to stimulate popular support and also introduce the new approach to natural resources management. This contributes to transparency and accountability of the process.

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3 Remember to request relevant local leaders to facilitate village-level meetings similar to this one in order to inform their constituents about the CECF, its objectives, benefits, how it works and each individual’s roles and responsibilities. Once again, it should be impressed on leaders that the fund provides a tangible opportunity for them to carry out their roles and be responsive to their constituency.
**Step 2:** **Undertake participatory planning to identify strategic actions, performance-based conditions and governance structures**

**Step 2.1.** The beneficiary community, with guidance from relevant technical staff, should be facilitated to undertake a participatory mapping of the resources and issues in the area under consideration. This should include the mapping of natural resources (rivers, forests, water resources, vegetation cover), socio-economic aspects (population, education and wealth levels, roles of men and women in society, livelihood options), and both engineered infrastructure (schools, dams, hospitals, roads) and natural infrastructure (e.g. floodplains, wetlands, forested headwaters, etc.) in the area. The exercise should include participatory assessment and mapping of current status of the area under consideration, the benefits it offers to communities, the threats and challenges in, and of, its use and management, as well as options for better development and management.

**Step 2.2.** Based on the resource mapping and subsequent discussions, communities must be facilitated to agree upon the options they have and thus the actions they can take. This should specify individual, village, and other level (parish, district, country) actions dependent on governance structures.

The natural resources management plan is, therefore, developed based on the key management issues identified by stakeholders. The plan must firstly set out a clear vision, as proposed and agreed by the community, for what it intends to achieve in the long term. The plan must also detail the roles and responsibilities of lead persons for each activity, as well as a time line for activity implementation in order to guide action and monitor progress.

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4 The participatory planning process should take about 2-3 days and the community and local government leaders and local technical staff are some of the crucial leaders to work with the CECF proponent to facilitate the processes at parish / micro-catchment level. Each group of communities within the area to be managed must be able to demonstrate how their plan will be achieved as it is this plan, and the targets set within it, which will be used to access the successful (or otherwise) use of the fund.
Step 2.3. Once a plan is in place, the facilitator must enable communities to decide on performance indicators and targets that must be reached in order to access the CECF. For the IUCN BDR project in Uganda, the targets included:

- Each village must have a natural resources management plan in place
- All water sources must be protected
- Farming must be setback from the rivers and riverbanks must be demarcated
- At least 80% of households must have latrines
- Individual households should be members of the village and householders must participate actively in water and natural resources protection, community tree nursery management, tree planting, and riverbank demarcation

Step 2.4. A final assembly of all community members and leaders from the area in question should then be held. It is at this meeting that the criteria for accessing the CECF should be agreed and confirmed. During this assembly, it should now be made clear exactly how much will be provided in each fund, in how many phases, and according to what conditions. IUCN’s work in the Upper Aswa sub-catchment in Northern Uganda has provided $1,500 to each village, staggered in three installments, each payment with agreed management targets.

Step 2.5. Once the management actions communities must undertake have been agreed, and the conditions under which the fund is provided and must be managed are clear, then these are used to discuss the establishment of the CECF governance and accountability structures at different levels, e.g. village, next smallest local governance unit, etc. Each village should then democratically elect 3 committees – Natural resources, Fund management and Audit committees – each composed of 5-11 individuals, and from IUCN Uganda’s experience, should include at least 50% women. Each committee should have different roles and responsibilities (see Step 2.6) to oversee and manage the work needed for the relevant villages and communities to reach their agreed targets. It is preferable that these committees are linked to, or form part of, existing governance arrangements or policy provisions, such as Catchment Management Organisations (CMOs) in Uganda or Water Resource User Associations (WRUAs) in Kenya or Water User Associations (WUAs) in Tanzania etc. The overall responsibility should be for the local government leaders to oversee the performance of the selected committees in the micro-catchment. Committees will need to establish follow-up mechanisms to ensure that agreed actions are met, and to agree on what actions will be taken if they are not. For the IUCN project in Uganda, the following committees were agreed upon as needed by the communities:

- Water resources
- Fund management
- Audit

These committees then coordinated to effectively implement the agreed action plans and manage the CECF.
Step 2.6. In the process of electing committees, communities should clearly decide on their terms of reference, as well as sanctions and incentives for good and poor performance. In IUCN’s Uganda project, the roles and responsibilities for the committees elected there were as follows:

I. Water resources committee
This is tasked with managing the area’s water resources. The committee is responsible for implementing agreed actions as prescribed in the plan with regards to water resources and catchment management. A roster of required actions is developed and shared; setting out the work required of each household with regard to cleaning water sources, fencing, and re-vegetating the immediate micro-catchment of all the key water resources (such as springs, wells, boreholes and streams). The committee is also responsible for collecting operation and maintenance fees for water resources such as enlisted above, and settling local water resource use disputes, for example by referring to local bylaws. They present a monthly performance report in a community forum chaired by a local government or community leader.

II. Fund management committee
This is tasked with management of the CECF funds at village level. It guides CECF disbursement and collection, and keeps records of who has borrowed, how much, and when they are due to pay back. This committee also presents monthly performance reports at the same community meetings referred to above. It is at these meetings that decisions are made on whether to lend funds to households dependent on their performance as measured and presented by the water resource committee.

III. Audit committee
This committee is tasked with routine audits of the CECF books to ensure proper accountability and compliance. The village (or equivalent) leader is a member of this committee by default so as to ensure integration with existing local government institutional arrangements, and to guarantee local government participation in compliance and monitoring of the fund. In order to entrench and ensure accountability, the audit committee reports to the, community at the forum, Local Government leaders and district focal person every quarter.

Step 2.7. In separate sessions, the three committees should be trained on their roles and responsibilities, especially in the role of overseeing implementation of the agreed community action plans. It should be made clear that they are accountable to their respective communities and should therefore fulfill their roles for the benefit of their communities. It should also be made clear that they are also responsible for ensuring their villages meet the actions agreed in order to trigger disbursement of the CECF funds.

During the training, it should also be impressed on the committees that they hold monthly meetings and provide feedback on natural resource management. In order to provide this, it must be made clear that the committees must track the work implemented and ensure that the general CECF rules are enforced. The committees should be able to demonstrate what and how well each household is doing, highlighting cases of non-performance for discussion and decision on action to address them.
Step 3: Approval, disbursement and management of the CECF

Step 3.1. Once all stakeholders have agreed to the entire CECF processes, the action plan, the CECF conditions and rules, and once the governance structures are in place, an agreement is drawn up. It should be fully endorsed by the village leader, the fund management committee at village level, local government leaders to the district level, and the team leader of the facilitators.

This is to ensure that the legal framework that provides for formal recognition and sustainability of the CECF governance framework is officially adopted. A copy of the agreement should be kept at village, and other levels of local government as a legally binding document for the operation of the CECF fund.

Step 3.2. Once the agreement has been officially endorsed, the funds should be handed over, in a community meeting, to the finance committees of villages that have successfully met the agreed criteria. This should be done in the presence of all community members. The meeting is best facilitated by local officials, with the leadership from the next highest level of governance witnessing the handover of the funds. Items handed over with the funds include a fund record box, record book, calculator, and 3 padlocks for the box. The finance committee of each village then immediately distributes the money to those individual households that have qualified to receive funds.

Step 3.3. On a monthly basis, a borrowing household has to present a plan to the entire community on how much money they plan to borrow and the livelihood activity they intend to use it for. Once the plan is approved by the community, and it has been assessed that the household is performing effectively in implementing agreed actions, the household then receives the money as requested. The money is paid back after a period of three months. Alternatively, it can be paid back in monthly installments spread over the 3-month period. The minimum annual interest rate should be equal to, or slightly higher than, the annual inflation rate so that the principal amount does not lose value. The interest should also be able to cover fund management and administration costs. It is recommended to keep the interest rate as low as possible in order to facilitate access to the fund by the poorest. The interest rate is, however, subject to negotiation between the community and the CECF facilitator. In IUCN Uganda’s example, the interest rate was kept at a maximum of 5% per three months.

Note that monies can only be borrowed and paid back at village meetings to ensure transparency and accountability. The amounts borrowed per household are dependent on available funds, the ability of the households to pay money back, and the total number of households in the village.
Step 3.4. In separate sessions, facilitators must train all village finance and audit committees in financial recording and tracking. This involves training on book-keeping, i.e. how to accurately record CECF information in the fund ledger of accounts; how to balance books, and how to track payments.

Step 4. The monitoring and accountability process

Step 4.1. The leadership at all relevant levels of local government, jointly with the facilitators and water and natural resource management staff, should do routine monitoring of the fund and also check adherence to the plans. This should be done through monthly village meetings, transect walks across the areas under management, spot-checks, exchange learning visits, etc.

Step 4.2. These routine performance monitoring sessions should also be used to provide technical backstopping to the village committees and local leaders, as well as to ensure quality performance, e.g. ensuring adherence to specific aspects of the management plans.

Step 4.3. Once the fund has been in operation for a while, e.g. the first 3 months, follow-up visits should be made with local government to ensure that it has already, or clearly plans to, integrate the CECF and community action plans into the local plans relating to natural resources, water, and agriculture or community development.

Step 4.4. Ensuring that women, children, the sick, the poor and the elderly are benefiting is also a vital part of the adherence checks. Holding reflections to discuss and document what has been working and what hasn’t, and recording ‘lessons learnt’ is also a fundamental part of these checks. It should involve discussing and addressing emerging issues and identifying new villages that might qualify for the next round of disbursement. The committees should use the monthly or quarterly meetings to provide feedback to the wider community, fund providers and local government leadership on how their action plans are being implemented and how the CECF is performing. The local government leaders should also use these meetings to update the community on how their action plans are being integrated into local government development plans (i.e. updates on progress with step 4.3. above), and to update them on other relevant government plans or programs, as well as how they could be leveraged through technical, financial and social support to communities in the catchment area.

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5 The finance committee is discouraged from keeping money in the box, rather they are encouraged to try and ensure that money is immediately borrowed once it is returned. This is in order to reduce the risk of loss of funds in case the box is broken into or stolen. Three different members of the finance committee should hold a key to each of the three padlocks on the fund box. The box itself should ideally only ever contain the fund ledger, a calculator, ruler and the group’s official stamp. It should only ever be opened during a community meeting.
5. Conclusion

IUCN piloted the establishment of 98 village CECFs in 2012. These are accessed by a total population of 4,346. In each of these villages, there are testimonies of steady progress towards improved livelihoods and improved water and natural resources management. For the most part, use of the fund has proved that households and communities can plan for their own immediate and long-term livelihoods, and be able to achieve them by sustainably utilising their natural resources. It is this realisation of the effectiveness of the scheme in delivering improved livelihoods that has catalyzed entire communities to get engaged in ecosystem restoration.

In just 1.5 years, CECF recipients have collectively participated in the demarcation of 110km of stream and river banks in the 98 villages as protection zones. All 196 traditional and modern water points have been brought under better management with functional management committees following the new government of Uganda water source protection guidelines. The water points are, for example, fenced with local materials, have an implemented communal cleaning roster and have had their immediate surroundings planted with creeping grass and/or trees. Communities have established four tree nurseries with a capacity of over 200,000 seedlings each. These are used to ensure a sustainable supply of seedlings to re-vegetate degraded patches of the catchments. The vision is that these works will contribute towards improved resilience of the communities, for example by reduced instances of water related diseases, and generally increase the society’s ability to adapt to shocks such as climate change.

IUCN’s experience of administering the CECF model is therefore that it is an important, field-tested catalyst to effective and sustainable water and natural resources management, especially among the rural poor. This is, because it:

- Empowers local communities to directly participate in water and natural resources management;
- Promotes accountability and better water and natural resources governance;
- Improves societal wellbeing by providing access to credit to diversify livelihood options while reducing pressure on natural resources within the catchment;
- Provides a monthly forum for dialogue between communities and their leaders;
- Reduces water and natural resource related conflicts by providing a platform for discussion and arbitration in case they arise, and;
- Enhances social and environmental resilience

The approach integrates water, natural resources, environment and livelihoods within designated management areas, and helps to sustain the functionality of ecosystem goods and services as natural infrastructure. It is, therefore, a sustainable, local-level water, natural resources and environmental management financing model that is integrated, participatory and ensures community ownership of the processes and results.

Figure 2: Farming and other activities are setback 30m from the edge of watercourses and the area clearly demarcated using sisal. The area marked is left untouched, which allows natural vegetation to regenerate, reducing sedimentation, evaporation, etc. (Anapa stream, Barlwala village)
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