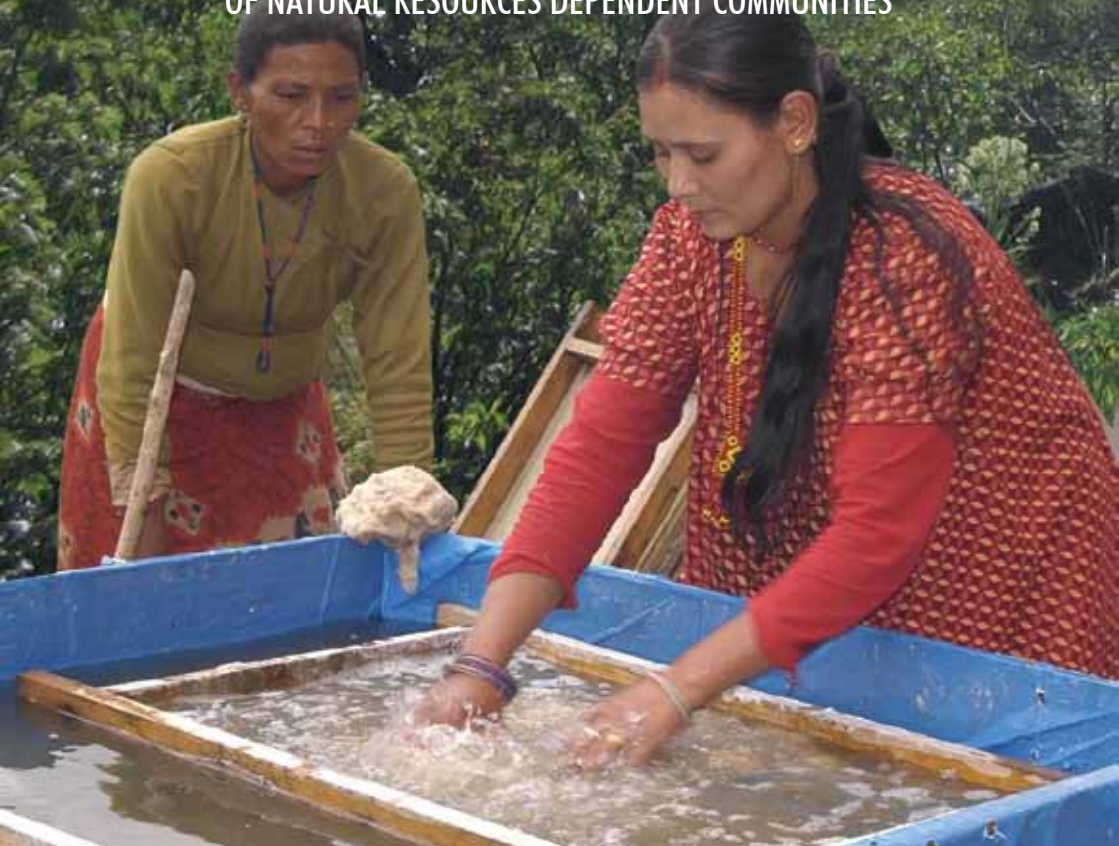


Entrepreneurship Development

OF NATURAL RESOURCES DEPENDENT COMMUNITIES



OTHER ANSAB RURAL DEVELOPMENT TOOLKITS IN THIS SERIES (2010)



BUSINESS PLANNING FOR COMMUNITY BASED NATURAL PRODUCT ENTERPRISES

This Toolkit offers skills, methods and tools with which the field facilitators can support rural people to prepare and implement the business plan for their enterprises. The purpose is to build the capacity of facilitators and enterprise leaders on how they can support a rigorous process of planning and successful operation of sustainable community-based natural product enterprises.



PARTICIPATORY BIODIVERSITY MONITORING IN COMMUNITY MANAGED FORESTS

This Toolkit provides methods and tools needed to generate useful data to periodically assess the biodiversity status and to track the impact of community based forest management on biodiversity. The purpose is to derive important lessons for improving management that promotes the conservation of biodiversity while maximizing the value of forest products and services.



MARKETING INFORMATION SYSTEM FOR NATURAL PRODUCTS

This Toolkit focuses on the process of setting up a marketing information system (MIS) program and the methods of collection, processing and dissemination of information on markets and marketing of natural products. The objective is to provide guidance in developing and implementing the MIS for natural products in order to enhance market transparency and good value chain governance.



DEVELOPMENT AND MOBILIZATION OF LOCAL RESOURCE PERSONS

This Toolkit focuses on the process and methods of recruiting, training and mobilizing local resource persons (LRPs) so that development services could be more effectively delivered in rural settings through locally available human resource even beyond the termination of a development project.



PARTICIPATORY INVENTORY OF NON-TIMBER FOREST PRODUCTS

This Toolkit provides practical methods and tools to determine total stock and harvestable amount of the selected NTFPs and derive specific recommendations for forest management interventions. The objective is to provide participatory inventory method that provides a basis for sustainable forest management.



CERTIFICATION OF COMMUNITY MANAGED FORESTS

This Toolkit focuses on group forest management certification. The major objective of the toolkit is to provide important methods and tools for developing and implementing the Forest Stewardship Council's (FSC) group forest management certification so that the communities achieve a position of getting recognition and rewards for their good practices, while conserving the forest and biodiversity.



CHAIN OF CUSTODY CERTIFICATION FOR COMMUNITY FOREST ENTERPRISES

This Toolkit provides field practitioners and program managers with up to date methods, tools and techniques for obtaining and implementing the Forest Stewardship Council's (FSC) Group Chain of Custody certification. The purpose is to enable small companies and cooperatives promote their certified products in national and international markets and get rewarded.

Entrepreneurship Development

OF NATURAL RESOURCES DEPENDENT COMMUNITIES

ASIA NETWORK FOR SUSTAINABLE
AGRICULTURE AND BIORESOURCES (ANSAB)

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Preface

Rural development presents an immense challenge both to theorists and practitioners in the field. Many rural development and conservation projects end up in utter frustration because they are not equipped with effective methods and tools. ANSAB itself has tried various approaches since its establishment in 1992. We have developed a practical combination of environmental, social and economic interventions that conserve biodiversity, create jobs and provide income for the rural poor in remote but resource-rich areas of Nepal. The encouraging outcomes of these interventions have led us to pursue the successful approaches over the past several years.

By 2009, we were able to organize and develop 393 enterprise-oriented community forest user groups and 1,166 economic entities, which generated US \$6.82 million in annual total monetary benefits to 78,828 individuals and, at the same time, brought over 100,000 hectares of forests and meadows in Nepal Himalaya under improved community management. When applied properly under an enabling policy environment, this approach can transform rural poor women and men into well governed, organized entrepreneurs that are capable of accessing the market as well as essential business development services. By creating economic incentives to local stewards, the approach helps to reverse deforestation and enhance the stock of natural wealth for improved and sustained flow of ecosystem services and for climate change mitigation and adaptation.

Building on these insights, we have been producing a number of manuals, toolkits, and guidelines. This Rural Development Toolkit Series represents the continuation of our attempt to present our learning to a wide range of development practitioners. This Series consists of eight separate but interrelated toolkits. These toolkits offer practical guidance on the key methods and tools that were developed, tested and refined over the years by working with local communities, development partners and government agencies. These capture the experiential knowledge of dozens of people working for ANSAB and are published after a thorough field testing and peer review. These toolkits are primarily designed for field facilitators and managers of development and conservation programs who have some basic facilitation skills and experience of working with rural people. We are hopeful that the toolkits will prove useful to other rural development and conservation programs, and consequently, to a wider application of our fruitful approach. It is expected that users will adapt the methods and tools presented here to work in different social contexts.

This Toolkit “Entrepreneurship Development of Natural Resources Dependent Communities” focuses on developing entrepreneurial skills and capacities of local communities, especially the poorest among them, to promote the development of sustainable community based natural product enterprises. The purpose is to provide guidance in developing and implementing programs

on developing entrepreneurship skills and culture at the community level. This toolkit is divided into 4 stages. A number of steps are suggested for each stage and a number of activities are recommended for each step. Practical tools and considerations are provided along with activities when required.

We are thankful to the blue moon fund (bmf) for providing the grant that allowed us to develop the Series and for encouraging us to translate ANSAB expertise into simple-to-use toolkits. The main contributors of the toolkit are Sushil Gyawali, Nabaraj Panta and Bhishma Subedi. Surya B. Binayee through his work in ANSAB program contributed

to the evolution and development of the methodology. A number of ANSAB staff (especially Bhuwan Dhakal, Ram P. Acharya, Chandika Amagain, Gopal Sharma, Prakash Katwal, Bishnu Luintel, Govinda Baral, Indra Adhikari, Sony Baral, Durga Regmi and Puspa Lal Ghimire), donors (the Ford Foundation, USAID), partners (EWV), NGOs and local communities contributed to this methodology through their involvement in ANSAB programs. Hari Dhungana, an experienced ANSAB technical expert, edited the Series.

We welcome suggestions and feedback from readers and users as we are very much keen on periodically updating the toolkits to make it more productive and useful.

Bhishma P. Subedi, PhD
Executive Director, ANSAB



Acronym

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CBO	Community based organization
DDC	District Development Committee
DFO	District Forest Officer
IEDI	Industrial Enterprise Development Center
INGO	International non-governmental organization
LRP	Local resource person
MA&D	Market analysis and development
NGO	Non-governmental organization
PRA	Participatory Rural Appraisal
SIYB	Start and Improve Your Business
FMU	Forest management unit
FGD	Focus Group Discussion



Glossary

Business planning: A document that shows how an enterprise will achieve its business objectives over a certain period of time; it includes four main components: marketing plan, production plan, organization and management plan, and financial plan

Local Resource Person: An individual recruited from local community and trained and mobilized for the delivery of specific development services to the community

Facilitator: A person who supports the local community and other groups to conduct a specific activity or a range of activities primarily in reference to the objectives of a development program

Market Analysis and Development: Participatory methodology designed to assist local people in developing enterprises while conserving tree and forest resources

Start and improve your business: A training package developed by ILO to develop enterprise skills of communities using exercise and game methods

Value Chain: A sequence of target-oriented combinations of production factors that create a marketable product or service from its conception to the final consumption



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About the Toolkit

This toolkit on “Entrepreneurship Development for the Natural Resource Dependent Communities” offers methods, tools and techniques with which the field facilitators will support rural people to start natural product-based enterprises. Most people in rural areas depend on forest and other natural resources for their daily livelihoods. But, they generally use these resources in a subsistence mode. These people neither harness the optimum potential of the resource, nor do they generate good income and employment for themselves. So there is little incentive for them to conserve and manage the resources. We can also find such subsistence approach on using natural product as a reason for the continuation of rural poverty and the degradation of the resource base.

In this context, establishment of natural products enterprises provides a basis for the generation of income and employment to local people and sustainable management of natural resources. As local people see greater income and employment forthcoming, they perceive it wise to manage resource sustainably. But major concern is to make the community capable for starting their own enterprise and sustain it. ANSAB, with its experience, perceived that the ultra-poor (poorest) communities need entrepreneurship skills making them able to establish and develop sustainable natural product enterprise. Entrepreneurship at community level is a pre-requisite and the first step toward the success of natural products enterprises. Entrepreneurship development provides the resource-dependent community with the skills and competence necessary to address enterprise challenges and to tap

the opportunities in the long run. Once imparted with such skills and competencies, the community can initiate enterprises with or without external support.

Thus this toolkit presents methods, tools and techniques that are essential to the facilitators that support community groups

BOX 1: Entrepreneurship at the community level

Entrepreneurship at the community level is the process of organizing and preparing an economic group by assessing the appropriate economic opportunities for enterprise development in a locality. This requires developing entrepreneurship of individuals in the group and designing group efforts by combining individuals' skills. Entrepreneurship development is a continuous process, and at the community level it builds on the local experiences.

The phrase “Entrepreneurship at community level” as used in this toolkit refers to the advancement of community groups by:

- having developed entrepreneurial qualities based on the various skills of the leaders and the members complementing to each other;
- being capable to identify enterprise opportunities and to develop community enterprises to uplift the livelihood of local people;
- being capable to deal with the dynamic business environment in the long-run without external support; and
- building on the success of an enterprise in order to develop other rural enterprises.

to develop entrepreneurship. This toolkit also helps to identify and address the challenges in community entrepreneurship development.

OBJECTIVES

This toolkit aims to provide guidance to facilitators and program managers for developing entrepreneurship at community level enabling communities to develop sustainable community-based natural product enterprises. More specifically, the toolkit:

- provides methods, tools and techniques to develop different entrepreneurial skills that leads to the success of community enterprises and
- enhances the understanding of the approach of developing entrepreneurship at the community level.

WHO IS THIS TOOLKIT FOR?

This toolkit is designed for field facilitators and development program managers for developing entrepreneurship of natural resources dependent communities. This toolkit is also useful to community groups, existing entrepreneurs, students and other interested in community enterprises and natural products.

WHAT DOES THIS TOOLKIT CONTAIN?

This toolkit contains four stages (See Figure 1). Stage one describes how the facilitator should prepare for developing community entrepreneurship, whereas the stage two provides guidelines to make

BOX 2: Sikre Community in Nepal: an example of community entrepreneurship development

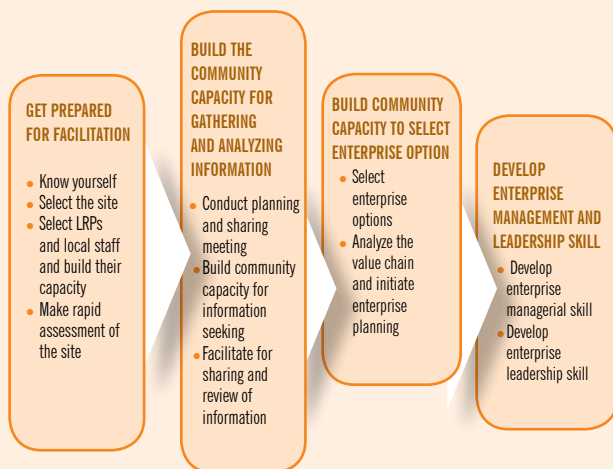
In October 2007, the community at Sikre village of Sindhupalchowk district, Central Nepal, started identifying natural products-based enterprise options, in the technical support of ANSAB. By April 2008, they established an essential oil distillation unit. The enterprise had a joint investment of community groups and other investors. The enterprise initially took the loan of NRs. 150,000 in order to purchase the construction materials for the factory. Within six months, the community was successful in paying back the loan. In the same year, they started a bee-hive briquette enterprise as they found it to be profitable and matching with the interest and skills of the ultra-poor and women members. In both enterprises, the community achieved success due to the good leadership, adoption of suitable technology, and efficient management. They found that there was an increase in demand for briquette in Kathmandu, but also that existing Kathmandu based marketing companies were not supportive to the growth of community enterprises. With the continuous facilitation by ANSAB staffs, they worked out ways to overcome the marketing challenges. They started a new briquette marketing company in Kathmandu in 2009 in partnership with other briquette enterprises and investors. This has been a stepping stone in developing briquette industry in Nepal. This has had a great impact at individual level on workers and members as they have improved their livelihood. They have also developed their own individual enterprises utilizing the entrepreneurial quality developed through the experiences gained in the community enterprises. For example, Birkha Bahadur Shrestha, having worked as a machine operator of the briquette enterprise for a year, developed a poultry firm on his own. Similarly, several farmers started commercial farming of vegetables. Thus community members develop community enterprises on one hand and started their small businesses on the other.

the community able to seek information. Similarly, stage three provides guidance on how to build community capabilities to select enterprise option. The stage four describes on how to develop enterprise management and leadership skills of the community group. We have also presented relevant case studies and examples in each of these stages.

While this toolkit is meant to develop entrepreneurial capacity of community groups, it doesn't provide sufficient technical guideline to develop or manage an enterprise. It is focused on developing community capacity to identify enterprise opportunities, build their capacity to plan enterprises and develop management

and leadership skill. We recommend the readers to consult "*Enterprise Development for Natural Products Manual* (ANSAB, 2003)" and *Toolkit Business Planning for Community based Natural Products based Enterprises* in this series for technical guidelines on development of natural products based enterprises. Similarly, for a detailed process of group organizing at the community level, we suggest you to refer *Local Communities and Natural Products: A manual for organizing Natural Resource Management Groups for Resource Management Planning, Enterprise Development, and Integration into Value Chain* (ANSAB, 2007). Additional references for developing community enterprises are available at ANSAB resource center.

FIGURE 1: Framework of the toolkit



The first stage of this toolkit contains four steps (see Figure 2). It prepares the facilitator for entrepreneurship development through skill enhancement, site selection, staff recruitment and site assessment. At this stage, the facilitator will be able to:

- select most suitable sites and communities;
- gain a detailed understanding of the selected sites and the communities;
- collect information for planning of the field activities; and
- establish trust with the selected communities and build confidence for successful implementation of the program.

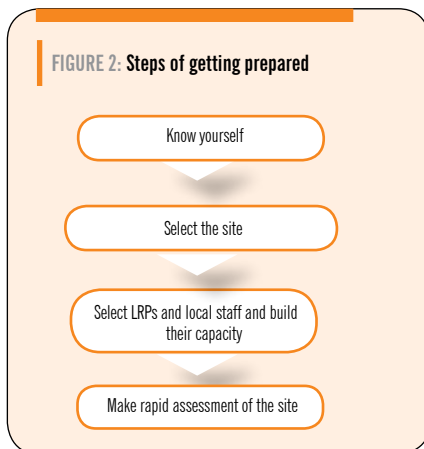
STEP 1: KNOW YOURSELF

Before supporting communities, the facilitator has to check own understanding on entrepreneurship development and, if required, has to develop skills. The more qualified the facilitator is, the greater the chance of developing entrepreneurship at community level.

Apart from the general qualities of the facilitator, following are the specific qualities a facilitator must possess for developing community entrepreneurship:

- Have proper planning: The facilitator needs to review the plans time and again and make necessary adjustments as circumstances require
- Always have a plan B (an alternative plan): If the facilitator is sure that plan A (main plan) is not going to work, s/he

FIGURE 2: Steps of getting prepared



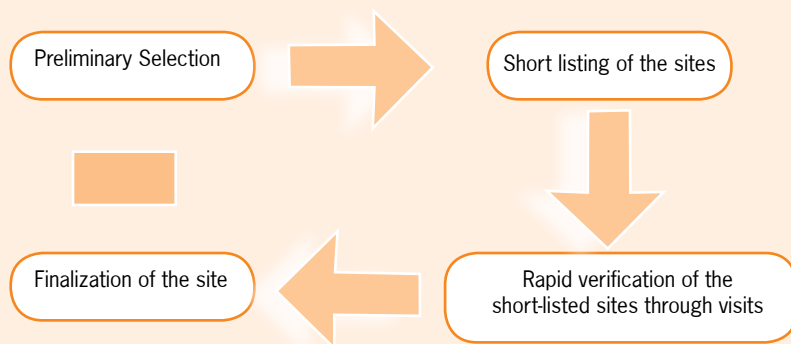
should use plan B.

- Know the strengths of the community in terms of resources, commitment, capacity, technology and policy.
- Don't avoid social activities that may not be directly linked with enterprise development. The activities like marriage ceremony, feasts and festivals help build rapport in community.
- Be proactive to assess the favorable situation for interventions and to make timely interventions.
- Be able to provide proper guidance in situations the community group is not, in itself, making an appropriate decision.

STEP 2: SELECT THE SITE

The facilitator needs to find out the potential sites, where the entrepreneurship development is deemed to be successful with effective interventions. There are four main activities (See Figure 3) required for site selection:

FIGURE 3: Process of site selection



Preliminary selection: develop a list of potential sites

There could be many sites where the entrepreneurship development has the potential, or the facilitator may receive request from many communities. The facilitator should list such sites considering the need as well as potential impact of assistance. The following are some of the factors to be considered during site selection.

- **Sites defined and prioritized in project design:** larger geographic area might have been identified but may need to select specific sites
- **Sites identified as potential or having a high demand from the local communities:** the sites frequently cited by literature or media or in public forums highlighting strong demand or high potential of such program
- **Sites in record of implementing organization:** there might be frequent

request from communities themselves for the services or have organizational assessment of various sites having strong demand or have higher success potential for such services or have better matching with other existing projects

- **Sites according to the purpose of program:** some sites may have the potential for demonstration or further expansion or generate quick impact.

Short-listing of sites

It is not always practical –for example due to shortage of resources – to carry out entrepreneurship development program in all the sites identified in the preliminary selection. Thus, the facilitator should review each of these sites against a set of criteria presented below and develop their short-list. For this, the facilitator should:

- consult with different stakeholders (DDC [District Development Committee], DFO [District Forest Officer], NGOs [Non-governmental

organizations], CBOs [community-based Organizations], and enterprises) at the district level;

- conduct key informants interview in the community; and
- carry out a rapid market visit.

The following are the main criteria that can be used in the short-listing of the sites

Geography and location: Distance from the nearest market, climatic condition of the area, land use pattern.

Social factors: Demographic situation, status of women and disadvantaged groups, social bonding and equity, community interest, specific government policies applicable to the area (if any), cultural practices and social norms

Infrastructure: Means of transportation and communication, availability of local market

Raw materials: Existing production and trade situation, sustainable management practices, cultivation potential.

Technology: Technologies in practice on forest and agriculture sector, availability of technical human resource, potential to fabricate or repair machines locally.

Economic development: Average per capita income, major sources of income, job opportunities.

Program needs: Urgency of development support to the community and relevance with the program, feasibility of having desired impacts within the available time and resources

Rapid verification of the short-listed sites through visits

The facilitator should visit all the shortlisted sites to get primary information. During such visit, the facilitator needs to obtain firsthand information about the sites against the factors mentioned above and verify the information. For obtaining information, the facilitator needs to:

- carry out focus group discussion; and
- participate in the meetings of community groups, such as forest user group, irrigation committee, saving credit committee, or women group.

Finalization of the sites

After the careful examination of the secondary and primary information (as above), the sites for entrepreneurship development are selected. For this, the short-listed sites are ranked by using the attractiveness matrix (Table 1). The site with highest rank has the highest prospect of entrepreneurship development. So the program can start working with that site, and gradually move to other sites. Such a site can often serve as a demonstration to others.

STEP 3: SELECT LRPs AND LOCAL STAFFS AND BUILD THEIR CAPACITY

The community members require regular backstopping in technical activities to initiate business. The facilitators should invest a significant time with communities for various enterprise development activities mainly during initial stage. Such regular support has to be provided through Local Resource Persons (LRPs) and local staffs to ensure the sustainability of the service after the project period. Thus, it is

TABLE 1: Attractiveness Matrix

CRITERIA	SITES AND ATTRACTIVENESS SCORE*					
	SITE 1	SITE 2	SITE 3	SITE 4
CRITERION –GEOGRAPHY						
Distance from the nearest city						

CRITERION - SOCIAL						
Demography situation						

CRITERION –INFRASTRUCTURE						
Means of transportation and communication						

CRITERION - RAW MATERIALS						
Existing production and trade situation						

CRITERION -----						

Overall Score*						

* Use Attractiveness score from 0 to 3, as increasing order of attractiveness of the site to work. For instance, a score of zero means the site is least attractive with respect to a certain criterion whereas score of 3 means it is the most attractive.

** Add scores for all criteria for the site, and the higher the overall score the more attractive the site.

very important to recruit local staff and LRPs and to develop their capacity on entrepreneurship development. Please refer *Toolkit Development and Mobilization of Local Resource Persons* in this series for the details on how to develop LRPs for a community enterprise.

STEP 4: MAKE RAPID ASSESSMENT OF THE SITE

Once the local staff and LRPs are selected, it is time to collect detailed information of the site through them. The information will help the facilitator to plan entrepreneurship development in the selected site. This assessment verifies information collected during short-listing and reconnaissance visit and familiarizes facilitating team

on local situation. The information helps facilitators to effectively initiate dialogue with communities in planning future activities. Additionally, this will also provide some baseline information for the project. The information category to be covered in rapid assessment are:

- institutions and individuals in the area;
- economic activities;
- social and institutional setup;
- resource potential (especially availability of raw materials);
- financial institutions; and
- existing enterprise development activities.

The following are main methods used in rapid assessment.

Participatory resource mapping

Participatory resource mapping is a tool for identification of social, physical and natural features in an area in active participation of local people. It guides for selection of resources, products, area and community in well manner. The mapping can be carried out either in the ground using locally available materials (see Figure 4) or using topo-map or satellite image or survey map. This provides sketch map or geo-referenced maps. The process of participatory resource mapping is given in Annex 1 of this toolkit.

Household survey

The household survey measures socio-economic characteristics and their potentiality for entrepreneurship development. In a household survey, data of individual households are combined to arrive at the FMU level information. Household data are collected using a survey form, which includes survey questions on demography, economic activities, cattle, agriculture land, crops, and forest resources. In addition, it explores the dependency and interest of local people towards natural resource. During the household survey following activities are carried out:

1. Identify the users of a particular forest
2. Conduct household survey
3. Carry out observation and/or measurement on
 - a. Population structure
 - b. Landholding size
 - c. Number of animal
 - d. Demand of natural resources

FIGURE 4: Participatory Resource Mapping



- e. Existing resource use and management
- f. Response of people towards the biodiversity management and enterprise activities

Focus group discussion

Focus group discussion (FGD) involves interactions among an identified group of respondents or groups who have similar background and experience to specific issues. They are brought together to identify, assess and understand the perceptions, beliefs, knowledge, attitude, options, problems, power relations, linkages and other factors. The FGD also captures major products, communities and human resources in the particular area. Following activities are needed:

1. Discuss the objectives of the FGD with FMU Committee
2. Identify focus groups related to specific issues such as harvesting, grazing,

participation and access to decision-making (women and dalits) through discussion with FMU committee

3. Conduct discussion with identified focus group to generate qualitative information on changes in knowledge, practices, and attitudes as they relate to the resource management

Key informants interview

The facilitator needs to identify key informants having knowledge on a wide range of information on the particular area. To draw the required information, the facilitator needs to conduct the following activities:

1. Prepare the checklists focusing the natural resources, their potentiality, human resources and their interest on enterprises development
2. Identify the key informants who have particular knowledge on specific issues, such as harvesting and medicinal plant use. These people include NTFP collector, forest products traders, herders, old aged people, local teachers, and natural healers (*Amchi/Baidhya*)
3. Gather the facts from selected key informants against the checklist.

Build the Community Capacity for Gathering and Analyzing Information

The Stage two of this toolkit presents methods and tools for helping the community to gather and analyze information essential for entrepreneurship development. While developing enterprises, it is important to encourage community members to reflect upon themselves and seek information on the following:

- What they should know?
- What they should do and should not do?
- What they have?
- What they don't have?

Successful entrepreneurs are very smart on having such information and on identifying what they themselves can do and for what they need assistance. With such information, they make strategies to maximize the use of resources. Similarly, they should be able to efficiently gather, record, and analyze the information, and

to use that for their own benefits. Being in group, community enterprises face several complications to gather and use information. For example, they find it difficult to maintain their confidentiality. But, as a group, they can gather information from many people (with wide knowledge base) and can make wider outside linkages through their members.

By following the steps of this stage, facilitators will make the community become able to:

- collect, share and analyze the information for selection of enterprise options and develop enterprises; and
- analyze gaps in information and take actions to fulfill the gaps

The following are the steps of this stage and the activities in each of them (see Figure 5).

STEP 1: CONDUCT PLANNING AND SHARING MEETING

The facilitator needs to work with the community leaders (see Box 4) to plan

BOX 3: Note on capacity building

To initiate sustainable enterprises, the community should have an orientation on enterprise development. They should have basic understanding on enterprise development. Capacity development requires high investment and systematic approach. Resources should be invested on capacity development once an enterprise option is identified. In this toolkit, all the capacity building activities are suggested in fourth stage so that the activities could base on the enterprise option. The first module of SIYB training could be linked with planning and sharing meeting or could be conducted separately in the beginning.

FIGURE 5: Steps to build the community capacity for gathering and analyzing information



BOX 4: Key points to identify community leaders

Select local leaders of different expertise required for enterprise development so that the capacity of a leader complements to that of others. Make a larger list and select them with consideration of the following points:

- The person having leadership experience in local institutions, such as community forest user group, schools, or women groups
- Young energetic people with or without leadership experience but with good vision and leadership skill
- Local entrepreneur with good social image

ahead. The facilitator holds a sharing and planning meeting with the community leaders. This meeting enhances local ownership in the enterprise development process from the beginning. Following are the activities of the planning and sharing meeting:

Sharing of general information

Sharing of general information about the community helps to identify gaps in information. This leads to the discussion on what information they have (or can have) and what they need to gather.

Identifying information need and sources

The facilitator should encourage the community members discuss how some information benefits them and identify sources to gather that information. The facilitator should provide examples for such information sources. For example, they

can collect information from a neighboring village or check posts of Forest Department (for NTFP trade volume).

Making strategies and actions to get information

The facilitator should support communities in the following activities like:

- identify and enlist community members having knowledge on various enterprise aspects;
- provide responsibility to particular individuals for specific activities; and
- provide checklist for collecting information (marketing, financial, raw material, technology, policy).

STEP 2: BUILD COMMUNITY CAPACITY FOR INFORMATION SEEKING

Communities mostly lack knowledge and skills for information collection. They hesitate to communicate and lead discussions and are often unable to document or record the discussion, speak in a convincing manner, segregate and analyze information. Thus, the facilitator should systematically plan activities to develop their skill and knowledge on information collection. Following activities are essential:

BOX 5: Information collection

While planning with community leaders for information collection, there are chances that some people will come forward and express their interest and capability. Considering their position and reputation in society, strategies should be developed to promote the individual into an entrepreneur.

Provide an orientation training on using checklist

Communities require an orientation training to develop and use checklists for information collection. The facilitator should guide community members to use the checklist and collect required information. This also helps to identify committed leaders and leaders are practically found to be applying checklists for information collection.

Provide a short informal training on information collection

Facilitator can plan a short practical orientation training on information collection. The training can also be linked with other community meetings planned for enterprise development. The basic techniques for communication along with examples are the contents of the training. Sometimes, a successful entrepreneur in the area could be invited as a trainer for this purpose.

Promote learning on information seeking through practical activities

The learning on information collection involves mainly the following activities:

- Select one of the activities designed in the planning meeting and discuss with the leaders and members responsible for that.
- Share your experience on how the informant would provide information.
- If the activity is assigned to a group, facilitate them to plan about their roles within the group for information seeking.
- Support the community to organize meetings with informants and use the

BOX 6: Key points for promoting the community enterprise leaders

- Don't focus on few; discuss with many people (at least 5-10) representing different groups.
- Out of those, only 2-3 leaders will have matching interests with the proposed community enterprise.
- They are important for every initiative in community enterprise development. Therefore developing entrepreneurial qualities of the leaders is crucial. Improving their skills in enterprise planning and management has to be planned systematically. Such skill and ability to take initiatives help them to be a good entrepreneur and an enterprise leader.
- Out of 2-3 leaders, generally 1-2 come forward and establish themselves as leaders. In addition to the leader, there can be other members important in various enterprise activities such as raw material purchase, handling legal affairs, or finding appropriate technology. But there must be one trusted leader to coordinate all these activities.
- If there are any other entrepreneurs working in the area, it is suggested to consult with them and look for possibilities of partnership. This helps community group acquire entrepreneurship skill.
- Sometime, some individuals with vested interest may present themselves as candidate for leadership and community group might be unable to deal with them. If facilitator senses that the person is not right fit, s/he has to tactfully organize the community discussions to manage such issue.
- Pre-planning and preparation before community meetings/gathering to discuss selection of leader is important to ensure that the good leaders are selected.

- techniques discussed earlier
- Provide feedback on group's performance on the activity.

STEP 3: FACILITATE FOR SHARING AND REVIEW OF INFORMATION

At the third step of the stage two, the information gathered from different sources is reviewed and analyzed. This step builds community capacity to assess the quality of information and to organize it so that they have needed evidence regarding the selection of enterprise options.

Information reviewing process enhances communities' capacity to identify and analyze different enterprise opportunities,

to make strategy to capture the enterprise opportunities and to take timely initiatives. Information collection, however, is not necessarily a documented, structured process. Quite frequently, critical information is acquired from informal discussions. When the communities are brought together for sharing and making use of information, they should first triangulate the information collected by each of them and then verify it to reach to conclusion. For this purpose, the facilitator should facilitate one to one discussion amongst community members and organize meeting of community leaders. During the group meeting, they should analyze the information whether or not it is sufficient for identifying business opportunities and challenges. The following are the activities to be considered during this step:

BOX 7: Examples for Information collection activities

- Study market and contact different market actors
- Visit enterprise facilities
- Read enterprise policies, magazines, trade statistics and browse websites
- Talk to government authorities
- Understand government and other development program
- Organize meetings with potential partners and collaborators

- Facilitate discussion among group members to triangulate the information.
- Support to organize information collected by community members. The community should tabulate information according to (a) Social, (b) Market, (c) Finance, (d) Technology and (e) Policy Provision categories, so that attractiveness of each option could be compared.

Build Community Capacity to Select Enterprise Options

The stage three of this toolkit presents methods and tools about how to facilitate the rural community members for selecting enterprise options. The community, as an entrepreneur entity, needs to be confident enough on the enterprise option that it identifies. This is possible through a process which requires good deal of effort and time. To select an enterprise option the community should review and analyze the information and look for alternate scenarios. They can then select an enterprise option that best captures enterprise opportunities.

An enterprise option that is selected as a part of enterprise development program should be running sustainably in a long run. Thus, community capacity is important, as the enterprise should be run by the community and be responsive to changing business environment. As the output of this stage, communities will be able to :

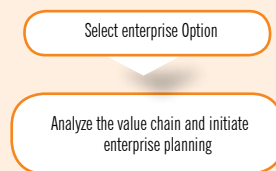
- analyze new enterprise opportunities as well as analyze their existing enterprise in changing business context; and
- identify necessary actions required in their business to co-op in dynamic business environment

The following are the steps of this stage (see Figure 6).

STEP 1: SELECT ENTERPRISE OPTION

At the first step, the facilitator should build community capacity for selecting enterprise options. The following activities are carried out for this purpose:

FIGURE 6: Steps of building community capacity to select enterprise option



Facilitate the communities to list the potential enterprise options

The facilitator should organize a community meeting and ask the participants to prepare a list of all potential enterprise options that they can think from the information gathered earlier (see Figure 4).

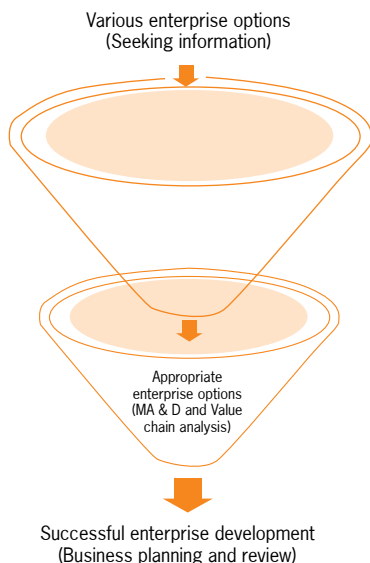
Conduct orientation training on ANSAB's enterprise development manual and market analysis and development (MA&D) manual

This is required to build their capacity to shortlist, prioritize and select enterprise options. Please refer “Community Based Tree and Forest Product Enterprise: MA&D” During the training, facilitate communities to form a small task force which will analyze the information collected and prioritize and select an enterprise options. This group could take role for analysis of the enterprise option.

Facilitate community groups to review and analyze existing information and identify enterprise options

The facilitator should support communities to filter information to identify appropriate enterprise option. For this, the facilitators refer to the methodologies presented during

FIGURE 7: Selecting enterprise option



the MA&D training and support to make judgments about enterprise options by using the MA&D criteria.

Facilitate enterprise leaders to share selected options with larger group

The leaders will then start process of building consensus on the enterprise option and raise commitment of community in developing the enterprise. This is carried out through community meetings organized exclusively for this purpose or those organized for other purposes. During the

meetings, opportunities and challenges on the enterprise options have to be discussed.

Help the community to develop consensus on enterprise option

Finally, a community meeting is organized to discuss on the selected enterprise option. In the meeting, leaders brief about the strength of the enterprise option and the potential benefits.

In ANSAB's experience, the enterprise option in which community leaders are not fully confident and committed took longer time for setting up enterprises and were not successful in managing operations. Therefore the facilitator should encourage formal and informal discussions within community to build consensus on the option.

STEP 2: ANALYZE THE VALUE CHAIN AND INITIATE ENTERPRISE PLANNING

At the second step, the facilitator should facilitate the analysis of value chain and to initiate enterprise planning.

Provide orientation training on value chain analysis

The training on value chain analysis helps to identify ways to promote systemic competitiveness of the selected enterprise option and to identify actions that secure benefits to the local community. Sometimes a value chain may not be in favor of communities, and in such case the enterprise option identification process may need to be revisited. This also helps in analyzing Business Development Services (BDS) to make the value chain competitive and working in the favor of community.

BOX 8: Case study: Allo wool making instead of making thread in Bajhang, Nepal

In 2004, ANSAB was supporting communities in Talkot area of Bajhang, western Nepal to develop natural product enterprises. The enterprise option identified by the feasibility study was allo thread making. There was equal demand of both allo thread and wool in the market. There was almost a consensus and a final decision for allo thread making enterprise in the community. Enterprise planning activities started accordingly. When the financial analysis was made; allo wool was found more feasible than the thread. In this way, enterprise options might have to be revised after the financial analysis.

Help community to reflect on their position in value chain

This is important for existing enterprises when the community searches for new

business opportunities. The facilitator encourages the community to analyze their experience in building value chain relationships and their position in value chain to get maximum possible benefits. The facilitator can plan for arranging market study visits and building linkages to strengthen their position in value chain.

Initiate business planning process for the selected enterprise options

Business planning helps the local community assess the enterprise options thoroughly to find the level of profit. Sometimes the enterprise options which appeared suitable with the steps above may not be feasible after detailed financial analysis of the project (see Box 8). Therefore entrepreneurs have to prepare business plan for which *Toolkit Business Planning for Natural Products Enterprises* in this series will be helpful.

The final stage of this toolkit presents steps, methods and tools on how the facilitator supports the community in their skill enhancement on enterprise management and leadership. Once an enterprise option is identified, the community needs enterprise skills in order to successfully develop, manage and grow the enterprise. The community also requires additional skills for organizing the group, managing various aspirations of the community members, gaining ownership of members on the enterprise's vision, mission and management decisions, and ensuring equitable distribution of benefits. This stage guides facilitators to develop enterprise management and leadership skills of the community (see Figure 8). From this stage communities will be able to:

- gain management skills to plan and operate enterprises smoothly; and
- develop leadership skill for successful enterprise operation.

The following steps and activities are carried out to achieve the outputs of this stage.

STEP 1: DEVELOP ENTERPRISE MANAGEMENT SKILL

At this step, the facilitator develops the essential managerial skills to run community-owned enterprises successfully. The skills are mainly categorized as planning, organizing, controlling, and motivating. Community entrepreneurs should also be able to incorporate the interests of the poor and marginalized groups while ensuring sustainable management of natural resources.

FIGURE 8: Steps of developing enterprise management and leadership skill

Develop enterprise managerial skill

Develop enterprise leadership skill

Specifically, the managerial skills of community entrepreneur include:

- design and implement strategies to fulfill financial, technological, market- related and administrative requirements;

BOX 9: Systematic record keeping and reporting is crucial

Many community enterprises lack systematic record keeping though trainings and standard formats were provided by ANSAB. Our experience suggests that systematic record keeping is not perceived important culturally in rural settings and this makes enterprise leaders and managers incapable to generate financial statements that create mistrust within the group. To deal with this, the facilitator should support the community members responsible for record keeping to work according to the formats and training provided to them. The recording formats might need to be simplified depending on the members' capacity. Record keeping should be established as standard system to be maintained regularly, and reported periodically. The facilitator and community leaders need to verify reports and conduct internal audit to ensure proper reporting.

- plan to mobilize enterprise staff, workers and members;
- coordinate other business activities such as production, finance and raw material purchase in a regular basis;
- understand and implement accounting and governance system; and
- institutionalize sustainable raw material supply system

The following activities should be carried out to develop managerial skills.

Provide training on business planning

To manage enterprises effectively, entrepreneurs should make fact-based decisions on business activities. They must be able to prepare, implement, review and revise their business plan that serves as a guiding document. The facilitator should undertake the following:

- organize an orientation training for community and enterprise leaders to introduce about the business plan, its importance and the components;
- conduct a workshop of community members for the detailed analysis on

various components of business plan and prepare the document (Please refer to Toolkit *Business Planning for Community Based Natural Product Enterprises* in this series for details of business planning.

Provide training on marketing and enterprise management

To run enterprises systematically, the communities should be able to develop and implement standard operating systems, and systematic record keeping system (see Box 9), transparent incentive mechanism, sustainable sourcing of raw materials and other input, mechanisms to improve community participation and strategies for equity investment and financing (see Box 10). They should also have marketing strategies that enable scaling up the business.

While structured management system and marketing strategies is not necessary for micro enterprises, they become a pre-requisite as the business grows. As the enterprises grow, the facilitator should arrange:

BOX 10: Balancing efficient management and participatory approach in community enterprises

One of the limitations often encountered in the management of community enterprise is efficiency in decision making. ANSAB's experience suggests that there is additional cost of organizing regular meeting in community enterprises to ensure good governance. If this factor is valued high while initiating enterprises, each community will take this factor into account and establish a good practice of organizing regular meeting from the beginning.

Length of discussion could be reduced by promoting open discussion. Important factor to make meetings efficient is the trust level of enterprise leaders. To promote higher level of trust, facilitator should understand relationship between leaders and members. With such efforts, meetings become easier in community enterprises and leaders are able to make business decision as effectively as individual entrepreneurs.

- training on management and marketing in formal sessions, coaching and hands on trainings;
- exposure visits; and
- market study tours.

The length of the formal training depends upon the knowledge level of participants and resources available. ANSAB organizes specialized enterprise management and marketing courses for natural product based community enterprises (see Box 11). Industrial Enterprise Development Center (IEDI) in Nepal also organizes similar trainings. There are many tools used in this training. ANSAB has been using the exercise on Paper Box making to develop such skills. This is a simple and effective exercise that can be conducted within 2 to 3 hours with minimal cost (see Annex 2).

Provide coaching and hands on training for enterprise management

Beyond formal training, the facilitator should also support communities with hands on training and coaching on the community's routine business problems and for capturing business opportunities. This training requires greater time commitment and effort but ANSAB found it inevitable for community based enterprises. The following are the tips for hands on training and coaching:

- work together with enterprise leaders to list sources of finance and strategies to access finance;
- identify appropriate technology and list the suppliers;
- understand the market;
- define standard production process, yield percentage and percentage of wastage;

BOX 11: Customized marketing and management training for natural resource based enterprises- ANSAB's Example

ANSAB has customized training modules for marketing and management of natural product based enterprises. It uses its manual on enterprise development for such training and adopts various modules of SIYB to make the trainings effective. Game module 3 and 4 of SIYB training are very effective for marketing and management but that requires customization to target specifically to natural product based community enterprises.

- design and develop strategies for infrastructures development;
- introduce batch production system and develop recording system for production;
- work together with community group to develop policy and strategy for selecting staff, providing orientation, and assigning roles and targets;
- support community leaders on selecting, orienting and assigning roles to staff and supervising their work; and
- develop benefit package for staff and members; the package includes salary, commission, bonus, allowances, share on profit, awards and leave.

STEP 2: DEVELOP ENTERPRISE LEADERSHIP SKILL

The second step of this stage concerns with developing leadership skills for the successful operation of community owned enterprise. A community enterprise is complex, because various groups with different interests participate in it. With leadership skills, the leaders become able

to balance different interests and mobilize groups for common purpose. The following activities are carried out to develop enterprise leadership skill.

Support the leaders to understand group dynamics and plan accordingly

The diversity of caste, ethnic group and socio-economic position create multiple interests in a community. If the leaders do not understand and respond to the dynamics behind the multiple interests, the leader may fail to solve issues of enterprise operation and to address the needs of disadvantaged groups. The leaders often face challenges at consensus based decision making. For the purpose, the facilitator should discuss with leaders in a regular basis for initial one or two years of enterprise development and help them understand dynamics of various groups and make strategies for consensus based decision making. The leaders may need support in planning to present various enterprise issues in different community gatherings.

In some cases, the facilitator needs to support the leaders for the resolution of conflict between various groups. In cases when direct visible involvement of the facilitator is not perceived positively, the facilitator should support the leader to analyze the case and make questions for further understanding of the conflict and strategies to resolve it.

Encourage the leaders to ensure greater participation of community members

Awareness raising programs are necessary to increase the participation of community members. These activities also strengthen the leader's position as s/he can effectively mobilize the group for the success of

BOX 12: Who to choose as enterprise leaders?

Usually people having good record of leadership in social institutions are proposed by community members for enterprise leadership. The reputation of the person plays important role in mobilizing the group but if s/he lacks entrepreneurial quality, the enterprise suffers in the long-run. Therefore, it is important to have community enterprise leaders with good reputation and with good entrepreneurial qualities. Entrepreneurial qualities cannot be compromised against other qualities. Therefore a key factor while promoting leadership in community enterprises is to balance social image of the individual and his/her entrepreneurial quality. The facilitator should encourage community members to weigh various qualities of candidate leaders and to decide which one of them best serves their interests.

The facilitator can encourage community members think about their leaders at both the hamlet and community levels. The facilitator should sensitize the community members about selecting a good leader and the importance of doing it to the success of enterprise.

the enterprise. For example, in-kind contribution of community members to construction of enterprise building for Mallika Enterprise was raised by organizing a drama show in Kailash VDC of Bajhang. Similarly the enterprise leaders delivered messages in villages using loudspeakers to motivate for higher participation.

Support the leaders to target the poor and disadvantaged groups

Box 13 shows an example of how the facilitator and enterprise leaders worked together to

channel greater benefits from the enterprise to the poor and disadvantaged groups.

Support to maintain transparency and good governance

The way to maintain the transparency of business activities is to share the information to executive committee or general assembly. All information of business activities in community enterprises may not be appropriate or necessary to share openly in the group. But the leader should share confidential information in the executive committee in order to avoid the monopoly in decision making. The key concern of the general member in community enterprises is the profit made through the business. Therefore, enterprise leaders should be able to differentiate the information according to forums (e.g., assembly) or stakeholder groups. The following actions enhance the leader's capacity to handle transparency in community enterprises:

- Support to schedule meetings of different governing bodies such as executive committee, general assembly, and financial audit committee in a regular basis. If they don't meet regularly and there is a gap of communication, it allows individuals to make own assumptions regarding the operation of the business. Small problems of miscommunication may develop into mistrust and become unmanageable leading to the failure of the enterprise. When it is not feasible to conduct a meeting of the executive body, discussion among major leaders helps a lot for censuses making.
- Support to participate training on good governance: Community leaders should maintain good governance by developing and enforcing the rules strictly and transparently. They can learn insights for this by participating in a structured training. The training might be expensive for the facilitators

BOX 13: Activities of Bhimeshwor enterprise in Dolakha Nepal for equitable benefit sharing

- Identify ultra poor groups (use well being ranking)
- Categorize the identified members in various enterprise functions as per their interest and capacity
- Identify private enterprises or individuals that can be partners in the community enterprise
- Discuss the proportion of the investment of the ultra-poor group (in terms of in-kind contribution), community and private enterprises first in group and then offer that option to private enterprises. (while dealing with private enterprises consider what are the community groups' comparative advantage from the partnership)

- Facilitate enterprises to make decision for distributing return on investment

THINGS TO CONSIDER

- While designing ownership modality, enterprise leaders should be careful about getting support for ultra-poor to make investment in the enterprise. This could be from community organization or government agencies or development programs
- The ultra poor, who struggle for daily basic needs, have to be provided the return on their investment every year to keep their motivation high and make raw material collection and production uninterrupted and efficient.

to organize themselves, but they can explore opportunity sending the leaders in such training hosted by other organizations.

- Support enterprise bodies to function effectively e.g. by preparing formats for audit committee to review enterprise situation and provide trainings.
- Help enterprise leaders to prepare annual report of the enterprises to share with members in general assembly
- Provide assistance to leader to develop enterprise vision, mission and goal by bringing the analysis of the community situation and aspiration of members.
- Help to develop skill to adopt business strategies in dynamic business environment by reviewing and reflecting plans and strategies

Orientation to community to promote good leadership

Though leadership skill corresponds to the leaders, the community members also play crucial role in shaping leadership (see Box 14). If the community is not oriented enough on business scenario and is unaware of how to challenge the leaders, the leader may become unable to work in adverse situations and to capture bigger opportunities. Therefore, orientation is required at the community level to maintain patience during adverse situation and become optimistic for bigger opportunities. By doing this, community members and leaders become entrepreneurs prepared for growth and learning in favorable and adverse situations. Regular community meeting and visit of the leader to community households are required.

BOX 14: Strength of leadership of Buddamaya in Dharedhunga Sub group lies with her members

Twenty-two rural women of Dharedhunga sub group of Shankadevi Community Forest User Group (CFUG) have been organized to carry out income generating activities while conserving their forest. They have a revolving fund of NRs.52,000 which is generated by monthly saving of NRs. 20/ member. They invest their entire fund for income generating activities such as vegetable farming, goat rearing, retail shop and poultry farming. In 2009, they invested NRs.35,000 for briquette enterprise and earned NRs. 176,000 by selling 16,000 briquettes. Out of 22 members, 17 members are involved in this enterprise (8 in briquette production, 7 in charcoal production, 1 operator and 1 enterprise manager). They have also cultivated more than 15,000 Argeli plants (used in paper making) in the forest that is allocated to the sub-group by CFUG. They have been also very effective in stopping illegal harvesting of forest products, controlling forest fire and grazing. These activities were amongst the toughest tasks for the whole CFUG in the past.

Ms. Buddamaya Tamang, the leader of the sub group, is committed for the development of the sub-group, but she doesn't have minimum education and not much past experience of leadership. But the group made remarkable success because of the well organized group which made and enforced good practices. All members are mostly poor and uneducated but their interests match for sub-group activities. They all participate regularly in group meeting, respect group decision and provide support to the leader to move forward with new ideas. The strength of leadership of Buddamaya basically lies at the team work of the member of the sub-group.

ADDITIONAL REFERENCES

1. ANSAB and USAID. 2007. Local Communities and Natural Resources: A Manual for Organizing Natural Resource Management Groups for Resource Management Planning, Enterprise Development, and Integration into Value Chains. Kathmandu.
2. ANSAB. 2003. Enterprise Development for Natural Products Manual. Kathmandu.
3. FAO. 2002. Community Based Tree and Forest Product Enterprises. Market Analysis and Development. Food and Agriculture Organization of the United Nations. Rome.

Steps in Participatory Resource Mapping

STEP 1: IDENTIFY AND GATHER THE COMMUNITY MEMBERS

At first facilitator has to identify and gather the community members who have knowledge about society, geography and natural resources of particular area such as local teachers, natural resource collectors, traders, herders, local leaders etc.

STEP 2: SELECT LOCATION

The facilitator has to identify a suitable area of ground for mapping from where whole forest and village is visible

STEP 3: MAKE PARTICIPANTS CLEAR ON OBJECTIVES

The facilitator should explain the purpose and process of participatory mapping to the key community members which makes the mapping process more effective and efficient making easier to locate the available resources in the area.

STEP 4: FACILITATE FOR MAPPING PROCESS:

- To proceed the mapping process ahead, facilitator needs to follow the below steps Choose two community members to draw the forest boundary and block division on the map
- Facilitate then need to gather the materials (e.g. sticks, stones, ash, flowers, leaves, and other material that

are available locally) to develop the participatory resource mapping (the facilitator can also use the brown sheet and marker of various color)

- Then as per the direction of the community members, the facilitator need to use symbols in the ground to indicate different land uses etc., rather than drawing on paper as people will be more interested in the mapping process because of clear representation understandable by them
- The facilitator then support participants to find the north direction first and sketch the boundary from a direction regarding north as base
- The facilitator has to prepare sketch map showing the forest resources, topographic features (river, terrain structures), community and physical infrastructure including road and foot trails (figure 4).
- Then the facilitator needs to support communities to sketch the potential habitat of commercially important forest (timber/NTFP) species which provides an idea about the species distribution and abundance which is crucial part to select right products. In addition, it provides habitat of community, for enterprise development.

In order to develop the managerial skill of communities, a game is an effective tool. ANSAB has been using the exercise of paper box for enhancing the planning and managerial skills of community. The game has been very effective.

The game exercise seeks to explain main aspects of business management with an example of paper box making. In the exercise, the participants produce paper box and market it. During the process of production and marketing, the participants learn different aspects of business management like how to convince the buyers, how to adjust the box design to suit to customer interest, and so on.

It is important for the facilitator be very clear and trained in prior to effectively conduct this exercise.

Planning:

1. Each group sets up the business in an organized form and gives an attractive name for it. For this, the facilitator instructs the trainees about the different roles taken by different persons in an organized business like managerial role, labors, etc. As per the instruction, the trainees divide different roles among themselves.
2. Set production target: Each group sets a certain target of production. They also determine the quantity of raw materials

A. Required materials for the exercise in each group

MATERIALS	QUANTITY
Table	1
Chair	As per the number of participants
Scissors	1
Scale	1
Pencil	1
A4 size paper sheets	400 Sheets (Used papers can be utilized)
Marker pen	1

B. Method for conducting the exercise

1. Divide trainees into 4 to 5 groups in which each group is composed of at least 4 members
2. Clearly explain the rules of the exercise to the participants
3. Under this exercise, each group has to carry out following activities within the given time frame.
The facilitator may increase the assigned time according the level of participants

ACTIVITIES	TIME FOR EACH ACTIVITY (THIS COULD BE INCREASED)
Planning	20 minutes
Producing	15 minutes
Marketing	15 minutes

required. It helps to know what amount is required for buying necessary materials for production.

3. Fill in the requisition form. Facilitator provides the requisition form to each group to request the required materials. The example of such requisition form is provided below. In such form, the facilitator includes the materials that may not be necessary for making paper box and instructs groups to fill the form but doesn't disclose the items required and their quantities. The groups themselves identify and fill the required materials and their amount. Each group fills the form and requests materials to the facilitator who then acts as the supplier of the materials.
4. Make an agreement with marketing company/exporter: As per the production target, the groups plan for

Before the planning, the facilitator needs to demonstrate the trainees on how to make paper box. Such box will be sample box to be provided during the agreement between producer and buyers. See guidelines for making box below (section D)

marketing the product and hence make an agreement with the marketing company or the exporter. The facilitator provides the format for the agreement, as shown below and acts as a marketing company representative. Or, the facilitator can provide the role of marketing company or exporter to certain other participants of the training. The agreement paper is signed by both parties.

Name of the Business: Everest Paper Box Enterprise

S.N.	ITEMS	QUANTITY (A)	RATE (B)	TOTAL (A×B)
1	Table (on rent)		50	
2	Chair (on rent)		25	
3	Scissors		25	
4	Scale		25	
5	Pencil		5	
6	A4 size paper sheets		10	
7	Marker pen		20	
8	Rent for factory space		50	
9	Labor cost (per person)		100	
	Total			
=====		=====		
Requested by		Approved by		

Agreement Paper

As per the approved sample, we, on behalf of the business agree to supply number of paper boxes within [write the date]. We on behalf of the customer agree to purchase number of paper boxes having the agreed quality standard. The terms and conditions of the agreement remain as below. This agreement is signed on the year month day

On behalf of the business

Name:

Signature:

On behalf of the customer

Name:

Signature:

Terms and Condition

- The boxes should have uniformity in length and width).
- It should be folded well or have correct edging) .
- The boxes should be clean and attractive.

Rate for the agreed boxes will be as below:

- Grate A : Rs 50 for each box
- Grate A : Rs 40 for each box
- In case of failure to supply the paper boxes as mentioned in this agreement, the business needs to pay penalty of Rs 10 per box to the customer.

Profit and loss statement:

Name of the Business:

PARTICULARS	TARGET			ACTUAL		
	QUANTITY	RATE	TOTAL	QUANTITY	RATE	TOTAL
A. INCOME						
Grade A Boxes		50			50	
Grade B Boxes		40			40	
Total Income						
B. EXPENDITURE						
Table (on rent)		50				
Chair (on rent)		25				
Scissors		25				
Scale		25				
Pencil		5				
A4 size paper sheets		10				
Marker pen		20				
Rent for factory space		50				
Labor cost (per person)		100				
Penalty	10					
Total Expenditure						
Profit/Loss(A-B)						

5. Prepare profit and loss statement: Each group prepares the estimated profit and loss statement as per the format provided below. This profit and loss statement will be based on the estimated cost of production and income from sales. In this stage, only the target column is filled while the actual column will be filled after the marketing of the product.

Producing

For producing the paper boxes, the facilitator provides requested material in the planning phase by each group and also instructs the available time for the production. Accordingly, as per the targeted production, each group starts production and tries to meet the target in the given time frame.

Marketing

The groups supply the products to the customer. The customer shall have the right to accept or reject the products and grade the quality of the product as grade one or grade two.

After the marketing, the participants fill the actual column of profit and loss statement form and compare the actual vs. targeted profit/loss statement.

C. Draw the lessons

After the marketing of the product, the exercise completes, but the facilitator needs to draw the lessons learnt from the exercise and share with the participants. There could be many lessons to be learnt. Some major lessons could be as below:

1. Whether appropriate role is assigned to appropriate person or not; and whether the assigned role is being followed or not.
2. What are the basis of setting production target
3. Material requested may be more or less than needed
4. Some group may produce fewer boxes than the targeted one while some may meet the target and even more than the targeted one.
5. Same quality products may be graded differently for different groups according to the marketing skill they possess

D. Guidelines for making paper box

1. Fold the paper into 16 equal parts

2. Fold the paper from both sides (length side)

3. Fold the four corners of the paper

4. Wrap the folded corners using the unfolded parts of the paper. In this stage, the shape of the box is almost ready

5. Straighten the paper in the box shape. One side of the box is ready by this process
Repeat the process from step 1-4 to prepare another side of the box

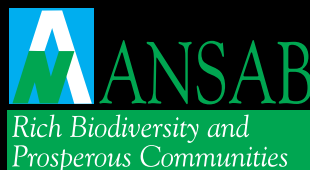
6. Insert a part of the box into another carefully

Some Relevant Publications from ANSAB

- ANSAB and FAO. 2009. Challenges and Opportunities for Nepal's Small and Medium Forest Enterprises.
- Subedi, B. P. 2006. Linking Plant-Based Enterprises and Local Communities to Biodiversity Conservation in Nepal Himalaya. ANSAB. Adroit Publishers, New Delhi.
- ANSAB and FECOFUN. 2005. Forest Certification in Nepal (In Nepali). Kathmandu
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- Video Documentaries on
 - Forest Certification - Steps Towards Sustainability (English and Nepali)- 30 Minutes
 - In Search of Yarshagumba (English and Nepali)- 29 Minutes
 - Community Enterprises (In Nepali)- 29 Minutes

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The Asia Network for Sustainable Agriculture and Bioresources (ANSAB) is a civil society organization that has been conserving biodiversity and improving livelihoods across South Asia for almost twenty years. It places community empowerment and economic incentives at the heart of its approach, believing that as people benefit from natural resources they become more motivated to conserve them – and vice-versa. ANSAB implements a variety of innovative solutions in line with this core conviction, such as the creation of enterprises based on the sustainable use of natural resources, especially Non Timber Forest Products (NTFPs), and the establishment of payment-schemes for environmental services, especially for Reducing Emissions from Deforestation and Forest Degradation (REDD) plus. It has notably pioneered the Forest Stewardship Council (FSC) certification in Nepal and introduced the concept of subgroup in community forestry to ensure that ultra-poor and marginalized people benefit from the natural resources of their communities. ANSAB is also deeply involved in climate change mitigation and adaptation as the issue continues to threaten the environmental and economic progresses achieved so far – in Nepal as in the rest of the world.



**ASIA NETWORK FOR SUSTAINABLE AGRICULTURE
AND BIORESOURCES (ANSAB)**

P.O. Box 11035, Kathmandu, Nepal

Tel: (977-01)-4497547 or 4478412

Fax: (977-01)-4476586

E-mail: ansab@ansab.org

Website: www.ansab.org

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