

**Certification and Sustainable Marketing of Non-Timber Forest
Products (NTFP) – Public Private Alliance (PPA)**

Annual Review and Planning Meeting

January 9–10, 2004

Proceedings

**Organized by
Asia Network for Sustainable Agriculture and Bio-resources
(ANSAB)**

**Moderated by
Organization Development Centre (ODC)**
Together We Develop, Transform & Grow

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Abbreviations

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CFUG	Community Forest User Group
DDC	District Development Committee
DoF	Department of Forest
DPR	Department of Plant Resources
E ² SIC	Enterprise, Environment, and Social Impact Consulting
FECOFUN	Federation of Community Forest Users, Nepal
FSC	Forest Stewardship Council
GAC	Gorkha Ayurved Company
HBTL	Himalayan Bio-Trade Private Limited
HJSS	Himali Jadibuti Sarokar Samuha
HMGN	His Majesty's Government of Nepal
IDRC	International Development Research Center
SARO	South Asia Regional Office
MFSC	Ministry of Forests and Soil Conservation
NGO	Non-Government Organization
NNN	Nepal NTFPs Network
NRM	Natural Resource Management
NTFP	Non Timber Forest Product
PPA	Public Private Alliance
SNV	The Netherlands Development Organization
USA	United State of America
USAID	United States Agency for International Development
VDC	Village Development Committee

Executive Summary

Asia Network for Sustainable Agriculture and Bioresources (ANSAB) organized a two day long Annual Review and Planning Meeting of Certification and Sustainable Marketing of Non-Timber Forest Products - Private Public Alliance (PPA) on January 9-10, 2004 at Godavari, Kathmandu. Representatives from all alliance members identified so far were present in the meeting. They include U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd., and Alternative Herbal Industry); Nepali Networks and NGOs (Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), Nepal Swiss Community Forestry Project (NSCFP), and Federation of Community Forest Users, Nepal (FECOFUN)); government (DPR, DoF); and donors (IDRC, Ford Foundation, SNV) that have been developing community forest user groups and NTFP industry coordination within Nepal.

The objective of the meeting was to review the alliance progress in year one, to finalize the year two work plan, and to share experiences of alliance members on forest certification initiatives in Nepal.

On the first day, several presentations and sharing were made on major highlights of the alliance progress, on going alliance activities, group certification models and process, business promotion and sustainable links to market, organic production and certification of NTFPs in South Asia. After presentation and discussion, a draft plan of PPA Year 2 was handed out to the participants and requested to bring out issues and innovative ideas/suggestions to finalize the plan. The day was ended along with a documentary show of "*The search of Yarsagumba*" produced by ANSAB.

The second day began with brainstorming and discussion on a number of new activities and issues in terms of how these could be incorporated and addressed in the PPA Year 2 Plan. Moreover, during the discussion several issues and ideas were shared which many felt needed to be addressed in order that the alliance could be more effective. The participants stormed their mind to plan detail activities for the next year, and through consensus and common understanding the work plan for PPA Year 2 was finalized.

1. Introduction

Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) – Public Private Alliance (PPA) project was initiated in September 2002 with ANSAB as the coordinator of the overall Alliance activities. The project is an initiative of bringing together US product buyers and designers, certification experts, a diverse range of Nepali companies, networks and NGOs, and donors to assist in the NTFP sector of Nepal in order to:

- increase income and employment for Nepal’s NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute a certification program for NTFPs in Nepal; and
- expand responsible buying practices among industry members in the West.

The specific objectives of the project are to:

- promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups’ supplies to make attractive to buyers
- implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources
- improve and maintain quality and consistency of Nepali NTFPs
- gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers
- educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products
- lobby for an enabling policy environment for free and fair trade practices

ANSAB coordinates the overall alliance activities e.g. convene alliance meetings and workshops; provide technical and business development services to CFUGs and CBFEs; administer product design and development research grants; and facilitates alliance activities in order to achieve the intended results of the project.

The PPA provides an opportunity to demonstrate and generate leading practices in certification models for NTFP and forest communities; poverty alleviation for forest communities through industry/producer product design collaboration and NTFP industry “responsible buying” practices. Each of the alliance members brings along expertise in their respective fields that are supportive for the implementation of the project objectives.

Upon completion of one year of the project on Certification and Sustainable Marketing of Non-Timber Forest Products (NTFPs), a **Review and Planning Meeting** was organized on January 9-10, 2004 in Kathmandu. The detail of the program schedule is given in *Annex 1 (Please contact ANSAB if needed)*.

There were 24 participants in the meeting representing different alliance members with national organizations working in the field of developing community forest user groups and NTFP industry coordination in Nepal. The participant list is provided in *Annex 2 (Please contact ANSAB if needed)*.

The different organizations involved in the meeting are as following:

- *US product buyers and designers:* AVEDA and its extended industry contacts of the American Herbal Products Association
- *Certification expertise:* Rainforest Alliance

- *Nepali companies:* Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd, Alternative Herbal Company (AHI)
- *Nepali Networks and NGOs:* Asia Network for Sustainable Agriculture and Bio-resources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), Federation of Community Forest Users, Nepal (FECOFUN) and Nepal Swiss Community Forestry Project (NSCFP)
- *Government:* DPR, DOF
- *Donors:* SNV, IDRC, Ford Foundation

2. Objectives of the Meeting

The objectives of the meeting were as following:

- Review the alliance progress in year one of the project (October 2002 - September 2003)
- Share experiences regarding certification initiatives among the alliance members
- Review and finalize the year two draft work plan (October 2003 - September 2004)
- Improve the alliance effectiveness

Day 1 was focused on sharing/presenting the progress, review and experiences of the alliance members on year 1 activities. Day 2 was set aside to discuss and finalize the PPA Year 2 work plan and bring suggestions to improve the effectiveness of the alliance.

The meeting also ensured grounds for participants to exchange other experiences and practices related to NTFP sub-sector, bringing about better and enhanced understanding, knowledge and lessons learnt in the field.

3. Highlights of the Meeting

3.1 Introductory Session

Mr. Bishma P. Subedi, Executive Director of ANSAB welcomed the participants of the Review and Planning Meeting, national and international partners/collaborators, particularly AVEDA, Rainforest Alliance and EESIC, those making efforts to participate in the meeting from the far away places. He expressed thanks to USAID for providing support to effectively carry out different activities for the promotion of Certification and Sustainable Marketing of Non-Timber Forest Products. He introduced the objectives of the meeting and requested all to actively review the last year progress and the draft plan of year 2 in order to bring out responsive and concrete plan guides for the program implementation. He was positive that the 2-day meeting would provide opportunity for all stakeholders and partners to share experiences, review the previous years' activities, discuss and finalize the future activities, specifically year two.

Dr. Udaya Raj Sharma, Director General of Department of Plant Resources/Ministry of Forests and Soil Conservation stressed the importance of such forum that has brought together professionals and experts working in the field of certification and sustainable marketing of NTFPs that contribute to forest certification move in Nepal. Dr. Sharma raised the issue of Nepali NTFP trade and its potential market in Asia region and worldwide. He mentioned about the impediments created due to lack of forest certification process that is based on sustainable management, and limited access to market outside Nepal. Considerations on the industrial perspective on NTFP and the related challenges and opportunities faced by representatives, both in national and international level were emphasized.

Dr. Sharma suggested that the Herbs and NTFP Coordination Committee within MFSC has a special role to play on NTFP promotion, marketing and even on promotion of forest certification process.

After these deliberations, an introduction of participants/partners was carried out and the agenda of the meeting was shared.

3.2 Review of PPA - Year 1

The review of the PPA progress began with a series of presentations (followed by plenary discussion and clarification of issues) by alliance members on their areas of responsibility, expertise, business and experience. These presentations materials as such are found in *Annex 3(Please contact ANSAB if needed)*.

Mr. Bhishma P. Subedi, Alliance Coordinator, presented the major highlights of the alliance progress of Year 1.

The highlights were as follows:

- The Project in itself is an innovation and is forward-looking.
- The Alliance has worked on awareness raising and promotion regarding certification of NTFPs among multiple stakeholders including HMGN, FECOFUN and other likeminded organizations recognizing it.
- Certification Pilot Model for group certification has been finalized where FECOFUN is acknowledged as “certificate holder”. The Alliance has completed preliminary assessment and developed Nepali guidelines for forest certification and Rainforest Alliance has trained 26 representatives from economic, environmental and social disciplines. However, a system needs to be developed for FECOFUN to be acknowledged as “Resource Manager” and the district /community level FECOFUN are strengthened for this.
- The issue of product design and development and the need for consolidation of networks for better supply is still premature. ANSAB has been providing monthly market information on 22 species to different relevant actors, which has been well appreciated.
- The process of bringing the voices of the grass-root people related to policy issues was mentioned. A workshop organized by ANSAB and participated by a wide range of stakeholders including representatives of NNN, HMGN, FECOFUN was catalytic in providing draft policy on NTFP.
- The challenges faced were presented. The current socio-political situation with sensitive security situation and restricted mobility demands a more adaptive/flexible management to implement the activities. This is in order to be responsive and capture the unplanned opportunities in security sensitive area e.g. Bajhang and Dolakha. Overcoming the knowledge gap of the community and other actors remains a huge challenge. Awareness on property rights, enterprise development, better documentation and appropriate dissemination mechanisms could help address this issue.

Some of the issues raised during clarification and open discussion session are as follows:

- Clarification was sought on adaptive management in the project, to which the presenter referred to the current security situation that requires a flexible working approach for effective implementation of project activities and thereby project success in the current situation. The participants all agreed that adaptive management is needed and that the donor - USAID - will support this approach.

- Dr. Madhav Karki raised the issue of the supply chain trend, where the market will be the ultimate challenge for Nepali NTFPs along with brand development. He suggested to look into new business model and therefore to educate people in the business about chain of custody and responsibility.
- Appreciation was expressed with regards to national standard Nepali guideline developed for the certification process.

Sharing by Dr. Ganesan Balachander, Ford Foundation India

Dr. Ganesan Balachander, Resident Representative, Ford Foundation, India shared on the areas that Ford focuses on, such as 1) asset building, innovative ideas and risk taking aspects in conservation of NRM, developing finance and economic security to address poverty reduction; 2) peace and social justice through strengthening local governance, strengthening indigenous philanthropy/wealth generation and reproductive right of women; and 3) knowledge creation with focus on different forms of education.

Dr. Balachander stressed the need to develop multi dimensional necessities such as skills, technology, asset building, product enterprises, social capital and its sustainable use. With regards to certification aspect, he mentioned that business viability, social equity and ecological integrity have to be considered in conservation, livelihoods and enterprise development. The consumer’s point of view - credibility of the products they are buying, quality of products and local market are important aspects to be considered. Transparency of the chain/process, accountability and effective use of resources, creating a bargaining ground between buyers and sellers and information network were other areas he suggested to be looked into by the project.

Presentation by Dr. David Hircock, AVEDA

Dr. David Hircock’s presentation focused on "*Bringing the voices of the people and giving peoples a voice*". The experience of the different business models practiced in the past decade on transparency and traceability in the Chain of Custody was shared. In order to address the ground reality, the presenter stressed that a global voice is needed and that success should be credited to the “indigenous” people who are the sources of rich knowledge and practices and hence returns should go to them. The quality consistency of product line, sustainable links to market and raising the profile of Nepal as the NTFP product supplier are requirements for Nepali NTFPs to meet the quality standards. Similarly, value addition and fair and equitable benefit sharing – making businesses understand the impacts of it with buying practices (currently based on price only) needed to be addressed.

Comments and queries:

- Shorten the chain between buyers and producers in the business models and make the buyers in the West bring into responsible buying practices and traceability.
- The FSC model of certification and its guidelines should be “adapted” to local context and Nepali agenda, considering the social, environmental and economic aspects and flexibility.
- Transparency, listening to people at local level and addressing their needs complement the traceability aspect.

The slide presentations dwell on the significance of the indigenous people and their voices and contributions being respected.

Presentation by Dr. Walter Smith, Rainforest Alliance

Dr. Smith's presentation focused on forest certification process and the capacity building aspects in this regard. He acknowledged that the certification activities has taken a speedy mode since Private Public Alliance set its goal towards promoting sustainable resource management and institutionalization of certification program for NTFP in Nepal.

Understanding of Forest Stewardship Council principles and chain of custody certification has become wider among the potential group whose involvement is crucial in the certification process. The development of certification guideline for Nepali context is being considered as a major output.

The Latin America study tour of four alliance members contributed in acquiring knowledge to bring into practice in Nepal. The lessons learnt from Brazil visit have fostered grounds to further uphold forest management with far-sighted vision to tackle the challenges.

A "Get Certified Workshop" held in June 2003 paved the way for certification process and built confidence, which finally enabled to find out a distinct model for forest certification in Nepal. The assessor training held in November 2003 had 36 participants from different social, economical and environmental disciplines. The course has been very productive for skill development in the forest assessment and certification process.

Comments:

- Sharing of knowledge to the PPA members about FSC certification drew keen interest from all to set up the work to create better understanding for sustainable management of forest, link it to market benefits as well as address the potential barriers in FUG management.
- Brazil trip (10 days) was significant in terms of lessons learnt. The participants of Brazil visit shared the difficulties faced by different actors; donors, government and management in the meeting.
- A query was raised on whether mechanism for other product certification existed for e.g., as local market are a real sustainer but Nepali NTFPs have a great potential to get new markets outside Nepal.

Sharing by Dr. Udaya Raj Sharma, DPR

Dr. Udaya Raj Sharma, Director General of DPR mentioned that involvement of grass root consultations would be far better; however it takes more time to bring together the community perspectives for policy formulation. Despite this, we have made much effort to involve their consultations. ANSAB took a lead in this regard. The Herbs and NTFP Coordination committee (13 members) under the chairmanship of Secretary of Ministry of Forest and Soil Conservation constituted a sub-committee to come up with policy recommendations on NTFP. The Nagarkot policy workshop was instrumental in preparing the final draft, which has been forwarded to the Ministry after several levels of consultation. He further added that in February a national workshop would be held to discuss the wider implications of the draft policy, where representatives from the ministry, I/NGOs, CBOs, and the industry would be involved. A final meeting would then be held prior to forwarding the policy recommendation to the Cabinet.

He briefly shared the principles related to policy considerations for conservation and sustainable management of plant resources (Herbs and NTFPs) in Nepal. These are as follows:

- Conservation and utilization on the basis of sustainable development principle
- Encourage participation
- Simplify certification and tax system
- Make research and development (R&D) accessible to communities
- Increase awareness and provide facilities for skill development and commercialization

Comments and queries:

- Queries were raised on the kind of mechanism that exists to share or replicate the learning of the certification piloting in Bajhang and Dolakha districts. Citing an example that most often comes across the USAID projects, Dr. Sharma emphasized on the sustainability aspect after the project phased out.
- It was suggested that one of the role of the NTFP Coordination Committee would be to take forth the learning and disseminate it to the different stakeholders.
- Strengthening community level actors is a necessary along with awareness on FSC principles.

Presentation by Mr. Bhola Bhattarai, FECOFUN

Mr. Bhola Bhattarai introduced FECOFUN, its objectives and activities, which mainly are CFUG support program, women empowerment, advocacy and legal support, NTFP promotion and income generation, resource and information dissemination and organizational strengthening.

The role of FECOFUN in forest certification was shared– developing human resources through training, dissemination of information on certification, preparing certification guidelines in Nepali were major outputs in year 1. The experience on the Group Certification Model was presented. The certification issue being new, understanding the certification process posed great challenges for discussion. The learning includes network development with GAC/HBTL and ANSAB, certification model development, the community forestry actors moving towards issues of certification, benefit sharing and responsible buying practices.

The training on certification has been very fruitful but strengthening the district level FECOFUN on certification and other aspects is required in order that FECOFUN can support in the movement of creating awareness and providing support to the community level actors on sustainable forest management.

Comments:

- Query was made on reactions of FUG on certification issue and the benefit they perceive from understanding such process, to which the presenter responded that the FUGs are very positive even though initial difficulties and confusion existed. The FUGs are applying the information gained and sharing it with others. FECOFUN also creates awareness through radio program and publications where such issues and information are presented.
- Suggestions on exploring the successful experiences in India were also provided in the context of bringing others in the certification model other than the FUGs.

Presentation by Mr. Man Prasad Khatri, HJSS

Mr. Man Prasad Khatri (Vice Chairperson of HJSS) briefly introduced HJSS; an NGO established in 2001 and working in 10 districts of Himalayan region. HJSS strives to work for sustainable development, conservation and marketing of NTFPs and provide policy

recommendations to promote valuable NTFPs in Nepal. Through awareness raising activities on NTFPs including training, relation/network development – including political affiliation and sharing of experiences with likeminded organizations at national and international level, HJSS aims to be active actor in the NTFP sector. As a member of the Alliance, HJSS took part in the certification training, which they found to be very beneficial including sharing of knowledge and experiences among Alliance members in the NTFP sector. The challenges mentioned are security problem to work with communities, inadequate information and limited flexibility of Alliance activities.

Presentation by Mr. Prem Tiwari, GAC

Mr. Prem Tiwari, Managing Director of Gorkha Ayurved Company (P) Ltd. introduced briefly his organization which focuses on building linkages with the communities and markets through a network of FECOFUN, cottage industries, international and domestic markets. The major products that GAC produces are health care products and Ayurvedic medicines. As a part of the review of PPA Year 1 activities, the product concept design (5 products designed) training in cultivation, harvesting and storing and product sampling were highlighted. Furthermore, community based raw materials purchase; enterprise networking (business to business linkage) and certification initiation internalization were mentioned as key activities carried out. The challenges presented were 1) access to international market where Good Manufacturing Practice is an issue, 2) raw materials availability and inventory and 3) meeting export standards of USA and Europe simultaneously.

Presentation by Mr. Parbat Gurung, HBTL

Mr. Parbat Gurung, Managing Director of Himalayan Bio Trade (P.) Ltd (HBTL) shared the experiences on promoting forest products harvested from sustainable managed forests, which provides support to community based forest enterprises through responsible marketing. HBTL focuses on linking local producers with markets and buyers. As part of the review of PPA year 1 activities, the product development (oils, lokta paper, soap and cold cream) product diversification, and enterprise and entrepreneurship development were highlighted. In the latter trainings, practices for new enterprise creation models were highlighted. The challenges mentioned are access to international markets, knowledge gap on consumer behavior/demand, cutthroat competition in the domestic market and lack of entrepreneurial culture in the target community.

Presentation by Dr. Madhav Karki, IDRC SARO New Delhi

Dr. Madhav Karki, Regional Program Coordinator, IDRC/SARO, New Delhi, India said trust needs to be developed between buyers and producers. He emphasized on promoting ecologically integrated, economically viable systems with social justice aspect by the concerned stakeholders in the NTFP sector. He furthermore, focused on the traceable collection and cultivation system. Considering the FSC criteria and the competitive environment in Nepal, NTFP sub sector stakeholders would be able to gain a win-win situation.

The group certification model, to be tested in Nepal, would need to consider the product certification too, as Nepal will have to face stiff competition e.g. Chiraito market. Certification is also needed, from a business opportunity point of view, in order to develop better chain to access the market. He suggested the need to deal with the barriers to market access, promoting quality products and adopting integrated holistic production system. Experiences were shared on networks, regional scoping studies on marketing of NTFPs,

buyers and producers relation/trust building in South Asia and sustainability of NTFP resource base.

Presentation by Ms. Ann Koontz, EESIC

Ms. Koontz shared the experiences of the PPA year 1 activities where she stressed the fact that within a short period collaboration and sharing among partners and likeminded organizations through the network have taken place and has formed a basis for promoting forest certification in Nepal. She observed potential that Nepal PPA project is now “on the map” with members of the American Herbal Products Association. She also mentioned the dispatched essential oil samples to potential buyers for assessment and envisaged the potential order for AVEDA disclosing that project is now represented on industry group. Koontz also made recommendation to explore link with Rutgers for QC services and potential training to do cost pricing analysis scenarios, to develop product background and story sheets and to form Nepali Marketing group.

Mr. Francisco Tolentino, Advisor, SNV Nepal was requested to share the experiences of SNV in relation to capacity building and promotion of NTFP sub-sector. He shared on the community level activities carried out in cooperation with ANSAB and shared the learning from Brazil trip.

The presentation and discussion session ended upon handing out the draft plan of PPA Year 2 Activities. Participants were requested to bring out issues and innovative ideas/suggestions to finalize the plan. The day 1 session ended at 18:00.

Documentary Video Presentation

A documentary entitled "*The Search of Yarsagumba*" depicting the difficulties of people of Darchula district in making a livelihood out of collecting Yarsagumba (*Cordyceps sinensis*) was shown. The documentary highlighted the challenges and risks as well as the hardships caused by policy and current socio-political unrest in the country for villagers relying on NTFP harvest and marketing to earn money for livelihood. The documentary was produced by ANSAB with assistance from IDRC, New Delhi.

3.3 Issues for PPA Effectiveness

During the review several issues and ideas were shared which many felt needed to be addressed in order that certification and sustainable marketing of NTFPs could be effective.

Through brainstorming, the issues were collected and categorized into five broad categories. The categories are as follows:

1. Alliance effectiveness related issues
2. Pre-market readiness related issues
3. Market access related issues
4. FUG support and policy related issues
5. Broader constituency building related issues

Please refer to *Annex 4 (Please contact ANSAB if needed)* for the details of the issues.

3.4 PPA Year 2 Plan

The issues listed in the broad categories were discussed alongside the draft plan of PPA Year 2 activities. In plenary, the members discussed the issues in terms of how these could be incorporated as activities in the PPA Year 2 Plan and also identify those activities, which would be difficult to incorporate in the immediate plan. The possibility of implementing the suggested activities was further discussed in the plenary.

Some of the activity areas highlighted are presented below:

1. Training on forest management and skill development for certification process:
 - The representatives from FECOFUN, HJSS, and GAC proposed developing mid level human resources as a cost effective alternative of reaching the communities in wider scale on certification and forest management. The mid level human resources were viewed to have easy access to community people.
 - There is a need to make consumers responsible through better information; the mid-level human resources could play the role of facilitators/information broker between communities and industrialists.
 - Maintaining transparency of the layers between the importer and the collector is most important for which the Chain of Custody has to be known.
2. Exposure visits
 - National: Among FUGs, inter-project districts and other visits were suggested as effective as it encourages community to learn from sharing/observation. (Exchange visits e.g. FUGs of Dolakha to Bajhang and vice versa).
 - International: Exposure visits and trade shows would be effective to introduce, promote and market Nepali NTFP sector/products.
3. Market access related issues:
 - Portfolio marketing stories: consider customs, shipping and time in product costing and production analysis.
 - Market research: International market assessment for promotion of NTFP trade and business – suppliers can be inked into a list.
 - International market access: challenge to develop a Nepali brand; promote it through participation in trade fairs and exhibitions by key actors of Nepali NTFP sector.
 - Product development and product positioning in international market: suggestion to look into similar product manufacturing process e.g. India and China.

Through consensus and common understanding, the work plan (activities) for PPA Year 2 was finalized (refer *Annex 5 (Please contact ANSAB if needed)* for the detail of the work plan). However, some of activities required further discussion and financial deliberations, for this the members agreed to consider either in year 3 planning or to identify alternatives ways to address it. The general notion was that the alliance for forest certification and promotion of NTFPs need to be stretched beyond the 3 years project period.

3.5 Impact Tracking for Alliance Activities

A discussion on Impact Tracking for Alliance activities was held. The current practice and form on impact tracking of the project activities was shared among the alliance members. The progress report containing baseline information and the monitoring plan were referred to while discussing the impact tracking mechanism.

A few participants commented that tracking impact on the project within a short period of 3 years (under two years remaining) is over ambitious and unrealistic. Considering the situation of the NTFP sector in Nepal, the PPA and other concerned in the NTFP sector should try to work towards longer-term input/activities that can facilitate a better and sustained impact - at grassroots/community/ entrepreneur/industries and policy level.

The floor agreed that the progress of the alliance activities would be assessed during July, 2004. ANSAB, FECOFUN and other alliance members will collaborate to undertake the progress monitoring exercises of the alliance.

3.6 Further Steps

At the end of the 2 days meeting, consensus was reached on the following to make PPA more effective:

1. A Nepali "marketing group" to be formed with membership of Ann Koontz, AVEDA, HBTL, GAC and representative of ANSAB.
2. Develop stories at community level (village trust).
3. Develop a model for Alliance Collaboration that can be functional even beyond the PPA project term
4. Explore and identify the role of the mid-level human resources that can create linkages between the market and the people at grass root level.
5. Explore further on how best to develop capacity of the community people – in terms of filling the information/knowledge gap (price, market, product, enterprise and so forth), and to equip them to be in better bargaining positions towards different actors
6. Investigation of effective FSC national standard model would support long-term sustainability in Nepal; hence an assessment on how the FSC certification can be sustainable should be carried out.
7. Next year's Alliance planning meeting to be held by January 2005 (holding the meeting in September 2004 was not feasible for partners abroad).
8. Explore value addition on product development of Anthopogan and Xynthoxylum.
9. The work plan is a guideline for all members and commitment to follow the guideline considering adaptive management approach.

3.7 Closing of the Meeting

The two-day process provided the members an opportunity to thoroughly understand the key issues and areas in forest certification. The sharing facilitated in identifying activities to address the issues was raised. The discussion was highly participatory in nature, with open sharing of views/suggestions and clarifications/simplification of confusions and queries. The workshop ended with a positive note that achievements would multiply by many times in the area of implementing certification model for Nepal that takes into account its NTFP and

forest user group (FUG) resources encouraging good governance and marketing of community resources.

4. Conclusion and Recommendation

4.1 Conclusion

The PPA review and planning meeting conducted on January 9-10, 2004 came up with tangible outcomes together with the completion of work plan through extensive consultation and also creating companionable environment for the promotion of NTFP market linkages and forest certification process.

The encouragement and motivation made by the US buyer and keen interest visible in the meeting towards Nepali products like hand made papers, the efforts modeled and organized by certification expert for certification process and the commitment expressed for policy formulation were articulating consolidated attempt to contribute to the goal of PPA. It follows that the forum provided opportunity for the participants to express their commitment, to share ideas, provide knowledge and give hands and make relations from the side of project's objectives.

In relevance with the objective, the government body on behalf of MFSC inherently expressed the role to play on NTFPs promotion, marketing and forest certification process.

The Public Private Alliance members stormed their mind to plan for the next year, and through consensus and common understanding, the work plan for PPA Year 2 was finalized. Some issues were identified for forest certification and marketing of NTFPs, analyzed their importance and feasibility and handed over the responsibility to alliance members.

Such a forum that brought together professionals and experts engaged in the issue of certification and sustainable marketing of NTFPs was realized to be important from all the participants.

To sum up, according to the opinion of the meeting participants, the meeting was proved to be fruitful as all from national and international level of expertise spontaneously contributed to widen and sharpen the objective and vision of the PPA.

4.2 Recommendations

Besides the activities suggested for the Year 2 PPA work plan, the major recommendations and suggestions made in the spirit of PPA are as follows:

- It was suggested to make attempt for the simplification of certification process. The FSC model of certification and its guidelines need to be “adapted” to local context and Nepali agenda, considering the social, environmental and economic aspects and flexibility.
- More adaptive and flexible management is required to implement planned activities to be compatible with the current security sensitive situation.
- Similar product manufacturing process e.g. in India and China was suggested for observation to get ideas and experiences for product development.
- A Nepali "marketing group" would be better to form with association of Ann Koontz, AVEDA, HBTL, GAC and representative of ANSAB.

- Strengthening of FECOFUN networks from central to district and village level could be important as well as development of system for FECOFUN to be acknowledged as “certificate holder”.
- It will be important to put up efforts for good understanding and cooperation between buyers and producers to create responsible buying practices and traceability.
- International market assessment is necessary for promotion of NTFP trade and business.
- Overcoming the knowledge gap of the community and other actors’ remains a huge challenge. Awareness on property rights and enterprise development, and better documentation and appropriate dissemination mechanisms could help address this issue.
- Explore link with Rutgers for QC services and potential training.

Annex 1: Program Schedule

Arrival day: January 8, 2004

- 18:00 Arrival of all Participants at **Godavari Village Resort, Godavari**
18:00-19:30 Registration and Briefing (logistics)
19:30-21:00 Dinner

Day 1: January 9, 2004

07:00-08:30 Breakfast

08:30-09:00 Registration

09:00-09:30 Opening Session

- Welcome Address & Meeting Objectives, ANSAB
- Introduction of the Participants, Moderator
- Opening Remarks, HMG/N and other Representatives

09:30-10:15 Review of PPA - Year 1: Sharing/Presentation and Discussion

- Highlights of the Alliance Progress in 2003 and Planning for 2004 (ANSAB)

10:15-10:45 Break

10:45-13:00 Review of PPA -Year 1: Sharing/Presentation and Discussion

- Rainforest Alliance (20+10 min)
- FECOFUN/HJSS (20 + 10 min)

10 min break

- HBTL/GAC (20 + 10 min)
- AVEDA Corporation (20 + 10 min)

13:00-14:30 Lunch

14:30-15:30 Sharing/Presentation and Discussion

- IDRC/MAPPA (20 +10 min)
- Ford Foundation (20 + 10 min)
- DPR/DoF Representatives (20 +10 min)

15:30-16:00 Break

16:00-16:30 Review of PPA - Year 1: Sharing/Presentation and Discussion

- Ms. Ann Koontz (20 + 10 min)

16:30-17:00 Wrap up and Plan for day 2

- Draft Work Plan Year 2

18:30-21:00 Video Documentary on Yarsha Gumba (41 min)

Reception Dinner

Day 2: January 10, 2004

07:30-08:45 Breakfast

09:00-10:30 Issues & Challenges to Consider for Review & Finalizing Draft Year 2 Work Plan: Plenary Discussion

10:30-11:00 Break

11:00-13:00 Finalizing Draft Work Plan for Year 2: Plenary Discussion

13:00-14:00 Lunch

14:00-15:30 Finalizing Draft Work Plan for Year 2: Plenary Discussion, Contd.

15:30-16:00 Break

16:00-17:00 Discussion on Tracking Impact of the Alliance Activities

17:00-17:30 Wrap-up and Closing

18:00 Departure

Annex 2: Participants list

S/No.	Name	Organization
1.	Ms. Ann Koonz	E ² SIC
2.	Dr. David Hircock	AVEDA
3.	Dr. Walter Smith	Rainforest Alliance
4.	Dr. Udaya Raj Sharma	Department of Plant Resources
5.	Dr. Madhav Karki	RPC/IDRC, India
6.	Dr. Ganesan Balachander	Ford Foundation India
7.	Mr. Prakash Kashwan	Ford Foundation India
8.	Mr. Rajendra Lamichhane	FECOFUN
9.	Mr. Man Prasad Khatri	HJSS
10.	Mr. Parbat Gurung	HBTL
11.	Mr. Prem Tiwari	GAC
12.	Mr. Govinda Ghimire	AHI
13.	Mr. Fransisco A. Tolentino	SNV Nepal
14.	Mr. Dinesh Paudel	NSCFP
15.	Mr. Ganga Rana	ICIMOD
16.	Mr. Bhola Bhattarai	FECOFUN
17.	Mr. Bhaweswor Das	SION
18.	Mr. Bhisma P. Subedi	ANSAB
19.	Mr. Surya B. Binayee	ANSAB
20.	Mr. Indu B. Sapkota	ANSAB
21.	Ms Shova Adhikari	ANSAB
22.	Mr. Ram Prasad Acharya	ANSAB
23.	Mr. Ram Hari Subedi	ANSAB
24.	Mr. Sushil Gyawali	ANSAB
25.	Ms. Deepmala Subba	ANSAB
26.	Ms. Basudha Gurung	ODC

Annex 3: Presentations detail

(Hard copies are already printed from power point as handouts)

Annex 4: Issues for PPA effectiveness

(Hard copies are already printed from power point as handouts)

Annex 5: Detail of the year 2 work plan

**Certification and Sustainable Marketing of
Non-Timber Forest Products (NTFP)**

(Cooperative Agreement No. 367-A-00-02-00209-00)

Work Plan for Year 2

(October 1, 2003 – September 30, 2004)

Asia Network for Sustainable Agriculture and Bioresources (ANSAB)

P.O. Box 11035

New Baneshwor, Kathmandu, NEPAL

Contact: Bishma P. Subedi, Executive Director

ACRONYMS

AHI	Alternative Herbal Industries
AHPA	American Herbal Products Association
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CBFE	Community Based Forest Enterprise
CF	Community Forest
DDC	District Development Committee
DFO	District Forest Office
FECOFUN	Federation of Community Forestry Users, Nepal
FUG	Forest User Group
GAC	Gorkha Ayurved Company
GDA	Global Development Alliance
GMP	Good Manufacturing Practices
HBTL	Himalayan BioTrade Pvt. Ltd.
HJSS	Himali Jadibuti Sarokar Samuha
HMG	His Majesty's Government
HNTFPCC	Herbs and NTFP Coordination Committee
MFSC	Ministry of Forests and Soil Conservation
MIS	Market Information System
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NNN	Nepal NTFP Network
NSCFP	Nepal Swiss Community Forestry Project
NTFP	Non-Timber Forest Product
PPA	Public Private Alliance
RA	Rainforest Alliance
SDC	Swiss Agency for Development and Cooperation
SNV	Netherlands Development Organization
ToR	Terms of Reference
US	United States
USAID	United States Agency for International Development
VDC	Village Development Committee

I. Introduction

The main purpose of the Certification and Sustainable Marketing of Non-timber Forest Products (NTFP) alliance is to increase incomes and employment of NTFP producers and promote sustainable resource management. To achieve this, the project will promote international marketing and sustainable use of Nepali NTFPs, institute NTFP certification program, promote product development, and expand responsible buying practices among industry members.

Asia Network for Sustainable Agriculture and Bioresources (ANSAB) has been working in collaboration with various organizations including some of the PPA project's alliance members for the promotion of NTFPs and CBFs in Nepal since few years back. Federation of Community Forestry Users, Nepal (FECOFUN), Nepal NTFP Network (NNN), Himalayan BioTrade Pvt. Ltd. (HBTL), and Gorkha Ayurved Company (GAC) have long been ANSAB's partners for many activities related to NTFP promotion and enterprise development in Nepal. With the alliance project concept, Aveda and Rainforest Alliance have entered into this alliance and brought global cutting edge industry and certification expertise to the alliance.

With support from and strategic planning with USAID, the alliance brings together U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (HBTL and GAC); Nepali Networks and NGOs (ANSAB, NNN, HJSS, FECOFUN); and donors (USAID, The Ford Foundation, SNV, and SDC) that have been developing community forest user groups and NTFP industry coordination within Nepal.

The alliance offers opportunities for demonstrating and generating leading practices in: 1) certification models for NTFP and forest communities; 2) poverty alleviation for forest communities through industry/producer product design collaboration and 3) NTFP industry "responsible buying" practices. Each of the alliance members has a proven track record in their area of expertise and the activities have great potential for replication across Nepal as well as other parts of the world.

With a solid track record in coordinating the Nepali partners and delivering NTFP enterprise and forest management services to community forest user groups and community based enterprises, ANSAB has been taking the responsibility of coordinating the alliance activities in order to achieve the alliance objectives.

The draft work plan was reviewed and discussed with representation from all alliance partners (with the exception of USAID who was not able to attend) at the alliance activities review and planning meeting held in January 9-10, 2004. Signatures from all alliance members on the proposed activities was not deemed realistic as each member had varying degrees of procedures needed within their organizations to sign an activity document. The alliance members gave verbal concurrence on the activities plan (see Table 1) and responsibilities. This arrangement worked well in the first year and overall the alliance members felt activities and alliance cohesion had made tremendous progress in the first year. The alliance members in attendance expressed the need to use the work plan as a guideline for the alliance members to forward the alliance goal and the objectives, but yet be flexible enough to accommodate new opportunities or adjust to unanticipated constraints.

The members in attendance also expressed the need for flexibility and adaptability to increase the effectiveness of the project activities by bringing new resources, new ideas, new technologies, and new partners, as appropriate.

II. Goals and Objectives

Linking domestic and foreign NTFP buyers, Nepali producers, and Non-Governmental Organizations (NGOs) and government programs assisting the NTFP sector (including certification organizations), the alliance will strive to achieve the following four major goals.

- increase incomes and employment for Nepal's NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute certification program for Nepali NTFP; and
- expand responsible buying practices among industry members.

SPECIFIC OBJECTIVES

The specific objectives of the project are as follows.

- 1) Promote Community Based Forest Enterprises (CBFEs) to ensure sustainable use of NTFPs, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers
- 2) Implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources
- 3) Improve and maintain quality and consistency of Nepali NTFPs
- 4) Gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers
- 5) Educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products
- 6) Lobby for an enabling policy environment for free and fair trade practices

III. Activities

As in the last year's work plan, all the activities and sub activities of the project are organized under the project objectives. The activities planned this year will build on the work initiated by the alliance last year. Hence, some of the activities that initiated last year will continue this year as well. With the experience and learning from last year, some new activities have been planned. Table 1 summarizes the activities planned for the project this year. A brief description of each activity and expected outputs are provided. The proposed activities have been discussed extensively with Nepali alliance members - FECOFUN, Gorkha Ayurved, and Himalayan BioTrade. ANSAB wrote up the plan after discussing with each of the partners either via group or one-on-one meetings with the partners. What still needs to happen is the overall sharing with Nepali and U.S. based PPA partners face-to-face to compare and discuss the overall plan. The alliance activities review and planning meeting scheduled in January 2004 will review and finalize the activities for the period thereafter.

Table 1: Activities Plan Year 2004

Activities	Expected outputs/results	When	Responsibility		Remarks
			Primary	Support	
Objective 1: Promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers					
1.a Alliance activities review and planning meeting and work plan finalization	Alliance progress in 2003 reviewed and activities for 2004 finalized; work plan finalized	Jan	ANSAB	All alliance members	
1.b Selection and prioritization of FUGs/CBFEs	FUGs, CBFEs, and entrepreneurs selected for the project activities	Feb	FECOFUN	ANSAB, DFOs, NSCFP, HBTL, GAC	Selection of CBFEs may take place in other months if new opportunities identified
1.c NTFP marketing network development and enterprise promotion	Six workshops organized; four networks developed, linkages between CBFEs and FUGs promoted; and enterprise promotion materials prepared	Jan-Sep	ANSAB	All alliance members	4 networks include those initiated in year 1.
1.d Market information support	NTFP trade database developed; and NTFP trade information disseminated to FUGs and CBFEs	Jan-Sep	ANSAB	FECOFUN, HBTL, GAC	MIS information collected and disseminated every month
1.e Enterprise and management training	Four trainings on enterprise and management provided	Mar-Aug	ANSAB	GAC, HBTL	Training topics to be decided after discussion with CBFEs
1.f Monitoring and evaluation and impact tracking	Monitoring data collected, analyzed, and shared	May-Jul	ANSAB, FECOFUN	All alliance members	
1.g Alliance coordination	Alliance members kept informed and involved	Ongoing	ANSAB	All alliance members	Sharing meetings will be held every three months
1.g Alliance vision	Document on alliance vision complete	1st draft: Feb Copy: Apr Final: Jun	ANSAB	All alliance members, Aveda help with 'copy'	
1.g Marketing group	Focal point for marketing "how to" in Nepal established	Ongoing (Formation by Feb)	HBTL	FECOFUN, AHI, HBTL, GAC, ANSAB, Aveda, RA, Ann	Ann draft a ToR
1.g Sustaining certification	Select data collected to be used in year three analysis	Feb-Sep	ANSAB	All alliance members	
1.h Documentation of best practices and lessons learned	Best practices and lessons learned documented and shared	Aug-Sep	ANSAB	All alliance members	
1. i Village trust	Two case studies documented	Aug	ANSAB	GAC, HBTL	

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Objective 2: Implement certification model for Nepal that takes into account of its NTFP and forest user group (FUG) resources and encourages good governance of community resources					
2.a Information collection and documentation on NTFP certification	Information on certification issues and impacts collected and shared	Oct-Sep	ANSAB	RA	
2.b Requirement analysis and development of system for group certification	Certification requirements identified and analyzed; and an appropriate group certification system developed	Oct-Nov, Jan-Apr	ANSAB, FECOFUN	RA	
2.c International training on certification	Capacity of FECOFUN and ANSAB on certification strengthened	Mar-May	ANSAB	RA	Depends on availability of suitable course or visit to a suitable certified operation
2.d Institutional development and organizational support to FECOFUN	Capacity of FECOFUN on NTFP certification strengthened	Nov-Sep	ANSAB	FECOFUN	Support provided to FECOFUN to carry on pilot certification activities, specially social mobilization and monitoring part
2.e FUG capacity building and improvement of operational plans	Capacity of 10 FUGs on forest management, NTFP certification, and enterprise development and marketing strengthened	Oct-Sep	FECOFUN, ANSAB	ANSAB	Social mobilization by FECOFUN, technical aspects by ANSAB
2.f Install a pilot certification system in Nepal	A pilot certification field assessment complete and FECOFUN will be certified as a group certificate holder for FUGs.	Oct-Sep (Assessment: Aug-Sep)	ANSAB	FECOFUN	Field assessment will take place towards the end of the year
2.g Certification trainings/workshops	Four NTFP certification trainings/workshops organized in the districts; one assessors' training organized; one certification training for facilitators organized	Nov-Jul	FECOFUN	ANSAB, HJSS, RA	
2.h Publication on NTFP certification initiatives in Nepal	One article on certification published	Aug-Sep	ANSAB	All alliance members	
2. i Exposure visits	Two visits for 15 each organized	Mar - Apr	FECOFUN	ANSAB, HJSS	Contingent on security situation
Objective 3: Improve and maintain quality and consistency of Nepali NTFPs					
3.a Training to farmers, FUGs, and CBFs on NTFP	Four trainings on NTFP cultivation, harvesting, processing and marketing	Feb-Jul	ANSAB	HBTL, GAC	

Certification and Sustainable Marketing of Non-timber Forest Products (NTFPs) – Public Private Alliance

cultivation, harvesting, processing, and marketing	organized				
3.b Technical support to CBFEs on GMP	Requirements and processes for GMP identified; and the capacity of GAC on GMP strengthened	Mar-Aug	GAC	HBTL, ANSAB	Targeted to GAC and other national level CBFEs
3.c Promotion of certification program with NTFP industry	NTFPs stakeholders made aware of NTFP certification	Ongoing	FECOFUN	All alliance members	
3.d Product certification	Awareness on CoC raised and a training on CoC organized	Ongoing (Training: Sept)	HBTL, GAC, FECOFUN		Preparatory work for CoC will be done this year for select companies
3.e Coordination for quality testing facilities in Nepal	Need for quality testing and assurance facilities highlighted and initiatives taken to avail the facilities in Nepal	Ongoing	ANSAB	HBTL, GAC, FECOFUN, Ann	Not budgeted from PPA for infrastructure/facilities Linkage with Rutgers (testing, training)
Objective 4: Gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers					
4.a Product selection and product design option exploration	Potential products and design options identified and updated	Feb-Sep	ANSAB	HBTL, GAC	
4.b Product design and product development	Product design options analyzed; research on product design and product development undertaken; new product designs/products developed	Oct-Sep	Paper & essential oil (HBTL) Tea (GAC) ANSAB	Aveda, AHPA	
4.b Value added for four products	Value added analysis reports	Paper: Apr Oils: Jul Tea: Apr	ANSAB	GAC for herbal tea, HBTL for others	For Lokta two essential oils and herbal teas
4.b Product costing	Costing for paper, herbal teas, essential oils	Mar	HBTL, GAC	ANSAB, Aveda, RA	Includes shipping, customs, other....
4.c Training on product development and marketing to CBFEs	Two trainings on product development and marketing provided to CBFEs	Mar-Aug	ANSAB	Essential oil (Aveda) Paper (RA) Ayurvedic products (AHPA)	
4.d Product development and marketing study visit for PPA alliance members	Market for Nepali NTFPs explored; and linkages with Indian NTFP manufacturers and buyers established.	Apr-May	ANSAB	HBTL, GAC	

Certification and Sustainable Marketing of Non-timber Forest Products (NTFPs) – Public Private Alliance

4.e International market assessment and linkage development (Assessment)	International market assessment for Nepali handmade paper undertaken; a list of potential buyers and their requirements identified	Mar-Apr	ANSAB	RA, Ann	Lokta handmade paper
4.e. International market assessment and linkage development (Linkages)	Linkages between Nepali CBFs and international buyers promoted	Ongoing	ANSAB	RA, Ann	
4.f Nepali NTFP promotion (Trade visit)	Two CBFs participate in the international trade expos/shows in the US, Nepali NTFPs promoted in international market	Mar-Sep	ANSAB	HBTL, GAC, Ann	buyer/seller meetings (2-4 alliance members)
4.f Product image	Set of stories and PR materials	Feb-Sep	ANSAB	Aveda, RA, Nepali companies	
4.f Product positioning	Three to four products profiled	Feb-Sep	ANSAB	Aveda, RA, Ann, Nepali companies	Integrated with other marketing activities
Objective 5: Educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products					
5.a Promotion of Nepali NTFPs and certification initiatives in NTFP industry abroad	Potential of Nepali NTFPs and NTFP certification in Nepal shared with NTFP industry abroad	Ongoing	Ann, David/Aveda	RA, ANSAB	
5.b Industry leadership conference in the US	One industry leadership conference of natural product companies in the US attended and issues of Nepali NTFP and CBFs shared	Sep-Oct	Aveda	ANSAB, Ann	Conference date and venue to be decided
5.c Documentation and dissemination of NTFP related issues	NTFP related issues documented and shared among alliance members and key stakeholders of NTFP sector	Ongoing	ANSAB	All alliance members	
Objective 6: Lobby for an enabling policy environment for free and fair trade practices					
6.a Review and analyze NTFP policy	Contributions to a national policy workshop; a NTFP policy study (CF guideline) and three policy analysis and sharing meetings organized	Ongoing (Workshop: Feb Review: Jan-Jul)	ANSAB	HNTFPCC, HJSS, FECOFUN	
6.b Organize forums for policy advocacy	NTFP policy recommendations provided to the policy makers; policy design and implementation issues shared among key NTFP stakeholders	Ongoing	ANSAB	All members	

Objective 1: Promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers

The project in its first year brought together alliance members and key stakeholders of NTFPs to promote sustainable management of NTFPs and community based forest enterprises. Apart from alliance building, many of the activities planned for enterprise promotion, certification initiatives, product design and development, NTFP marketing, and policy improvement have been completed successfully. The first year work has laid a good foundation to launch the alliance activities to achieve the alliance objectives. Building on the last year's accomplishment and experience, this year's activities have been planned. The activities planned under this objective are as follows.

a) **Alliance activities review and planning meeting and work plan finalization:**

Nepali alliance members reviewed the last year's performance and contributed their ideas to develop the draft work plan. To review the performance of the alliance last year and plan next year activities, alliance activities review and planning meeting was scheduled in January 2004, which was held on January 9-10, 2004. The meeting reviewed the draft work plan and finalized the alliance activities for year 2004. The Table below provides an outline of activities that were planned leading up to the alliance planning meeting and finalization of the work plan.

First Quarter Activities for Nepal PPA Alliance Leading up to the Full Alliance Planning Meeting and Finalization of Work Plan

Month	Activities
October 2003	U.S. based alliance partners meet to discuss industry leadership and organize industry leadership conference
October 2003	Meeting of Nepali alliance members to develop a draft work plan
October 2003	Preparation of a draft work plan and submission to USAID
November-December 2003	USAID comments on the draft work plan and final work plan preparation for USAID Date finalized for alliance meeting to be held in Nepal; agenda drafted for year two alliance meeting; data and information packets assembled for meeting and distributed
January 2, 2004	Nepali alliance members meeting in Kathmandu to review the alliance activities, discuss on the work plan, and preparation for the alliance activities review and planning meeting
January 9-10, 2004	Alliance activities review and planning meeting in Kathmandu and finalization of draft work plan
January 31, 2004	Preparation of final work plan incorporating the alliance meeting inputs and submission to USAID

- **Results/outputs anticipated.** A work plan for year two developed; alliance planning meeting held and alliance members networking strengthened; issues

related to NTFP certification, enterprise development, and NTFP marketing identified and discussed among alliance members; and alliance activities for 2004 finalized and implementation arrangement made.

b) Selection and prioritization of FUGs and CBFEs:

The project has selected Bajhang and Dolakha for pilot certification initiatives. FUGs and CBFEs likely to be involved in this pilot initiative have also been identified in these two districts. However, as the program unfolds further, the FUGs and CBFEs to be involved in pilot activities will be selected for and involved in the certification and enterprise promotion and marketing activities. While the groups have been identified for the pilot certification initiatives and these activities are moving forward, apart from these two districts, the project will try to incorporate as many FUGs, CBFEs, and entrepreneurs as possible to benefit from enterprise development and marketing work as well as the learning coming out of the certification training. The selection criteria developed by the alliance member in year 1 will be the basis for the selection of FUGs and enterprises. Various meetings and discussions with relevant alliance members will be held in Kathmandu as well as in the districts to identify and select FUGs, CBFEs, and entrepreneurs to be involved in this project. The selection of FUGs and CBFEs in the pilot districts will be done in February 2004.

- **Results/outputs anticipated.** FUGs, CBFEs, and entrepreneurs selected for the project activities.

c) NTFPs marketing network development and enterprise promotion:

After selection and prioritization, workshops with these FUGs will be organized and technical support will be extended to establish networking among FUGs, CBFEs, and entrepreneurs for consolidation of their NTFP supplies and marketing of their products. In these workshops, other stakeholders like District Forest Office (DFO), District Development Committee (DDC), Village Development Committee (VDC), and CBFEs will also be invited. Once the products to be promoted are finalized, product-wise networks will be developed to enhance the marketing efforts of FUGs. FECOFUN and its district branches will be involved in establishing FUG networks. Inputs from Aveda, the Herbal Product Association, Rainforest Alliance, HBTL, GAC, and other enterprises will be used to help prioritize products and advise FUGs and CBFEs on quality and other requirements for marketing of the products.

As FECOFUN plays a crucial role in sustainable management of NTFPs, promotion of enterprises, and networking for NTFPs marketing, a regional workshop on FECOFUN network development and NTFP promotion will be organized in Nepalgunj for the district branches of FECOFUN from mid-western and far-western regions. The FUGs in the regions have common agenda to deal with and the need was prioritized by FECOFUN for strengthening the network of the FUGs which is comparatively weak in the area. The workshop will be held in May-July 2004.

To ensure sustainable supply of NTFPs in consistent quality to community based forest enterprises, linkages between CBFEs and FUGs will be promoted. A network of FUGs and FECOFUN district branches will also play a critical role in establishing linkages between resources supplying FUGs and CBFEs. Promotional materials and trade promotional activities like trade fair and market study visits will be planned to promote enterprises and their products. In addition, enterprise planning and

development support will be extended to CBFEs and potential entrepreneurs in the districts. These activities will be done from January 2003 through September 2004.

- **Results/outputs anticipated.** Six workshops organized for an average of 15 participants each; 4 networks (including those initiated in year 1) of FUGs/CBFEs dealing in NTFP trade established and strengthened; linkages between CBFEs and FUGs promoted; and enterprise promotion materials prepared and promotional activities organized.

d) **Market information support:**

ANSAB has been maintaining a marketing information support system in NTFP sector in Nepal. It has been providing price, technology, quality, and buyers contact information to various development organizations, NNN members, FECOFUN, and through its local partners to district based traders and development organizations, FUGs and NTFP collectors. ANSAB will continue its market information support activities to these stakeholders and will also extend this support to the CBFEs and FUGs involved in this project. For MIS activities, ANSAB will try to leverage funds.

To improve the efficiency and effectiveness of dissemination and help achieve product identity preservation and its associated benefits for poor rural communities, environmental protection and the industry, a proposal is being worked out in collaboration with USAID Development Information Services and Academy for Educational Development (AED). The idea is to incorporate selected information and communication technologies with ongoing community development, resource management, and NTFP enterprise development efforts to support data collection, tracking, and verification that achieve product identity preservation.

In addition, the project plans to undertake an NTFP trade survey in Nepal which will provide NTFP trade information (volume and price of major traded species) by district which will be collected from the documented sources of 75 district forest offices in the country. The information will be collected for at least one year, but attempts will be made to collect it for the past three years. An NTFP trade database will be developed and maintained at central level to manage the trade information. This information will be useful for CBFEs and entrepreneurs to plan their enterprise operations and marketing activities. The information generated from the survey will also be useful for policy makers to devise an appropriate policy framework and guidelines to promote NTFP enterprises and free and fair trade of NTFPs in Nepal. The project will coordinate alliance members including the network of Ministry of Forests and Soil Conservation for collection of NTFPs trade data from the field.

- **Results/outputs anticipated.** Regular NTFPs market information provided to FUGs and CBFEs; NTFP trade survey undertaken; NTFP trade database developed; and NTFP trade information disseminated to CBFEs.

e) **Enterprise and management trainings:**

Community based forest enterprises need improvement in their enterprise management to become competent in NTFP business. Their technology needs to be upgraded to fulfill the market demand. Enterprise development and management, operations management and productivity enhancement, accounting system and financial management are some of the areas where they need support from the project to improve their business processes and independently manage their marketing activities. The project will provide CBFEs with training in these areas. Entrepreneurship, enterprise development and business planning, marketing, enterprise management, operations management and efficiency enhancement, accounting and financial management are some of the potential training topics. The four trainings are planned for March-August 2004.

- **Results/outputs anticipated.** Four trainings on enterprise and management provided to a total of 40 participants. The training topics will be discussed with CBFEs.

f) **Monitoring and evaluation plan and impact tracking:**

A project monitoring system has been designed and baseline information has already been collected from the two project districts. As per the monitoring and evaluation plan, the baseline data has been collected as of December 2002. The yearly project monitoring data which reflect the changes in the key indicators over the year will be collected in May - June 2004. The monitoring data will be analyzed and shared with the alliance members in June-July 2004.

- **Results/outputs anticipated.** Project monitoring data collected, analyzed, and shared among the alliance members.

g) **Alliance coordination:**

ANSAB will implement this project in collaboration and cooperation with other alliance members and stakeholders. Unlike other types of project, this project requires a great deal of effort in alliance coordination because various types of stakeholders are involved in the project. Alliance coordination includes all the coordinating and administrative activities required to successfully implement the project. ANSAB takes this responsibility of bringing all alliance members together for the common purpose of promoting Nepal's NTFPs. Alliance coordination is an ongoing activity. However, sharing meetings among the alliance members will be held every three months (January, April, July, and September).

ANSAB has already established Memorandum of Understanding (MOU) with many of the alliance members. Considering the project goals and the guidelines of the GDA, the alliance may expand and working arrangement or MOUs with new members will be established as needed. ANSAB will arrange meetings, workshops, visits or study tours and keep alliance members informed and involved in the related project activities.

Alliance vision: As the alliance extends well beyond the project period, the alliance members decided in the alliance activities review and planning meeting to have a written vision statement for the alliance. All members of the alliance will contribute to developing a common vision statement. First draft vision statement will be developed by February and a final copy will be prepared in June for which Aveda will extend its media and copy writing expertise.

Marketing group: To better coordinate international promotion and marketing of Nepali NTFPs, a marketing group will be established. The group will serve as a focal point for all the international marketing efforts of the project. The group is comprised of representation from FECOFUN, Alternative Herbal Industries (AHI), GAC, HBTL, ANSAB, Aveda, RA, and Ann Koontz. Formation and TOR of the group will be complete by February. The marketing group activities will be ongoing.

Sustaining certification: Sustainability of forest certification is one of the important issues of the alliance initiatives. For this purpose, the alliance has decided to explore the possibilities of establishing FSC national standards and identification of appropriate mechanisms for sustaining the certification initiatives in Nepal. This year, the alliance will collect select data which will be analyzed in year three. Rainforest Alliance will take a lead in exploring and analyzing the possibility of establishing FSC national standards in Nepal. This group of activities will be done from February to September 2004.

- **Results/outputs anticipated.** Alliance members kept informed and involved in the related project activities; alliance vision statement prepared; marketing group established and active in coordinating international marketing efforts; and select data for analyzing FSC national standards collected. Meeting, workshop, and visits organized.

h) Documentation of best practices and lessons learned:

As the project is venturing a new initiative in Nepal and the idea of public private alliance is not common in forestry sector in the country, the project expects to come across new learning from implementation of the alliance activities which may be of great interest to many of the NTFP stakeholders in the country and abroad. Though the project had planned to document best practices and lessons learned in the first year, it was realized that it was too early to come up with a written document on best practices and lessons learned for a wider audience. In year two, the project plans to document best practices and lessons learned in the areas of NTFP management, community based enterprise development, product development, and international marketing to share the learning with wider audience. All the alliance members will take part in documenting best practices and learning related to their areas of expertise. This activity is planned in August 2004 and September 2004.

- **Results/outputs anticipated.** Best practices and lessons learned documented and shared among alliance members and with wider audience.

i) **Village trust:**

During the alliance activities review and planning meeting, the alliance discussed on benefit sharing mechanisms along the value chain of NTFP business. As the project goal is to increase the incomes and employment of local communities, it was realized that the project has to look into how and to what extent the communities are receiving benefits from NTFP marketing and enterprise development. The alliance has identified this as a new activity so that it can make a study on benefit sharing mechanisms and document it as a case study. If the existing benefit mechanism systems are not good enough, the alliance will explore possibility of setting up an appropriate mechanism whereby the villagers receive fair share of benefits out of the NTFP business promoted by the alliance. This activity will be done in August 2004.

- **Results/outputs anticipated.** Two case studies documented.

Objective 2: Implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources

The project with its NTFP certification initiative intends to establish recognition for NTFPs of Nepal and thus aims to increase incomes and employments to the local communities. The project recognizes the certification initiative combined with marketing efforts of alliance members as a potential tool to create market based incentives for sustainable harvesting and use of NTFPs. During the project period, the alliance will pilot a certification system in two select districts so as to see whether it is feasible and provides intended benefits to conservation and promotion of NTFPs in a sustainable way. Following activities are planned for implementation of a pilot certification initiative in Nepal.

a) **Information collection and documentation on NTFP certification:**

The project has collected a lot of information related to forest and NTFPs certification in its first year of operation. However, the NTFP certification being a new initiative in Nepal, there is still some information gap on some aspects. The project will keep on collecting, documenting, and sharing information about forest and NTFP certification experiences and guidelines, format and examples for group certification, which will be utilized in developing an appropriate certification system for Nepal. Information collection and documentation will be done from October to September 2004.

- **Results/outputs anticipated.** Information on forest and NTFP certification including certification issues and impacts collected and shared.

b) **Requirement analysis and development of system for group certification:**

The project initiated requirement analysis for NTFP certification in Nepal from the very beginning of the project and continued during the various activities of the alliance including the visits of Rainforest Alliance, NTFP certification workshops and training, and Latin America visit. From the analysis, a group certification system has been identified as a most appropriate option and FECOFUN has been identified as a certificate holder. Further analysis and preparatory activities are needed to develop an appropriate system for group certification in Nepal. The group certification system will be developed in light of the insights gained and issues studied in Latin America and information and inputs collected from business communities, NTFP producers, alliance members, and document analysis. Rainforest Alliance will take the lead in this activity. Workshops, meetings, studies, and field visits will be organized. This activity will be done in October-November 2003 and January-April 2004.

- **Results/outputs anticipated.** Certification requirements identified and analyzed; and an appropriate group certification system developed. Workshops, meetings, studies, and field visits organized as required.

c) **International training on certification:**

From the analysis of the certification issues and contextual factors in Nepal, FECOFUN has been selected as a group certificate holder for the pilot NTFP certification initiative. To fulfill this responsibility, FECOFUN needs to know all the key issues as well as best practices related to group certification. ANSAB, as the alliance coordination organization, needs to facilitate the development and installation of a certification system in Nepal. Hence, their capacity for implementing and monitoring certification related activities needs to be strengthened. For this purpose, an international training on certification will take place sometime between March and May 2004. The certification training need was discussed during the alliance activities review and planning meeting, and the Rainforest Alliance suggests that the primary target for a training be aimed at a representative from FECOFUN and ANSAB traveling to a current FSC certified group's forest management area to examine the group's certification and forest management systems.

- **Results/outputs anticipated.** Certification training participated by one participant each from FECOFUN and ANSAB; and capacity of FECOFUN and ANSAB on certification strengthened.

d) **Institutional development and organizational support to FECOFUN:**

For the pilot NTFP certification initiatives, FECOFUN has been selected to lead the certification process as the group certification holder. The selected forest user groups in the districts of Bajhang and Dolakha will be represented, guided, and monitored by FECOFUN for NTFP certification. To make FECOFUN's role more effective towards this new initiative, institutional development and organizational support will be extended. Rainforest Alliance will make an assessment to identify the areas where FECOFUN needs to develop their systems and strengthen their capacity to handle the certification activities. The institutional development and organization support through training, consultation and backstopping, particularly in developing group

certification policy, establishing monitoring mechanism and processes will be provided to FECOFUN from November 2003 through September 2004.

- **Results/outputs anticipated.** Capacity of FECOFUN on NTFP certification strengthened; FUGs involved in certification supported in developing forest management operational plans and their forest management activities monitored; and certification initiatives coordinated.

e) **FUG capacity building and improvement of operational plans**

Confirming the criteria for forest and NTFP certification is the apex stage in forest and NTFP management. The selected FUGs from the pilot districts still have to work a lot to improve their forest management operational plans and build their capacity to manage and monitor their management activities to be qualified for NTFP certification. As the cost of certification is also a burning issue, they need to be enterprising to be able to gain from certification and marketing of their NTFPs. To help these FUGs strengthen their capacity in forest management, entrepreneurship development and NTFP marketing. They also need support to improve their operational plans in line with the certification principle and criteria, the project will provide them forest management training, technical assistance and backstopping support in developing the operational plans and organizational systems. To support the FUGs and CBFs in the districts, the project plans to put one staff in each of the two pilot districts from year two. The activities related to FUG capacity building and improvement of operational plans will be done from October 2003 through September 2004.

- **Results/outputs anticipated.** Capacity of 10 FUGs on forest management, NTFP certification, and enterprise development and marketing strengthened.

f) **Install a pilot certification system in Nepal:**

A pilot certification assessment of FECOFUN for selected FUGs in Bajhang and Dolakha will be implemented. Rainforest Alliance will extend its expertise in providing for the assessment and development of a certification model in Nepal. As a preparatory work, assessors training, development of system for group certification, institutional development and organizational support to FECOFUN for certification, FUGs capacity building and improvement of operational plans will be done. The assessment fieldwork will be done in August and certification finalized in September 2004. Preparatory training and institutional support for FECOFUN and FUGs will be accomplished between February and September 2004.

- **Results/outputs anticipated.** FECOFUN will be certified as a group certificate holder for FUGs. Capacity of FUGs and FECOFUN towards sustainable forest management and certification systems will be strengthened.

g) **Certification trainings/workshops:**

In year one, some trainings and workshops were organized to clarify issues and processes and build the capacity of stakeholders in NTFP certification. The

workshops and trainings organized last year were not enough to clarify all the issues on certification and to develop an appropriate system for NTFP certification. Many of the stakeholders, especially those from the districts, need more training and exposure on NTFP certification. The project plans some more training and workshops on NTFP certification from November 2003 to July 2004 to clarify issues and process of certification system and develop and install a pilot NTFP certification system in Nepal.

An assessor training on forest and NTFP certification is planned in November in Kathmandu which will be designed and facilitated by Rainforest Alliance. The training has been planned for the potential certification assessors and the key stakeholders who are involved in facilitating the certification initiatives in Nepal. In addition, a forest certification training is planned for mid-level forestry professionals (community forestry facilitators). The training will be provided to select DFO staff, FECOFUN district representatives, and ANSAB field facilitators, who, in turn, will extend forest certification and community forest management expertise at the FUG level. This training is planned for February 2004.

- **Results/outputs anticipated.** Four NTFP certification trainings/workshops for a total of 60 participants organized in the districts; one assessors' training for 35 participants, and one forest certification training for 20 participants organized.

h) **Publication on NTFP certification initiatives in Nepal:**

As in the last year, the project plans to publish one article on NTFP certification initiatives in Nepal. The articles will be published in Himalayan Bioresources or other publications with wider circulation to share the initiatives among a large audience. This activity will be done sometime in August-September 2004.

- **Results/outputs anticipated.** One article on certification published.

i) **Exposure visits:**

To provide an opportunity to forest user groups and CBFs to learn from each other in the areas of community forest management and enterprise development, two exposure visits are planned. The participants will be from the selected FUGs and CBFs identified for the alliance certification and enterprise development activities. The participants will visit exemplary forest user groups and community based forest enterprises in Nepal. This activity will be coordinated by FECOFUN and will be organized between March and April 2004.

- **Results/outputs anticipated.** Two exposure visits for 15 participants each organized certification published.

OBJECTIVE 3: IMPROVE AND MAINTAIN QUALITY AND CONSISTENCY OF NEPALI NTFPS

Inconsistent product quality is one of the main constraints to the promotion of Nepali NTFPs market, especially in international market. Lack of standardized process and practices in NTFP cultivation, harvesting, cleaning, drying, processing, grading, storage, and packaging all contribute to inconsistent NTFP that includes undesirable variations in terms of type, grade, shape, color, as well as time and volume. To overcome this problem in NTFP marketing, the project plans to provide training to FUGs and CBFs on product quality issue and promote NTFP certification in NTFP industry in Nepal. The following activities are planned under this objective.

a) **Training to farmers, FUGs, and CBFs on NTFP cultivation, harvesting, processing, and marketing:**

Select NTFP farmers, FUGs and CBFs will be sensitized on product demand and the quality requirement of NTFP buyers. They will be provided training on which factors contribute to inconsistency of product quality. In addition, they will be educated on how to harvest, clean, dry, process, grade, package, store, and handle NTFPs to achieve consistent quality of their product. These trainings to FUGs and CBFs will be organized in February to July 2004.

In addition, the farmers and FUGs interested to cultivate the NTFPs required by CBFs, especially those CBFs who are interested in building a long term relationship with growers and provide a buy back guarantee will be provided training on NTFP cultivation, harvesting, and post harvest techniques. GAC will play a crucial role in identifying the species and providing technical inputs in cultivation related training.

- **Results/outputs anticipated.** Four trainings on NTFP cultivation, harvesting, processing, and marketing organized for a total of 60 participants.

b) **Technical support to CBFs on Good Manufacturing Practices (GMP):**

To become effective in international marketing, Nepali CBFs, especially GAC, have shown interest in initiating the process for Good Manufacturing Practices as some of the international buyers demanded them to confirm with the GMP criteria. Good harvesting practices and NTFP certification are also linked with the GMP process. As per the interest of the alliance member companies, the project plans to support the interested alliance companies to initiate this process. The project will facilitate the companies to access the technical expertise in this area. The option like accessing the volunteer services from retired experts in developed country will also be sought to minimize the cost of the process. This technical support related to GMP will be provided from March through August 2004.

- **Results/outputs anticipated.** Requirements and processes for GMP identified; and the capacity of GAC on GMP strengthened.

c) **Promotion of certification program with NTFP industry:**

Promotion of certification program is contingent on the success in establishing certification initiatives in Nepal. By participating in and presenting the certification initiatives undertaken by the project to various forums organized by government, relevant projects, and NGOs and through the project organized training and workshops, the certification program will be promoted among NTFP stakeholders. This is an ongoing activity. Hands-on training and technical assistance to improve their management plans, and training and workshops planned under other activities will also promote certification agenda among the participants. In addition, alliance members will participate in discussion forums for mass media such as radio and newspaper. As the needs for certification promotion become clearer, the project aims at developing a plan for promotional activities of larger scale which will be proposed for year 3 work plan.

- **Results/outputs anticipated.** NTFPs stakeholders made aware of NTFP certification; and certification initiatives discussed with the selected FUGs and CBFs.

d) **Product certification:**

Piloting of forest and NTFP certification has been identified as one of the major activities of the project. The activities identified under the objective 2 will lead to installation of certification system. The project will raise awareness on the importance and requirements for Chain of Custody (CoC) certification among the enterprises dealing in NTFPs. The FUGs and enterprises will be provided a Chain of Custody certification training. The CoC training will be organized in September 2004. When the FUGs and enterprises become ready for chain of custody certification, the project will support these pioneering groups and enterprises in the certification process by providing technical assistance, paying certification fees, and logistic and infrastructure support under the pilot program. The Chain of Custody certification assessment (product certification) will take place in year 3.

- **Results/outputs anticipated.** Awareness on CoC certification raised, a training on CoC organized.

e) **Coordination for quality testing facilities in Nepal**

One of the major bottlenecks in assuring quality of NTFPs is the lack of adequate and appropriate facilities for quality testing in Nepal. The alliance has raised this issue in various NTFP promotion forums. This year, the alliance intends to promote this agenda and plans to coordinate with the key NTFP stakeholders and donors for availing adequate and appropriate quality testing and assurance facilities in Nepal. The alliance will promote this agenda and discuss with other projects and organizations so that the facility can be improved/expanded with other sources of funds. Initial discussion has been held with Rutgers University for their design support to improve or establish quality testing facilities for essential oils. Similarly, in the new business development services (BDS) market development project funded by USAID Nepal and to be implemented by IDE, ANSAB, Winrock, WWF, and Lotus Opportunities, a component on quality testing facilities has also been included. This is an ongoing activity.

- **Results/outputs anticipated.** Need for quality testing and assurance facilities highlighted and initiatives taken to avail the facilities in Nepal.

OBJECTIVE 4: GAIN BETTER MARKET POSITION FOR NEPALI NTFPS IN INTERNATIONAL MARKETS; INCLUDING EXPLORATION OF CERTIFICATION OPTIONS AND DESIGN COORDINATION WITH BUYERS

One of the main objectives of this project is to promote Nepali NTFPs in international markets to gain better market and hence generate increased incomes and employments. Under this objective, the project will initiate product development activities in collaboration with alliance members and buyers in the West and utilize the certification system and facilities in attracting international buyers. Some product design exploration and product development activities have been initiated from last year. The project will continue the already initiated activities and undertake some additional research on product design and product development, new product introduction and commercial production, trade linkage establishment between CBFs and international buyers, and Nepal NTFP promotion in international markets this year. Aveda, a leading natural product company in the US, will be assisting the project and Nepali CBFs in achieving this objective.

a) **Product selection and product design option exploration:**

Product selection criteria have been developed and some potential products have been selected by the alliance members last year. If the alliance gets new knowledge on market demand and feels appropriate, new products meeting the criteria will be added on this list. For the product design option exploration, the project will get inputs from

FUGs, CBFEs, traders, international buyers, alliance members, development organizations, and government agencies. Product selection and product design option exploration activity will be done from February to September 2004.

- **Results/outputs anticipated.** Potential products and design options identified and updated.

b) **Product design and product development:**

Under product design and development work, the alliance companies and other CBFEs will develop new products, new design, or refine the existing products to meet the market requirements. The alliance will support CBFEs in identifying new product designs and new product lines and undertaking product development work. The project will keep supporting the product design and development work that is ongoing with the inputs from Aveda and other business partners. In addition, following activities will be undertaken to promote product design and development.

Action research grant: As it was initiated last year, the action research grants will be extended to undertake product design and development work so that value addition to NTFPs can be made profitably. The project will call for research proposals from alliance members, CBFEs, FUGs, product design related service providers and development organizations. Based on the criteria developed by the alliance members last year, the project will select winning proposals. If not many satisfactory concepts received, the project requests alliance members and other appropriate institutions to undertake the product development research. The research and other activities on product design and development will be done from October 2003 through September 2004.

Value added analysis: To support NTFP business development and better manage marketing efforts, value added analysis will be done for four products. The analysis will uncover the value adding steps and processes on product value chain and it will provide insights to CBFEs in identifying further value addition opportunities. The products identified for value added analysis are handmade papers, essential oils, and herbal tea. The analysis will be done in April-July 2004.

Product costing: For developing pricing strategies, especially for international marketing, product costing will be done for handmade papers, essential oils, and herbal teas. The costing will be done for different varieties of products, different sizes of shipments, and different delivery methods. Based on the cost structure, CBFEs will develop pricing strategies for their clients. This activity will be done in March 2004.

- **Results/outputs anticipated.** Product design options analyzed; research on product design and product development undertaken; and new product designs/products developed; value added analysis reports for 4 products prepared; product costing done for 3 product categories.

c) **Training on product development and marketing to CBFEs:**

To be competitive in market, CBFEs are required to learn product development and marketing knowledge, skills and techniques. Two trainings on new product development and marketing are planned in March to August 2004. The alliance member companies and community enterprises in the districts will be provided with product development and marketing training this year.

- **Results/outputs anticipated.** Two trainings for 20 participants on product development and marketing provided to CBFEs.

d) **Product development and marketing study visit for PPA alliance members:**

Product development and marketing study visit to India is planned for CBFEs and the alliance members sometime in April to May 2004 to get insights and deeper knowledge and understanding on product development and NTFP marketing. The study visit will also provide an excellent opportunity to CBFEs to develop marketing linkages with Indian manufacturing companies and NTFP buyers. HBTL, GAC, ANSAB, and FECOFUN will participate in the product development and marketing study visit.

- **Results/outputs anticipated.** One product development and marketing study visit organized; NTFP product development techniques identified; market for Nepali NTFPs explored; and linkages with Indian NTFP manufacturers and buyers established.

e) **International market assessment and linkage development:**

To identify the potential buyers for Nepali handmade paper products and promote a linkage between Nepali CBFEs and international buyers, an international market assessment and promotional activity in the US and European market is proposed in year two. The assessment will make a quick survey on international markets and identify potential buyers and products they are interested in, their requirements, pricing structure, product delivery and payment mechanisms, etc. Based on the information from the market assessment, the project will assist Nepali CBFEs to devise marketing strategies for the target markets. The market assessment will be undertaken sometime in March to April 2004.

Establishing linkages between Nepali NTFP producers (CBFEs) and international buyers is an ongoing activity that has been already initiated last year. The market assessment result will provide information on international buyers. The project will support Nepali CBFEs to access the identified potential buyers and promote their business linkages. Aveda and the Herbal Products Association in the US will be consulted to get a list of businesses in the US dealing with or interested in the products that are found in Nepal. Their requirements will be collected and CBFEs capable of dealing with these products will be assisted in fulfilling the demand. Himalayan Bio-Trade and Gorkha Ayurved Company are identified so far and other potential CBFEs will be explored. The potential CBFEs will be supported in preparing their promotional materials, shipping samples, and communicating with international buyers. The other activities like participation of CBFEs in trade expo, visiting potential buyers at their premises, and other promotional activities planned under other objectives will also reinforce this business relationship building and strengthening.

- **Results/outputs anticipated.** International market assessment for Nepali handmade paper; a list of potential buyers and their requirements identified; and linkages between Nepali CBFEs and international buyers promoted.

f) **Nepali NTFP promotion:**

Trade visit: The main target of the promotion campaign will be in the US markets. In year two, a trade visit to the US will be organized where CBFE promoters and management will participate in trade shows, expos, and international buyers' offices to promote Nepali products. Nepali CBFEs will also be supported to put a stall in international expo/trade shows, which can give much exposure to the CBFEs and Nepali NTFPs in international arena. Mr. Parbat Gurung from HBTL and Mr. Prem Tiwari from GAC will represent Nepali NTFP industry in the trade visit to the US and promote Nepali NTFPs in the US market by participating one of the trade shows or expos and visiting the US buyers' offices there sometime in March to September 2004. Ms. Ann Koontz will support them from the US.

Product image: Realizing the need of promoting Nepali NTFPs image in the international markets, the alliance has identified a new activity for this year. This activity intends to develop a unique product image for Nepali NTFPs in international

arena. Under this activity, a set of stories and public relation (PR) materials will be prepared. These stories and PR materials will highlight the quality aspect of Nepali NTFPs, conservation efforts put by the communities, and socio-cultural aspects of NTFPs. These materials will serve as promotional tools and can go along with Nepali NTFPs. This activity will be done from February to September 2004.

Product positioning: While efforts are made to develop an image for Nepali NTFPs as a whole, positioning of individual products will also be done to facilitate business transaction of selected products. For this purpose, three to four products will be profiled. The product positioning activities will be integrated with the other marketing activities of the alliance. The activities for product positioning will be done from February to September 2004.

- **Results/outputs anticipated.** Two CBFs participate in the international trade expos/shows in the US; a set of stories and public relation (PR) materials prepared; three to four products profiled; Nepali NTFPs promoted in international market through trade visits, business mails, promotional materials, and distributing samples.

OBJECTIVE 5: EDUCATE NTFP BUYERS ON HOW TO SUPPORT NEPAL'S NTFP INDUSTRY TO ACHIEVE SUSTAINABLE LONG-TERM SUPPLIES OF QUALITY PRODUCTS

Though Western buyers are buying NTFPs originated from Nepal, they don't know about the product's origins and issues related to NTFP marketing. The existing market channels through India do not seem supporting the sustainability of the resource supply and the livings of the collector communities who largely live below the poverty line. The project will share with industry leaders and associations in the West about the issues of NTFPs and educate them on how to support Nepal NTFP industry and their sustainable supply.

a) Promotion of Nepali NTFPs and certification initiatives in NTFP industry abroad:

From the very beginning of the development process of Nepali NTFP certification system, NTFP industry leaders and international buyers have been consulted to get their inputs and certification requirements. Participating in the industry leadership conference that was scheduled last year but held in the second week of October, the project shared initiatives taken in Nepal for sustainable management and responsible business practices among the industry members in the US and has promoted Nepali NTFPs in the US market. Once the certification system is established in Nepal, promotion of this system in NTFP industry abroad will be done by attending international trade shows, expos, industry leadership conference, and mailings including promotional materials to the business contacts. In year two, international buyers including Aveda and members of the Herbal Products Industrial Leadership Group will be involved in development and promotion of Nepali NTFP certification

system. The potential buyers identified from the international market assessment will also be contacted to promote Nepali NTFPs and NTFP certification initiative. This is an ongoing activity.

- **Results/outputs anticipated.** Potential of Nepali NTFPs and initiatives of NTFP certification in Nepal shared with NTFP industry abroad and their suggestions and comments solicited.

b) **Industry leadership conference in the US:**

Industry leadership symposium was scheduled last year. However, it was moved to the second week of October 2003. Ms. Ann Koontz, Mr. David Hircock, and Mr. Bhishma P. Subedi, the alliance coordinator, participated in the industry leadership. Travel fund for Mr. Subedi was sourced from other project. As the NTFP industry leaders in the US were present in the conference, the presentation and participation from the Nepali alliance members was very important to educate the industry on Nepal's initiatives in NTFP certification and product development. The Alliance Coordinator shared with the US industry leaders and businesses present in the event about the NTFPs of Nepal and the issues related to NTFP development and business in Nepal. Ideas were shared on how they could support sustainable use of Nepali NTFPs and collector communities while also benefiting their business from sustainable supply of the raw materials. In collaboration with others, the conference was sponsored and coordinated by Aveda, and around 100 leaders from NTFP industry and sub-sector largely in the US were present in the conference. Ms. Koontz played an important role in this symposium from the beginning as a member of the organizing committee and as a key facilitator of the symposium.

Similarly, an industry leadership conference in the US is planned for sometime in September to October 2004. The preparatory work for the conference will begin from March 2004 and Aveda will take a lead in organizing this conference. A Nepali participant representing the alliance will attend the conference.

- **Results/outputs anticipated.** One industry leadership conference of natural product companies in the US attended and issues of Nepali NTFP and CBFs shared.

c) **Documentation and dissemination of NTFP related issues:**

Last year, in conjunction with the NTFP policy analysis and discussion, documentation and dissemination of NTFP related issues was done. Since this is an ongoing activity, this year too, NTFP related social, cultural, economic, political, and environmental issues will be collected, documented, and disseminated in conjunction with other activities of this project and other projects' activities. In addition to information collection from secondary sources and unpublished documents of various organizations, documentation process will include discussion meetings with key NTFP stakeholders including FUGs, FECOFUN, alliance members, government officials, development organizations, traders and entrepreneurs, and NTFP experts.

Forums like HJSS, NNN, and FECOFUN will be used for both documentation and dissemination of NTFP related issues.

- **Results/outputs anticipated.** NTFP related issues documented and shared among alliance members and key stakeholders of NTFP sector. Lessons assembled and disseminated to alliance and other interested parties.

OBJECTIVE 6: LOBBY FOR AN ENABLING POLICY ENVIRONMENT FOR FREE AND FAIR TRADE PRACTICES

The project intends to contribute to creation of enabling policy environment for free and fair trade practices in Nepal so as to promote sustainable resource utilization and profitable NTFP business development in the country. In year one, the project along with other projects of ANSAB undertook policy survey and analysis workshops in the districts and organized national NTFP policy workshops which developed policy recommendations. The recommendations of the workshop and inputs of ANSAB through other various forums have been well received by the Herbs and NTFPs Coordination Committee. The committee has been working on improving NTFP policies and operational guidelines. For this year too, the project will review and analyze NTFP policy and legislations, organize forums for policy advocacy and forge strategic alliance of key stakeholders. Most of the activities under this objective will run throughout the year.

a) Review and analyze NTFP policy:

The project will continue NTFP policy review and analysis activities to help create enabling policy environment in NTFP sector. The alliance will contribute to a national level workshop to review national policy on NTFPs. The workshop is planned for February 2004. The community forestry guidelines will be reviewed from January to July 2004. The forums like NNN, HJSS, and FECOFUN will be supported to hold meetings, workshop, and interaction programs on NTFP policy related issues in Nepal. These forums will be used to undertake such policy review and analysis work. Since this project intends to promote commercial utilization of NTFPs, the trade and marketing related policy issues will be given due emphasis in policy analysis. Meetings and task force studies will be arranged for policy review and analysis purpose. These are ongoing activities.

- **Results/outputs anticipated.** Contributions made to a national policy workshop, one NTFP policy analysis study (review of CF guideline) undertaken; and three policy analysis and sharing meetings organized.

b) Organize forums for policy advocacy:

Policy advocacy activity begins with policy analysis discussion workshops, meetings, and taskforce studies. The outcomes of policy review and analysis will be shared among alliance and NNN members, government officials, and other key stakeholders. Working closely with other alliance members and key NTFP stakeholders, policy

recommendations will be generated. These recommendations and policy implementation issues in the field will be shared in NNN sharing meetings, HJSS policy advocacy meetings and other interaction programs and workshops. As being the leader in the NTFP sector and a member of the Herbs and NTFPs Coordination Committee, ANSAB will represent the alliance in the policy forums, and provide policy recommendations to the committee, MFSC and its departments, and policy task forces to develop policy documents and to advise in implementation mechanisms. This activity runs throughout the year in collaboration with NNN, HJSS, FECOFUN, and other alliance members and donors.

- **Results/outputs anticipated.** NTFP policy recommendations provided to the policy makers; policy design and implementation issues shared among key NTFP stakeholders; and NTFP policy discussion meetings with key NTFP stakeholders held.

IV. RISKS IN PROJECT IMPLEMENTATION

The project implementation can be affected by following potential risk factors.

- Security issues related to political conflicts can have an impact on this project, especially on its field activities with FUGs and CBFs.
- If cooperation from key alliance members is not received then the project may not be effective in achieving its goals.

Risks Mitigation Plan

The project will mitigate these risks by working closely with local communities and community based organizations, de-emphasizing security hotspots in project areas, and building close relationships within the government of Nepal. In addition, if certain activities cannot be undertaken as planned due to some reasons, either these activities will be rescheduled, or the approach of adaptive management will be used to accomplish the objective within the limit of resources available. USAID/Nepal and alliance members will be consulted before making any adjustment that may have significant impact on the project progress.

The project will place greater emphasis on networking and coordinating with alliance members because their support is crucial for the success of the project. Supports from government will be solicited by consulting and involving MFSC and its departments in alliance activities planning process. Alliance planning meetings are specifically designed to facilitate the formation of solid linkages between NTFP producers, business communities and their associations, government, NGOs, and development agencies thereby ensuring their continuous support and involvement in the project activities