

Policy Brief

Community Based Forest Enterprises and Livelihood Support to Rural People in Nepal

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Key messages:

- In Nepal, there is always active involvement of women, poor, local communities (LCs) and indigenous people (IPs) and Dalits in collection and processing of raw materials needed for forest-based enterprises. Hence, roles of women, poor, Dalits, LCs and IPs in forest based enterprises development are very important which ultimately support to meet sustainable development goals.
- There has been an increase in interest and efforts to develop community based forest enterprises (CBFEs) with the main motto to enhance the sustainable livelihood and economic empowerment of women, Dalits, poor, LCs and IPs and disadvantaged groups through sustainable management of community forest throughout the country.
- Current policies and legal arrangements and implementation in the field to promote the CBFEs which enhance livelihood of rural people are not satisfactory.
- Challenges to establish and operate CBFEs need to be explored, documented and must be resolved as soon as possible

1. Community Forestry and Community Based Forest Enterprises (CBFEs)

Community Forestry is a popular forestry program in Nepal and has become a model in the world. Since 1970s, the government of Nepal initiated community forestry approach and involve-user groups in forest management named as Community Forestry (CF) programme. Initially it was gone through local bodies but since 1987 started to hand over the accessible national forests to the surrounding communities, by giving full rights for the protection of forests from further degradation, management and sustainable utilization of forest resources (Bhatia, 1995; Shrestha et al., 2010; Joshi 1997). Community forestry programme was initiated with the objectives of fulfilling the demand of the rural communities thereby increasing their livelihood opportunities through the proper utilization of forest products simultaneously enhancing forest conservation as well.

At the beginning, Nepal's community forestry program was introduced in the Middle-hills, out of five physiographic regions of Nepal that provided significant level of autonomy by recognizing perpetual sovereignty of the community forest user groups (CFUGs). In CFs concept, the state keeps the land ownership, district level forest administrative unit District Forest Office (DFO) has the authority to hand over forests to local communities and also the responsibility to support the communities in preparing management plan or forest operational plans (OP) and constitution. Forest Act, 1993 and additional Forest Regulations 1995 provided full authority to CFUGs for forest management decision and all kind of benefits (products and services) utilization. So-far about 1,813,478 hectares of government forest handed over under community forest management system involving 19,361 Community Forest User Groups (CFUGs) (CFD, 2017).

Although the community forestry policy of Nepal is regarded as a progressive approach for establishing rights of local people over forest resources; the promotion of forest-based enterprises has not been properly dealt and successful. It is well known that community forest

user group have ample of opportunities (i.e. timber, NTFP, medicinal plant, tourism, livestock farming, etc.) to develop the forest based enterprises that can generate income, employment, support livelihood of poor and disadvantaged groups and finally contribute to achieve the nation's major goal of poverty alleviation. Therefore, there has been growing concerns in recent years to focus of forest based small enterprise by promoting NTFP domestication, linking to the establishment and management of NTFP-based enterprises (Subedi 2006; Binayee et al. 2004). But there is lacking of information and started efforts to gather NTFP-based enterprises in the country. The twin goals of CF (such as forest management and livelihoods improvement) can be integrated in community based forest enterprise development approaches by utilizing both wood and non-wood forest resources of the community forests throughout the country.

2. Sustainable livelihood through Community Based Forest Enterprises (CBFEs)

In recent years, Nepal's community forestry program has been able to meet with some notable successes in terms of improving the bio-physical status and rural livelihoods. CBFEs have been regarded as an ideal development intervention in poor members of forest communities as they have the potential to generate employment and increase income sustainably for the poor households while supporting sustainable management of forest resources.

In Nepal, there has been an increase in interest and efforts to develop forest-based enterprises with the main motto to enhance the sustainable livelihood of women, poor and disadvantaged groups, Dalits, LCs and IPs mainly, following the institutionalization of various community-based forest management programs. CBFEs play a vital role in the achieving the sustainable livelihood of those community through skills development training in sustainable and community-centered management and utilization of forestry resources by making products, for example, handicraft; beekeeping; bio-briquette, cash crop; sustainable firewood harvesting and timber production etc.

Moreover, CBFEs have been broadly categorized into CFUGs, networks, cooperatives and companies. In this approaches, companies can contribute the most to household economy followed by cooperatives and then networks. Acharya (2005) concluded on his studied in three Community Based Forest Enterprises (CBFEs) in Dolakha district, the community based enterprises contributed to an average of 11% increment in the income at household level (HH). According to the study, 194 households are getting benefits from the enterprise income where extreme poor and poor are the most beneficial groups. Subedi *et al.* (2002) argued that community based forest enterprises have tremendous potential to contribute to better management of natural resources, along with providing employment opportunities and income to poor and disadvantaged groups. Moreover, Subedi (2006) believes that enterprise-oriented community forest management can generate positive outcomes for both conservation and local livelihood development. Similarly, Angelsen and Wunder (2003) identified small-scale wood processing enterprise development as a high priority area for poverty alleviation. In other study, Shakya *et al.*(2013) highlighted that CF that an average bamboo handicraft maker obtained NRs.1000 to NRs. 5000 per month from the cash sales of assorted handicrafts.

3. Women and Indigenous Peoples (IPs) role in CBFEs development

Community based forest enterprise have supported livelihood improvement of local people through collection, processing and trade of forest products where one can see huge participation of women, poor, disadvantaged and indigenous groups. Women work as a collector, forest dweller and as a manager in forestry institutions and forest-based enterprises. They work in hand with men and even sometimes more, for instance in survey conducted in West Bengal in 2002, women's contributions in activities like mining , processing , marketing

and consumption were 75%, 100%, 67%, 50% respectively and in case of men the contributions were 25%, nil, 33%, 50% respectively (NC Saxena, 2002) In context of Nepal, results of number of research reports revealed that there is always active involvement of women, poor and indigenous people in collection and processing of raw materials needed for forest-based enterprises. Hence, roles of women and IPs in CBFEs development are very important.

4. Challenges of Forest users and Community Based Forest Enterprises

A number of case studies showed that, community based forest enterprises have become instrumental to conserve forest and enhance rural livelihoods rural people in Nepal. However, concerned people are facing a number of obstacles and are facing challenges. Based upon the recent studies, some of those challenges are listed below.

- imperfect wholesale markets for forest products created by the following conditions:
 - a) limited number of wholesalers of the forest based products ,
 - b) controlled price information by wholesalers, and
 - c) the government is also seen as the major buyer of some products;
 - market scarcity for many products and high price fluctuations;
 - many producers but small quantities of products, who ultimately receive only a small portion of the total revenue;
 - lack of market information among forest users such as product prices and available volumes, and projections of future supply and demand;
 - lack of marketing knowledge and skills amongst traders;
 - Insufficient technical knowledge and modern technology for enterprise establishment and product development;
 - lack of infrastructure (e.g. storage, transportation, quality testing laboratory facilities);
 - lack of branding, certification and recognized standards for Nepali products to ensure that products are produced organically, traded fairly, and environmentally sustainable;
 - difficulties in meeting market requirements due to uncertainties such as production fluctuation, collection uncertainty (weather), and inconsistent grading and quality control;
- Current policies and legal arrangements are not satisfactory, It mean these are not pro-CBFE. Community entrepreneurs are facing hurdles to handle community based forest enterprises;

Way forward

In Nepal, the Community Based Forest Enterprises can provide a huge economic benefit and livelihood support for women, IPs and poor, Dalits, LCs and IPs through sustainable management of forests. Despite of various efforts, there is still lacking of proper utilization of forest resources towards forest based enterprises throughout the country. In this context, there is a need to move for maximum and proper utilization of forest resources through the establishment of community based enterprises for sustainable forest management and improving quality of life of the poor communities. Women, IPs and disadvantage people should be empowered and provide roles in the decision making of CFUGs as well as develop CBFEs, as they are directly linked with CBFEs. Finally, all the policies, legal, institutional, financial and other practical hurdles and challenges related to Community Based Forest Enterprises in Nepal should be resolved as soon as possible to achieve sustainable livelihood of rural communities.

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The objective of this paper is to explore the community based forest enterprises and livelihood support to rural people including women, poor, indigenous peoples and Dalit’s role and challenges for sustainability consultation with multi-stakeholder and research papers review.

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