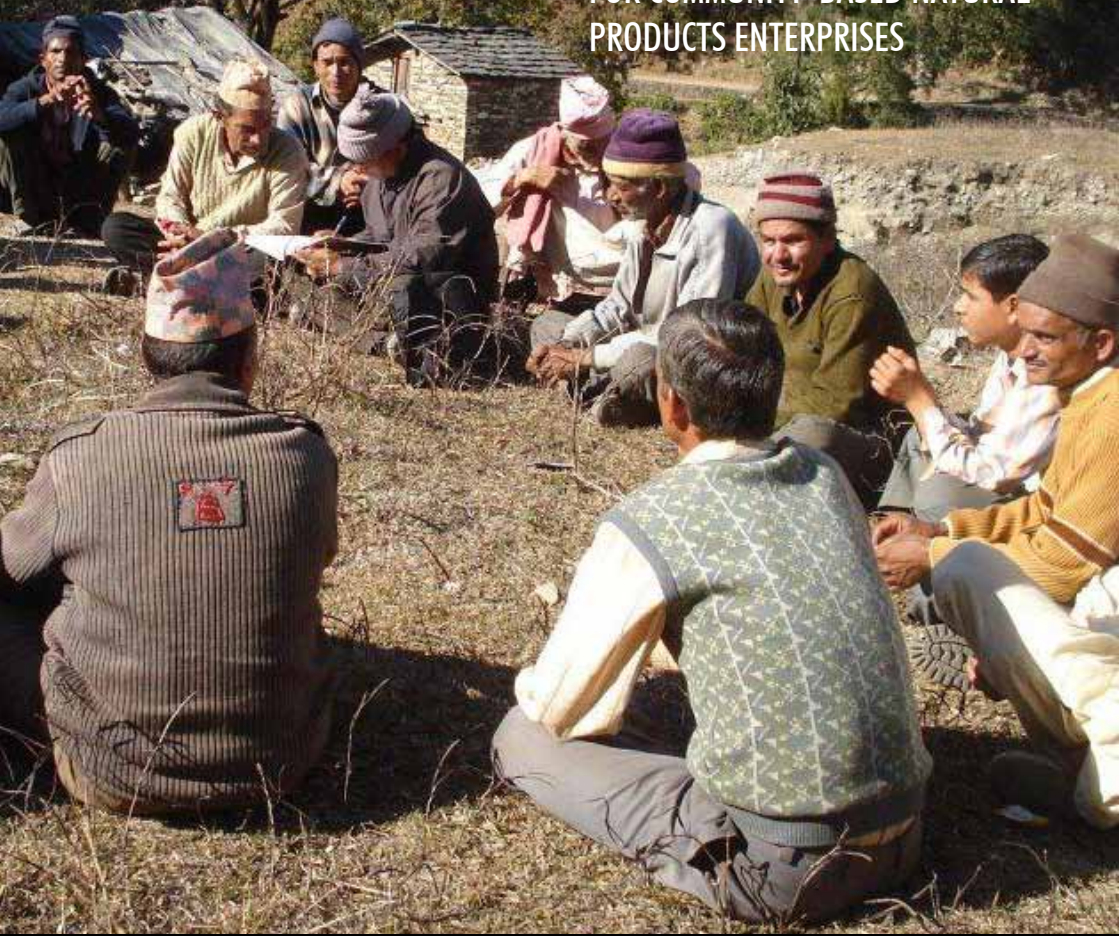


Business Planning

FOR COMMUNITY BASED NATURAL
PRODUCTS ENTERPRISES



OTHER ANSAB RURAL DEVELOPMENT TOOLKITS IN THIS SERIES (2010)



ENTREPRENEURSHIP DEVELOPMENT OF NATURAL RESOURCES DEPENDENT COMMUNITIES

This Toolkit 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.



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.

PARTICIPATORY BIODIVERSITY



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.

Business Planning

**FOR COMMUNITY BASED NATURAL
PRODUCTS ENTERPRISES**

**ASIA NETWORK FOR SUSTAINABLE
AGRICULTURE AND BIORESOURCES (ANSAB)
2010**

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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 “Business Planning for Community-Based Natural Products Enterprises” 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. This toolkit is divided into 3 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, Chandika Amagain, Gopal Sharma, Prakash Katwal, Govinda Baral, Indra Adhikari, Bharat Rai, Ram P. Acharya, Shambhu Charmakar, Kabir R. Sthapit 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

Business
Planning
for Community
Based Natural
Products
Enterprises

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ANSAB	Asia Network for Sustainable Agriculture and Bioresources
BEP	Break-even point
bmf	blue moon fund
CFUG	Community forest user group
EIA	Environment impact assessment
IEE	Initial environmental examination
LRP	Local resource person
MoU	Memorandum of understanding
O & M	Organization and Management
PBP	Pay-back period
QA/QC	Quality assurance/Quality control
R & D	Research and Development
ROI	Return on investment
SWOT	Strengths, Weaknesses, Opportunities and Threats
USP	Unique Selling Point



Glossary

Break even point: A level of production of an enterprise at which its total revenue equals total expenses

Depreciation: A non-cash expense that reduces the value of an asset as a result of wear and tear, age, or obsolescence

Gross contribution margin: A product's price minus its total variable costs; it is used to determine the profitability of individual product

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

Indirect cost: Costs that are not directly accountable to a particular function or product and include fixed or variable costs such as tax, administration, personnel and security costs; also called overhead costs.

Pay-back period: The time span within which the cumulative estimated future income from an investment equals to the amount initially invested

Retained earnings: The accumulated net income retained for reinvestment in a business, rather than being paid out in dividends to stakeholders; also called earned surplus or undistributed profits

Total project cost: The total of all costs estimated for the implementation of a business plan

Unique selling point (USP): The factor or consideration presented by a seller as the reason that a product or service is unique and better than that of the competitors.

Variable cost: The cost of labor, raw materials and others that directly change with respect to the change in the quantity of production



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About the Toolkit

This toolkit *Business Planning for Community Based Natural Products Enterprises* offers skills, methods and tools with which the field facilitators can support rural community people to prepare and implement the business plan for their enterprises. The business plan allows the community as enterprise owners to assess the level of profitability and to design activities for its success. The business plan is prepared once the enterprise option is identified (see Box 1). It serves as a reference document for a community based enterprise to:

- plan the steps, set priorities, allocate resources, and determine appropriate tools for cash management;
- estimate amount of resources required;
- communicate with management team;
- seek financing options (business loan, grants); and
- to reduce risks of investment

A good business plan helps the community realize the potentials of entrepreneurship development and make the right decision at the right time. Thus, the business plan has to be simple, easy to communicate, specific, and realistic (see Box 2). It should include all the components necessary for the successful operation of a community based natural products enterprise.

OBJECTIVES

This toolkit aims to build the capacity of facilitators and enterprise leaders for developing sustainable community based natural products enterprises. The major objectives of the toolkit are:

BOX 1: When to prepare a business plan?

Business plan is prepared after the identification of enterprise option by the community. The enterprise option is identified during the feasibility study. The following ANSAB publications provide details of identifying the enterprise option:

- Manual on Enterprise Development for Natural Products (2003)
- Manual for Organizing Natural Resource Management Groups for Resource Management, Planning, Enterprise Development and Integration into Value Chains
- Toolkit Entrepreneurship Development of Natural Resources Dependent Communities in this series.

But the selected enterprise option can only be finalized after the preparation of business plan.

BOX 2: Who should prepare the business plan?

As an enterprise operation is a dynamic process, business planning should be established in the form of a process subject to continuous review and refinement in a dynamic business environment. The enterprise members themselves should prepare the business plan so that they understand what corrections would be needed over time. The facilitator helps enterprise members in documentation and analysis.

FIGURE 1: Framework of the toolkit



- Provide guidelines for the preparation of the business plan for community-based natural products enterprises
- Provide technical details on developing the essential aspects of the business plan.

WHO IS THIS TOOLKIT FOR?

This toolkit is intended for enterprise development facilitators and enterprise leaders. It can also be a valuable resource for community groups, project managers,

program designers and potential entrepreneurs.

WHAT DOES THIS TOOLKIT CONTAIN?

This toolkit offers detailed steps, methods and tools on how an effective business plan can be prepared for community based enterprises. It is divided into three stages, and a number of steps in each of the stage (Figure 1). Each step has been described thoroughly with relevant examples and cases.

The stage one of this toolkit describes how the community enterprise leaders and the facilitator become prepared to initiate for business planning. It has three steps. First, the facilitator trains and orients the enterprise leaders on business plan, focusing on the enterprise option identified during the feasibility study. In the second step, the facilitator conducts market study of potential product jointly with enterprise leaders. Finally, the facilitator plans for business planning workshop jointly with enterprise leaders. The facilitator provides technical support and thus should possess skills on facilitation and business planning.

At the end of this stage:

- enterprise leaders get prepared for business planning exercise;
- information gaps identified and plan for information collection prepared; and
- potential shareholders and other stakeholders are identified

The facilitators and the enterprise leaders should go through the following steps:

STEP 1: PROVIDE ORIENTATION TRAINING FOR ENTERPRISE LEADERS

The facilitator needs to provide one day orientation training on business plan for enterprise leaders (see Box 3) and potential enterprise members recognized during identification of enterprise options (Please refer Toolkit *Entrepreneurship Development of Natural Resources Dependent Communities* in this series and ANSAB Manual on *Entreprise Development for Natural Products* for the selection of enterprise option). During the orientation, the facilitator need to sensitize the leaders to initiate business planning and

FIGURE 2: Steps of get prepared

Provide orientation training for enterprise leaders

Collect information

Plan for business planning workshop

provide ideas on the benefits of developing a business plan for the enterprise. As the enterprise leaders agree on the business planning process, the facilitator should plan with them on conducting an orientation training. In the training, facilitator details about the following items:

- What is a business plan?
- Why a business plan is required?
- What are the components of the business plan?
- What are the information required for each of these components?
- What are the gaps in information and how to fulfill them?
- How is the business plan prepared?

BOX 3: Who are community enterprise leaders?

They represent the community aspirations, work closely with the facilitator, and can become enterprise leaders after enterprise establishment. Potential leaders include:

- Chairperson/secretary/treasurer of the community groups and private firms
- Local entrepreneurs with leadership skills
- Social workers, women leaders, school teachers etc.

TABLE 1: Checklist for Collecting Gap in information

INFORMATION	AVAILABLE INFORMATION	IS THERE INFORMATION GAP? IF YES, WHAT IS THE GAP?	HOW TO FULFILL THE GAP?
MARKET RELATED			
Price of the product			
Available product quality			
Product complaints/perception			
Number of buyers			
Major competitors of the product, market share			
Demand and supply situation of the product			
End-users (market segment): What kind of people buy the product			
Existing market channel of the product			
Promotional scheme in existing market (e.g. buy one get one free)			
PRODUCTION RELATED			
Raw material supply area			
Amount of harvestable raw material			
Per unit cost of raw materials			
Available season (months) for harvesting			
Number of suppliers/collectors			
List of input suppliers (chemical, tools, equipment)			
Labor required (how many, what skill, wage rate)			
Appropriate location for enterprise (based on infrastructure, market distance and policy provision, Input supplier-machineries, transport, chemicals, and other inputs)			
ORGANIZATION AND MANAGEMENT			
List of interested shareholders and share amount			
Service providers for skill development of staffs and labors			
Organizational structure of related enterprise and their incentive mechanism			
Legal provisions (enterprise registration, different taxation system, provision for raw material collection, transport permit)			
FINANCE			
Potential loan providers and their terms			
Grants and subsidized fund providers			

STEP 2: COLLECT INFORMATION

The facilitator should work out for collection and compilation of information required for preparing the business plan. The business plan consists of major four components i.e. marketing plan, production plan, organization and management plan and financial plan. It is necessary to have information related to them. To get these information the enterprise leaders and facilitator have to jointly review the feasibility study of enterprise options using the checklist (see Table 1). They prepare for action plan to fulfill the gaps in information by assigning roles among participants and identify the source and the timeline for collecting information. Information collection starts with orientation training and continues after the training.

A market study is a major source of getting information on the intended products of enterprise. The study team reviews the region of market, segment of customers, positioning the product in value chain and

Representative of government authority or programs and non-government organizations and their programs and project could also be invited in the workshop if there is a possibility of receiving support from them.

other factors like development of the sector, policy environment and legal aspects. The study gather information on targeted customer and various marketing channels. They should also analyze the market size, competitor, entry barriers, market volume breakdown and future forecasting of growth. The following points should be considered;

- Is the natural product established or non-established?
- Information on customers
- Market segmentation and target market
- Position the product
- Market mix and product sales

(For details please refer to Chapter 5 of *Enterprise Development for Natural Products Manual*, ANSAB 2003)

Similarly, to obtain information on production, organizational and management, and financial aspects, the facilitators jointly with enterprise leaders need to study the production area, input suppliers, technology available, infrastructure, human resources available, potential investors, legal provisions, and financing possibility in and around the potential site of enterprise. (For details please refer to Toolkit *Entrepreneurship*

BOX 4: Information collection

Information can be collected from formal or informal process. But the leaders should consider every possible option to bring the required data for business planning process. Please refer Toolkit *Entrepreneurship Development of Natural Resources Dependent Communities*, in this series to understand steps and method for collecting information.

Development of Natural Resources Dependent Communities of this series and Chapter 1 – 4 of *Enterprise Development for Natural Products Manual*, ANSAB 2003)

STEP 3: PLAN FOR BUSINESS PLANNING WORKSHOP

Once the information is collected, the facilitator should support the community enterprise leaders to organize a sharing meeting. In the meeting, they triangulate the information collected and make a plan for workshop for business planning. In the meeting, the facilitator plays key role in verifying the data and giving inputs whether the collected data are sufficient or not. If the data is insufficient, they plan to collect those data and information before going to business planning process. In the same meeting, the facilitator and enterprise leaders have to identify potential participants of the business planning workshop. These participants could be potential shareholders of the enterprise and those others who variously influence the enterprise operation. Thus it is important to identify categorically the potential investors, raw material suppliers, service providers, supporting agencies (See Box 5). The workshop participants are selected in the following way.

- Identification and listing of local suppliers, entrepreneurs, interested investors, technical human resources and other enterprise related individuals or groups that will be potentially important in the enterprise, or may be affected by it. Decision may be made for some individuals or groups according as their role in supporting the enterprise or

creating hurdles. Careful consideration has to be made whether the potential participants may disclose business secrecy to competitors.

- Identification and preparation of a list of other people, private companies or other organizations having the potential for investment in the enterprise even though they could be external to the community
- Discussion among enterprise leaders to prioritize the individuals, groups or organization to be involved in the business planning process
- Assignment of roles to individual community leaders to identify the particular interests of those prioritized individuals, groups and organization to participate in the enterprise and confirm their participation for the workshop
- Finalization of participants of the business planning workshop, workshop date, workshop sessions, methods and process, logistics and other arrangement during the sharing meeting.

BOX 5: Potential participants of the business planning workshop

- Entrepreneurs, people interested for investing, shareholders
- Resource suppliers/collectors
- Persons having good knowledge on marketing, finance, policy
- Technical personnel
- Potential leaders
- Local resource persons
- Member from potential supporting agencies

This stage guides you through the several steps involved in the preparation of draft business plan. The draft business plan will be further refined and finalized in the stage three. This stage has a total of eight steps, and the methods, tools and activities for each of them are presented below.

This stage starts with a 3-4 days of in-house workshop, as planned at the end of stage one. In support of the facilitator, the enterprise leaders and other workshop participants (as identified in the step two of stage one) draft the outline of the business plan for the selected enterprise option. This process also works as a hands-on training on business planning for workshop participants. The facilitator provides required guidelines, formats and checklists for preparing the draft.

The following are the outputs of this stage:

- draft contents of the business plan is prepared;
- ad-hoc committee is formed; and
- community members and other shareholders become interested to invest and participate in the enterprise

There are mainly four components of the business plan:

- Marketing plan
- Production plan
- Organizational and management plan, and
- Financial plan

But a complete business plan of an enterprise also contains

- SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis at

FIGURE 3: steps of preparing draft content



- the beginning of the business plan, and
- Risk mitigation plan at the end of the plan.

STEP 1: CARRY OUT SWOT ANALYSIS

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis provides idea on what strengths, weaknesses, opportunities and threats prevails with the community for the identified enterprise option. This also suggests how to build on strengths, and minimize effect of the weaknesses. Figure 4 describes the factors to be considered for each of the four elements of SWOT analysis. Based on the analysis, SWOT could be presented as in Table 2.

FIGURE 4: SWOT Analysis

STRENGTHS	WEAKNESSES
INTERNAL ENVIRONMENT (at present - can be controlled by entrepreneur) Analyzed in terms of: - Organization & Management Factors - Marketing Factors - Technical Factors - Financial Factors	
(to capitalize)	(to eliminate)
OPPORTUNITIES	THREATS
EXTERNAL ENVIRONMENT (In future - beyond control of entrepreneur) Analyzed in terms of: - Political Environment - Economic Environment - Technological Environment - Demographic Environment	
(to take advantage of)	(to overcome)

STEP 2: DEFINE VISION, MISSION, VALUES, GOAL AND OBJECTIVE OF THE ENTERPRISE

The second step of stage two of this toolkit concerns with defining the vision, mission, values, goal and objectives of the enterprise.

Vision defines the desired future state of the enterprise or the world in which it operates in terms of its fundamental objective and/or strategic direction. Vision is a long term view. For example, ANSAB's vision is "Rich Biodiversity and Prosperous Communities." It is a source of inspiration and provides the direction for decision-making. An enterprise vision must become assimilated into the organization's culture and the enterprise leaders should communicate it regularly, create short-term objectives

BOX 6: Tips for a vision statement

- Clarity and lack of ambiguity
- Vivid and clear picture
- Description of a bright future
- Memorable and engaging wording
- Realistic aspirations
- Alignment with organizational values and culture

compatible with it and encourage others to work for the same.

Mission defines the fundamental purpose of an enterprise, succinctly describing why it exists and what it does to achieve its vision. A mission statement guides the actions of an enterprise, spells out its overall goal, provides a sense of direction, and guides decision-making. It answers the question, "What do we do?"

Values are the beliefs that are shared among the stakeholders of an enterprise. Values drive an enterprise's culture and priorities and provide a framework in which decisions are made.

A goal or objective is a general target for medium to long term accomplishments, or just a direction which an enterprise wants to follow. Goals are designed to reach within a finite time by setting deadlines. A goal may be to change the current focus of a Hemp Enterprise from producing coarse thread production to fine thread production. Enterprises sometimes summarize goals and objectives into a mission statement and/or a vision statement. Others begin

TABLE 2: Example of SWOT analysis of Resin Collection and Marketing Enterprise in Okhaldhunga, Nepal

STRENGTHS (Strengths are within the control of the entrepreneur and they are functioning at present. Strengths should be harnessed to avoid the weaknesses prevail over the enterprise)	<ul style="list-style-type: none"> • Relationship established with Resin Company • Road Facility • Resin collection groups and their networks already formed • Forest area handed over as the community forests • Abundant resources availability • Groups interested in resin collection • Easily available machines, required tools, chemicals and other technologies
WEAKNESSES (Weaknesses are within the control of the entrepreneur; they occur at present. They are “lack of...”, “missing...”, or weak points. Weaknesses should be eliminated as far as possible)	<ul style="list-style-type: none"> • Difficulty in transportation during rainy season due to the road condition. Road to village is earthen road • Lack of marketing linkages with the resin and turpentine industries • Wrong notion in group members about tree death if resin is collected • Lack of knowledge, skills and confidence regarding resin collection • Resin Network not active
OPPORTUNITIES (Opportunities are positive or favorable factors in the environment which the entrepreneur should take advantage of or which make the project idea potentially viable. It requires lots of efforts to tap opportunities. They are different from strengths as the former are positive external factors of the business)	<ul style="list-style-type: none"> • growing demand • Financial institutions are interested for investment
THREATS (Threats are negative or unfavorable external factors in the environment and normally beyond the control of the entrepreneur. They affect business adversely, if not dealt properly. Threats differ from weaknesses in as much as they are beyond the control of the entrepreneur. Both have a negative impact on the business. The purpose of analyzing threats is to look for ways of hedging against them, i.e., trying to avoid them or lessening their negative impact by making counterbalancing actions)	<ul style="list-style-type: none"> • Limited buyers leading to price cartel • Changing government regulations such as IEE/EIA provision, government tax, transit permit, etc. • Political influence in major executive posts of enterprise entities

with a vision and mission and use them to formulate goals and objectives.

Goals imply a purpose or a direction, unlike objectives, which must be measurable.

Often to achieve a goal will require several specific objectives to be met. The goal and objective of an enterprise should satisfy (see also Box 7) followings.

- Reason for enterprise’s existence and its responsibilities to stakeholders
- Customer needs that are satisfied by the enterprise’s products or services
- Extent of specialization within each product-market area
- Amount of product-market diversification
- Performance expectation from the enterprise

BOX 7: Enterprise goal should:

- Focus on limited number of goals
- Focus on major policies and values the enterprise wants to honor
- Define the competitive scope in which the company will operate
 - Industrial scope
 - Products & application scope
 - Competence scope
 - Market segmentation scope
 - Vertical scope
 - Geographical scope
- Other general guidelines for overall business strategy (such as technologies to be used and role of R&D)

Box 8 below shows an example of the goal and objectives of a community-managed natural products enterprise.

STEP 3: DEVELOP MARKETING PLAN

As the third step of stage two of this toolkit, facilitator needs to encourage workshop participants to develop a marketing plan for the enterprise. The marketing plan will be incorporated in business plan and it describes all the necessary actions to achieve the marketing objectives of an enterprise. Marketing plan provides ways for community enterprises to take their products to end-users and make them able to compete with the competitors. This plan

- makes visible the real market scenario;
- sets the annual sales targets; and

BOX 8: Example of goal and objective of Malika handmade paper enterprise, Bajhang, Nepal**GOAL**

The main goal of the Malika enterprise is to generate income for shareholders of the enterprise and provide incentives to local people to conserve and manage the resource base in a sustainable way.

OBJECTIVES

- Generate profit to benefits shareholding community group
- Create funds for natural resource conservation
- Generate income to local people by providing ready market for collected NTFPs
- Generate employment for local people and transfer entrepreneurship skills to the communities of the region
- Provide conservation fee and strengthen the Community Forest User Group (CFUG) for management and development of forests
- Provide conservation education, training, and other inputs for development of the natural resource base

FINANCIAL GOAL

The enterprise has also established to the following financial goals.

Sales: The enterprise estimates the total sales by year to reach to following levels.

- For Year 1 total sales will exceed NRs 2,190,000.
- For Year 6 total sales will exceed NRs 2,970,000.
- For Year 10 total sales will exceed NRs 3,130,000.

Finance: By the end of the first year of operations, the enterprise will carefully evaluate and plan investments and budget expenses to generate a consistent 30% pre-tax profit. The enterprise will continue to generate between 30% - 33% pre-tax profits over the next five years.

- Market segmentation scope
- Vertical scope
- Geographical scope

- estimates marketing costs so that the enterprise can design appropriate marketing strategies

The following are main aspects of marketing plan:

3.1 Details of the product

The workshop participants should organize the detailed information about their product. Specifically they should clarify about

- Products to be offered
- Characteristics (Size, color, weight, composition)
- Uses and benefits
- Unique Selling Point (USP) of the product

If the product has specific characteristics, the participants should highlight them. Further, they should clarify whether the product is new in the market or not.

3.2 Competitors

During market study, detailed information is obtained on existing market scenario of the product (Please refer Chapter 5 of ANSAB's *Enterprise Development for Natural Products Manual*, ANSAB 2003 for details on marketing study). Based on the information, the planners should compare their products with the available products in the market and find out appropriate ways for selling their product. For this, the participants should use SWOT analysis (see step one of this stage for example). They should focus on the strengths and weaknesses of the products and develop strategies on how to compete with the rival firms.

BOX 9: Communication with buyers

There should be regular communication of the enterprise with the potential buyers during the business planning process. It allows the enterprise have better idea on price, knowledge about competitors, and good relationship with the buyer. But market is very dynamic and the buyer may withdraw from the negotiations. But the continuous communication with other buyers allows the market of the product expand gradually. By engaging with other buyers, the enterprise can find alternative customers when the existing buyer declines to buy or creates any other problem.

3.3 Target market/market area

While doing market study, the leaders try to negotiate with buyers for selling their product. In reference to such negotiations, the workshop participants identify the target market for their product. They should also plan for regular communication with the buyers to renegotiate with them for signing of MoU (see Box 9). Such MoU provides the basis for selling the products.

3.4 Sales price determination

The other element of marketing plan is the determination of sales price. In the course of marketing plan preparation, the workshop participants can use following three methods to determine the sales price.

3.4.1 Cost plus method (cost - based pricing): The cost plus method is the simplest method for pricing the products.

It involves calculating the unit cost of producing the product and adding on a target profit margin. It is calculated with the formula:

Product price = total product cost + percentage of target profit margin

3.4.2 Comparative method (competitor-based pricing): In this method, the entrepreneurs get information on the competitors' price and set the price of their product balancing the profit margin.

3.4.3 What-the-market-will-bear method (Market-based pricing): This method is based on the willingness and ability of buyers to pay for the product. This pricing requires determination of the purchasing power and interest of the customers on the product.

The given method differ with the nature of the product, customer's willingness to buy the product and prices of similar products in the market. The sales price and the determination method may be changed over time depending upon market situation. For example, if the product is new, sales price is determined with cost plus method. But during the enterprise operation, other similar products may enter the market and enterprise owners might need to revisit their method and determine the sales price with comparative method.

3.5 Market demand and sales target

With reference to the target market and negotiations with potential buyers, the potential market demand of the products is determined. The workshop participants

should determine the quantity of product to be supplied to each buyer. They should break down the sales forecast of the product in daily, weekly, monthly, quarterly and annual basis, depending upon the product's nature and buyers' demand. The facilitator should provide input for the entire process of determining the market demand and forecasting the sales target. The participants should then fill the Forecast forms (See Table 3).

3.6 Marketing channel or channel of distribution

Another component of the marketing plan comprises the marketing channel. It refers to the channel with which a product reaches the end-users or customers. There may be different marketing channels (see Box 10). While selecting the type of marketing channel, community enterprises should identify the shortest channel in order to avoid the unnecessary agent costs. Thus, the facilitator should intervene in the planning process to identify the appropriate marketing channel that is cost effective and reaches to the customers as desired.

3.7 Marketing strategies

The workshop participants should develop another component of the marketing plan – marketing strategy for the product. The strategy should focus on 5P's of marketing (see Box 11).

The marketing strategies differ as business passes through the product's life cycle. The strategies applied for product or price or promotion or distribution during introduction stage of business may not work during its growth phase, maturity

TABLE 3: Sales Forecast Table

PRODUCT		DAY/WEEK/MONTH											TOTAL
		1	2	3	4	5	6	7	8	9	10	11	
PRODUCT 1	PRICE												
	QTY												
	TOTAL												

phase or decline phase. The Table 4 below provides guidelines for strategies for each of a product's life cycle phases.

The workshop participants – as enterprise planners – should have clear understanding about their products and the market they are targeting for. The strategies to be used for new market or new product or existing market or existing product differ. The product/market opportunity matrix (see Table 5) describes the strategies to be used in different condition in the market or products.

3.8 Marketing cost

The final component of the marketing plan is the marketing cost of the product(s). The workshop participants should identify each and every costs of marketing the product. The costs include packaging the product, transportation, load-unload charge, storage, market study, promotion, communication, taxes and royalties, commissions, agent cost, discount offer, etc. Even the smallest costs shouldn't be avoided as these can be crucial in affecting the profit of the business over in a long run.

BOX 10: Example of marketing channels of briquette enterprise promoted by ANSAB

RAW MATERIALS COLLECTION

Identified 200 poor members from 5 community forest user groups of Dolakha, Sindhupalchowk and Kathmandu

PRODUCTION

5 production units (3 in Dolakha, 1 in Sindhupalchowk and 1 in Kathmandu)

WHOLESALE

Himalayan Green Energy Pvt. Ltd. (HGEPL), a Kathmandu based marketing consortium, transportation from factory to store, labeling, packaging and distribution)

RETAILING

62 sales outlets in Kathmandu

BOX 11: P's of Marketing

Product or Service: What to sell?

- Deciding which product /service to sell
- Finding out what customers like or dislike about them
- Making the product more attractive
- Improving quality of the product
- Calculating the costs of producing and selling

Price: Setting the price to make a profit

- Analyzing prices of competitors' products
- Offering special prices to attract customers
- Setting different prices for seasons, locations and type of customers

Place/Distribution: Finding the best way to distribute the product

- Who will sell the product
- How to get the product to the customer
- Type and cost of transportation
- Method/cost of storage
- Location/condition of place

Promotion: Creating ways to persuade customers to buy the product

- Where to display the product
- Ways to introduce a new product
- Ways to advertise

Person: Relations, Attitudes and reputations

- The relationship between the entrepreneur, clients, suppliers and other persons important to business
- Attitude of the entrepreneur
- Reputation of the entrepreneur

The facilitator should provide inputs to identify all the marketing costs and keep their record systematically. The workshop participants should use a format for estimating all the marketing costs (see Table 6).

STEP 4: DEVELOP PRODUCTION PLAN

This step guides facilitator for developing the production plan for the community based natural product enterprise. In this plan, every component and cost required for production at factory level are identified and estimated so as to maximize the volume of production at lower cost per unit. While making the production plan, the workshop participants should examine the data collected on different aspects of production as provided in the checklist (Table1, stage one). The following are main aspects of production plan to be detailed by the workshop participants in the support of facilitator:

4.1 Enterprise location

With reference to the collected information, as provided by the checklist (Table1, Stage one), the workshop participants should finalize the appropriate site for enterprise establishment by focusing on the following factors (see also Box 13):

- Access to raw materials
- Infrastructure development (electricity, road, water supply, etc.)
- Market distance
- Policy provision

4.2 Processing methods and technology

Another element of production plan comprises the processing method and technology. The workshop participants should determine the production process of an enterprise, type of raw materials

TABLE 4: Strategies of each product life cycle phase

	DEVELOPMENT PHASE	INTRODUCTION PHASE	GROWTH PHASE	MATURITY PHASE	DECLINE PHASE
STRATEGIC GOAL	Make your product known and establish a test period	Acquire a strong market position	Maintain your market position and build on it	Defend market position from competitors and improve your product	Tap all remaining profits from product
COMPETITION	Almost not there	Early entry of aggressive competitors into the market	Price and distribution channel pressure	Establishment of competitive environment	Some competitors are already withdrawing from market
PRODUCT	Limited number of variations	Introduction of product variations and models	Improvement – upgrade of product	Price decrease	Variations and models that are not profitable are withdrawn
PRICE GOAL	High sales to middle men	Aggressive price policy (decrease) for sales increase	Re-estimation of price policy	Defensive price policy	Maintain price level for small profit
PROMOTION GOAL	Creation of public-market product awareness	Reinforcement of product awareness and preference	Reinforcement of middle men	Maintain loyal to middle men	Gradual decrease
DISTRIBUTION GOAL	Exclusive and selective distribution through certain distribution channels and creation of high profit margins for middle men	General and reinforced distribution through all distribution channels available	General and reinforced distribution through all distribution channels available	General and reinforced distribution through all distribution channels available	Withdrawal from most channels of distributions except those used in the development phase

TABLE 5: Product/Market opportunity matrix

	EXISTING PRODUCTS	NEW PRODUCTS
EXISTING MARKETS	Market Penetration Increasing sales of products to current market segments, without changing the product offered. Ways of achieving this are reducing prices, and increasing promotion and distribution.	Product Development Offering new or modified products to current market segments. Products can be, for example, improved, packaged or labeled differently.
NEW MARKETS	Market Development Identifying and developing new market segments for current products. These segments can be institutional markets, and other geographical areas, including export.	Diversification Producing new products for new markets. The level of risk increases with the number of growth alternatives because the 'change' variable increases.

TABLE 6: Format for Marketing Cost

ITEMS	UNIT	QTY (A)	UNIT RATE (B)	TOTAL (A×B)	REMARKS
TOTAL MARKETING COST					

and other inputs required. They should also estimate the amount of the required materials for the production target (daily, weekly, monthly, quarterly or yearly basis). For example, to produce lokta handmade paper, an enterprise needs dried lokta bark as the raw material and chemicals (caustic soda, Norrie), as other input materials.

BOX 12: Case of Bhimeshwar Handmade Paper Enterprise on QA/QC

Production manager looks after: 1) How much of raw material was supplied to the enterprise for the processing and what amount of paper is produced from that raw material (10 kg of Lokta bark is needed to produce 4 kg of paper); 2) Other supporting materials and chemicals needed for production. On the other hand, marketing manager everyday looks after the quality of the paper produced. He examines whether the produced paper is as per the market demand or not and does grading accordingly. Grade “A” papers are transferred to the store while grade “B” and grade “C” papers are sent for re-processing.

Workshop participants determine the processing method and technology in the following series of actions:

- List all the required raw materials, other inputs and their suppliers
- List all the machineries and equipment required and their suppliers
- Calculate input-output ratio (how much of output is expected in fixed amount of input). If input-output ratio is known, based on the past experience, the same ratio is used. If it is not known, the ratio is estimated in the workshop and fixed before starting the enterprise through sample production.

BOX 13: Tips on locating enterprise on map

It is better to draw location map of enterprise and the layout of the factory. This will help outsiders to understand the enterprise easily. This helps to determine the movement of workers and the time required for that to achieve efficiency in production.

- List the required number and type of laborers (skilled and unskilled)
- Describe production process to ensure the quality product and efficiency in production (see Box 14 for example)

4.3 Environmental and social plan

The selected enterprise may have environmental and social impacts. Thus these impacts should be identified and

the ways for minimizing the adverse ones worked out in the workshop (see Box 15). Such plans should meet at least the government requirements on environmental and social impacts. Many countries have the legal provision for carrying out Environmental Impact Assessment (EIA) and Initial Environmental Examination (IEE). In Nepal, the provision for carrying out IEE and EIA for forest products enterprise is defined

BOX 14: Example of Lokta processing methods

Procurement and storage

Procurement of Lokta bark, Caustic soda, firewood, and packing and labeling materials is done. The purchased materials are stored with care in storeroom.

Wetting or soaking

The Lokta bark is soaked in a water tank for 5 to 12 hours. Generally, the bark is put in tank in the evening and pulled out in morning for further processing.

Cleaning

The outer layer of Lokta bark and other foreign material are removed. For easy cooking, the bark may be chopped into small pieces. The cleaning and chopping activities are done simultaneously.

Baking with caustic soda

The cleaned pieces of Lokta are baked in cooking vat with Caustic soda. It takes 1 to 3 hours for complete baking. The concentration of 5-6% of Caustic soda is required for fast baking. After baking, Lokta bark is cleaned

with water and the Caustic soda, and other unwanted materials are washed away with running tap water and disposed it properly.

Beating and grinding

The washed Lokta is grinded with the beater machine or manually with wooden hammer which turns it into smooth and homogenous pulp.

Setting frame on water tank

The paper-making frame is set on water tank (wooden vat) to level the frame and paper.

Pouring the pulp on frame and drying

An appropriate quantity of pulp is poured on the leveled frame for making paper equal in thickness. After pouring, the frame is sun dried for 1-3 hours depending on the thickness of paper and intensity of sunlight.

Collection and storage of paper

After sun drying, the paper is rubbed and pressed so that the paper does not stick to the frame. Then the paper is collected and stored in safe place.

BOX 15: Example of preparation of social and environmental plan for resin collection –Okhaldhunga, Nepal

- Enterprise members, supervisors and workers involved in selecting area for resin collection and tree selection, coop and reel formation, transportation, controlled firing, cleaning etc. will be trained before starting the work.
- By coordinating with company, the enterprise will conduct an awareness program for local people on forest conservation
- The enterprise will arrange a proper mechanism for hygiene and security of workers involved in resin collection
- To keep the forest area clean, used and non-reusable coops will be removed from the forest area.
- All workers will be provided spectacles, aprons, and other required materials for protecting them from acids. While using acids, diluted Sulphuric acid (20%) and diluted Nitric acid will be mixed in 1:1 proportion.
- The enterprise will keep all required first aid kits in all resin depots
- No workers will be given access to forest area except for collecting resin and related activities. There will be proper provision for not harming any plants while the workers walk through the forest
- There will be proper provision to monitor the workers' activities in order to prevent any harm on wild fauna. No weapons will be allowed inside the forest.
- No resin collection will be allowed within 100m from environmentally sensitive zones, cultural sites and heritages
- Legal compliance, other than mentioned above, will be followed

by environmental conservation regulation 2054 (see Annex 1).

4.4 Production cost

Following four major costs are covered in production cost. In the workshop, the facilitator should provide formats and tables for estimating each of them.

4.4.1 Fixed assets and depreciation

There should be a good estimate of fixed assets such as land, buildings, furniture, machines, equipment, and vehicles required for the enterprise. If possible, the enterprise should start with few fixed assets, for which the enterprise may be run on a rented house and land. While purchasing fixed assets their size, capacity, and required number

should be pre-determined. For each year, the enterprise should allocate some money for buying the new assets. Similarly the depreciation value of the assets can be calculated by dividing total cost of the asset by its age or as per the rate provided by the tax office.

The following format (Table 7) can be used in the workshop to calculate fixed assets and depreciation.

4.4.2 Raw materials cost

The amount and per unit cost of raw material needed for the target production should be calculated on daily, monthly, quarterly or yearly basis, as per the need of the enterprise. Such calculation of per unit

cost will help the enterprise determine the cost of raw material. Table 8 should be used to calculate the raw material cost.

4.4.3 Direct (Variable) labor cost

There are two kinds of labor: direct and indirect. Direct labors are directly related to production at factory level (e.g. processor, machine operator, cleaners, etc.) and are paid according to the production level. But, the organizational policy could be formulated such that they are given a long term and fixed contract providing them constant payment even with the change in production level. The direct labors are either skilled or unskilled. Thus, the type and number of labors and their wage should be determined for the operation of the enterprise. Table 9 should be used as a format to calculate the direct labor cost.

On the other hand, indirect labors include managers, accountants, and marketing personnel that are paid in fixed contract. Indirect labor costs are estimated in organization and management plan.

4.4.4 Other variable cost

Other variable costs are such expenses that are not included in raw material and direct labor cost. These include the rent of equipment on use basis, store room rent as per the use basis, repair and maintenance cost of machine and equipment, electricity, fuel required for the regular operation of factory. After confirming that the cost is variable cost but not included elsewhere, it is calculated under this heading. The format in Table 9 is used for the estimation of these costs.

TABLE 7: Format for calculating fixed assets and depreciation

ITEMS	UNIT	QTY	RATE (RS.)	TOTAL (RS.) "A"	LIFE(YRS.) "B"	SALVAGE VALUE "C"	DEPRECIATION (A-C/B)	REMARKS
A. Land								No Depreciation
B. Building and construction								
Subtotal								
C. Equipment								
Subtotal								
D. Furniture and others								
Subtotal								
Total								

TABLE 8: Format for calculating raw materials cost

ITEMS	UNIT	QTY (X)	UNIT RATE (Y)	TOTAL (X * Y)
Total cost (A)				
Total Production Target (B)				
Per unit raw materials cost (C) = A/B				

Breakdown of raw material cost in daily, weekly or monthly basis

[illegible]

*: Breakdown of production target as per the sales forecast table (Table 3: Sales Forecast Table)

TABLE 9: Format for Calculating direct (variable) labor cost

DESCRIPTION	UNIT	QTY (X)	UNIT RATE (Y)	TOTAL (X * Y)
Total cost (A)				
Total Production Target (B)				
Per unit raw materials cost (C) = A/B				

Breakdown of variable labor (VL) cost in daily, weekly or monthly basis

[illegible]

*: Breakdown of Production target as per the sales forecast table (Table 3: Sales Forecast Table)

TABLE 10: Format for calculating other variable expenses

ITEMS	UNIT	QTY (A)	UNIT RATE (B)	TOTAL (A*B)	REMARKS
TOTAL VARIABLE EXPENSES					

STEP 5: DEVELOP ORGANIZATION AND MANAGEMENT PLAN

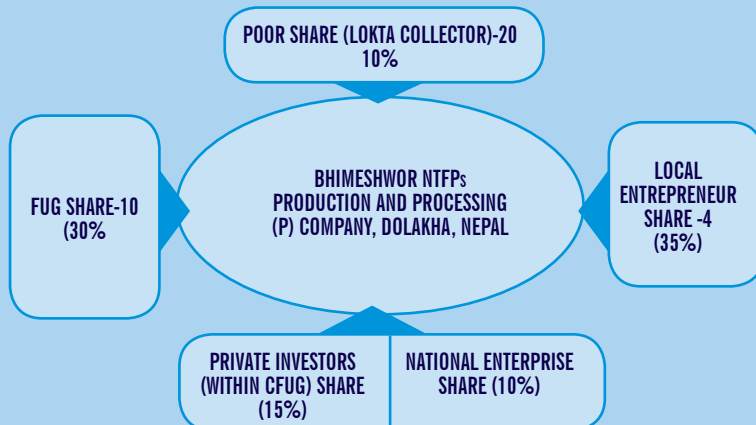
Organization and management plan describes the legal status of the enterprise, its organizational structure, hierarchical positions, norms and policies (staff hiring,

firing, remuneration, benefits, leave etc.), and operations guidelines. The following are the main elements of the organization and management plan, the workshop participants need to prepare during business plan.

BOX 16: Example of Ownership Structure Bhimeswor Handmade Paper Enterprise, Dolakha, Nepal

The enterprise has unique ownership structure. The figure below describes enterprise ownership structure. It is owned by 10 CFUGs, 4 local entrepreneurs, 20 identified poor households from 10 participating CFUGs, 1 national company and private investors from the CFUGs with the share holding of

30%, 35%, 10%, 10% and 15% respectively. The national company buys their paper and provides technical advice. Further, as the poor households cannot invest themselves, different organizations helped them to invest their share (50% from ANSAB, 20% from CFUGs, 26% from DFO, and 4% from local entrepreneurs).



5.1 Ownership and organizational structure of the enterprise

5.1.1 Ownership structure

A properly laid down ownership structure can only ensure efficient and smooth operation of the business. The ownership structure defines who owns the enterprise, whereas an organizational structure defines how the business will be managed and operated. Ownership structure also clarifies the proportion of investment by shareholders (See example in the Box 16).

5.1.2 Organizational structure

Organizational structure provides hierarchical division of work and the respective roles and responsibilities of shareholders and management personnel. The organizational structure is mostly depicted in an organization chart (see Box 17). In the organizational structure, various functions of the enterprise (marketing, production, organization and management and finance) are shown.

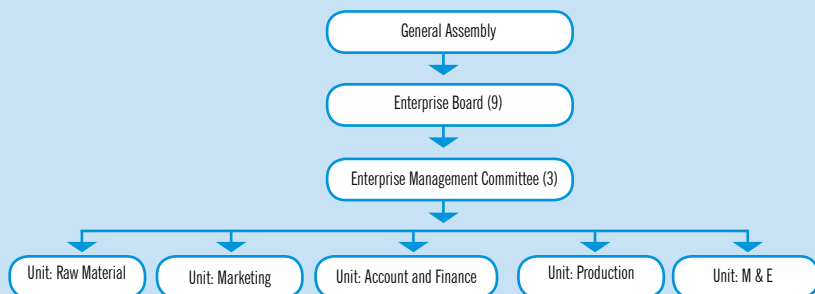
5.2 Financial and administrative policy

Financial and administrative policy of

BOX 17: Example of Organizational Structure Bhimeswor Handmade Paper Enterprise, Dolakha, Nepal

A 9 member's enterprise board (see figure below) makes production and management decisions in a periodic basis. A 3-member management committee is provided with the responsibility of day to day management. This committee is headed by managing director and other two are board members. With the guidance of enterprise board, the management committee takes care of all the production, management and marketing activities. An

enterprise manager and various sub-units for production, raw material sourcing, marketing, account and finance and monitoring and evaluation are responsible for field implementation and report management committee. A 34 member's assembly of shareholders finalizes the major policy and plan of the enterprise every year. The management committee is responsible for the implementation of the plans and policy prepared by assembly.



BOX 18: Systematic record keeping and reporting is crucial

While developing community enterprises, ANSAB has an experience that many community enterprises lack systematic record keeping though trainings and standard formats were provided to each of them. Systematic record keeping is not perceived important culturally in rural area and this makes enterprise leaders and managers incapable to generate good financial statements resulting into mistrust within the group.

Thus the facilitator should work together with community members responsible for record keeping as per the formats and training provided to them. Record keeping process should be established as standard system to be maintained regularly, reported periodically to avoid manipulation or loss of data. Facilitator along with community leaders need to verify reports and conduct internal audit to ensure proper reporting in the enterprise.

the enterprise is prepared for systematic reimbursement on services of staff, on purchase of raw materials and inputs, to register incomes, manage cash flows, and assess enterprise profitability periodically. ANSAB experience shows that wherever possible, designing performance based incentive mechanism for managers as well as workers is important to increase efficiency in the enterprise. As the natural product based enterprises are normally seasonal, work-load of the workers varies with the season. Thus while preparing the financial and management policy; staff remuneration system should have the provision of incentives for higher motivation when there is high workload and lowering the staff cost when there is low work-load. The policy should develop procedure for administrative functions such as staff and labor hiring, travel cost, leave facility, bonus as well as for record keeping and reporting (see Box 18). Financial and administrative policy should specify procedure for monthly and periodical

reporting of production and finance to the Board members. Similarly, it should plan for periodic financial audit both internally and externally.

5.3 Monitoring and evaluation

Another component of the organizational and management plan is to work out a system of monitoring and evaluation. The enterprises need regular monitoring and evaluation and these provisions should be planned in the business planning workshop. The workshop participants may set up a separate unit for monitoring and evaluation or may assign someone to do the same. Enterprise chairman or audit committee could make scheduled or surprise monitoring visit in the enterprise (see Table 11).

5.4 Entrepreneur profile

To ensure business survival and growth, people managing the business must have proper qualifications and suitable experiences. The survival and growth of

TABLE 11: Example of monitoring in community enterprise in Silung Handmade Paper, Dolakha, Nepal

MONITORING ACTIVITIES	INDICATOR AND VERIFIABLE
FACTORY MANAGER (monitors workers performance)	
- Inspect daily production	- Daily production qty. in different grades in stock
- Check inventory of raw material, inputs and finished products	- Verification of inventory records periodically
- Cost of labor and other records of expenses and income	- Cross checking of production versus labor cost
- Quality checking	- Constant weight, consistent thickness, correct edging and non-scoring
ENTERPRISE CHAIRPERSON (monitors factory managers' performance)	
- Cross checking of factory activities (once in 3 month)	Check inventories with records, income, expenses, cash flow and current assets and liabilities, verification of product quality
AUDIT COMMITTEE	
- Cross checking of books of account (once in 6 month)	Check inventories with records, income, expenses, cash flow and current assets and liabilities, verification of product quality

the business depends upon the competence and ability of management. Therefore business experience, skills and knowledge of shareholders and main personnel should be identified and documented in the business plan. The profile can also serve as a basis for gaining trust in securing finance or loan.

5.5 Pre-operating costs

Pre-operating costs are those expenses incurred in the planning and initiation of business operation. Table 12 provides examples for estimating these costs.

5.6 Fixed costs

Fixed costs are related to the management of the enterprise. They do not change much in the short term and include costs for indirect labors, such as the salaries of the manager, technician, maintenance workers, and others who are not directly involved in production. They also include other fixed expenses such as regular meeting of the enterprise board, staff meetings, rents, communication, water and electricity

bills for office, stationary, repair and maintenance, enterprise renewal, or audit fee. These costs are estimated in the format shown in Table 13.

Note: Building relationship and coordination is often ignored in community enterprises and valued by private enterprises. This has a significant intangible cost. Therefore facilitator should provide this orientation to communities to plan for the fixed cost.

STEP 6: DEVELOP FINANCIAL PLAN

Financial plan is the overall analysis of the enterprise in terms of financial viability. It describes about the required total working capital of the enterprise and how that capital could be well managed for maximizing the profit of the business. During the workshop, participants need to prepare the financial plan on the basis of cost required on different aspects of enterprise as described in Marketing plan, Production Plan and O&M Plan.

TABLE 12: Format for Pre-operation cost analysis

PRE-OPERATING COSTS	TOTAL AMOUNT (RS.)
Market survey and other information collection	
Registration fee and legal charges	
Installation cost of machines and equipment	
Skill development trainings to labors	
Trial production	
Visits for buying and selling agreement	
.....	
Total pre-operating Costs	

6.1 Total project cost (Initial capital requirement)

Total project cost covers each and every cost required for one production cycle of the enterprise. A production cycle is the cash return period of the enterprise after selling of total production in one season or lot. Production cycle varies with the type of enterprises, its location, market distance or season for raw material availability (see Box 19).

For estimating the total project cost, all the costs incurred according to the marketing, production and organization and management plans are identified and estimated. These costs are broken down into each cost item (e.g. breaking down marketing cost into transportation cost, royalties, packaging costs, etc.) and added up for calculating the total cost of the enterprise. The format for total project cost is given in Table 14.

TABLE 13: Format for Fixed cost analysis

ITEMS	UNIT	QTY	UNIT RATE	TOTAL	REMARKS
A. Indirect labor (Staffs) cost					
Salary of Manager					
Salary of Technician					
.....					
B. Other fixed expenses					
Office/store room rent					
Communication					
Stationery					
Expenses on management committee meeting					
Repair and maintenance					
Other office expenses					
.....					
Total fixed cost					

Note: Building relationship and coordination is often ignored in community enterprises and valued by private enterprises. This has a significant intangible cost. Therefore facilitator should provide this orientation to communities to plan for the fixed cost.

6.2 Sources of fund

Based on the total project cost of the enterprise, the workshop participants should identify and decide who might invest for it. The shareholders may be from community forest user groups, ultra poor, private sector etc. If the total share is insufficient to fulfill the total project cost, the sources of loan and subsidized funds, if available, should be identified. Considering the priority of funding support, facilitator should support communities to develop the proposal and approach donors. Donors can also be requested to support the ultra-poor to buy share in the enterprise.

The format for calculating sources of funds is given in Table 15.

6.3 Repayment of loans and interests

The other item that the participants of the business planning workshop have to work out is the scheme of repayment of the loan and interests in a routine manner. The enterprise should repay its loans and interests in specific intervals of time and service the total due amount within a fixed time period. Accordingly, the workshop participants—with the help of the facilitator—should plan for the time period and installment amount for the repayment. For this they should take as references the production cycle and cash collection schedule of the enterprise and use the format (see Table 16) for repayment scheme.

6.4 Per unit cost analysis

Per unit cost analysis helps in determining the sales margin of the product, that determines the sales price of the product

BOX 19: Production cycle of natural product based enterprises: Case Study from Bajhang and Dolakha, Nepal

Malika handmade paper enterprise in Bajhang district of Nepal (about 800 Kms far from Kathmandu, the marketing center) estimated its marketing cost and planned for six months of production cycle. As the enterprise is located far from the market area, the paper has to be transported by airplane. Because of this the transportation cost of marketing personnel will also increase. Thus through the planning of production cycle of six months, the enterprise was successful in making its marketing mechanism to be cost-effective. On the other hand, Bhimeshwor handmade enterprises in Dolakha District of central Nepal (140 km from Kathmandu) has its production cycle of 2-3 months as it is near to marketing center and has easy road access, requiring less marketing cost.

(see stage two, step 3.4) and the marketing strategy (see stage two step 3.7). The per unit cost is calculated by dividing the total expenses by total sales quantity (see Table 17).

6.5 Profit & Loss Statement

The major aim of the enterprise is to gain profit. Thus, the workshop participants should prepare a profit & loss statement by estimating the income and expenditure of the enterprise. A format can be used in preparing the profit and loss statement (see Table 18). With the statement, the shareholders will have idea of whether the enterprise will be in profit or loss and by

TABLE 14: Format for calculating total project cost

	TOTAL AMOUNT (FROM INDICATED TABLES)	REQUIRED PERIOD- MONTH/DAYS (DEPENDING ON PRODUCTION CYCLE) (A)	COST FOR MONTHLY /DAILY REQUIREMENT (B)	TOTAL CAPITAL REQUIRED (A*B)
1. Current Assets				
Marketing cost (From Table 6)				
Raw material cost (From Table 8: Format for Calculating Raw Materials Cost				
Direct labor cost (From Table 9)				
Fixed cost (From Table 13)				
2. Fixed assets(From Table 7)				
Land				
Building and construction				
Plant, Machineries and Equipment				
Vehicles				
Accessories and Furniture				
Pre-operating cost				
3. Work in process				
4. Stock of finished goods				
5. Cash for credit management				
Total				

how much. If the enterprise is in loss, they should develop strategies for reducing the expenses and increasing the income for increase profit (See Box 21).

6.6 Break-even point (BEP)

Break-even point is a very important tool of investment decision-making. It shows a minimum level of production to operate an enterprise. At BEP the volume of sales is

BOX 20: Planning for the loans

While planning for loans, the planners, if possible, should explore its sources and amount as per the production and cash collection schedule of the enterprise so that they could plan effectively for the repayment of the loan.

TABLE 15: Format for calculating sources of funds

SN	NAME	TOTAL AMOUNT	REMARKS
1	Equity from shareholders		
2	Grant/Subsidy		
3	Loan (@...%interest rate)		
Total			

such that the total costs equal total revenues (see Figure 5). Thus, for an enterprise to be in profit, it must operate above the BEP. The value of BEP changes mainly as per the fixed cost of the enterprise. The BEP of the enterprise is calculated as shown in Table 18.

6.7 Return on Investment (ROI)

Return on Investment (ROI) shows the profitability of an enterprise with respect to capital investment. It is the ratio of annual net profit with total project cost and expressed in percentage. It is an important tool for making investment decision and is mostly compared with easily available ROI in financial sector (i.e., prevalent bank interest rate). Thus, for an investment to

BOX 21: Options for recovering from loss

- Increase revenue
 - Increase in price of product
 - Increase in sales quantities
- Reduce costs
 - Reduce interest expenses
 - Administration costs
 - Marketing costs
 - Production costs

be feasible, the ROI should be greater than rate of interest for fixed deposit in banks. ROI is calculated annually and should

$$\text{Rio (\%)} = \frac{\text{Net Profit}}{\text{Total Project cost}} * 100$$

TABLE 16: Format for calculating Repayment of loans and interests

MONTH	BALANCE OF LOAN	MONTHLY LOAN PAYMENT (A)	INTEREST (B)	TOTAL PAYMENT (A + B)
1				
2				
3				
4				
...				
12				
Total				

TABLE 17: Format for calculating per unit cost analysis

1. Total Sales quantity (From Table 3)	a
2. Expenses	
2.1 Total marketing cost (From Table 6)	
2.2 Total raw material cost (From Table 8)	
2.3 Total direct labor cost (From Table 9)	
2.4 Total other variable expenses (From Table 10)	
2.5 Total fixed cost (From Table 13)	
2.6 Total depreciation (From Table 7)	
2.7 Total pre-operating cost (From Table 12)	
2.8 Total interest (From Table 16)	
Total expenses	b
Per unit cost	b/a

be considered for the long term profit projection.

6.8 Payback period (PBP)

Payback period (PBP) refers to the time required for getting back the invested

$$\text{PBP (Yrs)} = \frac{\text{Total Projects Cost}}{\text{Net Profits}}$$

amount. It is calculated by dividing the total project cost by net profit (see below). The more the ROI, the less is the PBP and vice-

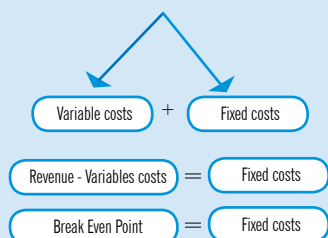
TABLE 18: Format for profit and loss statement

ITEMS	AMOUNT
(a) Total income from sale (From Table 3)	
(b) Marketing cost (From Table 6)	
(c) Raw Materials Cost (From Table 8)	
(d) Variable Labor Cost (From Table 9)	
(e) Other variable expenses (From Table 10)	
(f) Gross Contribution Margin	a-(b + c + d + e)
(g) Depreciation (From Table 7)	
(h) Pre- operating cost (From Table 12)	
(i) Fixed Cost (From Table 13)	
(j) Total operating profit	f-(g + h + i)
(k) Other income (if any)	
(l) Interest (From Table 16)	
(m) Taxes	
(n) Net Profit (after tax)	(j + k)-(l + m)
(o) Dividend payment	
(p) Retained Earnings	n-o

FIGURE 5: Break Even Point

“Volume of Sales at which total costs
equal total revenues”

$$\text{Revenue} = \text{Cost}$$



versa. The profit for each year of operation is calculated and is summed up (in a discounted manner) until it equates with total project cost. The present value of the projected profits is obtained by discounting them at bank interest rate.

6.9 Cash collection

The other item in the financial plan to be worked out in the business planning workshop is to determine cash collection for the enterprise. Cash collection shows when, from whom and how much of the cash the enterprise will get after supplying their product and what amount will be on credit and bad debt. Planning of cash collection is essential for cash flow projection (see 6.10). Table 20 shows the format for cash collection.

6.10 Cash Flow Projection Statement

Cash flow is a forecast of the cash the enterprise anticipates receiving and disbursing during the course of a given span of time. The projection helps manage cash on daily/weekly/ monthly/ quarterly basis. Table 21 gives the format for projecting the cash flow of the enterprise. The ending cash balance (see the bottom

TABLE 19: Example of Break Even Point (BEP)

(a) Sales quantity	
(b) Selling price	
(c) Total sales amount (Rs.)	$a \times b$
(d) Direct (Variable) cost (Rs.)	$e + f + g + h$
(e) Total marketing cost	
(f) Raw material cost	
(g) Direct labor cost	
(h) Other variable expenses	
(i) Indirect cost (Rs.)	$j + k + l + m$
(j) Total fixed cost	
(k) Total depreciation	
(l) Total pre-operating cost	
(m) Total interest	
(n) BEP ratio for enterprise running costs	$[\text{Fixed cost (j)} + \text{Interest (m)}] / [\text{Total sales amount (c)} - \text{Total direct cost (d)}]$
(o) BEP quantity	$\text{BEP ratio (n)} \times \text{Total sales quantity (a)}$
(p) BEP ratio for overall enterprise expenses	$\text{Total indirect cost (i)} / [\text{Total sales amount (c)} - \text{Total direct cost (d)}]$
(q) BEP quantity	$\text{BEP ratio (p)} \times \text{Total sales quantity (a)}$

row of the format) cannot be negative, because it means the enterprise has not enough cash to pay the expenses. For positive cash end balance, proper planning of source of fund and cash collection from sales and other incomes should be done as discussed in 6.2 and 6.9 respectively. But, if the cash flow for certain day/week/month/ quarter is negative, the enterprise should initiate for managing the deficit cash through the appropriate options such as loan, borrowing, or increasing equity.

STEP 7: ANALYZE RISK FACTORS AND MITIGATION STRATEGY

At the seventh step of the stage two of this toolkit—i.e., after all the business activities (marketing, production, organization and management and financial) are planned—the participants of the business planning workshop should identify the factors that can potentially hinder the planned activities and find the ways to mitigate them. The enterprise may face these risks due to competitive business environment and other unpredictable circumstances,

Calculation of Time Value of Money and Internal Rate of Return is not described in this toolkit. These analysis might be complex for community enterprises and they might lose confidence in taking lead of the process. Individuals interested in these financial analyses can get details of the analysis browsing http://en.wikipedia.org/wiki/Time_value_of_money and http://en.wikipedia.org/wiki/Internal_rate_of_return

but certain risks can well be identified in advance. The risks should be identified and mitigation strategies developed in the following aspects:

- **Raw Materials and Fuel/Energy:** Possible risk areas are price, supply, quality, transportation, storage. For

TABLE 20: Format for Cash Collection

DESCRIPTION	DAY/WEEK/MONTH/QUARTER						
	1	2	3	4	5	...	12
Cash collection							
Product 1							
Product 2							
.....							
Total cash collection(cash in hand)							
Cash balance							
Product 1							
Product 2							
.....							
Total cash balance(Cash in credit)							

TABLE 21: Cash Flow Projection Statement

DESCRIPTION	MONTH													
	Initial	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
A. Cash Inflow														
Initial cash balance														
Income from sale														
Share Investment														
Grant/Subsidy														
Loan														
Total cash inflow														
B. Cash outflow														
Raw Materials Cost														
Variable Labor Cost														
Fixed Assets														
Fixed Cost														
Marketing cost														
Pre- operating cost														
Depreciation														
Dividend payment														
Loan principle payment														
Interest payment														
Taxes														
Total cash outflow														
C. Cash end balance														

example, during enterprise operation if the new competitor pays higher price for raw materials in the planned area, the enterprise may have to pay greater price or find new areas for raw material collection.

- **Human resource:** Main problem with human resource is to retain trained individuals in the enterprise. The laborers/staffs may aspire to leave the enterprise, due to several causes.

Accordingly, strategies should be in place on how to motivate them work for the enterprise. Further, the enterprise should plan for providing skill development trainings for additional people who can take over roles when trained staff leaves the enterprise.

- **Policies, rules, and regulations:** Sometimes the government may impose tax for the enterprise product and introduce new rules in collection procedures in raw materials. These

policy changes may increase the cost of the production and decrease the profit. Thus some contingency costs should be estimated in order to face those challenges.

- **Quality Control:** The raw material quality can degrade with the over-harvesting, which in turn decreases the quality of the product. Similarly, the lack of good operation could lead to poor product quality. These create the risk of inconsistency in the quality of final products. Once the product loses quality, the market will not offer the good price. Hence, ways for maintaining product quality such as with a monitoring mechanism should be planned in advance.
- **Competition and market share:** There may be intense competition in the market for the products offered by the enterprise and sales may decline at any point. Accordingly, strategies on how to cope with the competitive environment

and to increase or maintain the market share should be developed.

STEP 8: FORM AD-HOC COMMITTEE

At the final step of the business planning workshop, the participants will form a small ad-hoc committee of 5-7 members. Such ad-hoc committee will be responsible for:

- properly documenting the business plan as per workshop discussions;
- sharing, endorsing, and finalizing the business plan; and
- organizing general assembly of shareholders (Preparing agendas, developing draft of organization norms and policies and other list of activities) to implement the business plan.

The facilitator clarifies the importance and role of ad-hoc committee and encourages the workshop participants to form it. The ad-hoc committee members then discuss and make a plan about how they proceed with the above responsibilities.

Stage Three

Finalize And Implement Business Plan

The stage three of this toolkit guides you through the steps, methods and activities of finalizing and implementing the business plan drafted in the stage two of this toolkit. Once the content of the business plan is finalized, it should be approved by the shareholders of the enterprise. The ad-hoc committee (formed at the end of Stage two) takes the lead in drafting and finalizing the business plan. Facilitator has to support the committee in all technical aspects for finalizing the business plan.

After the completion of this stage, the facilitator will have:

- Draft business plan finalized and approved for implementation; and
- The business plan implemented and enterprise operation initiated.

The stage two of this toolkit is accomplished in the following three steps.

STEP 1: PREPARE DRAFT PLAN

After compiling the Business Plan contents from the workshop, all plans have to be drafted in written form. All the tables and calculations are entered in a spreadsheet for further processes. The facilitator should support the community in developing the data tables and integrating plans into single business plan. The facilitator has to work with the ad-hoc committee and also train some of them so that the latter carry out business planning and analysis in the future. See a sample table of content of a business plan in Box 24.

The business plan should be reviewed by community based enterprises having shareholding of community groups, forest

FIGURE 6: steps of finalizing and implementing business plan



user groups, individuals, private firms, etc., the prepared business plan have to be reviewed by all of them. This could be done by organizing formal or informal meetings at the village level or settlement level or cluster level or through one to one interaction. The inputs gathered during the meetings should be incorporated in the business plan.

STEP 2: APPROVE THROUGH GENERAL ASSEMBLY

At the second step, the ad-hoc committee and the facilitator arrange an informal meeting with enterprise and community leaders to incorporate the collected inputs

BOX 22: Tips on Governance

Community based natural product enterprises are confronted with the issue of good governance as they may have poor administrative and management skills and are less educated. Thus organization norms and policy should be clear and stringent. It should assign specific roles to definite person and provide the simple and appropriate tools like accounting formats.

BOX 23: A sample of table of content for business plan

Executive Summary

- Summarizes all the main elements of the business plan in one to two pages

Background and Overall Goals of the Enterprise

- Background on rationale for the enterprise, present situation, how the enterprise will change the situation

Product and Production Description (Raw Material Procurement and Processing)

- Product description (specifications and quality control)
- Raw material collection and supply
- Enterprise site description (access to transportation, communication facilities, raw materials, infrastructure)
- Production process (technology, skills level, equipment, infrastructure, fuel, supplies)
- Production capacity (raw materials needed and capacity of processing equipment)

Sustainable Resource Management

- Sustainable harvesting mechanisms, biological monitoring and conservation plan
- Mitigation of pollution from processing (if any)
- Compliance with forestry regulations

Marketing and Sales Targets

- Summary of market research
- Marketing strategy and target market
- Sales targets and sales plan

Enterprise Organization and Management

- Legal status, organizational and ownership structure
- Interface with regulatory bodies
- Management team (board of directors, manager(s), skilled personnel)
- Number of employees and duties, qualification for each position in enterprise, and compensation structure
- Employee training and technical assistance planned
- Relationship with stakeholders (collectors, suppliers, tenure holders, traders, regulatory institutions)
- Interface with community and distribution of enterprise benefits

Financial Assumptions, Projections, and Management

- Investment capital requirements (pre-operating, working, and fixed capital)
- Projected cash flow, income, and balance sheets (for at least five years) with ratio and sensitivity analysis
- Proposed financing plan with loan repayment schedule and payback period, break-even point, and return on investment noted

Risk Analysis

- Mention of major risks to the enterprise that are specific to the industry and geographic location

Enterprise Activities and Timeline

List of major activities (with timeline) needed to launch enterprise and operate in years one and two

and prepare the final draft of the business plan.

The final draft of business plan is discussed in general assembly of shareholders for approval. The ad-hoc committee prepares for the general assembly and develops clear agendas for discussion. Major aspects of the business plan will be discussed in the assembly. The shareholders should be informed well about the business plan in advance of the general assembly. Sometime general assembly may not agree with that and ad-hoc committee may have to revisit the plan. To avoid such complication, the ad-hoc committee should be encouraged for informal discussion with influential members of the general assembly before the assembly. If general assembly doesn't agree with any particular norms or policy, it can form a task force to develop them. Other major agendas of the assembly are:

- Overall goal and strategies
- Norms and policies for various activities
- Organization Structure
- Salary and benefits
- TOR for assigned people

Following two are the main activities of the general assembly.

2.1 Formation of enterprise executive committee

The assembly should decide on how big will be the enterprise board and who will be its members. Selection of the board members is usually done in the mutual understanding of the shareholders, but if necessary may go for election. Enterprise board will take leadership in implementing the business plans and decisions made by the assembly.

BOX 24: Tips on facilitator's role of choosing good leader

To select good leaders for enterprise board, the facilitator may have to play very strategic role, from the initial stage of business planning process, and create favorable environment for suitable person to take leadership role.

As the enterprise board is formed, the ad-hoc committee is dissolved.

2.2 Developing detailed action plan to initiate the business

The assembly should discuss the activities prepared by ad-hoc committee to initiate the business and develop the action plan with roles and deadline for each activity. After the assembly, the enterprise board will execute the action plan. Following are some activities to be considered for action plan (See Table 22).

- Registration of the enterprise (company, cooperative, cottage industries, etc)
- Selection of workers and staffs
- Securing finance in equity and loan
- Construction of infrastructure
- Purchase and installment of equipment and machineries
- Management of raw materials and other inputs
- MoU with buyers
- Trainings to staffs and workers
- Settings of production norms

[illegible]

At the final step, the enterprise board and shareholders should implement the business plan and action plan, review them periodically, and change or improve them according to the dynamic business

The diagram illustrates the business planning cycle of an enterprise as a continuous loop. It consists of four stages arranged in a circle, connected by thick blue arrows indicating a clockwise flow. The stages are: 'Prepare business plan' at the bottom, 'Improve the business plan' at the bottom right, 'Review the business plan and identify gaps' at the top right, and 'Operate the enterprise' at the top left. In the center of the cycle, the text 'FIGURE 7: Business planning cycle of enterprise' is displayed between two horizontal blue lines.

```

graph TD
    A[Prepare business plan] --> B[Improve the business plan]
    B --> C[Review the business plan and identify gaps]
    C --> D[Operate the enterprise]
    D --> A
  
```

FIGURE 7: Business planning cycle of enterprise

FIGURE 7: Business planning cycle of enterprise

Annex 1:

Legal provision for IEE and EIA in Nepal as defined by environmental conservation regulation 2054 BS (Annex 1 and 2)

PROPOSALS REQUIRING IEE

- Plantation of single indigenous species in a block of 50 to 500 hectares in Terai and 25 to 100 hectares in Hill
- Exotic species plantation (already tested in related site) in a block of 10-100 hectare in Terai and 5-50 hectare in Hill
- Handing over national forest having the area 50-200 hectares in Terai and 10-50 hectare in Hill as a leasehold forest
- Forest clear felling project implementation in 15-30 hectare for the purpose of research by government
- Establishment and extension of National Park, wildlife reserve, conservation area, environmental conservation area
- If quantity of forest product that can be harvested from forest or protected forest is not mentioned in its management plan, collection of 5-50 metric ton/year of single forest species having root as a useful part at a season or in different season in a year from one or many forest sites of a district.
- Management plan preparation for protected watershed area
- Establishment of zoo, forest seed and new vegetation garden in more than 10 hectare area
- Establishment of various exotic/imported wildlife species
- Management plan preparation for National Park, wildlife reserve, conservation area and their buffer zone area. Similarly preparation of district forest management plan for government managed forests
- Establishment of NTFP center for commercial production of medicinal and aromatic plant in bushy community land
- For the processed products which can be exported as per the laws, collection of 5-50 metric ton forest products of a single species annually in a season or in many different season in a year from one or many forest sites of a district.
- Handing over more than 10 hectares national forest to poor people below poverty line as a leasehold forest
- Handing over the forest having 200- 500 hectares area as a community forest to a community
- In case of not mentioned in forest plan or protected forest plan, collection of 10-100 MT forest products of a species having bark as a useful part in a season or in a number of seasons in a year from one or many forest sites of a district
- Collection of 5-100 MT forest products other than timber (i.e. Ritha, Amala, Tendu pat, Bhorla pat, Tejpat and etc which are allowed by Nepal's law for collection
- Collection of Resin more than 5 MT from a district
- Extraction of tree root felled in more than 5 hectare forest area as provisioned by approved forest management plan

PROPOSALS REQUIRING EIA

- Plantation of single indigenous species in a block of > 500 hectare in Terai and > 100 hectare in hill
- Exotic species plantation (already tested in related site) in a block of >100 hectare in Terai and > 50 hectare in Hill
- Handing over any national forest having the area >200 hectare in Terai and > 50 hectare in Hill as a leasehold forest
- Forest clear felling project implementation by government in >30 hectares forest area with the purpose of forest research
- Commercial and industrial processing of medicinal and aromatic plants which creates pollution
- Establishing rosin and turpentine, plywood and veneer, brick and textile, timber based matches, pulp, paper, Large Cardamom processing , medium to large Tea processing and Lauthsalla and Dhup production enterprises within 1 km of forest area using forest resources/raw material and processing methods
- If quantity of forest product that can be harvested from forest or protected forest is not mentioned in its management plan, collection >50 metric ton/year of single forest species having root as a useful part at a season or in different season in a year from one or many forest sites of a district.
- In case of not mentioned in forest plan or protected forest plan, collection of > 100 MT forest products of a species having bark as a useful part in a season or in many different seasons in a year from one or many forest sites of a district
- Collection of >100 MT forest products (bark and root) other than timber i.e. Ritha, Amala, Tendu pat, Bhorla pat, Tejpat and etc which are allowed by forest law for collection
- Collection of >50 metric ton forest products of a single species annually at a season or in a number of seasons in a year from a district in the case of forest species which can be exported only processed products as provided by forest law
- Implementation of clear felling related project in more than 5 hectare forest area by parties other than the government organization
- Handing over >500 hectares of national forest to local community for management as a community forest

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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- ANSAB. 1999. Monitoring the Effects of Community Based Conservation and Commercial Utilization of Natural Products in Humla, Nepal.
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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



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.

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