Guidelines for the Sundarbans Reserved Forests
Revenue Sharing with Communities

Forest Department
Ministry of Environment and Forests
Government of Bangladesh
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1.0 Purpose and Background

This Paper comprises guidelines for a revenue collection and distribution plan to sustain effective conservation through co-management of the Sundarbans. These guidelines should serve as inputs when developing and drafting legislative, administrative or policy measures on revenue sharing from the Sundarbans. The overall goal for the revenue sharing is to enable forest-dependent communities living adjacent to the Sundarbans to enjoy the economic benefits they accumulate so that the local communities can improve their livelihoods by working in partnership with the Forest Department (FD).

The conservation of Protected Areas (PAs) has always been recognized towards effective conservation of environment, which has been reflected in various Conservation Acts enacted over time. In the light of the importance of the Protected Areas (PAs) to the country’s economic growth and sustainable development goals, and the fact that the formation of Co-management Committees (CMCs) have had significant positive impacts on overall forest management, the Government of Bangladesh (GoB) has decided that a fair portion of the forest revenues generated from PAs should be shared with local community. Accordingly, based on the authorization from the Ministry of Environment and Forests (MoEF), and subsequent approval by the Ministry of Finance (MoF) (February 2009; Guideline approved on 29 March 2009), CMCs were then entitled to receive a share of the revenues (50%) generated through entry fees to the PAs, however, on compliance of the necessary government procedures.

The specific objectives of the Entry Fees System of revenue sharing from the co-managed PAs as referred to above were as follows:

1) to facilitate an enabling environment and better relations between PAs and adjacent communities,
2) to demonstrate the economic value of PAs and conservation to adjacent communities, and
3) to seek support and recognition of the PAs and conservation from adjacent communities.

In pursuance of the GoB Order of 15 May 2006 (Nishorgo/105/2006), followed by subsequent Order of 23 November 2009 (Nishorgo/105/2006/398), issued by the Ministry of Environment and Forests (MoEF) (see Appendix A.2), the Integrated Protected Area Co-management (IPAC) Project has formed 23 Co-management Committees (CMCs) involving them in the Co-management of the forest PAs.

1.1 Sundarbans Landscape Zone

The Sundarbans and the surrounding landscape include the world’s largest mangrove forests, the Sundarbans Reserved Forests (SRF) including three Wildlife Sanctuaries, and the Sundarbans Ecological Critical Area (ECA) (See Map). There are now four CMCs focusing on the Sundarbans and, apart from establishment of more than 200 Village Conservation Forums (VCFs), substantial number of People’s Forums (PFs), Community Petrol Groups (CPGs) and other community organizations are being developed.
1.2 Co-management of SRF through Revenue Sharing – Hon’ble Prime Minister’s Instructions

Realizing the importance of co-management in protection of ecosystem and improvement of livelihoods through revenue sharing with local communities, the MoEF proposed that a fair proportion of the revenues collected from non-timber forest products (NTFPs) in the Sundarbans, as well, are shared with the communities living in the Sundarbans Landscape Zone so that they take part in the SRF co-management activities more effectively. In this backdrop, the MoEF prepared a proposal of revenue sharing for SRF, as a whole, and submitted this to Hon’ble Prime Minister (Ref. 49/2009/403, 4 April 2010). Subsequently, the Hon’ble Prime Minister has in principle accorded her kind approval to this proposal on 20 April 2010.

1.3 Forest-Carbon Financing for the Sundarbans

Primarily recognizing the importance to address Climate Change challenges, Bangladesh has also recently stepped up efforts to mitigate GHG emissions through aggressive forest conservation, reforestation and afforestation programs. This also opens up avenues for foreign exchange earnings through forest carbon finance options including but not limited to reductions of emissions from deforestation and forest degradation (REDD). Future revenue sharing in forest carbon trade is something which is likely to encourage CMCs to more actively participate in the SRF protection. So, the Hon’ble Prime Minister’s approval including for REDD as above has also implications for sharing revenues collected through protection of environmental services including the mitigation of Green House Gasses (GHG) by gainfully associating local communities. Hence, this revenue-sharing modality is also relevant for future revenue sharing in forest-carbon financing opportunities in the Sundarbans and other forests across Bangladesh.

Suitable modalities of revenue collection and sharing from forest-carbon finance should largely be drawn on the present guidelines when REDD strategy is prepared in the future.

1.4 NTFPs and Extent of Sharing

It is in this backdrop, the development of a set of guidelines and procedures for the revenue sharing arrangement for SRF was needed for its effective implementation.

NTFPs

Non-timber forest products (NTFPs) shall include SRF products and services other than timbers [See 5.0(d) for definition; see also Appendix A.1]). The present Guidelines are set for revenue sharing from NTFPs including environmental services
Revenue Share

In line with the Hon'ble Prime Minister’s instructions and the existing “Entry Fee System from PAs”, a proportion of 50 per cent of the NTFPs revenues shall be shared with the local community. ‘Entry fees’ for visitors shall include entry fees to SRF including tourist spots.

The money shall be a source of income for the Co-Management Committees/Organizations to support the Sundarbans conservation and sustainable development. The income shall facilitate the CMCs to undertake socio-economic development and the protection of the SRF through involving the forest dependent local population.

2.0 Specific Objective of the Guideline

The specific objective of this guideline is to provide with direction on the following process and steps with regard to revenue collection, allocation, distribution and management of the 50 percent of the collected SRF (NTFPs) revenues in favor of the forest dependent population of the SRF.

Specific objectives are:
- Collection of revenue from the NTFPs of the SRF;
- CMC budget preparation and approval process;
- CMC budget allocation and distribution of revenues as accrued from NTFPs;
- CMC fund management;
- Expenditure management of grants;
- Monitoring and evaluation;
- Sustainability and challenges to implementation of Revenue Sharing Programme, and
- Review of the guidelines and amendment/reformation.

3.0 The Application of the Guideline

This guideline is applicable to the SRF, as a whole, that is, applicable to the existing CMCs (four, as of now) and any other CMCs subsequently formed in the future within SRF Landscape zone as per the approved guidelines. The already existing protected areas’ entry fee revenue sharing system is referred to in this guideline as “Entry Fees System of PAs”

4.0 Justification of the Proposed System of Sharing

Two systems of revenue collection and sharing can be considered. One is the “Entry Fees System” currently in practice in the Protected Areas (PAs), and the other is collection and revenue sharing at source. Both of these systems have merits and demerits. Entry Fees System has already been in place, and is reasonably well-developed, and proven in ensuring transparency and accountability through allocation in the national budget, and through balanced control of FD, CMCs, local government institutions and community as a whole. So the basic principles of this guideline are drawn from the ongoing Entry Fees System of PAs.
5.0 Definitions

a) The “Entry Fees System” refers to and guidelines approved by the Finance Division, Ministry of Finance (MoF) on 29 March 2009 regarding allocation and distribution of 50% revenues collected by CMCs from visitors of Protected Areas (PAs) (See Appendix A.3);

b) The Sundarbans include the world’s largest mangrove forests comprising the SRF that includes three Wildlife Sanctuaries;

c) The Sundarbans Landscape Zone includes the periphery of the SRF, coterminous with legally declared “Ecologically Critical Area” within a 10 km band surrounding the SRF in the north and the east;

d) Non-timber forest products (NTFPs) and environmental services shall include SRF products and services other than timbers; that is, they are comprised of products such as golpata, goran, fish, shrimp, hilsha, crab, mollusc, shell, oyster, honey, bee wax, shon, grass, hantal, and the like, including revenues generated through entry to the SRF for eco-tourism;

e) “Entry fees” in this guideline refer to, among others, visitors’ entry, vessels’ entry and stay of visitors (and vessels) at night and will be applicable to the entire SRF including three wildlife sanctuaries;

f) ‘Co-management council’ (an advisory body) refers to the co-management-council that is formed under the gazette notification of the Ministry of Environment and Forest (MoEF), dated 23 November 2009 (See Appendix: A.2);

g) ‘CMC’ or the Co-management Committee (an executive body) refers to Co-management Committee that is formed under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);

h) Co-management bodies, or collectively, the councils, committees and ‘other organizations’ refer to Co-management Organizations (CMOs) under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);

i) The ‘other organizations’ include Peoples’ Forums (PFs), Village Conservation Forums (VCFs), Community Petrol Groups (CPGs) or any other organizations formed from to time in future under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);

j) ‘CMC Chairman’ refers to the Chairman who is elected by the members of the CMC under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);

k) ‘Member Secretary’ (ex-officio) (person who is the ACF or Range Officer in charge of the Forest Range of the concerned CMC area) refers to the Member Secretary of
the Co-Management-Committee formed under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);
l) ‘Treasurer’ (person who is elected from among the members of CMC) refers to the Treasurer of the Co-Management-Committee formed under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);
m) ‘Administrative cum Accounts Assistant’ refers to an appointed Accounts-cum-Administrative Assistant by the Co-Management-Committee, formed under the gazette notification of the MoEF, dated 23 November 2009 (See Appendix: A.2);
n) ‘CMC Fund’ refers to grants received from the government revenue budgets for the CMC managed activities (MoEF: AM/ABE/NTR-3/CO-45/1(10)/2004-2/16, 29.03.2009);
o) ‘CMC Bank Account’ refers to the Bank Account which is operated by CMC towards fund management under the gazette notification of the MoEF, dated 23 November 2009;
p) ‘Revenue’ refers to the collected money from the NTFPs of the SRF at authorized rates/fees in exchange of resource collection or the entry pass;
q) ‘Grants’ refer to the money allocated in economic code 5900 (for Grant), and sub-code 5965 (for Special Grant) as determined by the Finance Ministry;
r) ‘Allocation, Sharing and Distribution’ refer to 50% of the collected revenues from the NTFPs of SRF as allocated by the MoF and distribution to the CMCs through Forest Department and in turn by the DFO;
s) ‘Local Community’ refers to forest-dependent people living in areas adjunct to the SRF, the list so prepared and recognized as forest dependent population, duly approved by local FD and CMC.

6.0 Collection of NTFPs Revenue

Following usual practice, revenues from NTFPs shall be collected by the Forest Department at authorized rates as determined by the Government from time to time. The concerned CMCs shall assist the FD in the collection of NTFP revenues from the SRF, by providing their administrative and logistic support, under the overall guidance and management of FD. The exact support shall be determined by FD from time to time, depending on the capacity of CMCs.

The Entry Fees from Tourists shall be collected by CMCs at authorized rates as determined by the Govt. from time to time.
6.1 The Revenue Collection Process

The revenue collection shall be conducted by following the steps presented as below:

a) As an usual practice of SRF revenue collection, the Chief Conservator of Forest shall instruct the concerned Conservator of Forest (CF) in Khulna to initiate the revenue collection activities (NTFPs) from the SRF by making the concerned CMCs involved in the process;

b) The CF shall give necessary instructions to the concerned Divisional Forest Officer (DFO) to start the NTFPs revenue collection process;

c) The DFO shall give necessary directives to the concerned Range Offices in this respect, under intimation to the concerned CMC Chairman and Member Secretary for action; the directives from the DFO shall also include instructions for the CMCs to start collecting entry fees from visitors;

d) There shall be two separate Revenue Receipt Books for NTFPs revenue collection. One shall be for (1) NTFPs except for entry fees and the other (2) for only entry fees applicable for the entire SRF. For the former, the Range Office shall use prescribed/printed admission pass, each having 4 receipt portions, for the revenue collection from the resource users of the SRF. The Administrative/Accounts personnel (or any persons nominated by CMC Chairman/CMC Member Secretary) shall assist the Range office in the collection process; for the latter, that is, for entry fees, the CMC personnel shall use prescribed/printed admission pass, again each having 4 receipt portions, for the entry fee collection from the SRF. The Range office shall provide necessary advice and guidance to the concerned CMC in the collection process of entry fees from tourists.

e) After the collection of revenues for NTFPs (except for tourists), the Administrative cum Accounts personnel (or the appropriate representative) shall collect one portion of the admission pass. Out of the remaining three portions, one shall be preserved with Receipt Books, one shall go to the office of the DFO, and one shall be handed over to the resource users. The same process shall follow in reverse order for entry fees from tourists visiting the SRF. The Administrative cum Accounts personnel (or the appropriate representative) shall deposit one portion of the admission pass to the Range Office along with collected fees on a daily or weekly basis decided by the FD. Out of the remaining three portions, one shall be preserved with Receipt Books kept by CMC, one shall go to the office of the DFO, and one shall be handed over to the tourists.

f) The information of the admission passes that are issued or used has to be maintained in a register book both by the Divisional Forest Office and the concerned CMC Office;

g) Upon receiving the scroll signed by Range Office for NTFPs, both the Range Officer and the CMC personnel shall entry their respective amount of the collected revenue/fees in their register books;
h) As an usual practice, the total revenues collected from NTFPs (including fees from tourists received from the concerned CMC) shall be deposited to the Government Treasury through any designated scheduled bank with a defined account code through Chalan, by the concerned Range Office or the Divisional Forest Office. The Range Office shall send a copy of the revenue deposits for NTFPs to the CMC Office for information on a monthly basis;

i) The records of the bank deposits shall be maintained in separate registers following current procedures;

j) A monthly report on collected revenues for NTFPs has to be prepared by the Range Office and the CMC every month and be submitted to DFO Office, with a copy to CF who will send the revenue collection report to the CCF.

6.2 Community Responsibility

Local community including CMCs, VCFs and PFs will help assist FD staff in discharging their biodiversity conservation duties including protection of forests and wildlife. They will provide intelligence information to the local FD field staff whenever possible so that professional illicit fellers and poachers can be apprehended through joint community patrolling for which community patrol groups can be formed wherever necessary. These community organizations will hold their regular meetings to discuss relevant forests management issues and will be in regular communication with the DFO and his staff. They will motivate local community and help raise public awareness on biodiversity conservation, eco-tourism and other related themes.

7.0 CMC Budget Preparation and Approval Process

a) An amount equivalent to 50% of the revenues (including fees from tourists) collected from the NTFPs shall be allocated in favor of the concerned Co-management Committees.

b) CMCs shall be invited to submit their annual budgets to DFO for examination. The DFO shall examine it and shall incorporate 50% of total NTFPs revenues in revenue budget and shall send it to CCF under economic code (5900 Grant) and sub-code (5960 Special Grant);

c) Like in the Entry Fees System from PAs, the CCF will incorporate the CMC budget amount in FD’s revenue budget and send it to the Ministry the for approval;

d) For the first year grant, the CMCs shall be allocated on the basis of calculation of 50 per cent of the estimated average of previous two years’ NTFP revenues;

e) For the second and subsequent years, the CMCs shall be allocated on the basis of 50 per cent of the previous year’s NTFP revenues.
f) CMC shall prepare their plans with budgets for different projects/activities each year and will send it to concerned Co-management Council for approval, and while preparing the budgets, maximum of 20% of the total budgets can be earmarked as CMC overhead and management expenses.

g) Detailed description of the development projects/activities with proposed budgets have to be spelled out (See Section 9.0 : CMC Fund Management).
8.0 CMC Budget Allocation and Revenue Distribution

Budget Allocation

Following usual rules and procedures, the Finance Ministry will incorporate the allocations as a Special Grant (code 5960) under economic code (5900 Grant) into the annual revenue budget in favor of the Forest Department, and the Forest Department shall allocate the whole money to be distributed over all the concerned CMCs. In the case of revenue distribution, the procedures given below have to be followed:

Revenue Distribution

a) Based upon receiving allocation from the office of the CCF, the CF (Khulna), in consultation with DFOs shall make distribution of the total allocated money to the CMCs (currently four) following criteria such as (1) working area (2) vulnerability (3) number of SRF dependent population under each CMC, and (4) requirement of submitted projects.

b) The Divisional Forest Officer shall then pass formal Order for the allocation to the CMCs, with a copy of that allocation to the CF.

c) Depending upon the merit of the CMC’s plan of implementation activities, and related progress reports, the Divisional Forest Officer shall disburse the allocated money to the CMCs through crossed-cheques in maximum of two installments.

d) The CMC shall submit monthly activity progress report and copy of statements of expenditures, including quarterly bank statements, to the concerned DFO. The DFO then shall send progress reports to the CF and subsequently to the CCF for information.

9.0 CMC Fund Management

The operation and management of the disbursed funds shall largely be left to CMCs, following their own rules and regulations. But some guiding principles shall have to be followed. These are as follows:

(a) After vertical flow of grants from the national treasury to the CMCs, horizontal distribution/allocation/flow by CMCs via VCFs/PFs/CPGs and other community-based organizations has to be based on the principle of equity, transparency and accountability;

(b) Three major Programmes such as Core, Welfare and Social Forestation Activities shall be implemented. There shall be one fund created out of the distributed 50% NTFPs over the currently formed CMCs (four, as of now), and any other CMCs subsequently formed in the future within SRF Landscape zone;
(c) Like in the Entry Fees System from PAs, the fund shall largely be under the disposal of CMC, with oversight activities from the concerned Council; and bank operation shall be made jointly by Member-Secretary and Treasurer concerned;

(d) The allocated CMC fund shall be used for three types of activities (1) Core Activities (2) Welfare Activities and (3) Social Forestation Activities (See Chart 1). Sixty percent of the total fund shall be used for the purpose of Core Activities while 10 per cent each shall be used for Welfare Activities and Social Forestation Activities (See Tables below for indicative lists of activities). The remaining 20 per cent should be earmarked for overhead and management costs of CMC. The details of what shall constitute such activities and relevant procedures are presented as below.

**Chart 1: Fund composition and operation**

![Diagram of fund composition and operation]

- **CMC Fund**
- **Operated by CMC**
- **Overhead Expenses (20%)**
- **Core Activities 60%**
- **Welfare Activities 10%**
- **Social Forestation Activities (10%)**

**9.1 Core Activities**

Evaluation of the applications for Core Activity proposals, submitted in prescribed form, shall be based on the following broad criteria (further details shall be prepared by concerned CMC):

(a) Core Project/Activity proposals, more precisely needs-based, shall be developed by CMCs for the development of the SRF ecosystem and local community with preference given to the VCFs/CPGs of respective SRF areas. Groups of people, formed informally as local community rather than individuals, more precisely informal groups, shall be encouraged as such groups often prove more efficient and rewarding. Particularly, Alternative Income Generating Activities (AIGs) for the Community Petrol Groups (CPGs) should be on priority. Additionally, women candidates and ethnic community should be given higher preference in selection. Ecosystem development activities can be undertaken both inside the SRF and its landscape zone. The proposals shall be submitted to respective DFOs for approval. The project proposals representing more number of villages and more number of beneficiaries shall be given preference for the grants. The Core Activities may also consist of training and awareness programs on aspects such
as Climate Change mitigation and adaptations, which shall be carried out in collaboration with local community. Examples of the core projects/activities are shown in the following Table 1:

(b) Grants shall be approved largely for the listed activities/projects under the indicated broad heads (see Table 1 but the list is not exhaustive, and is indicative only. The list may be further extended and amended by concerned CMC over time.

Table 1: Possible Core Development Activities

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Development Theme</th>
<th>Possible Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ecosystem development, Conservation of bio-diversity</td>
<td>Pond excavation, Improved stoves, Innovative fuels, Energy efficient activities, Solar panels, Bio-gas, Renewable energy, Nursery, homesteads development, etc.</td>
</tr>
<tr>
<td>2</td>
<td>Landscape development</td>
<td>Functional and Aesthetic landscape services, Tourism development, recreational facilities, Landscape construction, Maintenance, etc.</td>
</tr>
<tr>
<td>3</td>
<td>Rehabilitation after disasters</td>
<td>Roads repair, Polders rehabilitation, Provision of water &amp; sanitation after disasters</td>
</tr>
<tr>
<td>4</td>
<td>Disaster management projects</td>
<td>Cyclone shelters, Killas, Community radio, Equipment for Warning system (e.g., radar, towers)</td>
</tr>
<tr>
<td>5</td>
<td>Climate Change adaptations</td>
<td>Homestead raising, Roads raising, Training &amp; Awareness Programmes on Climate Change</td>
</tr>
<tr>
<td>6</td>
<td>Alternative income generating activities (AIGs)</td>
<td>Livestock farming, Poultry farming, Agri. farming, Agro-forestry, Duck rearing, Crab and aqua-culture, Handicrafts, Fishing net making, Tailoring, Apiculture, Vegetable cultivation</td>
</tr>
<tr>
<td>7</td>
<td>Poverty reduction &amp; Economic activities</td>
<td>Small business, Small industries, Trading, Pasture development, Van, Rickswa, Capacity building of fishing community</td>
</tr>
<tr>
<td>8</td>
<td>Physical Infrastructure</td>
<td>Small Culverts, Foot Bridge, Link Roads, Growth center, DTW/ STW/Power pump installation (within SRF vicinity), Development of growth centers/Marketing system</td>
</tr>
<tr>
<td>9</td>
<td>Social capital formation-Education</td>
<td>Primary schools, Skill formation</td>
</tr>
<tr>
<td>10</td>
<td>Social capital formation-Health</td>
<td>Water desalinization, Pond Sand Filtering (PSF), Tube-wells installation</td>
</tr>
<tr>
<td>11</td>
<td>Physical capital formation</td>
<td>Fishing boats, Trawlers, Fishing nets, Tourism boats</td>
</tr>
<tr>
<td>12</td>
<td>Community centers</td>
<td>Community clinics, Dispensary, Health center, Convention centers</td>
</tr>
</tbody>
</table>
c) The evaluation and approval of the projects shall be left with CMC. When needed CMC members may take technical assistance, to examine the proposals on case-by-case basis with the help of relevant experts from outside (e.g., agriculture, livestock, fishery, industry, upazila engineering department and so on).

d) In order to increase a sense of ownership, the project activities should be participatory (cost sharing); that is they should have some kind of contribution from the beneficiary people involved in the projects, at a rate in the range of 10 per cent, which should be built in the project budget; the contribution can be met through participation in the form of voluntary labor, land, homesteads, ponds, assets, and the like.

e) The DFO may ask for necessary revision in the proposed activity and/or proposed budget.

(f) Project implementation period should be maximum of one year.

(g) Apart from list of proposals presented above, the project proposals should also include community based alternative income generating activities, focusing on livelihood improvement and hence reducing their dependency on the SRF, and also taking in cognizance of FD’s conservation objectives. The proposed projects should bring maximum benefits to local community and ecosystem and cover maximum number of villages and beneficiaries, focusing on community participation in PA conservation and management.

(h) CMCs, in consultation with DFOs may take projects in the Sundarbans especially for the improvement/development of the eco-tourism and conservations activities.

(i) The grant size shall vary by type of activities but shall be evaluated on a case-by-case basis; however, it shall be limited to maximum of five lacs Taka per project for finance from Core Activity Fund; in an exceptional case, the DFO, with approval from the CF, can increase this ceiling for up to 20 percent. The activities shall ideally be targeted to poor, marginal and the disadvantageous forest dependent group of people. The size of the grants for Core Activities may be reviewed by CMCs, if necessary.

(j) The project proposals should address sustainable and tangible impacts, particularly in support of the SRF conservation and management. A proposal should be such that it becomes sustainable in that the community can carry on when it is phased out in terms of fund supports.
(k) In line with the Hon’ble Prime Minister’s instructions, Joint Forest Management would be the essence of this revenue sharing system. The community or group of people shall also have to bear some responsibility in return of the support they get from the current revenue sharing. The Forest Department, in consultation with CMC, shall arrange to regularly engage them in the task of joint patrolling.

9.2 Welfare Activities

(a) The CMC shall have a Welfare Activity Fund. The Welfare Activities shall include those largely for welfare of local community and emergency purposes. Any local community individuals or VCF/CPG members can apply for it to CMC. Two types of financing shall be available; one is pure grants (for severely poverty-stricken people) and the other is loans (without interest and collaterals), for any small but productive venture, depending on the merit of application to be decided upon by CMC.

(b) The Welfare Activity Fund shall be used (but not limited) for activities under broad heads such as those shown in the following Table 2:

<table>
<thead>
<tr>
<th>Sl.No.</th>
<th>Development Theme</th>
<th>Possible Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Casualties</td>
<td>Casualties or deaths by wild animals (esp. women who lost husbands due to wild animals)</td>
</tr>
<tr>
<td>2</td>
<td>Destruction</td>
<td>Destruction of crops, livestock and property by wild animals leading to low food production and income</td>
</tr>
<tr>
<td>3</td>
<td>Abandoning homes</td>
<td>Abandoning homes, thereby forfeiting education and other activities</td>
</tr>
<tr>
<td>4</td>
<td>Contacting diseases</td>
<td>Contacting diseases as a result of exposure to disease vectors (mosquitoes, tsetse fly, ticks, etc.)</td>
</tr>
<tr>
<td>5</td>
<td>Emergency causes</td>
<td>Emergency situations arisen out of any natural hazards by people in SRF Landscape areas</td>
</tr>
<tr>
<td>6</td>
<td>Welfare</td>
<td>Epidemics, Critical illness, subsistence Livelihood support to poor handicapped, indigenous people and distressed women</td>
</tr>
</tbody>
</table>

(c) The evaluation and approval of the development activities shall be left with CMC. However, when needed (depending on the type of activity/purpose) CMC may form a Committee from among CMC members to examine the applications on case-by-case basis;

(d) Grants shall be granted for ever but loans shall have to be repaid to CMC, in maximum of four installments in one year’s time. Thus, the Welfare Activity Fund shall be sort of a Revolving Fund. However, there shall be no interest on such loans, nor shall there be any collateral needed.
These conditions may be amended on case-by-case basis by CMC. Nevertheless, no loans or grants shall be extended for pure consumption purpose.

(e) The grant or loan size shall vary by type of activities or causes but shall be justified on case-by-case basis; it shall be limited to maximum of 10,000 Taka for finance from Welfare Activity Fund, ideally targeted to poor and the disadvantageous group of people in the Landscape Zone.

9.3 Social Forestation Activities

(a) Social forestation has been an important strategy towards effective forestation in Bangladesh. So, the SRF revenue sharing arrangement fund shall also have a small component to be used in fostering social forestation in the Landscape Zone;

(b) Like the Welfare Activity Fund, Social Forestation Activity Fund shall also comprise 10 per cent of the total fund. Although the SRF itself does not need any forestation but some projects for Integrated Homesteads Trees Management and afforestation on unutilized Khas lands by associating local community in its Landscape Zone shall be considered;

(c) The fund shall be administered according to Social Forestry Rules 2004 (updated for 2010). As per the Rules, such activities can be undertaken both on government Khas lands (including FD-owned lands) and privately-owned lands. In line with the Social Forestry Rules 2004 and 2010, the revenues earned from the forestation shall be distributed among FD and beneficiaries at specified proportions, depending on the type of lands (e.g., FD lands, Khas lands, Char lands etc) used for such small scale forestation. The revenues shall be distributed between FD and land owners on the basis of separate agreements with them in this respect. The size of the individual grants for Social Forestation Activities shall amount to a maximum of TK 50,000, which may be reviewed by CMCs if necessary.

9.4 Review of Activity Budgets

(a) The budgets or the allocations for activities shall be at the discretion of CMC but in line with these revenue sharing guidelines. That is, the budgets can be reviewed (increased or decreased) in consultation with the groups/persons for whom the activity proposals shall be implemented. But the budgets can not be increased by more than 10%.

(b) It should not be the motive that whatever funds are available in a particular year should be exhausted in that year. If there are any left-out funds, those should be carried over to that of the next subsequent years until such time that good projects can be designed or made available.
9.5 Public Announcement

The CMC should make public announcements of the approved projects in the respective CMC areas. In order to avert substandard work and to improve equality, transparency and accountability, the revenue sharing projects should undergo a simple inauguration ceremonies, one at the beginning, and the other at the end during the formal handover so that the grantee or groups, as well as the amount and source of funds are publicized, thereby facilitating the community to know as to who is accountable for what.

9.6 Financial Power, Bank Account and Operation

(a) The Treasurer of the CMC shall be the custodian of the fund while the Range Officer shall discharge the financial functions of CMC in the capacity of Member Secretary. The Member Secretary and the Treasurer shall be the authority for the details of all financial records. The CMC Chairman, the Treasurer and the CMC Member Secretary shall be responsible for signing all statements of expenditure as well as annual financial statements. The Chairman or any designated member, the Treasurer and the Member Secretary of the CMC shall sign vouchers.

(b) In pursuance with the Gazette notification on the formation of CMCs, each CMC shall maintain an account with a scheduled bank. The name of the bank shall be decided upon by the CMC; bank operation shall be made jointly be Member-Secretary and Treasurer concerned.

(c) The Accounts and Administrative Sections shall be responsible for maintaining the records of CMC expenditure and necessary books of accounts, and for all quarterly and annual submission of financial statements for audit.

(d) DFO should inspect and examine the record of expenditures and accounts of the CMC every often and if any discrepancies are found he shall ask for immediate rectifications. If the rectifications are not addressed the concerned person shall be made liable.

9.7 Approval of Annual Work Plan and Budgets

(a) Two major activities of CMC include preparation of annual work plan and annual financial budget for implementing the respective work plan. The work plan and the budget showing estimated receipts and expenditures shall be prepared in prescribed formats in consultation with the DFO, Treasurer and Member Secretary of the respective CMC.

(b) The draft work plan and budget shall be placed before the members of the Co-management Council for its review and initial approval. The Council shall place the work plan and budget in its general meeting for its final approval. Once the work plan and budget are approved by the Council, CMC shall forward it to the CCF through CF and DFO for information. The process shall be supported by administrative and accounts personnel.
9.8 Expenditure Management of Grants and Progress Reports

(a) Standard accounting system shall be followed. The following are the key aspects of accounting to ensure accuracy and completeness:

(b) Vouchers approval
For any financial transaction or any expenditure making, the concerned personnel (e.g., Accounts/Administrative Assistants) shall initiate Note Sheet duly authorized by CMC Member Secretary and shall forward to the Chairman for approval. No bill shall be approved unless it is processed through the accounts section for examination. For expenditure up to TK 5000, the bills shall be forwarded to the CMC Member Secretary for final payment approval. All payments beyond TK. 5,000 must have approval by the CMC Chairman.

(c) Mode of Payment
- The purchase of goods or services must have prior approval;
- The goods or services must have been delivered (delivery notes duly signed) before payment;
- All requests for payment must be supported by the submission of appropriate bills or invoices and all documents associated with disbursement;
- Invoices, bills, receipts, quotations, contract of procurement etc. must be attached with appropriate vouchers;
- All payments must be made through Account Payee Cheque for TK. 5,000 and above, in favor of specific group/organization, and not in favor of any individual. In any special case otherwise, proper explanation has to be given justifying the situation.

(d) Record keeping
The books of account shall be kept at the registered office of the Organization or at such other place as the authority shall deem fit and shall be open for inspection during business hours. The CMCs shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations, the account and books of the organization or any of them shall be open to the inspection of the nominated members of the organization. The CMC Member Secretary shall prepare and place before the Council profit and loss accounts, income and expenditure accounts, balance sheet and relevant reports.

(e) The CMC is required to prepare, maintain and retain the standard accounting books and documents; the standards shall be decided upon by CMCs concerned.
(f) Audit – Internal and External
The CMC shall arrange internal audit throughout the fiscal year or as determined by proper authority. The internal auditor shall submit a report to the CMC Chairman and DFO with the mention of irregularities, if any, and recommendations for overcoming them. The DFO may also share the report with CMC officials and advise them to ensure that the whole system is on track. The CMC may also engage a one/two member team for special internal audit services. The cost of audits shall be borne by CMC from its overhead funds.

Besides, in every financial year, the books of accounts of the organization, such as receipts and payments, balance sheet and other reports shall be audited by an appropriate external auditor within a stipulated time, on the advice of the Council or its Chairman (UNO).

(g) Financial Statements
Statements of receipts and payments account shall be prepared by the CMC Accounts Section on a quarterly basis. The Treasurer and the Member Secretary of CMC shall sign the quarterly and annual financial statements. The annual financial statements shall be discussed first in the CMC meeting, and then in the annual general meeting of the Council. The Council shall approve the annual financial statements and forward it to the office of DFO for information.

(h) Progress Report
The CMC shall prepare quarterly progress reports on various activities immediately after the completion of each quarter. The item-wise action plans, allocations, the actual progress during the reporting quarter, progress to date, deviations if any, causes of deviations and/or non-performance shall be described in the progress report. The four quarterly reports shall be consolidated into annual progress report. The quarterly and annual progress reports shall be shared with Co-management Council and should be formally adopted by the Council to forward it to the CF, DFO, Council President (UNO) and CCF for information and/or any review.

10.0 Monitoring and Evaluation

(a) Technical and financial auditing of revenue expenditures, along with a robust system of monitoring of the use of revenues by CMCs, is essential to provide a basis for improved transparency and accountability. This will ensure fulfilling expected funding objectives and may result in re-appropriation of funding within the three types of activity programs;

(b) The CMC shall form an internal monitoring team, as appropriate, to monitor CMC activities. Apart from this, on recommendations from CF an external monitoring team may be constituted, as appropriate, to periodically monitor CMC activities. The team shall detect discrepancies, if any, and submit a report to the CF including corrective measures necessary in relation to CMC activities.
At some appropriate time intervals, outcome evaluation shall be conducted to assess what impact the current revenue sharing arrangement has on the overall protection/conservation objectives of SRF co-management and socio-economic conditions of the local community. In the process, similar evaluation shall provide a direction in terms of sustainability of such revenue sharing arrangements for future. Frequent visits and review meetings by CMC members would be a good step for smooth operations of CMC functions.

11.0 Sustainability and Challenges to Implementation of SRF Revenue Sharing Programme

(a) The sustainability of revenue sharing programme largely depends on to what extent the project activities address sustainable and tangible impacts, particularly in support of the SRF conservation and management. The project proposals should be such that it becomes sustainable and the community can carry on when it is phased out in terms of fund supports;

(b) The effectiveness of the distribution of forestry revenues as a tool to contribute to poverty reduction, distributional equity and sustainable forest management is important to poor community. A well-functioning system requires mechanisms that foster transparency, accountability and continuous review. It must be accompanied by effective engagement of poor community in decision-making, and a clear definition of the roles and responsibilities of the various institutions and stakeholders involved;

(c) While implementing the revenue sharing programme it is important to carefully monitor as to where the benefits go and to equitably distribute among the community. In the process of implementation of the projects or activities, one has to ensure that most affected groups and marginal communities including poorer resource users, indigenous people and distressed women are involved to maximum extent, and the flow of benefits is targeted accordingly;

(d) There are also a number of risks and barriers for the communities to benefit from revenue sharing. One of them is social jealousy between CMC-members and non-members, for example. Utmost care should be taken so as to ensure that this type of social jealousy is not created in the process;

(e) It is of vital importance that access and opportunities are not captured by elite groups, and there must be a level playing field for the marginal people. Transparency with regard to finances in benefit-sharing programme is likely to reduce conflicts and promote the idea of working together. This shall also make people aware of the benefits of conservation in terms of natural resource use now and in the future.

(f) Working through formation of groups or cooperatives should be encouraged; however, people in groups may be heterogeneous in terms of their understanding, education, exposure, wealth and
social status. Due consideration should be given to these realities at the time of activity planning and implementation.

(g) Finally, the concentration of development activities in the areas close to the Sundarbans may lead to increase in-migrations, resulting in increased economic pressures. Similarly, as experience from other countries shows, drives to increase revenues for sharing often result in non-sustainable resource extraction. Hence, the revenues sharing programme should gradually be extended to cover villages as many as possible within the Sundarbans Landscape Zone. A close monitoring in such aspects is of utmost importance.

12.0 Review of the Guideline and Amendment/Reformation

This guideline shall be applicable for The SRF and its surrounding Landscape Zone, as a whole, and is formulated based on the existing information and experiences. The revenue sharing programme can be reviewed, reformed, amended and corrected periodically, based on the programme implementation experiences.
### Appendix A.1: SRF Budgets and Revenues for 2008-09 to 2011-12

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<tr>
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<th>2010-11</th>
<th>2011-12 (Proposed)</th>
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<td>12.64</td>
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<td>(b) Revenue Total</td>
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<td>6.98</td>
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<td>(c) Revenues Timbers</td>
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<td>(d) Revenue NTFPs (b-c)</td>
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<td>6.52</td>
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Source: Forest Office, Khulna Circle
Appendix A.2: Formation of Co-management Committees, Councils and Organizations

(Gazette Notification Nishorgo/105/205/398 dated 23 November 2009, Ministry of Environment and Forest (MoEF))
Appendix A.3: Revenue Sharing of 50% Entry Fees from Protected Areas

(Based on the authorization from the Ministry of Environment and Forests (MoEF), and subsequent approval by the Ministry of Finance (MoF) (February 2009- Guideline approved on 29 March 2009)