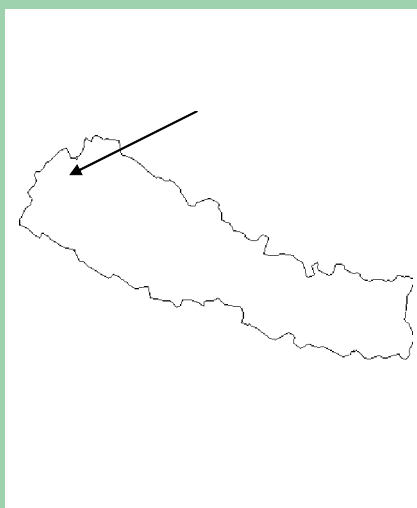


# SHREE BINAYAK PIMIDANDA COMMUNITY FOREST: MORE THAN A PAPER TIGER

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**Hukum B. Singh**

Name of forest:	Binayak Pimidanda Community Forest
Location:	Bajhang District, Seti Zone
Area (hectares):	912
Managing entity:	Shree Binayak Pimidanda Forest User Group
Mgt. objectives:	Non-timber forest products, poverty alleviation
Country:	Nepal



**F**ew would imagine that the path to good forest management could be paved with small sheets of plain hand-made paper. But this is exactly the case for a vibrant community forest in the far reaches of western Nepal.

“The Shree Binayak Pimidanda Community Forest in Bajhang is unquestionably one of the best managed forests in the country,” commented Rama Kanta Yadav, a ranger with the District Forest Office. “It has become an excellent example of how a forest should be managed, largely as a result of the establishment of a paper factory. The members of the local Forest User Groups are very serious about sustainable forest management, as well as managing the commercial assets of the forest. With minimal support from outsiders, the community has dispelled the common belief that industries in the high mountains cannot operate profitably.”

It is unlikely that first-time visitors to the factory premises of Malika Handmade Paper Industry, which the villagers refer to simply as “the Company,” could imagine that a viable industry could be established in such a remote area. Nor could they expect that such an enterprise could substantially raise the standard

of living for the inhabitants of the isolated village. But such is reality. Even more impressive is the fact that the villagers have established the paper industry themselves.

The Company is located in Kailash Village, high in the mountains of the Far Western Development Region of Nepal. The surrounding forest of Shree Binayak Pimidanda, from which the Company draws its raw materials, covers an area of 912 hectares.

Shree Binayak Pimidanda Forest has more than a dozen different tree species. Non-timber woody species include the commercially important lokta (*Daphne* spp.). The mountain forest, which extends to an elevation of 3 660 metres, also provides habitat for various wildlife including the endangered musk deer and birds such as pheasants.

Kailash Village is located about 20 kilometres southwest of Chainpur, the principal town in Bajhang District. Forests surround the village on all sides. The major sources of income for the community include farming, animal husbandry, collecting non-timber forest products and seasonal manual labour.

“Although it can be reached from Chainpur in only three hours of walking, Kailash Village is one of the least developed communities in the district,” noted Ms Ram Kumari Singh, a Kailash resident and an official of the Federation of Community Forest Users in Nepal (FECOFUN).

Deforestation in the community forest remains an important challenge, with the principal threats being illegal timber felling, shifting cultivation and encroachment.

“Shifting cultivation and open grazing are major problems in the forest and these are still creating conflicts and problems among forest users,” said Govinda Kami, a Dalit caste representative of the Forest User Group Committee and a staff-member of the Social Development Centre — an NGO partner in the Asia Network for Sustainable Agriculture and Bio-resources (ANSAB).

## **Community forestry**

In 1978, His Majesty’s Government of Nepal adopted a new strategy aimed at promoting the participation of local people in the regeneration, protection and management of forests. This new “community forestry” strategy initially emphasized people’s involvement in reforesting degraded lands. By the late 1980s, however, community forestry had embraced broader participatory forest management approaches and rural development issues. Nepal’s forest policy envisaged handing over control of forests to groups of local residents with recognized rights to use the forests. Village people who agreed to use and manage community forests to support their farms and households were organized into Forest User Groups (FUGs).

Unsurprisingly, forest policies and laws formulated in distant Kathmandu need time to take effect in remote areas.

“The people of Bajhang District took interest in the idea of Forestry User Groups only after the World Bank supported a community forestry project in the area,” commented Arun Poudyal, a Forestry Officer with the Ministry of Forests and Soil Conservation.

In 1994, the rights to Shree Binayak Pimidanda National Forest were transferred to a local FUG, to be managed as a community forest under an approved operational plan and FUG constitution. At the same time, the government requested that ANSAB conduct a feasibility study to determine prospects for viable income generation. The study was supported financially by the Ford Foundation and conducted in collaboration with staff from the District Forest Office of Bajhang.

“The area is very remote and poor in terms of infrastructure development and the economic conditions for the people living there,” explained Bhisma Subedi, Executive Director of ANSAB. “However, it is very rich in natural resources. Non-timber forest products are important resources in the district and can play crucial roles in economic development. Bajhang has several important non-timber forest products — in fact, 11 different species — but very few enterprises utilize these at the local level to generate income for the poorest people of the district.”



*Paper-making vat and drying hand-made paper, Bajhang (courtesy ANSAB).*

“The area around Kailash Village is endowed with abundant *lokta* resources,” Bhisma elaborated. “This is a preferred raw material for hand-made paper.

“If the forest is properly managed, it can supply more than 20 000 kilograms of dry *lokta* bark per year on a regular and sustainable basis,” added Sushil Gyawali, Assistant Project Monitoring Officer at the ANSAB office in Kathmandu.

After a thorough study — with the full participation of the local people — it was decided that prospects were sufficiently promising to embark on the establishment of a paper-making enterprise. ANSAB, with funding support from the Ford Foundation, has played an important role in the establishment of the paper factory, initially lending technical, financial and administrative support.

“Prior to the establishment of the community forest, local people used to cut *lokta* randomly. The raw material was sold to businessmen and contractors from elsewhere,” recalled Surat B. Singh, chairperson of the Management Committee of Malika Handmade Paper Industry. “Without proper management, the *lokta* resource was dwindling fast. Many businessmen were making profits, but the locals were still poor.”



*Malika Handmade Paper Industry factory in Kailash Village (courtesy ANSAB).*

Today, the Malika Handmade Paper Industry in Kailash Village is one of the best-managed community enterprises in the country. A report by Dyuthan Choudhari, of the International Centre for Integrated Mountain Development stated that: “The model is designed around forestry resources based on the FUG’s common property, which provides sustainable income to local communities who have full rights over the resource.”

## **Daily activities**

The forest is managed by the Shree Binayak Pimidanda Forest User Group, which includes members from six hamlets. There are 242 households in the area, with a total population of 1 368 people. The FUG has a 15-member executive committee comprising 12 men and 3 women.

All the residents of Kailash Village were involved extensively in the FUG from its inception, with the community being fully engaged in formulating its constitution and forest operational plan. While the elected executive committee manages the day-to-day activities of the forest, the full involvement of all FUG members is crucial.

The FUG is linked intricately with the management of Malika Handmade Paper Industry, which was established in 1998. Bijaya Sumar Singh, who had to undergo a rigorous recruitment process before being hired as the company’s current manager, explained: “I have to prepare progress reports and detailed bank statements, account balances, workplans and budgets to present to each monthly meeting of the Forest User Group Executive Committee. The manager, one technician, four workers and one guard run the company on a daily basis. During times of urgency, I can make decisions — even outside my normal authority — by getting verbal approval from the committee chairperson. But, I

still have to get subsequent endorsement from the monthly meeting of the FUG executive committee and normally all decisions are reviewed by the committee.”

A factory management committee organizes regular meetings every three months. “This committee provides us with reports that cover the detailed financial status and factory management strategies,” reported Chandi Amgai of ANSAB. Chandi’s main role is to facilitate support for community forestry in Bajhang and he spends most of his time planning and supporting his partner organizations.

FUG members are free to visit the factory at any time. If members observe anything needing correction, or have suggestions for improvements, they are encouraged to send comments or recommendations in writing to the manager or to report to him verbally. “I am responsible for providing answers. If there are sensitive comments, I have to raise them with the factory management committee for further action,” Bijaya observed.

“If we are not happy with any action the factory management committee has taken, we can ask the committee for clarification,” added Govinda, a Dalit FUG member.

When this happens, Bijaya requests the chairperson of the factory management committee to organize a meeting — within seven days — to respond with written clarification to the Forest User Group Executive Committee. Once the clarification is issued, an urgent meeting is called. If the concerned parties are still not satisfied, they can “take action against the factory management committee.” If such a conflict develops, a full assembly of the FUG is called upon to decide the case.

## **Forest management**

Forest Ranger Rama Kanta Yadav is very positive about how the FUG is managing the forest. “Their methods have been extremely effective in providing a continuous supply of raw materials for paper-making as well as conserving *lokta* in its natural habitat,” he said. Emphasis is also given to the sustainable management of high-value species such as medicinal plants.

“We have our own nursery for raising seedlings of preferred species such as *lokta*,” Ganga B. Singh, the secretary of the factory management committee, explained. “We develop forest management and operational plans and harvesting norms, which are mandatory for harvesting of *lokta*. Accordingly, harvesting is restricted to stems that are at least 3 centimetres in diameter at a height of 10 feet above the ground.”

The FUG members presently collect about 2 000 kilograms of *lokta* bark from the forest each year and sell it to the factory. The prices received for *lokta* bark are based on the quality. The premium quality bark — mature and high quality — earns approximately US\$0.32/kilogram for the collector.

“The FUG has developed a systematic harvesting regime for *lokta* by dividing the forest into blocks and harvesting each block on a seven-year rotation,” Ganga observed. “This permits the *lokta* shrubs in the harvested blocks to grow to maturity before the next harvest.”

“By adopting this harvesting cycle and following the harvesting norms we are assured a sustainable supply of *lokta* and sound conservation is ensured. Integrated thinning, pruning and selective felling are carried out with technical assistance from the District Forest Office and ANSAB,” Sushil said.

People who violate the harvesting norms are warned on their first offence, but fined if they persist. Fines escalate as the number of violations by an offender increases, so that the fine for a third offence is approximately US\$20.

## **Major decisions**

The FUG assembly, which convenes every six months, does all of the planning and makes all the major decisions related to forest and enterprise management. “All FUG members (one representative from each household) from the six hamlets attend the FUG assembly,” noted Ram Kumari Singh, adding that most decisions are made by consensus. Actual voting is only exercised if consensus cannot be reached and for purposes of electing a new executive committee.

During the FUG assembly, major decisions are made in a forum. “If a decision made by the FUG assembly is not consistent with the approved operational plan and constitution, then the committee has to seek approval from the District Forest Officer. But if the decisions are within the approved operational plan and constitution, there is no need to go to the District Forest Office,” Govinda explained.

## **Marketing strategies**

The company does not sell its products randomly. “The paper we produce is sold mainly to Himalayan Biotrade, a national non-profit marketing organization based in Kathmandu. Himalayan Biotrade buys *lokta* at favourable prices,” said Bijaya Kumar Singh, the current manager of the company.

“In the initial years after the factory was established,” recalled Chandi of ANSAB, “we entered into a one-year agreement with the Bhaktapur Craft Printer Company. However, the FUG believed it was receiving very low prices for the paper produced by the factory. FUG members suspected that Bhaktapur was earning a disproportionate share of the profits. To increase their share of the profits, Malika Handmade Paper Industry and other community-based enterprises joined together to establish Himalayan Biotrade as an alternative marketing enterprise. ANSAB provided facilitation support to help get Himalayan Biotrade established.”

There is a huge market for hand-made paper in western countries. To add value, traditional decorative printings are added to hand-made paper before it is exported. Official statistics indicate that hand-made paper, valued at more than US\$1 million, was exported from Nepal in 1998. The main importing countries included France, Germany, the United Kingdom, the United States of America, Japan, Korea, Belgium, Denmark and Switzerland.

The District Forest Office closely monitored the Shree Binayak Pimidanda Community Forest and the paper company during the initial phases. Today, however, the main role for the District Forest Office is to provide technical advice and to monitor the transportation of the raw materials and products.

“These are now the key tasks because the FUGs have become the overall managers of the forest and are able to do their jobs properly,” indicated Rama Kanta Yadav, the Forest Ranger.

To transport forest products to market, there is a need to pass through various administrative and security checkpoints before reaching Kathmandu or Nepalganja, the major markets of Nepal. At the request of the FUG Committee, the District Forest Office grants permits for transportation of legitimately harvested and processed forest products outside the district.

“ANSAB now operates only as a facilitator in supporting community forestry in Bajhang,” noted Chandi. “I spend most of my time in the field, planning and supporting our partner organizations — the District Forest Office and the Social Development Centre — to develop their capacities to support enterprise staff, FUG members and other stakeholders through the provision of training and field-level support.”

ANSAB also provides information and helps develop linkages with national and international markets. “We accomplish these objectives by providing relevant publications and funding study tours as needed,” observed Sushil, a staff member at the Social Development Centre.

## **Employment opportunities**

Women have found employment in the paper company, as well as men.

“In the beginning, some men did not like the idea of women working outside the house,” recalled Ms Ram Kumari Singh. “Initially, traditional attitudes towards women prevailed. But this pioneering User Group is now encouraging women to work in the industry.”

“After the Company opened, several of us were able to get jobs in the factory, while other women worked to collect supplies of *lokta* from the forest. The company provides an important source of livelihood for us,” said Santi Devi Singh, a FUG member and one of the many female workers at Malika Handmade Paper Industry.

Janak Singh, a male co-worker at the factory, offered another perspective: “I’ve been working here since the factory opened. Like many others, I used to go to India for work in order to feed my family. But now, I’m working in my own village. I can save money and also look after my household affairs. I also have money that I can lend to help others.”

Several young people also earn money by collecting and selling *lokta* to the factory. Bikram Khadka, a grade 7 student, explained: “I have a grandmother, one sister and one brother in India. I lost my parents when I was still very young. My brother used to pay to send me to school, but now I am earning money myself by selling *lokta*.” Bikram is able to collect 50 kilograms of *lokta* from about 10 days of work for which he is paid approximately US\$16. He uses this money to pay for his tuition, and for buying rice, clothes and other needs.

## **Share distribution**

Local people have also benefited from the distribution of shares linked to the management of the forest and the factory. Each share is valued at US\$1.33. A total of 5 000 shares were allocated to the members of the FUG and 5 000 shares were awarded to ANSAB. The shares allocated to the FUG were divided among members according to their contributions in the establishment of the factory — in terms of labour, the value of the land on which it is built and the timber provided for its construction. Recently, some FUG members purchased 600 of the shares held by ANSAB, and it is planned that eventually FUG members will buy the entire ANSAB holding. At the same time ANSAB’s role in the enterprise is becoming less “hands on” and increasingly based around the facilitation of outcomes.

In the meantime, the shares yield an annual dividend (in 2003 the dividend was NRs10<sup>1</sup> per share).

## **Monitoring**

Monitoring of FUG activities and of the paper-making enterprise is conducted at three levels:

- FUG monitoring is based primarily on the requirements for community forest management. Regular FUG committee meetings and assemblies provide a forum for FUG members and staff from supporting agencies to identify issues and provide options for improving FUG-level activities.
- Monitoring is also conducted collaboratively by various other stakeholders. For example, the FUG itself collaborates with the District Forest Office,

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<sup>1</sup> Approximately US\$0.13



the paper company and the Federation of Community Forest Users in Nepal and sometimes with interested organizations outside the project area.

- In addition, project-level monitoring is conducted by ANSAB and supporting donor organizations, which collect and analyse information at the project level. This process is aimed at maximizing project impacts in terms of conservation and sustainable use.

## **Conclusion**

“The Malika Handmade Paper Industry is one of the first people-oriented forest enterprises in Nepal that is dependent on raw material from a locally managed forest — the Shree Binayak Pimidanda Community Forest. The Kailash Village community manages the paper factory and the forest in a highly sustainable manner, for the benefit of its inhabitants. Notably, this enterprise is the first instance in Nepal, in which local people have been allowed to harvest *lokta* in state forests, and where management responsibilities have also been entirely and effectively devolved to the local community,” beamed Executive Director Bishma with pride. “The people of Kailash are confident that with minimal support from outsiders, they can now sustain their industry and their livelihoods by sustainably managing the forest,” he concluded.

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## **About the author**

Hukum B. Singh has spent 20 years working with the Nepal–Australia Community Forestry Project. He has held various senior management positions in the project relating to project coordination, training and extension. He has also been involved in the preparation of training and extension materials, including videotapes, field guides and training source books. He is one of the founding members of the Nepal Participatory Action Network (NEPAN) and a founding

adviser of the Federation of Forest Users in Nepal (FECOFUN) and of the Himalayan Women's Grassroots Organisations (HIMAWANTI), Nepal.



*Drying lokta, Bajhang (courtesy ANSAB).*