



Testing and enriching guidance modules for the 'facilitation of support for small and medium forest enterprises'

Second international workshop report – Forest Connect

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10.35 Update on progress in supporting small forest enterprises in Nepal– Bhishma Subedi and Sudarshan Khanal, ANSAB

Introducing ANSAB

- A Civil Society Organisation, governed by an International Board, established in 1992.
- It works in South Asia and is headquartered in Kathmandu, Nepal.
- Its vision is rich biodiversity and prosperous communities.
- Its mission is to implement community-based, enterprise-oriented solutions.

Forest Connect Nepal Initiative

- Started in August, 2007.
- Generated useful information on SMFEs and Community Forest User Groups (CFUGs) that includes a diagnostic study, a comprehensive review of six species, documentation of value chain analysis process and lesson learned, major challenges and barriers faced by SMFEs and critical services required.
- Initiated a network and mechanism to share, interact and access information for Forest Connect participants in Nepal by developing a Forest Connect Nepal website, a web directory of SMFEs, a toolkit module to facilitate SMFEs, organising national stakeholders' meetings, workshop and dialogues; and supporting strengthening of association of SMFEs and CFUGs.

ANSAB and Forest Enterprises

- ANSAB's approach is to develop value chains with special emphasis on ecological sustainability, social justice and equity, and economic efficiency.
- Over 1,100 economic entities developed and strengthened.

- 77.5 thousand economic participants generated additional annual income of US \$6.82 million in 2009.
- 100,672 ha of forest and meadows brought under improved community management (representing 60,161 HHs).
- Eight FSC chain of custody certified enterprises.
- Recognition of Nepali products in international niche markets that care for environmental and social responsibilities.

Forest Enterprise Activities include:

- business planning;
- micro, community based and national enterprises creation;
- Business Development Services (BDS);
- market linkage and information dissemination;
- certifications; and
- promotion of networks.

Example – Module 15: building in ecological sustainability through supporting SMFEs of Nepal to attain FSC sustainability standards

Objective

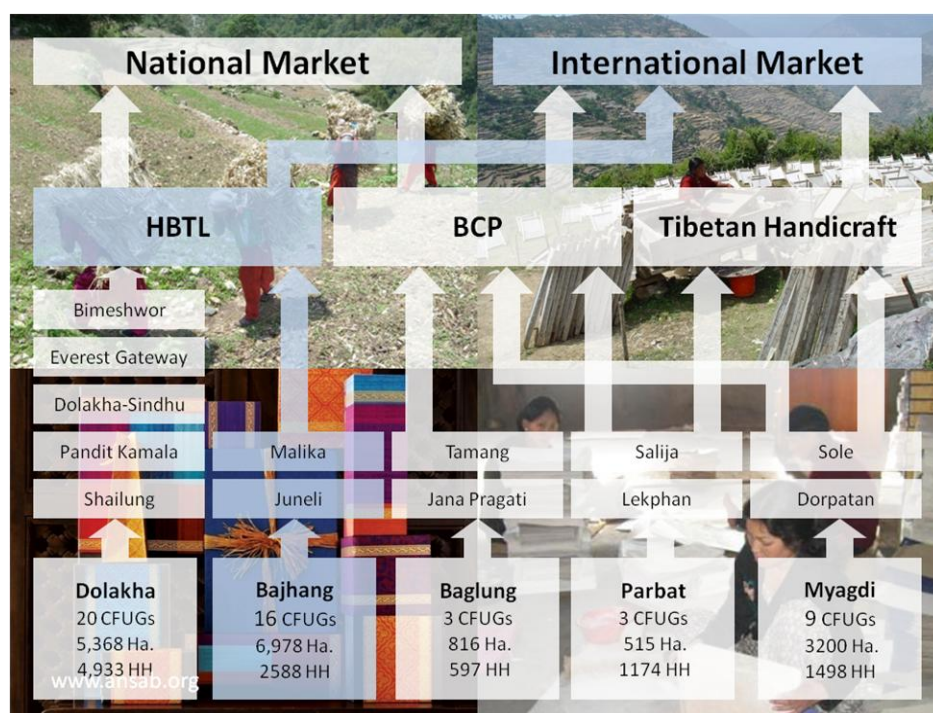
- Support SMFEs to meet international standards of sustainable forest management and get third party certification.

Activities

- Formed a private-public alliance (PPA) for the certification and sustainable marketing of Non-timber forest products (NTFPs).
- Coordinated the PPA, developed interim FSC timber and NTFP certification standards, a group certification model and awareness raising and capacity building.
- Provided technical assistance to resource manager and community groups.

Impacts

- Awarded FSC forest management group certification and CoC certification – 22 CFUGs with 14,086 hectares of forests, and more than 24 NTFPs.
- Access to new market, conservation of forest and biodiversity, and greater social benefits.
- An example of the entrance of the certified Nepali NTFP products in international market.
- 16 CFUGs in Bajhang produce FSC certified paper through the Malika handmade paper company that then sells on to Himalayan Biotrade Ltd and from there to the international buyer AVEDA.



Example – module 11: product development and upgrading for marketable bio-briquettes in Nepal

Objective

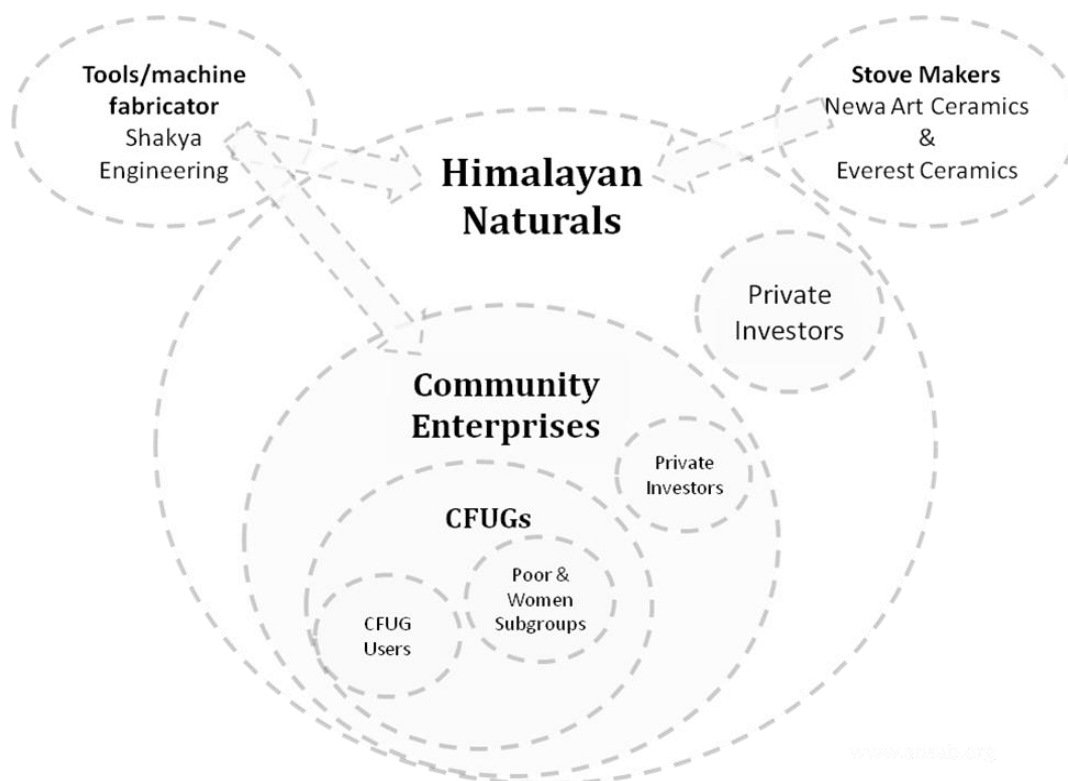
- Develop marketable product through upgrading and developing its accessories for convenient use.

Activities

- Organisation of communities for five local SFEs involving ten CFUGs.
- Design and experimentation: on quality bio-briquette production technology with community enterprises; on accessories with clay pot and iron product makers.
- Technical assistance to SFEs, and stove and tripod manufactures.
- Demonstration for quality increment and mass production.
- Marketing company and marketing campaigns.

Impacts

- Developed quality bio-briquettes, produced in quantity (500,000 briquettes in three years), all sold in Kathmandu through 51 retail outlets with attractive packaging and accessories (stoves and tripods) for convenient burning at remunerative price; demand is unmet.
- Direct employment to 94 (52 men and 42 women, income: US \$ 24,934/yr)
- For example, ten CFUGs in Dolakha and Sindhupalchowk supply wood to five community enterprises that make charcoal supplied to Himalayan naturals that then markets to Kathmandu consumers – also supplied with stoves by Newa Art Ceramics and Everest Ceramics.



Example – module 11: product development for wintergreen value chain in Nepal

Objective

- Move from dialogue to action through strengthening of value chain linkages, improving business environment and provision of business services.

Activity

- Conducted participatory value chain analysis identifying potential site, available resource, market potential, potential outreach, processing options including technology.
- Conducted enterprise feasibility study.
- Supported to establish community-based processing enterprises.
- Developed socially and environmentally lead firm for consolidation and marketing.
- Supported in certification and market diversification.



Impact

- Established 20 distillation units with annual production volume of 5000 kg oil.
- Created income and jobs at local level in harvesting and distillation.
- Price of the product increased due to certification and market linkages.
- Expanded market of Wintergreen oil.

Lessons and challenges

- Transforming primary producers into SMFEs requires: external support for organising and capacity building; and access to financial and non-financial BDS.
- CBFEs are critical to integrate producers into value chains.
- Role of responsible lead firms is critical – meeting market requirements and needs of CBFEs.
- Ecological sustainability requires: secured land tenure, capacity building, technical assistance, meaningful economic incentives.
- Development of self-sustaining value chain with balanced governance structure requires: economy of scale, large investment, and long-term commitment.
- There are no shortcuts if long-term poverty reduction and environmental conservation goals are to be achieved.

Peer panel comments on presentation

Lessons

Excellent presentation and very resourceful, as always. One is this focus on various levels of enterprise, starting from micro, community, all the way to national. This idea of clustering the linkages from local to national is good. The other lesson is the need for public private alliances. This has helped to develop NTFP products, provided there is attention to both quality and quantity. Sometimes with these small scale enterprises we are focused on quality and then when the market opens up they are not able to meet demand, one of the focuses of Nepal is that they addressed this.

Innovation

The way you give regional support is great – how you manage to share information in the region, and I have not seen similar examples, you have really that capacity to get the information out on natural products. I think it is excellent that you have these FSC certifications for small enterprises which is a lot of work. Also this niche market focus is good, which you made with the paper certification. Also the work together with the scientific community, about the properties of the product and how to use it is commendable. The partnership emphasis along the value chain, that is also very innovative. I like the way you focused on economies of scale; which we all know but we don't see the emphasis on that so much. The photos in the presentation were great – of the raw materials and the finished products.

Challenges

One challenge is that Nepal seems to have spread themselves over many different products, and the impact is difficult to measure because of the large number of products involved. It is difficult to measure their reach to so many communities. There is a mention of over 60,000 households, of which the actual benefit per household is not clear. Also they have failed to meet the demand for some

products like charcoal briquettes – there is a huge demand but they have not yet met it. These are maybe their two challenges.

Lessons	Innovations	Challenges
<ul style="list-style-type: none"> • Various levels of enterprise • Public/private alliance • Focus on both quality and quantity 	<ul style="list-style-type: none"> • Presentation itself • Not only national but regional • Toolkits developed and published • How the network works and shares info • Certification with small enterprises: focusing on niche markets and new products; having in mind end users • Works with scientific institutions (e.g. on charcoal briquettes) 	<ul style="list-style-type: none"> • Difficult to measure impacts and benefits for people – and this is important • Challenge of meeting the demand for some new products

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