

# **Enterprise-Oriented Community Forestry in Nepal: Strategies and Lessons**

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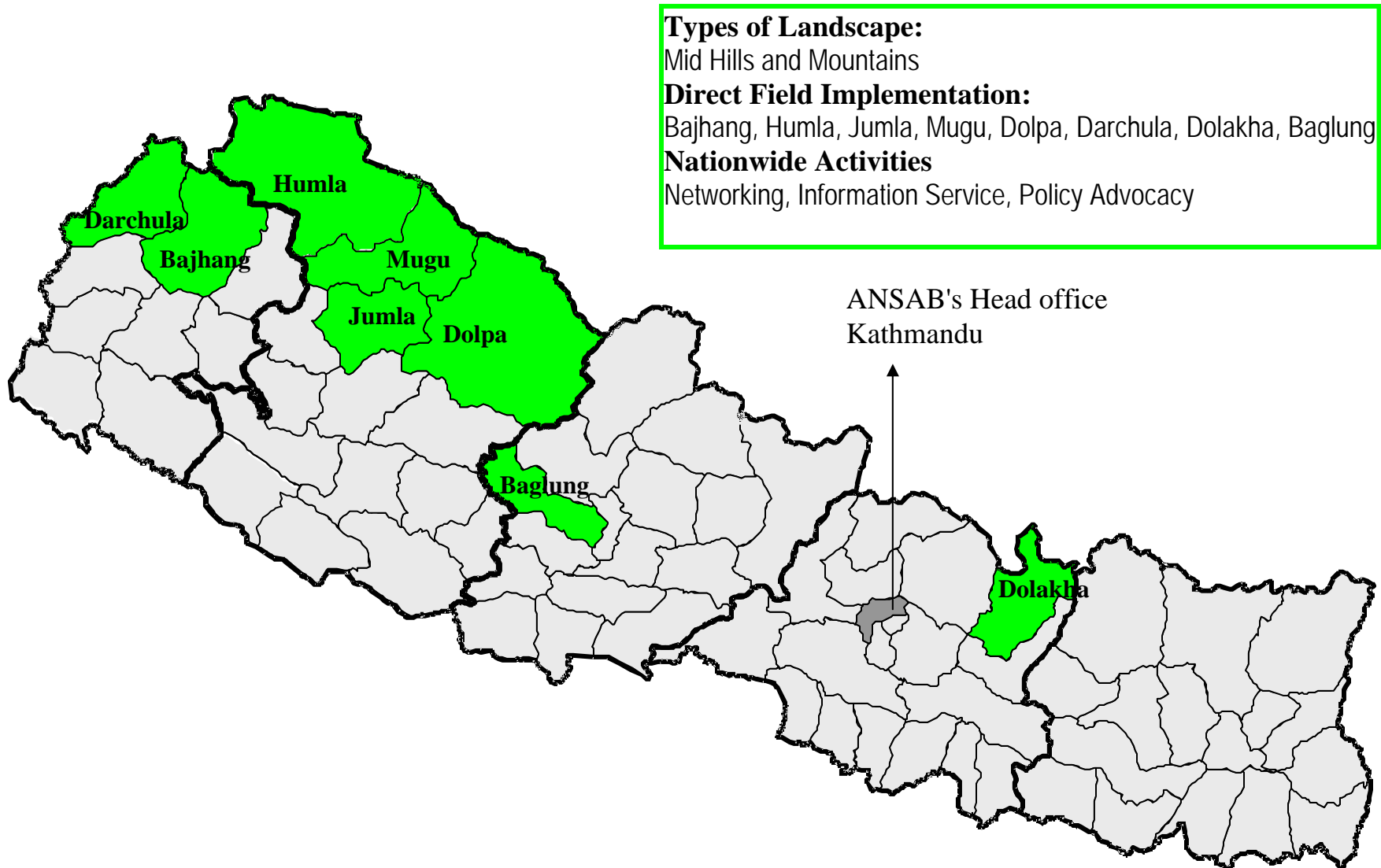
## **Introduction**

In Himalayan and Trans-Himalayan regions people are among the poorest in Nepal with lowest development index, underlining the fact that poverty, remoteness and biodiversity richness go together in developing countries. Agriculture accounts for less than 5% of the total geographical areas, and most of it is rain fed. In some parts, rocky surface and snow cover combine to account for about 60% of the area, severely restricting opportunity to bring about development. Alpine and sub-alpine meadows and forests are generally important land covers as well as centers of biodiversity. Burning of forests/meadows, uncontrolled harvesting of NTFPs including MAPs, unmanaged grazing with high number of unproductive animals, and slash and burn farming are indicated to be the main proximate threats to biodiversity, but the underlying cause is acute poverty (Subedi 1999; Burch *et al* 2003).

However, the majority of conservation resources have been allocated to protected area system models or subsistence mode of resources management is framed, while people-centered and economic incentive based resource management strategies have received less attention. Balancing economic, social and environmental concerns is a difficult task, and there are few, if any, examples to follow in adopting a balanced approach (Subedi 2001).

This paper attempts to analyze and document the advances in community forestry evolved from the initiatives and experiences of Asia Network for Sustainable Agriculture and Bioresources (ANSAB) in designing and implementing its approaches and strategies on enterprise-oriented community forest management in Himalayan and Trans-Himalayan regions of Nepal where Non-timber Forest Products (NTFPs) including Medicinal and Aromatic Plants (MAPs) constitute a valuable group of products for local communities. The paper also draws lessons from the IDRC supported project on conservation of medicinal and aromatic plants for sustainable livelihoods implemented since January 2002 in Darchula, Nepal.

Map of Nepal showing the districts where the ANSAB programs were implemented



Established in 1992, ANSAB has a vision of rich and productive biodiversity resources that are actively managed and used by local communities who are capable of addressing existing and potential threats to biodiversity and of maximizing local benefits out of it and thereby harnessing social equity. ANSAB is committed to enterprise oriented solutions to biodiversity conservation and sustainable community development. It strives to translate its commitment through natural products based enterprises, community forestry and natural resources management, capacity growth of key stakeholders, and creation of enabling policy environment by working directly with local community and collaborating with other stakeholders. ANSAB has a focal position in the field through its work for a decade in biological, technological, economic and socio-cultural fronts associated to people-centered conservation, management and use of biodiversity both within and outside Nepal.

## Approach and Strategies

Enterprise oriented community forestry is essentially a participatory process that requires strong technical assistance and encompasses sub-sector analysis, threats analysis, strategies development and planning, research, implementation and reviews. Expanding the property rights of local communities over resources and empowering them with knowledge, information, technologies, and required skills for forest management and institution building are basic building blocks for the enterprise oriented community forestry. Gender and equity concerns are addressed from the program design so that the poor, women, and marginalized receive fair benefits from the program.

The program emphasizes working with partners so that the institutional capacity at national level is enhanced and post-program sustainability is ensured. Working with local as well as national institutions, the program pools unique expertise to promote delivery of quality and critical services that are needed to local communities. The program maintains close interaction with other programs that have similar goals and activities at field to avoid duplication of efforts and create synergy in service delivery.

The program promotes an approach whereby all partners and implementers maximise their learning through actions and reflections. Various mechanisms of interaction facilitate the sharing of knowledge gained at different levels of the program. The program has in-built mechanisms to facilitate synthesis and communication of learning with respect to contexts, concepts, processes, and techniques among partners and relevant stakeholders, and to make timely adaptations.

A brief description of major steps of program implementation, not necessarily in the given sequences, is given below.

*Sub-sector Analysis (SSA)*: Central to enterprise oriented community forestry is the concept of seeking union between biodiversity conservation and economic development of local communities. This involves identifying a sub-sector (a product or a range of products) most potential for creating economic incentives while balancing environmental and social concerns. Reviewing along the value chain (from production to consumption)

SSA identifies the intervention areas that provide highest leverage both economically and environmentally in the given context (Subedi 1999).

*Threats Analysis and Community Forestry Planning:* With each community, participatory threats analysis, resources assessment and strategy development in terms of community forests management are undertaken. Considering the variability within and between the communities and forests, the process requires adaptation in moving forward with identified communities. As the Forest User Group (FUG) is ready, members assess resources and analyze the threat to biodiversity. Optimizing the enterprise opportunities and to address the threats, communities devise strategies for forest management that are translated into their forest management Operational Plan (OP)<sup>1</sup>. The process for enterprise oriented CF is more rigorous than the traditional FUG process and iterative at all stages from identification of options to management and benefit distribution.

*Enterprise Development Planning:* Possible options for enterprises are examined and prioritized considering the factors related to policy, resource abundance, market, finance, local skills, technologies, and social issues. A detailed enterprise development plan is developed for the most potential enterprise identified from the feasibility study. While it is unlikely to develop the enterprise plan without external technical assistance by local communities, their role is crucial from the inception since the success depends on community taking ownership and active role in the management.

*Implementation:* Proper implementation of both forest management plan and enterprise development plan is equally important as they are interdependent with each other to produce desired results. Enterprise is directly dependent on the health and productive capacity of the forests, and the role of the program at this stage is to foster the positive links between the community forest management and enterprise operation. At the interface of activities implementation, along with the direct technical facilitation to communities and enterprises local partnership and networking among the key stakeholders is strengthened. ANSAB proceeds through a network of local NGOs and cooperatives so as to ensure sustainability of the program in the field. In addition, capacity building of key stakeholders (government, non-profit as well as private sector) is promoted for wider impact.

*Monitoring and Participatory Action Research (PAR):* The enterprise oriented CF is an evolving practice and there are many unknowns and grey areas including the biology of individual species, ecosystem dynamics, product research and development, and consumer preference. Learning component is, therefore, an in-built ingredient of the ANSAB program design. Biological monitoring is introduced to ensure the sustainable supply and conservation of biodiversity. Social, institutional and enterprise performance monitoring are carried out to get the continuous feedback to the management. Building on the existing knowledge base (both indigenous and external) PAR is designed and

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<sup>1</sup> A community group to formally become a FUG requires to be registered at the District Forest Office with its Constitution. The Constitution defines the social arrangement and the responsibilities and rights of the group where as the OP specifies how the forest is managed and utilized. To incorporate provisions of managing additional products or expanding the area the OP needs to be revised and approved.

implemented in the areas identified and prioritized together with communities. The examples include experimentations on sustainable harvesting, regeneration, productivity, cultivation, and nursery raising of important NTFP species (ANSAB 2003).

From time to time, innovative tools and practices are identified, tested and refined for ensuring sustainability and improving production efficiency and service delivery. For example, to ensure sustainability in resource management, ANSAB is piloting Forest Stewardship Council (FSC) group certification for forest management and chain of custody in Nepal.

*Policy:* Even with the most progressive policy and legislations on community forestry in Nepal, there are several challenges in provisions and practices for the promotion of enterprise oriented community forestry. The existing provisions and practices make it difficult to visualize the forest management and use beyond the subsistence (ANSAB 2003). Therefore, the program facilitates policy development process through networking, coordination, interaction and sharing of specific policy issues from the grassroots, supporting forums and federations building, and strengthening their capacity in policy analysis and advocacy.

*Reviews and reflection:* Regular interactions, workshops, meetings, sharing, and interactions with communities and wider audiences, visits and feedbacks, monitoring and impact studies done in a participatory way as well as occasional external evaluation provide a continuous surveillance of the program effectiveness. Lessons learned and insights gained from this reflection make the basis for new program design and development, and indeed in implementation.

## Outcomes

ANSAB programs on enterprise-oriented resources management have demonstrated remarkable successes in bringing forests and upland meadows, which are globally significant for biodiversity, under improved management with community forestry, developing community based forest enterprises, generating both social and economic capitals at local levels, and in improving policy environment for the sustainable management and use of forest resources including NTFPs in Nepal.

With the initiatives of ANSAB, more than 100 FUGs have been organized and strengthened, which has brought over 60,000 hectares of forests and pastures under improved management. In addition to improved collection and trading practices by individuals and informal groups, 12 community based enterprises are established in these remote mountain districts benefiting about 15,000 households. The increased incomes from the enterprise-oriented CF, enhanced capability of local institutions, and increased entrepreneurship skills among community members resulted into the various self-initiated community development activities from local communities such as infrastructure development, school, drinking water, community health, electricity, and commercial activities like production and marketing of forest products, processing and manufacturing of forest based products. Their progress on fund generation and mobilization is promising

and is likely to lead towards increased income and employment in rural communities (Subedi 2002).

Through its regular business development services (BDS) and marketing information services to a wide range of stakeholders and organizations nationwide, bargaining power and ability of NTFP harvesters (majority of which are poorest and belong to the marginalized sections of the society), community groups, local traders and CBFs to match the market requirements have been enhanced, and in many cases they were able to significantly gain from the production and trade of NTFPs.

The program has initiated market based tools for sustainable and fair practices such as FSC certification. It has raised the awareness and strengthened the capacity of national and local stakeholders on the requirements of sustainability tools like the certification. As a result, the FSC certification is now becoming a national agenda among some key stakeholders such as FECOFUN.

In most cases the SSA resulted into the policy related interventions with highest potentials for generating impacts. With its founding and/or coordinating roles ANSAB promoted several forums such as NNN (Nepal NTFPs Network) and Public Private Alliance (PPA), FECOFUN and HJSS who have been generating and holding many positive results in policy environment.

Our coordination and facilitating roles in policy development process in the promotion of NTFPs sub-sector has resulted into several positive outcomes. Through grassroots consultation to organizing national workshops, and contribution to drafting national NTFPs policy, ANSAB has contributed significantly in policy development. Moreover, through its research and coordination ANSAB has been able to influence the government, donors, non-profits and business organizations to put NTFPs high on their agenda for poverty reduction and conservation, for example, 10<sup>th</sup> five year plan of the Government of Nepal (ANSAB 2003).

## Analysis and lessons learned

Enterprise oriented resource management is relatively a new concept. There is a big gap from understanding to realization regarding the potential of this approach to conservation and poverty reduction. The traditional belief that enterprise undermines sustainable use of forest resources is still prevalent among some professionals, advisors, and government and policy makers. This thinking led to the programs and policy implementation practices towards subsistence orientation and several regulatory and market related barriers for community based enterprises (Subedi *et al* 2000).

The Community Forestry Act of His Majesty's Government in Nepal (Forest Act 1993) classified the forest into five categories: government managed forests, protected forests, community forests, leasehold forests, and religious forests (HMGN 1995). Of these categories, as of February 2003, about 18% (or 939,040 ha) are under community forests, but this percentage is growing each year. Representing a third of total population,

1,321,311 households are organized into 11,920 Forest User Groups nationwide (CFD 2003). This gives an average of 0.7 ha of forest per household compared to 6.25 ha per household in ANSAB supported FUGs. This shows that the FUGs managing CF with enterprise-orientation are managing a significantly larger area of forest.

Analysis and understanding of threats, which are driven and perpetuated by economic necessity like slash and burn, overgrazing, which required economically inspired solutions, if not considered in the FUG planning and management, will lead to further degradation of resources, and ultimately produce poverty. Therefore, economic incentives are necessary for community based biodiversity conservation, and it is even more relevant within the framework of community forestry in Nepal.

Looking from the perspectives of matching conservation goal with social justice, we found that NTFPs are a group of resources that has higher potential to provide access and benefits to a large rural population, especially the poor and marginalized. The landless and poor often do not have other alternatives than engaging in NTFPs collection that are found in common property resources. The abundance of resources with market demands which is growing as well as the availability of traditional skills and technologies show a great potential of NTFPs for enterprise development in the mountains of Nepal. The selection of subsector and identification of enterprise options have implications on the overall success of the program and equity (Subedi 2001).

Communities that are not getting meaningful benefits from forest resources were found to be indifferent to the conservation practices. For example, in Humla local people used to burn their forest and pasture, destroying valuable MAPs such as Jatamansi (*Nardostachys grandiflora*), to promote growth of grasses for their livestock grazing. Despite several temptations from the government and project rangers they were not interested in community forestry. With the introduction of an enterprise in their locality, due to which they got opportunity to sell NTFPs harvested from adjacent forest, they became interested to get tenure of forest so that they can be assured of regular income from the sustainable collection of NTFPs. The enterprise oriented community forestry allowed them to exclude outsiders and manage their group members. It was worthwhile to establish enterprises that added value to the resources and allowed communities to perceive they were making economic gain from their biological resources (Subedi *et al* 1998; Subedi 2001; Burch *et al* 2003).

However, the relation between conservation and enterprises are not so simple and straightforward. Extraction and production models for biodiversity conservation are not effective when they promote more of the same activities and simply link producers to a market. The interrelationships between the two are defined or at least influenced by a number of factors including policy and regulatory, practices of resources use and management, local capacities and external supports, available technologies and enterprise modalities, nature and functioning of markets (Subedi 2001).

Therefore, it is important to provide useful and appropriate external technical assistance that fosters the link between the conservation and enterprises in such a way that the



interplay of these elements lead to a balanced interface of the link without distorting the market. While facilitating the program it is important to work with local communities so that they take an active role, feel ownership, and learn all aspects of the program from the beginning.

The technical assistance available to this field in mountains in general and more remote areas in particular are very limited, and if any technical assistance is available, that is often not useful or appropriate to communities. Very little can be expected from those who are trying to provide technical assistance to these communities with very little understanding on enterprises and their linkages with the broader conservation. The government agencies are mainly found trying to impose the restrictions and almost forgotten their service delivery roles to communities.

Once a program is made for the enterprise-oriented community forestry, our experience shows that the following factors are important for its success.

- Size of forests, at least to sustain enterprise operation at break even level.
- Expanded property rights to encompass the free and fair trade of the products and inspire innovations.
- Technical knowledge, skills and extension services for commercial production of selected species that provides raw materials for the enterprise. The management requires not only the knowledge of a commercial species but also the ecosystem dynamics on which the valuable products are produced.
- Enterprise management – understanding of business fundamentals by the groups managing enterprises.
- Access to markets and marketing.
- Access to finance.
- Favorable policy support not only provisions but also proper implementation.

## Conclusion

Forests are integral part of livelihoods in mountain region in Nepal. With community forestry initiatives, mountain communities have shown concerns on conservation and management of forestry resources. However, subsistence oriented community forest management has undermined the potential of the resource base and has not been able to inspire communities to devise innovative solutions to the biodiversity loss and poverty.

ANSAB experience has shown that when communities are empowered to manage their resource base and provided enterprise options that are linked to biodiversity, it can generate incomes and employment to reduce the poverty while providing incentives to

conserve the resources. It is important, however, to note that the result depends on the quality of relationship between conservation efforts and enterprise activities. For the mountain dwellers of Nepal, it is now enterprise oriented community forestry the last hope for improving their livelihoods. The enterprise oriented community forest management can be promoted not only for poverty reduction but also for conservation of forests and biodiversity.

When subsistence oriented community forestry moves to enterprise oriented mode, it however elevates the concerns of equity, gender, and good governance, and adds on new challenges of enterprise management and marketing, commercial production of forest products, and ensuring biodiversity status. A program that is focused on the enterprise-oriented community forestry but complete to encompass all the steps along the value chain is likely to achieve the success in conservation and poverty reduction goal.

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