

A report on

Forest Connect in-country experiences in Nepal



Name of the National Hub Organization in the country:
Asia Network for Sustainable Agriculture and Bioresources (ANSAB)

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The Food and Agriculture Organization (FAO) of the United Nations
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1. Institutional history

Asia Network for Sustainable Agriculture and Bioresources (ANSAB) has been implementing Forest Connect Initiatives in Nepal since August 2007. ANSAB has completed the three years of the Forest Connect Nepal (FCN) program.

Since its establishment in 1992, ANSAB has been working in community based forest enterprise (CBFE) development, and promoting their value chain linkages. It has developed and strengthened a total of 1,166 economic entities involved in the collection, value addition and trading of forest products and high value agriculture crops, while bringing a total of 100,672 hectares of forest and meadow areas under better community management with 393 Community Forest User Groups (CFUGs). ANSAB's involvement in Forest Connect occurred as a result of its many experiences working in the CBFE sector and its relationship with FAO, developed during the conducting of a Marketing Information System (MIS) study in Lao PDR in 2005. The goal of Forest Connect is "to substantially reduce poverty for forest dependent people in key partner countries by increasing the number of successful and sustainable small forest enterprise associations". This fits well with the principle and expertise of ANSAB's Pro Poor Economic Development program. Based on the ANSAB's expertise and long experience in the CBFE sector, FCN's efforts are directed to strengthening small and medium forest enterprises (SMFEs), increasing the visibility of SMFEs in Nepal, and promoting improved organization and connectedness of SMFEs among each other and with markets, service providers and policy processes. ANSAB, as a Forest Connect hub in Nepal, aims to support and strengthen SMFEs and their connectedness to ensure their sustainability over the long run.

ANSAB has been implementing the Forest Connect Program in Nepal with different working partners in government, community-based organizations, local enterprises, CFUGs, research institutions and other organisations relevant to CBFE. ANSAB, as a Forest Connect hub in Nepal, identifies the issues and challenges of SMFEs and discusses these in Nepal NTFP Network (NNN) meetings. NNN is coordinated by ANSAB and consists of 50 organizational and 250 individual members representing government, community, business, donors, the Federation of Community Forestry Users, forest enterprises, NGOs and development agencies from Nepal, China, India, Uganda, the UK and the USA. ANSAB also coordinates the NNN meetings which includes participants from the Government of Nepal, the Federation of Community Forestry Users Nepal (FECOFUN), community forest enterprises and Nepalese business organisations. NNN meetings focus on discussing issues and identifying effective means of collaboration and coordination among the supporting organisations. Final decisions are verified during the NNN meetings.

2. Achievements and Outcomes

Brief context: SMFEs represent a promising option for poverty reduction and forest conservation in Nepal. They have several positive impacts on the local economy, social equity and natural resource base. SMFEs lead to an increase in income for entrepreneurs, not only as individual income but also in the form of savings in community funds of CFUGs. SMFEs help people to get employment opportunities as part-time or full-time jobs in enterprise management, raw material collection, processing and marketing. At the same time, SMFEs play an important role in natural resource conservation, as entrepreneurs develop a sense of ownership, improve resource management plans, institutionalize sustainable harvesting practices and pay for resource

conservation activities when they become aware of the value of natural resources for their enterprises.

Although the SMFEs in Nepal have potential for poverty reduction and natural resource conservation, they face several challenges and constraints that hinder their growth. To list some, they lack adequate service facilities, sufficient market linkages, reasonable bargaining power and an enabling policy environment. Excessive bureaucracy, inconsistent policies, insecure land rights, inadequate business knowledge, and difficulties in accessing credit, technology and market information are other specific challenges and barriers to the expansion and development of SMFEs in Nepal.

ANSAB started its work for the promotion of the SMFEs with the conviction that SMFE development can be triggered by facilitating service delivery in some crucial aspects such as marketing, resource management, technology development and conducive policies. ANSAB aims to continue supporting SMFEs to create an enabling policy environment, to strengthen SMFEs including producer groups, and to develop linkages among themselves and with responsible buyers and service providers to ensure their sustainability over the long run.

FCN is an important initiative that has provided ‘leverage funding’ for activities focused on promoting SMFEs in Nepal. The activities carried out by the Forest Connect initiatives since its inception in 2007 have resulted in improved accessibility of information to SMFEs and stakeholders, improved understanding for linking SMFEs to policy makers, markets and service providers, and a strengthened network among facilitating organisations.

The achievements and outcomes of FCN so far are summarised below:

a. Diagnostic study on SMFEs and their associations within Nepal

In the first year of FCN, a diagnostic study on small and medium sized forest enterprises in Nepal was carried out. FCN collected information on successful enterprises, field practices, and lessons learned from previous studies in Nepal. Field level activities were designed to collect project relevant information and to align data collection with other ANSAB projects wherever possible. A comprehensive review focusing on five major NTFP species, one timber species and associated enterprises was conducted to explore the relationships between forests, poverty and livelihoods. The diagnostic study was published as a book “Challenges and opportunities for Nepal’s small and medium forest enterprises” by FAO in 2009. The publication has also been uploaded to the FAO website and has further improved the accessibility of the information on SMFEs in Nepal.

b. Web directory of SMFEs

During the second year of the FCN initiative, a web directory of the SMFEs documented by ANSAB in Nepal was developed. The directory consists of detailed information on 872 SMFEs such as SMFEs’ name, contact details, location, product classification and other general information. The directory will continue to be updated as new SMFEs are documented. The enterprises in the directory are categorized under 12 major product classifications: ayurvedic clinic, essential oil, furniture, handmade paper, health and beauty care, input supplier, natural fibre, NTFP trade, resin and turpentine, spices, silk, and unspecified. The directory can be accessed at <http://www.ansab.org/fcn/smfedatabase.php>.

c. Directories of critical services and service providers for SMFEs and CFUGs

During the third year FCN, a draft list of the critical services required for SMFEs and CFUGs, and the potential service providers of those critical services, was prepared. Information in the draft directory was verified and finalized in the 34th NNN meeting. The directory of critical services provides information for SMFEs, CFUGs and stakeholders working in the SMFE sector on critical SMFE related services in seven categories, namely: input supply and raw material sourcing, enterprise development planning, enterprise operation and management, technology and product development, legal and policy, marketing, and finance. The list of service providers and facilitating organizations provides detailed information, including a contact person, address, website, the focal services provided. The directories of the critical services and service providers can be accessed at <http://www.ansab.org/fcn/CriticalServices.pdf> and http://www.ansab.org/fcn/ANSAB_directory.pdf. With these directories, SMFEs and CFUGs can easily access information on service providers as per their specific service need, which was not easily available before and would otherwise take more of their time and effort.

d. Value chain study of Jatamansi

In the second year of the FCN initiative, a document on the application of the value chain approach in SMFEs development/promotion in Nepal was developed. It includes the value chain analysis (VCA) process and lessons learned from the value chain of an essential oil, Jatamansi (*Nardostachys grandiflora*). The study mapped the nature, wealth and power dynamics of the essential oils sector in Nepal, using Jatamansi as an example product. The study found that improved coordination among Nepali regulatory bodies, a reduction in overlapping jurisdictions among Nepali agencies with regards to NTFP promotion, harvesting, and processing, as well as more reasonable tax rates would reduce transactions costs within the value chain. This would promote more enterprise start-ups and help to make Nepali essential oils more competitive in world markets. The study also suggested that VCA could be useful in examining other SMFE sector products.

VCA has now been widely used for designing program intervention in SMFE and other smallholder sectors in Nepal. In 2010, ANSAB, in partnership with International Centre for Integrated Mountain Development (ICIMOD), conducted a project on enhancing livelihoods and poverty reduction of mountain people by linking value products and services (HVP) to value chain development. In 2011, the Nepal Economic Agriculture and Trade (NEAT) Activity, a USAID funded contract that is being implemented by Chemonics International Inc., used the value chain/market assessments of four commodities – Orthodox Tea, Ginger, Lentils and Off-season vegetables – conducted by ANSAB for their intervention design and program implementation in the sectors.

e. Forest Connect Nepal website

A FCN website (www.ansab.org/fcn) was developed in the first year of the FCN initiative. The website has been regularly updated with program information, reports, the SMFE database, the MIS pricelist, NNN meeting minutes, and other resources for community based forest enterprises (CBFEs), including a list of CBFE service providers, books, manuals and research relevant to them. During the third year of FCN, the webpage was updated with the directories of the service providers relevant to SMFEs and CFUGs. Also during the third year, FCN linked the MIS pricelist and the Nepal NTFP Network (NNN) minutes from ANSAB's website to the FCN website, and added 'subscribe' features for them. The MIS pricelist consists of monthly price information for 32 products in 6 different markets in

Nepal and India. The addition of ‘subscribe’ features has given subscribers access to the pricelist and the NNN minutes as soon as they are posted on the website. Currently, there are 35 verified addresses subscribed for the MIS pricelist and seven verified addresses subscribed for the NNN minutes.

f. Examination of the major issues faced by SMFEs

FCN has examined the major issues faced by SMFEs in Nepal by organising meetings and workshops involving stakeholders related to SMFEs in Nepal. On May 28, 2009, during the second year of FCN, a half day round table meeting was organized involving fifty-three representatives from government agencies, services providers, national/international organizations, market actors, local entrepreneurs and traders. The major objective of the meeting was to identify and prioritize major issues faced by SMFEs in Nepal and to discuss the ways forward for promoting SMFEs in Nepal. Forest Connect initiatives and activities were also shared in the workshop. The meeting identified the major issues of SMFEs at three levels: policies, services, and market constraints. Strategies were developed for the identified issues indicating specific activities and roles for various institutions in addressing those issues. The meeting highlighted the importance of SMFEs in economic development and sustainable resource management, and it was agreed that coordination among various actors and stakeholders is needed for SMFEs to advance from their current situation.

FCN developed proceedings of the round table discussion and disseminated them to the participants and other related stakeholders in August 2009. The findings from the meeting have been taken positively from the stakeholders including the Government of Nepal who revived the Herbs and NTFP Coordination Committee (HNCC) based on the recommendation from the meeting. ANSAB has also used the meeting findings for their program development.

g. National level association of producer groups and community enterprises

During its third year, FCN initiated a national level association of producer groups and community enterprises by expanding the institutional system and capability of the Nepal Herbs and Herbal Products Association (NEHHPA), a business membership organization made up of Nepali enterprises producing or processing natural products. ANSAB, as the Forest Connect hub in Nepal, has closely worked with the executive members of NEHHPA since designing the FCN activities for the third year. The activities and roles of FCN and NEHHPA were also shared in a project inception meeting on January 20, 2010. FCN further assisted the association to expand its membership to producer groups and community enterprises in the Dolakha district of Nepal. It then facilitated the development of a sub-committee of producer groups and community enterprises within NEHHPA to deal with those members. FCN supported NEHHPA to develop its national secretariat office for improving its efficiency and effectiveness in service delivery. It also supported NEHHPA’s executive committee to review NEHHPA’s documents and promotional materials, including the strategic plan, presentations, guidelines and constitution to streamline the organization’s business promotion and network development. A workshop was conducted for NEHHPA’s members and secretariat staff to develop the organisation’s strategic plan on business service development and network expansion.

After FCN’s assistance to the NEHHPA, the association submitted 20 recommendations to the National Planning Commission on July 2010 to better link the NTFP sector to national policies and markets at national and international levels. The planning commission has

mentioned that they will consider the recommendations while designing policies and allocating budgets for the sector.

h. Networks among facilitating organisations

Along with active participation in established platforms such as NNN, HNCC and the Public Private Alliance (PPA), the ANSAB team, including FCN coordinator, participated regularly in different programs and workshops to increase networking with different organizations. These events, when mixed with the FCN objectives and activities, have led to a better realisation of FCN goals. New collaborative programs and activities with organisations like NEHHPA and Himalayan Naturals have been designed to be beneficial for the joint promotion of CBFEs in Nepal. The forums were also critical for enhancing networking among the stakeholders of SMFEs and CFUGs as they facilitated identification of critical needs for the sector and sought coordination and collaboration between each other. Furthermore, discussion and development of strategies on the SMFE sector, and their final verification during the NNN meetings has strengthened the network among the organizations working in the same sector. These platforms are also helpful in avoiding duplication of work on the sector.

i. Strategic inputs on SMFEs and NTFPs to the government

ANSAB, as the Forest Connect hub in Nepal, has provided strategic inputs on SMFEs and NTFPs to the government through different forums. This has helped to foster improved understanding among government officials and policy makers, and for linking SMFEs to policy makers, markets and service providers. During FCN activities in Nepal, ANSAB mainly used two forums – HNCC and NNN – for providing inputs on the sectors. FCN also used the forums for sharing its activities and verifying information collected from FCN activities in Nepal.

Herbs and NTFP Coordination Committee (HNCC) meetings: The HNCC is a high-level public-private forum chaired by the Minister for Forest and Soil Conservation to coordinate and frame herbs and NTFP-related policy issues in Nepal. Considering its experience on NTFPs for SMFE development in Nepal, as also reflected with the FCN activities in Nepal, ANSAB made policy recommendations to HNCC in a meeting held on March 24, 2009 to review and amend existing policies related to SMFE growth and development in Nepal. The meeting thereafter assigned ANSAB to coordinate a task force for technical issues on NTFPs. Coordinating the task force, ANSAB reviewed existing guidelines and manuals on NTFP cultivation, sustainable harvesting and inventory, and made recommendations for the development of guidelines and a manual for NTFP promotion and NTFP zoning in Nepal.

NTFP Network (NNN) meetings: ANSAB coordinates and organizes NNN meetings to discuss and prioritize the identified critical services to SMFEs and CFUGs and the supporting organizations providing those services to them. The NNN also serves as a forum for identifying means of effectively collaborating and coordinating among supporting organizations. During the three years of FCN activities in Nepal, ANSAB hosted four NNN meetings. The 31st NNN meeting organized during the first year of FCN created a seven member Advisory Steering Committee for SMFEs with key stakeholders that would meet regularly to discuss FCN activities and progress. This formation of the steering committee within NNN has resulted in a body for verifying the information collected from FCN activities. The subsequent NNN meetings identified and discussed the challenges faced by SMFEs and the findings were shared with the government representatives. During the 33rd

meeting held on March 06, 2009, the challenges of SMFEs were identified as falling under three themes: policy, services and markets. Crucial linkages between SMFEs and development organizations, government programs such as the Micro-enterprise Development Program (MEDEP), and insurance companies; development of information sharing tools for better market, policy and service providers; and preparation of courses on business development and management of CBFEs were discussed in the 34th NNN meeting, held on April 21, 2010.

ANSAB, as the coordinator of NNN, has now identified three major fields for developing brochures with government endorsement: policy provisions related to SMFEs, technologies for different NTFP enterprises, and the market and supply situation for various value chains. The organisation also developed eight different toolkits in 2010 focused on supporting community forest enterprises, including business planning, entrepreneurship development and marketing information systems. These toolkits have been used by the Center for Forest and People (RECOFTC) of Bangkok to design their flagship training course on community based forest enterprises.

j. ANSAB's website and newsletter

ANSAB, as the Forest Connect hub in Nepal, has used its institutional website and the newsletter to share news, events and issues related to SMFEs and the organizations working in the sector. It has been using its website to publish the monthly price information of thirty-two products in six markets of Nepal and India. It has also disseminated the price list to individuals and organisations working in the SMFE sector in Nepal, India and Bhutan. The price list, along with some success stories and challenges about SMFEs, are also shared through ANSAB's newsletter which is circulated to more than 1,500 people working in the community forestry and small enterprise sectors. ANSAB also disseminates the pricelist to other stakeholders working in the SMFE sector, in addition to the subscribers of the price list. ANSAB's effort in publishing and disseminating the pricelist has resulted in increased and expanded marketing information access by local collectors and traders, increased bargaining power amongst traders and local collectors with realization of higher prices for their products, and improved relationships between traders and producers.

The first three years of the FCN initiatives in Nepal were successful in meeting the objectives laid out during the FCN planning phase. Moreover, FCN has shown that the Forest Connect initiative can add value to the work of organisations working in the SMFE sector by assisting in the formation of a national level association of producer groups and community enterprises. FCN has been successful because, since its initiation, it has been implemented using holistic approaches. ANSAB, as the Forest Connect hub, combines both indigenous and modern scientific methods for project implementation, and works through a multi-stakeholder approach which involves all relevant actors in program planning and implementation. It has also worked harmoniously with communities, government, NGOs and various stakeholders since its establishment, and does not raise false expectations amongst stakeholders and communities at the outset. FCN has always raised the equity concern to the members of the CFUGs and CBFES in forums, and has used ANSAB's experience of involving the poor, women and other disadvantaged people in micro and small enterprises for their livelihood improvement. FCN has also utilised the well established networks and meetings as NNN, HNCC and PPA to raise and discuss issues recognised during its implementation.

3. Benefits of the alliance

In addition to meeting the objectives laid out for the promotion of SMFEs in Nepal by the FCN initiative, the FCN program and ANSAB itself have benefitted from the International Forest Connect Alliance. For the organisations and programs working for the promotion of the SMFE sector, tools such as the online social networking website, international Forest Connect meetings, and relevant documents like the facilitator's toolkit developed by the Forest Connect alliance, have proven to be beneficial.

International Forest Connect website: ANSAB staff often use the international Forest Connect website <http://forestconnect.ning.com/> to find news, tools and documents on SMFEs around the world. The website provides a space for networking between professionals from the same and similar sectors and activities. It also provides quick link to the Forest Connect partners' website. The discussion forum within the website is good for sharing news, success cases, experiences and other relevant information. With most of the features of a good networking site, the current website is successful as a networking site, for which the users gets access to important documents and discussions for promoting the SMFE sector.

Contribution to the facilitator's toolkit on supporting small forest enterprises: ANSAB, as the Forest Connect hub in Nepal, has contributed to the development of a contribution for Module 14 (*Strengthening community enterprise governance and structure*) of the facilitator's toolkit on supporting small forest enterprises developed by the Forest Connect Program. Based on its experience working in the SMFE sector in Nepal, the organisation also prepared three case studies for modules 7 (*Participatory value chain analysis*), 11 (*Product development*) and 15 (*Building on ecological sustainability*) of the toolkit and presented them in the second Forest Connect workshop in Ethiopia. This year, ANSAB will contribute additional case studies for Module 9 (*Designing communication strategies*), Module 14 (*Strengthening community enterprise governance and structures*) and Module 16 (*Policy research for change*).

The toolkit is a practical tool for use by facilitators working to support SMFEs in the field as it arranged in a series of self-explanatory modules providing step-by-step guidance on different elements of SMFE support.

International Forest Connect meetings: FCN program staff members participated in the first and second international Forest Connect workshops organized in Edinburgh, UK and in Addis Ababa, Ethiopia. The experiences and practices of ANSAB and FCN on the SMFE sector was shared with other members of the Forest Connect international alliance through presentations on the opportunities for and constraints to supporting small forest enterprises in Nepal. The Forest Connect workshops were helpful for sharing experiences and good practices amongst the members of the Forest Connect alliance for the promotion of the SMFE sector at the international and national levels. During the workshops, participants shared that they were enthusiastic about the Forest Connect initiative in their respective countries as the program went well with other government programs, and also with some emerging issues such as REDD. The Forest Connect workshops were also informative on the possibility of replication of one member country's performance to another member's country having similar resources.

4. Future prospects and sustainability

As mentioned in previous sections, the past years' FCN activities have been successful in improving accessibility of information to SMFEs and stakeholders, improving understanding for linking SMFEs to policy makers, markets and service providers, and strengthening network among facilitating organisations. The FCN initiative in Nepal has also been successful in initiating new activities in the CBEF sector and in gaining recognition among government and relevant stakeholders in the sector. On this basis, FCN aims to strengthen SMFEs in Nepal to ensure their long term sustainability, focusing on the vision of Forest Connect to promote their linkages to the national forest programs, emerging markets and service providers.

ANSAB has been working with different partners to implement projects. Joint proposals with the UN FAO have been developing for the FCN initiatives in Nepal, and work has been carried out with other partner organizations, including the Ford Foundation, the Blue Moon Fund, IDRC, USAID, EWV and the Global Development Network, to support SMFE related projects in Nepal. ANSAB has also a good network with the Government of Nepal and national partner institutions working in the SMFE sector. FCN, as an initiative, aims to use the networks and partnerships developed by ANSAB at national and international levels to strengthen the SMFE sector in Nepal by developing and implementing joint programs.

The results of ANSAB's work in the SMFE sector in Nepal has shown that SMFE is a promising option for poverty reduction and forest management because it has positive impacts on local economies, social equity and the natural resource base. Similarly, ANSAB's experience with FCN has shown that it is a good initiative for the promotion of the SMFE sector in Nepal because it has provided a good leverage funding and program support for ANSAB, which is working to promote SMFE in the country. FCN plays an important role in improving accessibility of information, strengthening networks, building capacity of national level producer associations, and improving understanding to better link SMFEs to the policy arena, markets and service providers. In addition, the information generated and network established during the FCN initiative in Nepal have provided a strong foundation for ANSAB to design and develop programs in partnership with different organisations, including the government, for the promotion of the SMFE sector. Initiatives like FCN are important in Nepal where forests are important for livelihoods for a significant number of people, and for an organisation like ANSAB that is promoting SMFEs for sustainable management of forests and for livelihood improvement of the forest dependent people.