Sustainable Management Initiatives

Enterprise, Economic Incentives and Biodiversity Conservation: An Emerging Approach to Natural Resources Management

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An alternative approach to biodiversity conservation is emerging. This approach focuses exclusively on creating market-based incentives for participatory local conservation activities that complement the strict conservationist approach of traditional environmental organizations. The approach works from a community enterprise perspective on biodiversity conservation and sustainable resource use, instead of protected area management. Since 1994, ANSAB has been developing and testing this approach in biodiversity significant areas of Nepal in a participatory action research mode. This article highlights the lessons learned with some specific examples.

When developing an enterprise, it is important to manage the bioresources to conserve the biodiversity as well as raise the producer's standard of living. As a result, the enterprise will provide local people with income and employment, and consumers with eco-friendly natural products. Failure to link economic incentives with sustainable resource management may result in resource depletion. When the local people become aware of resource management options in developing a natural product-based enterprise, they realize the need for sustainable resource management. Enterprise development can potentially conserve resources while increasing the importance of the resource base to the society's economic well being. A few cases are presented below.

In Humla, the establishment of a community based enterprise to process aromatic plants from their forests and pastures created economic incentives for ecosystem conservation. This lead to increased awareness of the value of, and threats to, biodiversity. The locals realized that the forests and pastures could not supply constant raw materials without a resource management system. The communities started the institutionalized resource management system within Nepal's community forestry framework. 19 FUGs were formed, bringing a total of over 13,000 hectares of forest and pastures under the improved community management system.

In Bajhang, the Kailash community established a hand-made paper making enterprise. The community manages about 2,400 hectares of forest. Forest management enables the community to supply their enterprise with raw materials in a sustainable manner. The enterprise is creating employment for more than 12 local people and generating cash income of more than Rs. 7 lakhs for the Lokta and firewood collectors each year.. The enterprise has also earned foreign currencies through exports of the paper.

In Dolakha, the Boch community established an enterprise to produce Argeli whiteskin, which is exported to Japan. The communities realized the need for resource management in order to sustain the raw material supply and the enterprise's income. The group is revising their community forest operational plan accordingly. This enterprise employs more than 17 local people, 15 of whom are women. At Jhyanku, the communities are establishing a paper making enterprise. They are preparing a resource management plan for their community forest of more than 1,000 hectares.

These cases demonstrate the marriage of natural resource management and income generation in Nepal. Thus far, the highlighted cases illustrate favorable impacts on natural resource conservation and income generation in rural communities. The poor collector joins the enterprise as an employee in the processing and seasonal activities to generate cash income from the collection and sale of herbs and firewood. The lesson learned is that enterprise and biodiversity conservation can co-exist when properly integrated.

Enterprise-based conservation links enterprise development to biodiversity conservation incentives. Lessons learned through our extensive experience in Nepal, as well as other Biodiversity Conservation Network projects in other countries, confirm that community enterprises are effective at biodiversity conservation when: directly linked to use of *in-situ* biodiversity, involve a community of stakeholders, generate short-term and long-term benefits, and link to an appropriate property rights system. Extraction and production models for biodiversity conservation are not effective when they promote more of the same activities and simply link producers to a market. It is important to establish enterprises that add value to the resources, change destructive practices, and allow communities to earn a livable income. Increasingly, the concept of market-based incentives is recognized as a necessary component of conservation and sustainable development.

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