

Policy Issues and challenges Associated with Forest and Farm Based Enterprises

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Opportunities & Policy Issues of different Modalities of Enterprises

Policy opportunities and issues

Issues addressing strategy

Micro-enterprise, Cottage and Small Enterprise

- **Industrial Enterprise Act 2017 has made flexible provisions to register and regulate such enterprises, though the procedures develop by the Departments are contradictory and complex.**
- **Maintain consistency between the provisions of legislation and procedural guidelines; develop simple procedures to regulate enterprises**

Co-operative

- **The forest and farm based cooperative require large area of more than one local governments for the membership and collection of agro and forest products, however there is lack of coordinating/joint mechanisms at local level for this purpose.**
- **A detail procedural guideline need to develop for the facilitation to such specific cooperative based on the farm and forest products of large areas.**

Opportunities & Policy Issues of different Modalities of Enterprises

Policy opportunities and issues

Issues addressing strategy

Community Forest Users Groups

- **As per Industrial Enterprise Act 2017 and Forest Act 1993 (2nd Amendment 2017), CFUGc can work as an enterprise, though in practice, they are facing challenges (tax, transportation of products etc.) to exercise these rights.**
- **The capacity building and facilitation is urgent to strength the CFUGs to work as an enterprise at community level**



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Environmental Measures for the Forest Enterprise

Environmental Protection Regulation (EPR) 1997 (Annex-1 and 2)

- **IEE/EIA requirement for the establishment and operation of forest-based enterprise and collection of raw materials from the forest**
- **Complex IEE/EIA procedures for the collection of Herbs and NTFPs**
- **IEE/EIA requirement for the approval of forest management plan of community forest (IIE for 500-750 ha & EIA for more than 750 ha)**

IEE requirement	EIA requirement
Paper producing enterprise which produce per day 100 tons paper (except cottage enterprise)	Establishment of resin, rubber, plywood, pulps & paper enterprise within 1 Km from forest areas
Collection of 5-50 tons roots of forest products per year.	Collection of more than 50 tons roots of forest products per year.
Collection of 10-100 tons barks of forest products per year.	Collection of more than 100 tons barks of forest products per year.

Environmental Measures for the Forest Enterprise

Environmental Protection Regulation (EPR) 1997 (Annex-1 and 2)

Procedural complexities and centralized decision-making process for approval of IEE/EIA and obstacle to enterprise. Require to remove environmental standards related to procedural hassles on environmental standards.

IEE requirement	EIA requirement
Collection of 5-50 tons forest products per year (those species which are banned to export without processing).	Collection of more than 50 tons forest products per year (those species which have been banned to export without processing).
Collection of 5-100 tons of forest products other than timber per year	Collection of more than 100 tons of forest products other than timber per year
Establishment of herbs and NTFPs processing centre	Commercial and industrial processing of Herbs and NTFPs
Collection of more than 5 tons resin per year from per district	Sawmill for the processing of more than 50,000 CFT timber annually.

Environmental Measures for the Forest Enterprise

Distance between Forest-based Enterprise and Forest areas

- **Gazette notification of Ministry of Industry: Sep. 22, 2014 (Part 64, Volume 20, Section 5)** – It is require to comply the distance provisions as stated in the Gazette notification during the establishment of forest-based enterprises.
- **Definition of Forest area:** demarcated or non-demarcated forest areas including *the roads, ponds, lakes, grazing and pasture lands, snow lands, wetlands, rivers, streams, riverbeds and public lands* (2nd amendment (2016) of Forest Act 1993)
- **Implication:** If we comply the distance provisions, there is less possibility to identify the land to establish enterprise, therefore it is require to review this distance provision.



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SN	Types of enterprises	Distance between forest areas and enterprises in various Geographical areas (km.)	
		High & mid-hill areas	Chure, Inner Terai & Terai areas
1	Furniture		
1.1	Cottage enterprises having up to 18" log cutter	0.5	0.5
1.2	Small and medium industry having 18"-35" log cutter	0.5	1
2	All types of industry having 36" or larger than this size of log cutter (Including sawmill)	1.5	3
3	Veneer industry	1	3
4	Timber and firewood based industries	1	3
5	acacia catechu based industry	1	3
6	NTFP processing enterprise	0.5	1
7	Enterprise establishing jointly by the CFUGs and private sector	0.25	1

Harvesting and supply of forest products in the enterprise

Policy issues	Addressing strategies
<ul style="list-style-type: none">• Harvest: The annual allowable collection quantity of forest products is very less in the forest management plans of CF to supply in the enterprises as a raw materials	<ul style="list-style-type: none">• The forest management plans should be reviewed and require to formulate long term (at least 10 years) plan for the sustainable supply of forest products
<ul style="list-style-type: none">• Release order: The time period of release order to transport forest products is very short (2 months)	<ul style="list-style-type: none">• The time period of the release order to transport of timber is require to make quite flexible.
<ul style="list-style-type: none">• Transportation: Unnecessary checking of the processed forest product by the local officers	<ul style="list-style-type: none">• The transportation system for the transportation of NTFPs should be simplified and hassle free.
<ul style="list-style-type: none">• Reporting: The forest enterprise require to submit their recorders to Forest Office in each month.	<ul style="list-style-type: none">• An annual reporting system need to establish for the submission of records of enterprise to forest offices.

Forest products supply from CF and private forest in the enterprises

Policy issues

Supply from community forest: As per forest product supply directive, CFUGs needs to follow the auction process to sale their forest products to the enterprise and they can not provide forest products to CFUG owned enterprise without auctioning.

Supply from Private Forest (small land owners and family forest): The simple procedures have been fixed only for 23 low valued tree species, 13 NTPFs and 2 minor forest products, though there is a complex legal procedure to supply other high-value forest products form private forest

Addressing strategies

- The community-based enterprise can not compete with the large scale traders and business groups during the auction process, therefore, it is require to change the provision of directive to secure the supply of forest products to CFUGs owned enterprise by the CFUGs themselves.
- It is urgent to remove procedural barriers to supply high value forest product from private forest for the enterprises

Opportunities

Policy issues

- **The legislation has assigned enough rights, roles and responsibilities to Local Governments to regulate and facilitate community-based forest; farm and forest-based micro-enterprise and cooperatives at local/community level**
- **50 percent elected women leadership in local government has ensured development women focused local policies and law**
- **Local Governance Operation Act 2017: Formulation of cross-sectoral stakeholder platform at the level of local government to address the policy issues based on the legal provision (section 14, 15 & 111) of local government**

Thank you



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