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I. INTRODUCTION

The goal of the Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) alliance project, which was principally funded by USAID, was to link Nepal and foreign NTFP buyers, Nepali producers, and NGO and government programs assisting the NTFP sector in order to:

- increase incomes and employment for Nepal's NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute a certification program for NTFPs in Nepal; and
- expand responsible buying practices among industry members in the West.

This alliance brings together U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (Himalayan BioTrade Pvt. Ltd. and Gorkha Ayurved Company (P) Ltd); Nepali Networks and NGOs (Asia Network for Sustainable Agriculture and Bioresources – ANSAB, Nepal NTFP Network, Himali Jadibuti Sarokar Samuha, and Federation of Community Forestry Users, Nepal); and donors (The Ford Foundation, SNV, and SDC) that have been developing community forest user groups and NTFP industry coordination within Nepal. Aveda and Rainforest Alliance are international partners in the alliance and bring global cutting edge industry and certification expertise to the alliance.

The alliance members have worked together to contribute ideas and direction to the project design as well as work plans and their implementation. Each of the alliance members has a proven track record in their area of expertise, and the alliance activities have great potential for replication across Nepal as well as other parts of the world. With its solid track record in coordinating the Nepali partners and delivering NTFP enterprise expertise and forest management services to community forest user groups, ANSAB coordinated the overall alliance activities during the project period by holding meetings, facilitating community forestry and certification activities, providing business development services to NTFP enterprises, and administering product design and development research grants, in order to achieve the following specific objectives of the project.

- 1) Promote Community Based Forest Enterprises (CBFE) to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers;
- 2) Implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources;
- 3) Improve and maintain quality and consistency of Nepali NTFPs;
- 4) Gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers;
- 5) Educate NTFP buyers on how to support Nepali NTFP industry to achieve sustainable long-term supplies of quality products; and
- 6) Lobby for an enabling policy environment for free and fair trade practices.

This report presents the achievements as well as well as lessons of the project, which was principally funded by USAID Nepal along with the alliance members, for the period from September 27, 2002 to September 30, 2005.

II. SUMMARY OF KEY ACHIEVEMENTS

With the various efforts towards developing understanding and coordination among alliance members, the project forged an alliance among like minded key NTFP stakeholders to promote sustainable management and marketing of NTFPs. The alliance project successfully completed all activities planned for enterprise promotion, NTFP and forest certification, product design and development, NTFP marketing, and policy improvement. During this period, the project organized 733 events and built the capacity of 21,638 participants including 7,638 female in good forest management, enterprise development, and sustainable marketing of forest products. **Table 1** provides the alliance achievements on capacity building at different levels.

Table 1. Capacity building at different levels

	NATIONAL	DISTRICT	FUG/SETTLEMENT	TOTAL
Number of events	35	139	559	733
Number of participants	1,000 (female 95)	2,386 (female 516)	18,252 (female 7027)	21,638 (female 7,638)

The alliance project has made a significant progress in promoting forest certification in Nepal. This project was able to cultivate from almost zero knowledge to successfully piloting of Forest Stewardship Council (FSC) forest management certification, Chain of Custody (COC) certification and organic certification within a short period of time. 36 FUGs comprising a total of 7,198 households and covering 17,031 hectares of forest areas received technical assistance through training, workshops, meetings, exposure visits, and one-on-one advices. A total of 21 forest user groups (FUGs) with 14,086 hectares of forests in Dolakha and Bajhang received FSC forest management group certification, which is the first NTFP certification in Asia and only the fifth in the world. Eight forest based enterprises received FSC Chain of Custody certification. Among them, Malika hand-made paper enterprise from Bajhang is the first hand made paper certified under FSC certification in the world. In addition, the project facilitated organic certification for 9 essential oil products growing in 23,259.25 hectares of forest area managed by FUGs in Dolakha and Humla. **Table 2** gives the project achievements on certification aspect.

Table 2. Forest certification progress (January 2003-September 2005)

	NO. OF FUGS	HOUSEHOLD	FOREST AREA IN HA.	NO. OF PRODUCTS
Technical assistance on sustainable forest management and NTFP marketing	36	7,198	17,031	
FSC Forest certification	21	4,688	14,086	Certificate awarded for 24 products
Organic certification	29	3,602	23,259.25	Certificate being awarded for 9 essential oils

The project facilitated local enterprise development, supported Nepali producers and enterprise to establish new business linkages and consolidate the NTFP supply, and promoted product development and marketing of NTFPs in national and international markets. The project supported over 20 natural products based enterprises, which process and market a wide range of natural products including handmade papers, essential oils, Ayurvedic medicines and supplements, herbal teas, and crude herbs. Within the project period, the enterprise development and sustainable marketing efforts of the alliance project resulted a total sales of NTFPs worth Rs. 126,699,668. Significant portion of this amount went to the collectors and producer groups in the districts, creating local employment and reducing poverty. Over 7,198 households from Bajhang and Dolakha benefited from the alliance activities in the districts. **Table 3** and **4** provide the alliance project's achievements on sales and employment.

Table 3. Sales of NTFPs through the alliance by year

	2003	2004	2005	TOTAL
Sales volume in Kg	415,764	610,962	415,978	1,442,704
Sales amount in Rs.	31,011,856	39,104,304	56,583,508	126,699,668
Direct employment	1043	1209	1282	1282

For its roles and contributions, ANSAB (the alliance coordinator) was nominated by the government as a member of the Herbs and NTFP Coordination Committee (HNCC/MFSC) and requested to coordinate the national policy development process. The alliance provided the policy recommendations to the committee and contributed to drafting a new NTFP policy of MFSC/HMG, which is now turned into the first national policy of Nepal on NTFPs- Herbs and NTFP Development Policy-2061. This policy is the first government document, which also intends to promote the third party forest certification in Nepal to achieve sustainable management of NTFPs. In addition, ANSAB provided the government inputs and support to revise the royalty rates of NTFPs.

III. KEY ACHIEVEMENTS

A) NTFP Alliance among national and international companies, networks of forest users and policy makers, NGOs, government programs, and donors developed

Working on the common interest and complimenting expertise and mandate, the project brought together national and international companies such as Aveda, S&D Aroma, Male International, Choudhary Biosis, Gorkha Ayurved Company (GAC), Himalayan BioTrade Private Limited (HBTL), Alternative Herbal Industries (AHI), and Tibetan Handicraft, community forest user groups through FECOFUN, various NGOs and networks such as ANSAB, Himali Jadibuti Sarokar Samuha (HJSS), Nepal NTFP Network (NNN), Ecology, Agriculture and Rural Development Society (ECARDS), and Social Development Center, government programs (MFSC, DoF, DPR, HNCC) and donors (USAID, Ford Foundation, SDC-NSCFP) to promote sustainable forest management and marketing of forest products.

The project facilitated to build trust and understanding among the alliance members. These stakeholders worked together to analyze, develop, implement, and monitor the alliance activities. Various review and planning workshops, meetings, market study and field visits, and sharing meetings were organized to forge the alliance (please see **Annex 1** for the report of the conference on Certification and Sustainable Marketing of NTFPs, **Annex 2** for the annual review and planning meeting reports, **Annex 3** for the PPA sharing meeting minutes, and **Annex 4** for the NNN sharing meeting minutes).

Each alliance member understood the issues and interest of the other members; and this facilitated to develop strong collaboration between and among the alliance members, which also resulted into joint studies and planning, business collaboration and transactions, product development and marketing ideas sharing, skills transfer, and policy analysis and recommendations. With the alliance project, trust among the local communities and enterprises has been developed and this trust building has strengthened and improved the business relations with a long term implication for sustainable forest management and market development.

The alliance made forest certification a national agenda; and role of community based forest enterprises and marketing of forest products for poverty reduction was well recognized by the key stakeholders. With the alliance activities, the alliance became able to develop a unique forest certification model, certification standards and guidelines, and exemplary forest management operational plans. It built the capacity of stakeholders concerned and supported them to develop and implement sustainable forest management systems. The alliance promoted local enterprises and valued addition, business linkages and networks among enterprises from community level to national and international. The alliance members expressed their commitment to work together for the forest management and marketing activities, some of which surpass the planned scope and period of the project.

For the alliance commitment and achievements, the alliance received appreciation and further suggestions from several other organizations including World Wildlife Fund (WWF), Nepal Foresters Association (NFA), Nepal Swiss Community Forestry Project (NSCFP), Intermediate Technology Development Group (ITDG), Nepal Australia Community Resource Management & Livelihood Project (NACRMLP), District Forest Offices (Bajhang

and Dolakha), Livelihoods and Forestry Programme, Natural Resource Management Sector Assistance Programme (NARMSAP), UNDP's GEF program, and SeedTree in its certification and NTFP marketing related activities. Recently, Department for International Development (DFID/UK), Canadian Centre for International Studies and Cooperation (CECI), and United Nations Development Program (UNDP) have also shown their interests in forest certification in Nepal. With some and technical support from and in close collaboration with the alliance, Nepal Foresters Association (NFA) has set up an FSC *ad-hoc* (interim) national working group to draft national standards on sustainable forest management and forest certification.

B) Forest certification model developed and forest user groups received international recognition for sustainable forest management and organic production with FSC forest management and organic certifications

The alliance promoted certification as national priority agenda (strongly recognized by FECOFUN and other organizations/members) – a way to bring forest management advancement and consistency to FUGs. In this process, the alliance prepared FSC timber and NTFP certification interim standards for Nepal (**Annex 5** provides the interim standards), developed group certification model, expanded technical and institutional capacity of forest user groups and other key stakeholders, and prepared and operationalized Resource Manager's policy and guidelines. **Annex 6** provides the resource manager's policy and guidelines.

The FSC certification model developed for Nepal is unique and is considered as most appropriate for Nepal by many of the stakeholders. To manage this third party, group certification system, FECOFUN has been identified and strengthened as a resource manager, which manages the certification membership, build the capacity of FUGs in certification pool, and monitors their forest management systems and practices. This certification model is such that it can incorporate a large number of FUGs who are interested and capable to manage forest sustainably. With this expandable system, the cost for certification per group comes down as the membership grows. The **Figure 1** shows the pilot certification model developed and adopted by the alliance in Nepal.

According to the model, FECOFUN works as a resource manager on behalf of the FUGs in the certified pool. The FUGs capable and interested in forest certification have to apply to FECOFUN for the group forest certification. These FUGs have to comply with the forest management guidelines prepared by the FECOFUN. FECOFUN provides capacity building support and does monitoring of these FUGs to see whether these FUGs have been abiding by the policy and guidelines. Rainforest Alliance, which is a FSC accredited body, assesses and audits the forest management policy, systems, plans, and performance of the group (FECOFUN and the FUGs in the certified pool) in forest management.

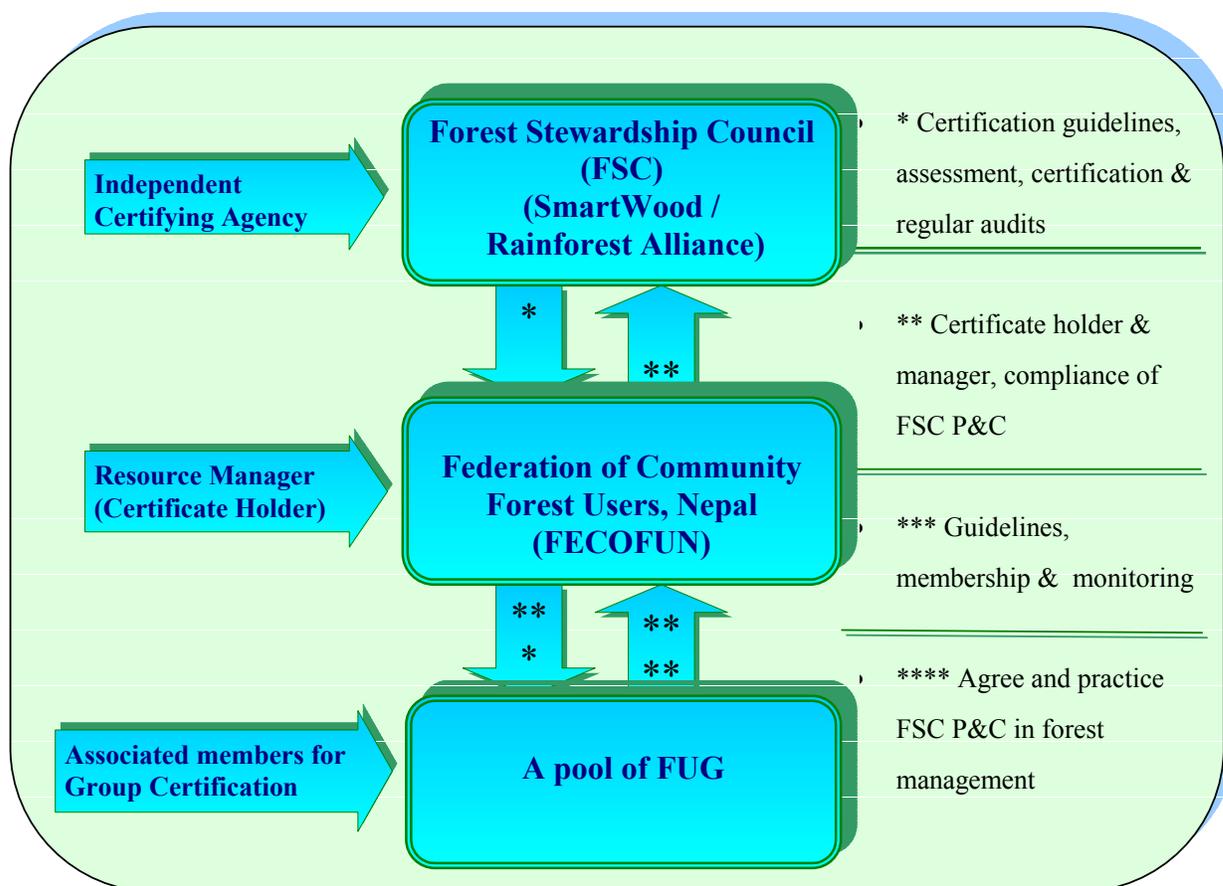


Figure 1. Pilot forest management certification model

The alliance project provided technical assistance to 36 FUGs (**Annex 7** provides the name and details of the FUGs) comprising of 7,199 households and covering more than 17,040 hectares of forest areas in Dolakha and Bajhang. The alliance project developed exemplary operational plans in the spirit of FSC forest management principles and criteria (P&C).

Table 4. Achievements on FSC forest certification

FUG constitutions have been prepared or revised for 21 FUGs comprising over 4,688 households (HHs). Forest inventories were completed for 21 FUGs with 14,086 hectares of forests. Operational Plans (OPs) were reviewed, gap analyzed and revised for these 21 FUGs so as to meet the requirements of FSC forest certification. With the project support, 21 FUGs (see **Annex 8** for the details of the FSC certified FUGs) in the two pilot districts have received FSC forest management certification for their 14,086 hectares of forests. **Table 4** provides the alliance

	Dolakha	Bajhang	Total
No of FUGs that received technical assistance	18	18	36
Area in hectare	6,208.5	10,831.4	17,040
Households involved	4,328	2,871	7,199
No. of FUGs certified	10	11	21
Area in hectare	3,522	10,564	14,086
Households involved	2,388	2,300	4,688
Products certified*	15	17	24
* total does not add due to overlap of the products			

achievements on FSC forest certification.

According to Rainforest Alliance (the pioneer and world leader for forest and NTFP management certification), the certification in Nepal is:

- First FSC certification in the world for handmade paper; and
- Nepal is the first country in Asia to obtain FSC certification for non-timber forest products and the first in the world with regard to the variety and quality of non-timber forest products, which includes plants, seeds and leaves that are processed into paper, essential oils and herbs for medicines and teas (for the further details see **Annex 9-** Rainforest Alliance's Final Report).

Additionally, the project supported to develop Sustainable BioTrade Group and prepare a group chain-of-custody certification policy and guidelines, which includes 8 forest based enterprises. **Annex 10** provides the policy and guidelines of Sustainable Biotrade Group. The project also supported these 8 enterprises to receive FSC CoC certification. **Annex 11** provides the details of the FSC certified companies. With the alliance support, these enterprises have now developed direct links to the FUGs through local community-based forest enterprises and cooperative ventures and long-term contracts.

During the course of the forest management certification, several areas of environmental impact, economic viability and social responsibility were identified as needing improvement (see **Annex 12** for public summary of the assessment report). Certification corrective action requests were developed to help the FUGs and small forestry enterprises improve these areas. These improvements helped to:

- Strengthen their democratic institutions and enhance their goals of an equitable society.
- Improve sustainable forest management and equitable distribution of benefits.
- Dolakha FUGs have negotiated settlements with indigenous yak grazers over tenure and territorial issues that dated back to over 45 years. The FUGs have formed ongoing grazing management committees consisting of both FUG members and yak herders.
- Some FUGs have traded forest protection for yak grazing rights whereby the yak herders will protect the forest from unauthorized encroachment and use in exchange for grazing. Moreover, they have provided grass and clover seed to increase grazing quality.
- Dolakha FUGs have created a micro loan program for Dalits and other poor members for purchasing seed and other materials for small business start up as a way of promoting economic and social equity among castes.
- FECOFUN has been providing FUGs with training on accounting methods that will promote more transparency about how funds are generated and spent.
- FUGs in Bajhang and Dolakha have developed a more transparent and democratic fund accounting system whereby all FUG members and community members are better informed about budgetary matters.
- FECOFUN, with the help of ANSAB and others, has developed guidelines for identifying and protecting rare, threatened and endangered species (RTE). The FUGs have been provided with a copy of the IUCN Red List species for Nepal.
- A number of FUGs are already implementing the guidelines by identifying and listing wildlife and plant species that exist in their community forests. Additionally, they are recording in logs and on maps observed aquatic and terrestrial flora and fauna and their habitat.

- FUGs have mapped areas set aside for the protection of sensitive wildlife habitat, cultural sites and streams.
- Bajhang FUG has stopped hunting the cheer pheasant (*Catreus wallichii*), a species on the IUCN Red List.
- FECOFUN has developed a monitoring format for FUG members to monitor changes in forest conditions

Table 5. Achievements on organic certification

	Dolakha	Humla	Total
No. of FUGs	10	19	29
Area in hectare	3,949.3	19,309.9	23,259.2
Household involved	2,152	1,450	3,602
Products certified	9 essential oils	5 essential oils	9 essential oils

The alliance project has added the organic certification program to promote international marketing of NTFPs. HBTL and S&D Aroma are receiving organic certification for 9 essential oils. A total of 29 FUGs

with 3,602 households and 23,259.2 hectares of forests in Dolakha and Humla are being certified against the International Federation of Organic Manufacturers (IOFM) organic certification standards. **Table 5** provides the alliance achievements on organic certification.

In addition the project encouraged the forestry sector in Nepal to begin the process of developing an FSC working group to establish FSC endorsed forest management standards for Nepal. The FSC Asia Coordinator visited Nepal and made a presentation on how an FSC working group could be formed and national standards could be developed.

C) Capacity of forest users, NGOs, government staff, and enterprises developed on sustainable forest management, enterprise development and marketing

The project built the capacity of key stakeholders from national to community level in sustainable forest management, forest certification, enterprise development, product development, and marketing. From almost zero knowledge on forest certification, the project built the capacity to the level where even the community participants now understand and adopt the FSC forest certification principles and criteria in their forest management. With this, 21 FUGs and FECOFUN have already received FSC forest certification.

To consolidate and market the forest products in national and international markets, the alliance strengthened the capacity of the FUGs, local entrepreneurs and enterprises, and national level enterprises and exporters. As a result, some new enterprises have been developed, existing ones improved their business practices and marketing skills. These enterprises have already established business linkages and realized increased sales of forest products.

For capacity building purpose, the alliance project organized training and capacity building events such as get certified training/workshops, assessors training, group forest certification to FECOFUN, leadership and forest certification to FECOFUN, sustainable forest management and forest certification, and FSC Chain of Custody certification, international forest certification observation visits, international forest certification trainings (see **Annex**

13 for the report of the certification observation tour in Brazil and **Annex 14** for report of the international training- Sweden and Tanzania), entrepreneurship and enterprise development trainings, market visits, trade show participation, total quality management training, marketing trainings, and product development researches. In the project period, a total of 21,638 participants (18,252 at FUG and settlement level, 2,386 at district level, and 1,000 at national level), of which 35% were female, received capacity building support (see **Table 6**). The alliance built awareness and capacity in certification, sustainable forest management, and NTFP marketing at community level by organizing over 559 settlement and FUG level trainings, workshops, and meetings. **Table 6** provides a summary on the capacity building events of the alliance on forest certification and enterprise development. **Annex 15** provides the details of the training and other activities of the project.

Table 6. Capacity building on forest certification and enterprise development

Year	Information	Settlement	District	National	Total
First (2002-03)	No of events	3	8	9	20
	Participants	108 (female 25)	223 (female 89)	216 (female 7)	547 (female 121)
Second (2003-04)	No of events	314	33	7	354
	Participants	9,641 (female 3,536)	697 (female 165)	124 (female 10)	10,462 (female 3,711)
Third (2004-05)	No of events	242	98	19	359
	Participants	8,503 (female 3,466)	1,466 (female 262)	660 (female 78)	10,629 (female 3,806)
Total number of events		559	139	35	733
Total number of participants		18,252 (female 7027)	2,386 (female 516)	1,000 (female 95)	21,638 (female 7638)

So far, 15 participants have been involved in international training/exposure visits, which have developed 20 potential FSC forest management and chain of custody assessors for Asia, including 5 potential lead assessors.

More importantly, the project increased the capacity of FECOFUN by providing a framework for addressing community forest resource sustainability, FUG social issues and government policy. With this capacity and uniform protocol to analyze, advise and monitor the forest management activities of forest user groups. FECOFUN is likely to increase the capacity of many more forest user groups, contributing to sustainable management of a large forest area in Nepal.

D) Forest based enterprises and NTFP products developed to achieve local value addition and generate incomes and employment

Forest based enterprises were developed and promoted to add value locally and market the forest products in more responsible ways. The project worked with local entrepreneurs and FUGs to identify the enterprise options, undertake feasibility studies, develop business plans, and establish enterprises, which could consolidate the forest products in the districts. Different model of enterprises were promoted; some local enterprises with shares of FUGs, local entrepreneurs, and even the poor households. The alliance project also supported the existing enterprises to further develop their capacity, especially in sustainable production, product quality, marketing and certifications. The enterprises supported by the alliance are dealing primarily in handmade papers, essential oils, timbers, ayurvedic medicines, herbal teas, personal care products, and more mushrooms, and crude herbs. Among these products,

handmade papers, essential oils, and herbal teas are mostly targeted for the international markets. **Table 7** provides the list of enterprises, which received direct support of the project during this period.

Table 7. Enterprises developed and strengthened by the project

Enterprise name	Remarks
Himalayan BioTrade	Production, management, market linkages and marketing, product development, quality management, CoC, organic certification
Alternative Herbal Products	Management, market linkages and marketing, product development, quality management, CoC
Gorkha Ayurved	Market linkages and marketing, product development, quality management, CoC
Bhimeshwor NTFPs Production and Processing Company	Enterprise options, business plan, enterprise establishment, production and marketing, management, CoC
Everest Gateway Herbs Company	Enterprise establishment, production and marketing, management, CoC
Deudhunga cooperative	Management capacity, production, and marketing, CoC
Bhitteri Timber Depot	Enterprise options, business plan, enterprise establishment, production and marketing, management
Malika Handmade Paper Pvt. Ltd, Kailash	Production and marketing, management, CoC
Shree-HERBIL Co-operative Limited	Business plan, enterprise establishment, production and marketing, management, CoC
Masta allo thread and cloth construction enterprise	Enterprise options, business plan, and capacity building in enterprise management
Humla oil Pvt. Ltd	Marketing and market linkages, COC, Organic certification
Rara Soap Pvt. Ltd, Mugu	Enterprise options, business plan, enterprise establishment, production and marketing, management, CoC
Pandit Kamala Hand made paper enterprise	Enterprise development, management, market information
10 manufactures and exporters including Tibetan Handicrafts, Lotus Crafts, Bounty Himalaya, Chaudhary Biosys, Male International, Dabur Nepal, Herbs Production and Processing Company Limited	Awareness and training on forest certification and chain-of-custody certification, market linkages, responsible buying practices

The alliance companies realize that they have improved their understandings and skills and practices in the followings areas to meet the international markets requirements.

- Quality (purity, consistency, ingredient/chemical composition, phytosanitary / MSDS)
- Packaging and labeling (attractiveness, image/identity, FSC logo)
- Timely delivery
- Quantity (determination of demand and supply)
- Sustainable sourcing (Chain of custody)
- Production and market planning
- Market positioning, linkages and trust building

Prem Tiwari, Managing Director of GAC: "We are now more knowledgeable, more capable and more confident in marketing, linkage development, international market dynamics, its requirements and quality assurance".

The alliance supported in product design and development work which resulted into development of pain relief oil- Nico (HBTL), soap from Pagar fruit (Rara soap enterprise), new handmade paper products from agricultural residues (Malika hand-made paper), and Chiu cream from Chiuri ghee (Alternative Herbal Industries). GAC developed new products- Herbo malt, Dentache oil, herbal soap, herbal tea, and ayurvedic medicines. HBTL developed a range of paper products targeting national and international markets. Similarly, Alternative Herbal Industries has recently developed an herbal tea (valeriana tea) from FSC certified products. **Annex 16** provides the valerian tea product development report- a sample of the product development reports.

E) Sustainable marketing mechanisms and market linkages established and sales of forest products increased

The alliance efforts on network development and NTFPs marketing have made a promotion push for Nepali NTFPs in national and international markets through market information services, industrial leadership conference, and promotional activities (sample distribution, packaging and labeling). International market assessment for Lokta paper was conducted to provide feedback to HBTL to develop marketing strategies for the US market. The capacity of CBFEs and alliance companies (GAC, AHI, HBTL, Malika, HOPL, BFPL, EHPL and other community enterprises) were strengthened in marketing and business promotion. In addition, the market linkages at international level have been enhanced through alliance work on forest certification and promotion campaign including participation at international expo (Natural Products Expo) and also through mentoring support from AVEDA. **Annex 17** provides the reports of the natural product expo west (Anaheim, California) and India market study visit. The alliance partners got aware about the requirements of international markets and are found getting ready to move towards it.

To facilitate the trade on NTFPs, the alliance provided market information services including regular price information for 31 products in other districts, and our preliminary feedback from communities indicates that they are generally receiving higher prices for their NTFPs as a result of the market information services. **Annex 18** provides the homepage of the marketing information website and a sample of MIS newsletter.

The products that have gone through the certification process have social acceptability, as there are equitable community benefits and good working relationships with the FUGs. They are economically viable as most products are made on a profitable basis. And environmentally sound as environmental considerations are well covered under FSC certification. These together have given a room for Nepal to effectively demonstrate its unique community forestry story and sustainable management practices for an effective marketing.

The project facilitated to create linkages of producers and buyers. The communication between them has been strengthened and the alliance companies are buying products directly from the producers until that are available. According to Prem Tiwari, Managing Director of GAC, the PPA brought them together and supported to build strong networking and relationship. They used to be obliged for getting raw materials through mediators but now they are connected with communities that produce the raw materials.

Parbat Gurung, Group Manager of SBTG: “we have developed very strong relationship with local communities and we buy products directly from the local communities and producers.”

The Nepali traders are linked with a key industry ally (AVEDA), which is also providing mentoring and advising services. A good working relationship and trust has been developed among these trade partners. AVEDA now understands the strength of Nepali products and is also advocating Nepali products and of this model. Some of the alliance members have also strengthened their institutional capacity of order confirming, communicating with buyers, timely delivery, and maintaining the quality. The alliance activities have offered a range of services for FUGs' capacities and have assisted companies to improve business linkages and marketing of their products.

David Hircock, Advisor to the President of Aveda and Herbalist: “Aveda believes this project to be truly transparent and is starting to bring true long term benefit to the FUGs. Aveda has supported and helped build this project due to the quality of the products and the protocols on sustainability and socio-economic impact on the communities. Aveda sees this project as a model for the world on the use of NTFPs, bringing awareness of the inequities of the supply chain to the primary producers. Everything is in place to showcase the country of Nepal to produce a quality natural plant product that brings provable benefit sharing to the people.”

The products of the alliance companies were presented to the US and European markets with the alliance companies and their allies participating the Natural Products Expos and prospecting the buyers, especially in the US and Europe. The expo participation report is provided in **Annex 17**. Based on the press packs distributed at the Expo by the alliance members, an article was published by the industry members on the project after the Expo, which further contributed to promote the Nepali products in the US markets. With the alliance work, S&D Aroma got interested to gain FSC certification and is co-funding organic certification in Nepal. HBTL is working to conclude long-term buying contracts with S&D Aroma for marketing of essential oils in the western markets. Some of the alliance companies are making deals with international buyers. In 2005 alone, Nepali PPA alliance companies already exported products worth Rs 3,986,000. HBTL alone exported essential oils and handmade paper products worth Rs 1,346,000 in year 2005 (October 2004-September 2005). **Table 8** provides the alliance achievements in marketing, sales, and employment. With FSC and organic certifications and strong community linkages and quality management system, Nepali alliance companies have improved their competitiveness and relationships with the international buyers. As a result, HBTL has got assurance from its one of the international buyers to purchase its all stock of essential oils.

*Table 8. Achievements in marketing, sales, and employment generated in the 2 pilot districts and by the alliance companies by year**

Indicators	2003	2004	2005	Total
Total production from district (kg)	365,722	550,383	345,299	1,261,404
Total production from HBTL,GAC,AHI (kg)	50,042	60,579	70,679	181,300
Total production of the pilot districts and alliance companies (kg)	415764	610,962	415,978	1,442,704
Gross sales from districts (Rs.)	8,626,233	9,980,754	22,285,985	40,892,972
Gross sales from HBTL,GAC,AHI (Rs.)	22,385,623	29,123,550	34,297,523	85,806,696
Total gross sales of the pilot districts and alliance companies	31,011,856	39,104,304	56,583,508	126,699,668

Indicators	2003	2004	2005	Total
Employment	1,043	1,209	1,282	
Responsible buyer	4	6	12	

** does not show the achievements made in other districts and by the other companies supported by the alliance.*

The achievement of the alliance in terms of sales is impressive. In the reporting period, the alliance produced a total of 1,442,704 kg of non-timber forest products. The gross sales of these products amounted Rs 126,699,668. In 2004, the alliance sold non-timber forest products worth 39,104,304, which is 26% increment from the previous year, against the annual target of 7.5%. In 2005, the gross sales of non-timber forest products amounted Rs 56,583,508, which is 44.7% increment from the previous year, or over 5 times the annual target of 8.75%. The alliance activities generated employment to 1,282 rural women and men in NTFP enterprise activities. Over 7,198 households from Bajhang and Dolakha benefited from the alliance forest management and enterprise activities in the districts.

The market linkages and marketing of NTFPs are being further enhanced also due to the followings:

- FUG users have improved the traceability of their raw materials.
- New markets are opening for essential oils and handmade paper. An essential oils company based in the UK has become FSC CoC certified and will carry the FSC certified Nepali essential oils. They are in the process of securing a one-year contract where they will buy the entire production of certain oils upfront. A UK and Japanese company are investigating the production of handmade paper products.
- Nepali certified products are listed on the FSC and Rainforest Alliance website
- Articles in international natural product trade magazines and economic development and conservation organization newsletters have been written about the FECOFUN FSC certification and the certified products. (see **Annex 19** for the details)
- FSC certified Nepali products have been promoted at natural product trade fairs in both the US and the UK.

F) Contributed to develop NTFP policy and enabling policy environment for sustainable forest management and enterprise development

On the policy front, the alliance project along with Nepal NTFP Network (NNN) and HJSS provided support to organize policy review workshops in 9 districts to generate grassroots and district level feedbacks. Organizing a national policy workshop on NTFPs and consolidating feedback and suggestions of the key stakeholders, the alliance provided the policy recommendations to Herbs and NTFPs Coordination Committee/MFSC and contributed to drafting a new NTFP policy of MFSC/HMG, which is the first NTFP policy in Nepal and is already approved by the government as Herbs and NTFPs Development Policy-2061 (**Annex 20** provides a copy of the policy). This policy is the first government document, which intends to promote forest management, NTFP certification and enterprise promotion in Nepal. The project's contribution to include certification aspects in the policy is well appreciated

The PPA alliance also supported the royalty fixation committee in fixing the royalty of different herbs and NTFPs. With a strong recommendation from PPA alliance and NNN members, HMG/N-MFSC has changed the royalty rates of 188 NTFPs. For example, royalty rate of Yarshagumba is reduced to Rs 10,000, which is half of the previous rate.

Furthermore, with the alliance activities bringing together government staff, FUGs and FECOFUN, the alliance facilitated to improve cooperation and coordination between FECOFUN, FUGs and government in securing community forestry goals and objectives.

Rajendra Lamimichane, Coordinator of Forest Certification Program at FECOFUN: *“We are getting closer to achieving the vision of community forestry through certification. We all need to work together to address the challenges of scaling up. Through certification, FECOFUN and its members can address policy issues.”*

Bhola Bhattarai, Member Secretary of FECOFUN: *“With forest certification, we have received higher recognition from government as well as from other stakeholders. It makes it easier to work with government and other organizations. It has benefited local communities. It has proved to FECOFUN that sustainable forest management is possible.”*

Dr. Damodar Parajuli, Joint Secretary (Chief, Foreign Aid Coordination Division), Ministry of Forests and Soil Conservation: *“We need to replicate and expand this initiative. It has enabled us to work together and the process has proven that we can collaborate.”*

Dr. Udaya R. Sharma, Director General, Department of Forests: *“Now we have a model to work on, to build and expand the certification initiatives in Nepal.”*

G) Democratic decision making and governance system of forest user groups and FECOFUN strengthened

Along with capacity building activities for forest certification and sustainable forest management, the alliance project supported FECOFUN and FUGs to develop and strengthen their institutional systems and practices, particularly decision making, documentation, monitoring, accounting and fund mobilization. With this support, the FUGs realized the importance of addressing the issue of the minority groups. For example, the Yak grazing households were in minority but their voices were heard and forest area for them was allocated for yak grazing. In addition, the FUGs improved their group management and transparency by making their all decisions available to their members. FUGs from both districts started pro-poor focus resource management system and equity based forest products distribution. To facilitate this, forest users have received trainings on well being ranking to identify the poor in both districts and the poor have received special consideration on distribution of forest resources and loan from FUG funds. For example, In Dolakha FUGs invested their FUG fund on behalf of the select poor in Bhimeshwor and Everest Gateway Enterprises. In addition, many poorest households of Kalobhir and Thulonagi FUGs received loans without interest for potato farming and animal husbandry.

For transparent fund management, FECOFUN was supported to develop FUG fund management guidelines and training package. District FECOFUN and FUGs were provided training on accounting and fund management system. In addition to the training, the capacity of the FUGs on transparent fund management system was developed through practical advices and internal audit suggests on this aspect.

Rainforest Alliance final report 2005 says “The members Federation of Community Forestry Users, Nepal (FECOFUN) FSC certified Community Forest User Groups (FUGs) members are providing an unparalleled model of democracy, social and cultural equity and grassroots conservation considering that they are:

“The only democratic institutions currently functioning in Nepal. They are preserving democracy in spite of the volatile situation between the government, political leaders and

insurgent forces. Equitably sharing their financial and social benefits amongst community members by breaking down age-old prejudices based on gender, caste (social class), race and culture. Conserving an extremely important ecosystem that includes Himalayan habitats and water resources and quality for Nepal and the sacred Ganges River. Providing these essential services despite having limited financial resources. They make these vital contributions to the greater good because they believe that it is the right thing to do.” (see **Annex 9** for Rainforest Alliance’s Final Report).

IV. SUMMARY OF ACTIVITIES UNDERTAKEN

The first year of the project was to strengthen coordination among alliance members, and explore the possibilities and initiate activities for forest certification, product development, international marketing and policy alignment for free and fair trade of NTFPs. In this year, most of the efforts were directed towards developing understanding and coordination among alliance members for NTFP promotion. The project brought together alliance members and key stakeholders in NTFPs sub-sector to promote sustainable management of NTFPs and community based forest enterprises. Apart from alliance building, many activities were undertaken for enterprise promotion, certification initiatives, product design and development, NTFP marketing, and policy improvement. The first year work laid a good foundation to launch the alliance activities to achieve the alliance objectives in the next two years.

In the second year, the major focus was on certification policy and guidelines preparation, capacity building on FECOFUN and FUGs on forest certification and sustainable forest management, institutional development of FUGs, and adoption of the policy to achieve FSC certification. FUGs were supported in gap analysis, forest inventory, revision of constitutions and operation plans, and documentation and accounting systems. Similarly, the alliance supported potential entrepreneurs and enterprises with training, feasibility study, market studies, and business planning to develop forest based enterprises and improve marketing of NTFPs.

In the third year, the major focus was on expansion of certification, meeting the certification conditions, enterprise capacity building and marketing of NTFPs, and strategies to expanding and sustaining alliance initiatives. In addition to forest management assistance, the FUGs received training and capacity building support on NTFP marketing, enterprise development, and fund management. Enterprises were supported to develop their products, marketing strategies, and business linkages. To promote international marketing, enterprises were supported to develop new designs and products and promotional materials, participate in international marketing visits and trade expo, and receive organic and chain of custody certifications.

Table 9 provides the types of activities undertaken under each of the project objective during the project period. **Annex 15** provides the further details about the project activities.

Table 9: Activities accomplished for year 2003-2005 to achieve the proposed objectives

Activity Number	Activity Title
Objective 1: Promote Community Based Forest Enterprises...	
1.a	Alliance activities review and planning meeting and work plan finalization
1.b	Selection and prioritization of geographical areas and FUGs/CBFEs
1.c	NTFP marketing network development and enterprise promotion
1.d	Marketing Information support system
1.e	Enterprise and management training
1.f	Monitoring and evaluation plan and impact tracking
1.g	Alliance coordination: coordination, visioning, marketing group and sustaining certification
1.h	Documentation of best practices and lessons learned
1.i	Study of village trust fund
Objective 2: Implement certification model for Nepal...	
2.a	Information collection and documentation on NTFP certification models
2.b	Certification prioritization and requirement analysis and development of system for group certification
2.c	Certification visit to Latin America and international training on certification
2.d	Requirement analysis and development of certification model
2.e	Technical and logistical support to install certification system
2.f	Institutional development and organizational support to FECOFUN
2.g	FUG capacity building and improvement of operational plans
2.h	Installation of a pilot certification system in Nepal
2.i	Certification trainings/workshops
2.j	Publication on NTFP certification initiatives in Nepal
2.k	Exposure visits
Objective 3: Improve and maintain quality and consistency of Nepali NTFPs	
3.a	Training to farmers, FUGs, and CBFEs on NTFP cultivation, harvesting, processing, and marketing
3.b	Technical support to CBFEs on GMP and organic certification
3.c	Promotion of certification program with NTFP industry
3.d	Product certification
3.e	Coordination for quality testing facilities in Nepal
Objective 4: Gain better market position for Nepali NTFP in international markets...	
4.a	Product selection and product design option exploration
4.b	Product design and product development
4.c	Training on product development and marketing to CBFEs
4.d	Product development and marketing study visit for PPA alliance members
4.e	International market assessment and linkage development
4.f	Nepali NTFP promotion
Objective 5: Educate NTFP buyers on how to support Nepali NTFP industry...	
5.a	Promotion of Nepali NTFPs and certification initiatives in NTFP industry abroad
5.b	Industry leadership conference in US
5.c	Documentation and dissemination of NTFP related issues
Objective 6: Lobby for an enabling policy environment...	
6.a	Review and analyze NTFP policy
6.b	Organize forums for policy advocacy

V. KEY LESSONS AND CHALLENGES

A) Forest Certification

The alliance project collected information on certification from various sources and organized a number of discussions and meetings to identify appropriate certification model for Nepal. A large number of forestry stakeholders including government, forest user groups, NGOs, projects, companies, and donors were consulted. A multi-stakeholders workshop was finally organized to develop most appropriate model and identify appropriate institutions and mechanisms to implement forest certification in Nepal. This process identified third party based, group FSC certification as the most appropriate model for Nepal, in which FECOFUN would work as a resource manager on behalf of the FUGs in the certified pool. The implementation of alliance project shows that a process of multi-stakeholders consultations and joint learning is necessary to identify and implement appropriate interventions especially in new areas.

FSC forest certification comprehensively covers the social, environmental and economic elements. The participating FUGs need to revise their operational plans, constitutions, systems and practices in line with the principles and criteria of forest certification. In this way, the process of forest certification helps improve forest management system and practices and hence contributes to achieve the sustainable forest management objectives in community forestry. FECOFUN and FUGs have also found forest certification as important process and tools to improve the governance of FUGs and community forest resources.

Since it is a group certification model, it can incorporate a large number of FUGs who are interested and capable of managing forest sustainably. With this expandable system, the cost of certification per group comes down as the membership grows. A critical mass of products and FUGs are needed not only to make it cost effective, but also to be effective in international marketing and attract appropriate buyers who care sustainability. So the certified FUGs and the products have to be expanded. For this purpose, national capacity needs to be enhanced and cost of certification needs to be reduced with increased number of national auditors and assessors.

However, forest certification is not appropriate for all FUGs and is also a costly endeavor if benefit is not harvested through international marketing. The alliance learned that selection of FUGs is important for NTFP certification and it needs to be made based on the following criteria.

- Richness in NTFPs
- Potential for sustainable management, harvesting and marketing of NTFPs including export products (enterprise oriented FUGs)
- Institutional and resource management capacity showing potential to meet the FSC P & C
- FUGs already getting external support in institutional and forest management or potential to get such support soon
- FUGs with bigger forest areas or potential for expansion
- FUGs potential for clustering and networking for consolidated supply of NTFPs and coordination for forest management
- FUGs initiated or interested to improve their monitoring and auditing systems

- FUGs showing interest to participate in forest certification and ready to improve their institutional and forest management systems.

Apart from FSC certificate, other certificates are also necessary for international marketing. For example: organic certificates are necessary for essential oils and food products, and GMP is needed for medicines and food products. The project has developed a national confidence of meeting the international standards. So, other kinds of certifications such as eco-auditing, organic certification, GMP also need to be explored.

B) Enterprise development and sustainable marketing

The alliance realizes that local capacity in terms of quality and quantity of the product is critical to make a stronger business relation. Marketing Information System (MIS), working with private companies, consolidation of products and supply chain management, market exposure visit, interaction with buyers and linking communities with appropriate technical expertise, was the alliance's priority to overcome these marketing constraints. It is realized that there needs to be more efforts in understanding the requirements of the buyers and building the national capacity in meeting the buyers' requirements effectively and efficiently. The alliance found the following areas to be critical for successful international marketing of NTFPs: a) Quality (purity, consistency, ingredient/chemical composition, phytosanitary/MSDS), b) Packaging and labeling (attractiveness, image/identity, FSC logo), c) Timely delivery, d) Quantity (determination of demand and supply), e) Sustainable sourcing (Chain of custody), f) Production and market planning, and g) Market positioning, linkages and trust building

To promote international marketing, marketing information system and networking and cooperation among the enterprises from the field to national level should be promoted so that Nepal can improve competitiveness as a quality supplier of NTFPs in international markets. In this regard, the alliance has been promoting networking between and among FUGs and enterprises for consolidation of the products and supply chain management. The alliance companies also realize that the business can sustain in the long-run if it is guided by the principle of fair dealings and responsibility towards the society. The market monitoring system can also support to check adulteration and promote market.

C) Product development

To meet the requirements of the markets, companies need to work on product design and development. The alliance identified the following criteria useful for selecting appropriate NTFPs for further work on product design and development.

- a) Volume of product
- b) International market demand
- c) Consistent quality
- d) Local knowledge on harvesting/management systems and technical processing issues
- e) Benefit (employment and income) to large number of poor rural men and women
- f) Potential for sustainable management
- g) High value (margins to producers)
- h) Potential for value addition locally
- i) Mostly found in Nepal
- j) Resource managed by Community Forest User Groups, management plan and biological monitoring in place.

D) Public-private alliance and networking

The alliance realizes that networking is essential for mutual benefits and also to fulfill the joint effort demanded by certification process and international marketing. It is also found that lobbying and advocacy needs to build and leverage on networking on key stakeholders which can demonstrate much strength and value. With the alliance among key stakeholders, the alliance partners benefited from the complementary strengths of the other organizations in the network. For example, the alliance companies improved their raw material sourcing as they had developed strong network with FECOFUN and FUGs. Together, the alliance members learned about the issues of grassroots communities, supply potential, and buyers requirements and market dynamics, and they consolidated their efforts to receive group certifications, manage supply chains, and promote Nepali products in international markets. All these made realize that the opportunity of getting higher market value and higher benefits is there, but it also demands greater efforts, cooperation and investment.

The alliance has learned that the member base has to be increased and their roles and responsibilities have to be expanded to make the alliance more effective. As the alliance at local and district level plays an important role to impact at grassroots level, the local practice of alliance building needs to be promoted and the learning and best practices need to be documented and disseminated in appropriate forms and methods. It is also realized that the alliance process can only be effective and sustainable if the collaborating partners are ready to mobilize their own resources. **Annex 21** provides the report of the alliance's lessons learned workshop.

E) LRP development for program facilitation and sustainability

Given the field situation and the need to develop the local capacity in efficient and sustainable way, Local Resource Person (LRP) development was found very effective strategy. To promote sustainable resource management, certification, and enterprises in the field, the alliance project decided to develop Local Resource Persons who would work closely with FUG, interest group and individual entrepreneurs. These LRPs received training on FUG resource assessment, enterprise option identification and enterprise development facilitation to local communities. ANSAB and FECOFUN district team worked with LRP to to develop their enterprise development capacity and facilitation skills. With this strategy, the alliance project became successful to build the local capacity in sustainable forest management and enterprise development by organizing a large number of capacity building events in the field.

This strategy has been taken considering the efficiency of the program facilitation and the sustainability of the services at the local level. It is expected that some of the LRPs will also graduate as Business Development Service Providers in the future. LRP development strategy is also equally important to implement the program in the field when the security situation is restricting the movement of the outsiders in the villages.

F) Challenges

To realize the potential, this pilot project has uncovered the following challenges to be tackled. PPA members have made an outstanding effort during this pilot phase of the project in bringing these communities the international recognition and economic benefits they

deserve. However, despite the accomplishments outlined in the, the pilot phase is only the beginning.

The groundwork for international marketing has been laid. The real marketing of exports just commenced in year three when certification was awarded and is starting to materialize with S&D investing in FSC chain-of-custody certification to become a buyer of Nepali certified oils and identification of potential paper buyers. There are challenges, but even in the face of these challenges much was achieved, including sale of products. Continued marketing promotion and marketing skills development for the Nepali companies to integrate the FSC selling points now needs to be emphasized and promoted.

In addition to some impacts on program activities implementation, the security situation has an influence on the business climate as communities and entrepreneurs feel risks to invest funds in local enterprise development. This situation has also affected collection of NTFPs from the forest and transportation of the products to the market places. To cope with this situation as well as to benefit the poorest section of the communities, the project promoted networking opportunity which involved many forest user groups, existing entrepreneurs and the poor. This has created an opportunity for collaboration and consolidation of efforts and the products. This effort has resulted development of network enterprises and also reduced the risks at individual FUG or entrepreneur level. The alliance needs to broaden the scope of the products for enterprise development especially that needs low level investment and capacity and has local markets.

VI. FUND MANAGEMENT

In three years, the alliance has invested Rs 138,502,666 to undertake the project activities. Out of the total investment, USAID fund contributed nearly 26.66% and the rest 73.34% came from the leveraged funds (see **Table 10** below). The project became successful to complete the planned activities surpassing the expected outcomes/targets. ANSAB did it best to be most effective and cost efficient while implementing the project activities by matching the interests and sharing the resources of other projects and organizations.

Table 10: Cumulative Funds for PPA Activities

S.N.	Organization	Amount in Rs
1	USAID Nepal Fund	36,927,699
2	Leveraged Fund*	
a	Asia Network for Sustainable Agriculture and Bioresources (ANSAB)	19,618,210
b	Aveda	73,003,200
c	Nepal NTFP Network (NNN)	
	Federation of Community Forestry Users Nepal (FECOFUN)	1,900,827
	Himalayan BioTrade Pvt. Ltd.	1,498,000
	Enterprise, Environment, and Social Impact Consulting (E ² SIC)	3,285,800
	SNV Nepal	709,750
	Gorkha Ayurvedic Company (GAC)	732,680

	NNN members contribution	826,500
	<i>NNN Total</i>	8,953,557
	Total Leveraged Fund	101,574,967
Grand Total		138,502,666

Note: *The leveraged fund is estimated by the concerned organizations for their in-kind and other contributions to the PPA.

VII. MANAGEMENT ISSUES

In the beginning, most of the project activities at field level were related to training and workshops. These were found not enough to develop the FUGs capacity to meet the criteria of NTFP certification, the project had to find support from other programs and projects. So was the case with enterprise development and capacity building of CBFs. To pull extra resources, in Bajhang, the project tied up with the other projects of ANSAB so that the proper follow up was carried out in the field to further the NTFP certification and enterprise promotion activities. In Dolakha, the project expected to get support from Nepal Swiss Community Forestry Project and district forest office programs. However, that mechanism was found insufficient and the alliance realized that there was a need for greater coordination and resources in the field. Hence, the alliance from year two put additional resources (staff and funds) and extended technical assistance to FUGs and CBFs in improving their management plans and strengthen their capabilities so as to improve the sustainable resource management and meet the requirements of the industry. As the work plan for year 2 got approval only in May, some of the activities however got affected.

The security situation in the field remained a challenge through out the project period. This demanded greater flexibility in programming and adoption of local resource person strategy. As the settlement level activities were found to be most effective to train the community members, most of the capacity building activities were undertaken at the settlement level. Local resource persons were developed and mobilized at the FUG and settlement levels with the continuous backup support from the ANSAB field staff and FECOFUN district members. The capacity of FECOFUN and its district chapters was strengthened for forest certification and FUG social mobilization activities. The project involved local stakeholders, especially district FECOFUN and local NGOs, while carrying out the most of field level social mobilization and capacity building activities.

With the excellent cooperation and support from CTO, alliance members, and other key stakeholders, the project was able to carry out both grassroots level as well as central level activities planned for the project. The most of the activities were undertaken, adapting its implementation modality and partnering with FECOFUN, alliance members, and other local stakeholders in the districts. As the security situation was not improving, the alliance could not hold the policy makers' field-visit as planned for the project. However, a small team comprising of USAID Nepal, government, and other alliance members visited the field towards the end of the project.

ANSAB became successful to leverage additional funds for the alliance activities. As sustaining NTFP certification and marketing initiatives is important, the alliance members worked closely to implement the project activities and are planning to extend the

collaboration beyond the project period to promote sustainable management and marketing of NTFPs.

Alliance Aspiration to Further Certification and Marketing of NTFPs

1) All the original alliance members - Aveda Corporation, Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Rainforest Alliance (RA), The Federation of Community Forestry Users, Nepal (FECOFUN), Enterprise, Environment and Social Impact Consulting (ES²SIC), the Ford Foundation, and the Nepali Private Sector companies have agreed to continue their support for the alliance activities and have issued letters of support. We hope that USAID, as one of the original alliance members will also agree to continue its involvement with the alliance.

- a. Aveda has signed a three-year MOU to continue support to the alliance through 2008 and has committed cash resources to a third industrial symposium for sustainable medicinal and aromatic plants sourcing – a U.S. based industry event that will promote the Nepal certified products among buyers and certification objectives in general.

David Hircock, Advisor to the President and Aveda Herbalist: "Aveda believes this project to be truly transparent and is starting to bring true long term benefit to the FUGs. Aveda has supported and helped build this project due to the quality of the products and the protocols on sustainability and socio-economic impact on the communities. Aveda sees this project as a model for the world on the use of NTFPs, bringing awareness of the inequities of the supply chain to the primary producers. Everything is in place to showcase the country of Nepal to produce a quality natural plant product that brings provable benefit sharing to the people."

- b. ANSAB has committed to continuing its alliance coordination role with some in-kind resources and to be arranged financing in order to expand training, organizational strengthening and enterprise development activities to an expanding alliance membership.
- c. Rainforest Alliance has committed to providing continued technical and marketing assistance and Forest Stewardship Council (FSC) certification services with to be arranged financial support and in-kind contributions from Rainforest Alliance. RA exceeded its contribution to the alliance during the pilot phase with extensive support in training, capacity building of FECOFUN in order to provide certification services to its member FUGs, and marketing assistance.
- d. ES²SIC has agreed to contribute marketing assistance and U.S. and European alliance members' coordination. Trade show support, industry liaison work, and marketing mentoring services to the Nepali companies are a few of the services ES²SIC has agreed to provide to the alliance.
- e. The Ford Foundation is providing financial support, via a grant to ANSAB, for community forestry support activities targeted to the local communities.
- f. Nepali Private Sector companies are contributing time, investment capital, and marketing materials to improve product quality and work with foreign buyers to develop long-term marketing relationships.

- 2) The alliance is actively working to add members to include over a dozen Nepali companies (NGOs working with community forestry in Nepal (CIDA, DFID, WWF), international buyers who have already invested in FSC chain of custody certification and new buyers exploring buying contracts based on the FSC certification (S&D Aroma, Dutchy Originals).
- 3) The alliance is gaining greater support from His Majesty's Government, which views the certification process and associated activities as a means to developing more effective resource management, collaboration among the NTFP sector actors, and NTFP product positioning.

Dr. Damodar Parajuli, Joint Secretary (Chief, Foreign Aid Coordination Division), Ministry of Forests and Soil Conservation: "We need to replicate and expand this initiative. It has enabled us to work together and the process has proven that we can collaborate."

Dr. Udaya R. Sharma, Director General, Department of Forests: "Now we have a model to work on, to build and expand the certification initiatives in Nepal."

Community Forest User Group (FUG) Coverage

One of the major objectives of the Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) – Private Public Alliance (PPA) project was to implement a certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources. For this reason a group certification program, with FECOFUN as the FSC certification holder was pursued. The group certification empowers FECOFUN to add FUG groups to the FSC certification when they are capable of joining. There is no need to wait for an FSC certifying body to come to Nepal and already before the first FSC audit, FECOFUN added new FUG groups and products to the certification.

The Federation of Community Forestry Users, Nepal (FECOFUN) has set-up its organizational structure with village, range post, district, regional and national assemblies and committees. FECOFUN has greatly expanded its organization from the grassroots to a national level. More than 10,000 Community Forest User Groups (FUGs) are affiliated with FECOFUN through its 74 district chapters out of total 14,000 government recognized FUGs in the country (71 percent coverage nationwide). Nine million people of the country managing more than 25% of national forest as Community Forest (CF) are directly involved in FECOFUN's movement.

FECOFUN is conducting various programs to improve women and disadvantaged communities' economic and social status in order to contribute to the government's poverty alleviation program through community processes. Among its various programs, FECOFUN

considers the certification and sustainable forest management activities key to achieving success.

Expanding Project Activities

Though the alliance has achieved much, we recognize there is still much work needed to position the FSC products in the market, and scale up the program to a national level. FECOFUN intends to continue the sustainable forest management and certification program with our internal and potential external resources. We have visualized the benefits of forest certification in market expansion, forest governance improvements and sustainable forests management. In addition to the alliance support already noted above, we have a commitment for the following activities with support from CECI/SAHAKARYA, IDRC/ICIMOD, USAID-PAC, and NSCFP as well as time contributions of FECOFUN staff and board members.

- 1) Extension at district level (Dolakha and Bajhang), including district level network
- 2) Expansion of the certification program in other districts and national level alliance development
- 3) Increase forest area, species and forest products
 - a. Awareness raising
 - b. Coordination and sensitization among stakeholders
 - c. Monitoring and evaluation
- 4) Market exploration of NTFP production
 - a. Collection and information center establishment
- 5) Enterprise promotion through sustainable NTFPs management (domestication and sustainable harvesting)

Additional support is still needed, especially in monetary support for Nepalese to engage with the U.S. and European alliance partners in marketing activities and to support continued certification technical trainings and required FSC annual audits conducted by Rainforest Alliance.

ACRONYMS

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
AHI	Alternative Herbal Industries
CBFE	Community Based Forest Enterprise
CF	Community Forest
CoC	Chain of Custody (Certification)
CSIDB	Cottage and Small Industries Development Board
DDC	District Development Committee
DFO	District Forest Office
DoF	Department of Forests
DPR	Department of Plant Resources
FECOFUN	Federation of Community Forestry Users, Nepal
FM	Forest Management
FNCCI	Federation of Nepalese Chambers of Commerce and Industries
FSC	Forest Stewardship Council
FUG	Forest User Group
GAC	Gorkha Ayurved Company (P) Ltd.
GCP	Global Conservation Program of USAID
GMP	Good Manufacturing Practices
HBTL	Himalayan BioTrade Pvt. Ltd.
HJSS	Himali Jadibuti Sarokar Samuha
HMG	His Majesty's Government
HPPCL	Herbs Production and Processing Company Limited
HNCC	Herbs and Non-timber Forest Products Coordination Committee
M&E	Monitoring and Evaluation
MFSC	Ministry of Forests and Soil Conservation
MIS	Marketing Information System
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
NNN	Nepal NTFP Network
NSCFP	Nepal Swiss Community Forestry Project
NTFP	Non-Timber Forest Product
P&C	Principles and Criteria
PPA	Public Private Alliance
RA	Rainforest Alliance
Rs.	Nepali Rupees (US \$1 = Rs. 72)
SDC	Swiss Agency for Development and Cooperation
SNV	Netherlands Development Organization
US	United States
USAID	United States Agency for International Development
VDC	Village Development Committee
FY	Fiscal Year
SBTG	Sustainable Biotrade Group

PPA

Final Report Annexes

December 2005

Cooperative Agreement Award

No.: 367-A-00-02-00209-00

Project Title: Certification and Sustainable Marketing of
Non-timber Forest Products (NTFP) – Private
Public Alliance (PPA)

Submitted to: USAID/Nepal
Ravi Bhawan, Kathmandu
Nepal

Submitted by: Asia Network for Sustainable Agriculture and
Bioresources (ANSAB)
P.O. Box 11035
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Project Period: September 27, 2002 – September 30, 2005

Reporting Period: September 27, 2002 – September 30, 2005

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**Annex 1: Proceedings of the conference on
certification and sustainable marketing of NTFPs**

**Conference on Certification and Sustainable Marketing
of Non-timbers Forests Products –Public Private
Alliance**

January 11, 2005

Workshop Proceedings

Asia Network for Sustainable Agriculture and Bioresources (ANSAB)

P. O. Box: 11035, Kathmandu, Nepal

Acronyms

AHP:	Alternative Herbal Products Pvt. Ltd
ANSAB:	Asia Network for Sustainable Agriculture and Bioresources
BS:	Bikram Sambat
BZF:	Buffer Zone Forestry
CBD:	Convention on Biological Diversity
CECI:	The Canadian Centre for International Studies and Cooperation
CF:	Community Forestry
DAGs:	Disadvantages Groups
DFO:	District Forest Office
FECOFUN:	Federation of Community Forestry Users, Nepal
FSC/SW:	Forest Stewardship Council/Smartwood
FSC:	Forest Stewardship Council
FUG	Forest User Group
FUGs:	Forest Users Groups
GAC	Gorkha Ayurved Company (P) Ltd.
GDA:	Global Development Alliance
HBTL	Himalayan BioTrade Pvt. Ltd.
HNCC	Herbs and NTFPs Coordination Committee
ICIMOD:	International Center for Integrated Mountain Development
IDE:	International Development Enterprises
LF:	Leasehold Forestry
MFSC:	Ministry of Forest and Soil Conservation
NAF:	Nepal Agro-forestry Foundation
NGO	Non-Governmental Organization
NNN	Nepal NTFP Network
NSCFP	Nepal Swiss Community Forestry Project
NTFP	Non-Timber Forest Product
NTFPs:	Non-timber Forest Products
PPA	Public Private Alliance
RA	Rainforest Alliance
SEEPOR	Socio-economic and Ethno-political Research and Training Consultancy
US	United States
USA:	United States of America
USAID	United States Agency for International Development

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Section 1: Background, Objectives and methods

1.1 Background

With the support from USAID/Nepal, various other donors programs, and the alliance members, ANSAB (Asia Network for Sustainable Agriculture and Bioresources) has been coordinating the Non-timber Forest products (NTFPs) Certification and Sustainable Marketing program-Public Private Alliance (PPA) since October 2002. The program strives to form an alliance between public and private sectors and link Nepal and foreign NTFP buyers, Nepali producers, and NGO (Non-governmental organization) and government programs assisting the NTFP sector in order to increase incomes and employment for Nepal's NTFP producers, promote sustainable resource management, institute a certification program for NTFPs in Nepal, and expand responsible buying practices among industry members in the West. In this context ANSAB organized a Conference on NTFP Certification and Sustainable Marketing at Hotel Himalaya, Kathmandu on January 11, 2005. A total of 101 participants from government officials, non-governmental organizations, donor communities, producers groups, business houses, journalists and other facilitating organizations attended the conference (**see Annex 1 for the participants**). The conference was organized with an aim to interact and share its experiences, achievements, and prospects of NTFP certification and sustainable marketing with the key partners, government agencies, donors, projects, and other stakeholders. Four presentations were made in the conference:

1. Alliance for certification and sustainable marketing of NTFPs - an overview- Mr. Bishma P. Subedi, Alliance Coordinator/Executive Director of ANSAB, Nepal
2. International Industry Perspective- Non-timber Forest Products: Medicinal and Aromatic Plants and Paper Products from Nepal- Dr. David Hircock, Herbalist/Advisor to President of Aveda Corporation, USA
3. Nepal initiatives in the perspective of world's sustainable forestry movement- Mr. Walter Smith, Founding Member of FSC/Senior Technical Specialist of Rainforest Alliance, USA
4. National initiatives towards sustainable production and marketing of NTFPs- Dr. Uday R. Sharma, Member Secretary of Herbs and NTFPs Coordination Committee/Director General of Department of Plant Resources, Nepal

Dr. Damodar P. Parajuli, Joint Secretary of Ministry of Forest and Soil Conservation was the Chief Guest of the conference and the program was presided over by Mr. Bishma P. Subedi, Executive Director of ANSAB.

1.2 Objectives

The conference was organized with an aim to interact and share certification and sustainable marketing experiences, achievements, and prospects of NTFP certification and sustainable marketing with the key partners, government agencies, donors, and projects.

1.3 Process and methods

The process of the workshop included:

- Panel introduction and agenda sharing
- Inauguration
- Presentation on four broader areas
- Questions and answers and
- Closing

The detail of the schedule is in **Annex 2**.

Section 2: Highlights of the conference

2.1 Inauguration of the conference

Dr. Damodar P. Parajuli, Joint Secretary of MFSC (Ministry of Forest and Soil Conservation) and Chief Guest of the conference inaugurated the conference by lighting the lamp.

2.2 Presentations:

Mr. Bishma P. Subedi, Alliance Coordinator and Executive Director of ANSAB presented a paper on Alliance for certification and Sustainable Marketing of NTFPs-an Overview. The presentation covers the biodiversity use and management; alliance building for the NTFPs promotion; sustainable forest management and certification; enterprise and market promotion and policy issues. Nepal is very much rich in terms of biodiversity but we are living in poverty without utilizing the natural resources. Himalayan ecosystem is the global hotspot and harbors 7000 species of higher plants of which 10-20% are medicinal and aromatic plants. About 160 species are in trade which generates about Rs. 2.5 billion in 2002 whereas the lost opportunities estimated by the 42 billion every year.

Poor forest dependent people become poorer due to the management focus and product movements from collection to end use. The management focus is still protected area system models, regulation, ban and restrictions and subsistence mode. The products are moving through several hands to India and ultimately US and Europe. As a result very little income goes to the local communities and uncertain quality supply to industries.

He presented the alliance progress on the sustainable forest management/certification and enterprise development. The progress on sustainable forest management and certification include understood certification needs, issues and systems among key stakeholders- Forest Stewardship Council certification; prepared FSC/SW interim NTFP certification guidelines; developed certification model for Nepal; requirement analysis and Resource Manager's policy and guidelines prepared; communicated to FUGs in two districts selected to pilot the certification; built awareness and capacity in forest management and certification among multiple stakeholders. Alliance activities have generated 1,209 direct NTFP processing and marketing jobs and benefited 5,334 households. A total of 11,209 grassroots participants received technical assistance on sustainable forest management that will allow further groups to join the FECOFUN FSC certification. 11 FUGs managing 10,500 ha of forests in Bajhang and Dolakha qualified to enter the certification pool meeting all standards; and assessment of FECOFUN and FUGs in certification pool completed. Similarly, in enterprise and marketing of NTFPs front-the alliance strengthened capacity of CBFs in marketing and business promotion - Gorkha Ayurved Company (GAC), Himalayan Biotrade (HBTL), AHP (Alternative Herbal Products), and community enterprises; consolidated supply chain and market linkages; made promotion push for Nepali NTFPs (market information, industrial leadership conference, sample distribution, packaging and labeling); initiated design and development (essential oils, paper, soap, tea, herbal products); new market niche for Nepali products; and last year, the alliance contributed to sales of 602,865 kg of raw and processed NTFPs with a value of Rs. 35,130,254. Industry coaching has resulted in the development of a wide range of products including pain relief oil, personal care products, herbal teas, and hand made papers.

He stressed that the enterprise oriented community forestry management has tremendous scope for poverty reduction and biodiversity conservation through sustainable forest management and certification schemes. He added that community has started initiatives to address the threats to biodiversity, where they have economic incentives and he felt a big gap from subsistence orientation to enterprising interface and new subject and overcoming knowledge gaps. The detail of the presentation is provided in **Annex 3**.

Dr. David Hircock, Advisor to the President of AVEDA, made a presentation on International Industry Perspective- Non-timber Forest Products: Medicinal and Aromatic Plants and Paper Products from Nepal. The major agenda of the presentation was AVEDA's environmental commitment and policy; state of the collection of medicinal and aromatic plants in the world and America; the answers to the plant extinction; herbal and aromatic plant industries sustainable sourcing environmental and social benefits; questions asked by industries while purchasing the goods. His presentation highlights on major products from Nepal-MAPs (Medicinal and Aromatic Plants) and hand made paper products; policy of protecting biodiversity and environmental sustainability. He shed a light on Industrial leadership symposium 2003 in Philadelphia, USA. He delivered a personal message from Dominique Conseil, President of Aveda. "At Aveda we strive to set an example in environmental leadership and responsibility. With extinction of plant species at an all time high, it is imperative that industry takes responsibility for the supply chain of medicinal herbs". We must act today to protect all species, plant and animals, and protect from exploitation the very special people who are able to work in harmony with the forests. The alliance asks the right questions -- empowering forest dwelling people to protect their lands and maintain their livelihood."

He also briefed AVEDA's process of purchasing. Before actual purchasing the company asked several questions regarding the supply chain management, sustainable resource supply and conservation strategy, payment to the farmers/collectors; traceability; quality of the products; and respect for the primary producers. The detail of the presentation is in **Annex 4**.

Dr Walter Smith, Founding Member of FSC/Senior Technical Specialist of Rainforest Alliance, USA presented a paper on Nepal initiatives in the perspective of world's sustainable forestry movement. The presentation covers Forest Stewardship Council (FSC) certification; FSC Standards: defining sustainable forest management, FSC principle and criteria; overview of FECOFUN (Federation of Community Forestry Users Nepal) assessment; assessment conditions; and challenges. He highlighted forest certification progress in Nepal and SmartWood certification assessment process. The assessment process includes scoping and pre-assessment; stakeholders' consultations, main assessment, peer review; and certification decision.

He stated that FECOFUN received a first NTFP certification in Asia and first hand made paper certification in the World. Moreover this is only community-based forestry currently certified in Asia and it is unique certified products. He appreciated to the FECOFUN to get least conditions in the assessment. The detail of the presentation is in **Annex 5**.

Dr. Udaya Raj Sharma- Member Secretary of Herbs and NTFPs Coordination Committee (HNCC) and Director General of Department of Plant Resources, Nepal presented a paper on National Initiatives for Sustainable Production and Marketing of NTFPs. His presentation incorporates mainly the biodiversity status of Nepal, people and biodiversity interface, major trade and trade volumes of NTFPs. He added on the problems of the NTFPs sub-sectors that include absence of benefit-sharing mechanism restrictive policies, unexplained bans, illogical royalty rates, hassles in goods movement, extortion by conflict situations. He stressed that 690 Plants (of 5856+ flowering plants) considered possessing medicinal values whereas more than 100 MAPs are in trade including 21 in high volume. His presentation made clear on the export trend in the south Asia. A vast majority of rural people depend on NTFP resource and primary collectors usually earn less, often less than the wage value and most of the products are exported in raw form.

NTFP are increasingly demanded for phyto-medicines, industries (cosmetic, food supplements, dyes, etc.). Monetary value of MAP trade is over \$ 63 billion and South Asian trade are expected to grow by 10-15% annually. Nepal shares 20,000 tons MAPs worth \$ 18-20 millions in every year but the MAP supply dwindles, quality deteriorates, and habitat degrades while collecting from the forests. He shed the light on the government commitment such as Forestry Sector

Master Plan-MAPs as one of the primary programs, tenth five year plan emphasis the role of MAPs in income generation and providing rural employment and biodiversity conservation has been given high priority.

He explained in detail about the national biodiversity strategy which considers NTFP as the wealth of the country: NBS recommended programs and recommends the following program: conservation, sustainable harvest, and marketing of resources; commercial cultivation of selected MAPs and development of industries based on steady supply of MAP/NTFP raw materials.

He briefed on the Herb and NTFPs Development Policy-2061BS. He highlighted the process of policy development. He expressed that this policy is people centre policy and it addresses people's agenda on the NTFPs development. The policy incorporates resource conservation issues in in-situ and ex-situ; mainstreams MAP program in community Forestry (CF), Leasehold Forestry (LF), Buffer Zone Forestry (BZF), and government managed forests; harvesting resources in sustainable manners based on resource inventory; promote commercial cultivation of selected MAPs; insure sustained supply to national and international markets and focus programs to benefit disadvantages groups (DAGs), poor, and women. He listed out the challenges of sustainable NTFPs management. They include weak convention on biological diversity (CBD0 implementation, absence of benefit-sharing mechanism; restrictive policies, unexplained bans, illogical royalty rates, hassles in goods movement, extortion by Maoists, biodiversity registration in its infancy and product identification and authentication.

He concluded that NTFPs sub-sector is under utilized and the sub-sector can go in very profitable way. He depicted that NTFP can play major role in poverty alleviation but it needs a lot of coordinated efforts on research, management from farmers/collectors, entrepreneurs, traders and NGOs and government level. He pointed out the need of sustainable management of commercially valuable targeted plants including more efforts to develop quality control, certification, and standardization of prized Nepalese herbs. Detail of the presentation is in **Annex 6**.

2.3 Questions and answer session

The participants were then given the opportunities to raise questions and that were then collected and answered by the presenters. Following is the summary of the session:

1. **Bob Nance-(IDE) Nepal**
 - Is there any premium price for the FSC certified products or if not how can achieve it?
 - How can we be continued the certification agenda?
2. **Maheshwor Ghimire-Independent consultant**
 - Who and how independently assessment was done?
 - How much sample was taken for the assessment?
 - Other question related to mapping of the medicinal and aromatic plants?
3. **K. P. Neupane-NAF**
 - What are the pressing needs for the certification? Is it for the marketing or quality insurance?
 - What are the implication for the local markets and employments?
4. **Dr. Kailash Pyakurel-SEEPOR**
 - Can we get Patten right for the first FSC certified hand made paper?
5. **Julia Sanchez-CECI**
 - What about the market situation? Is it granted and can we get a premium price for the certified products?
6. **Rajiv Pradhan-Lotus holdings**
 - What are the species that selected for the certification?
7. **Dyutiman Chaudhari-ICIMOD**
 - What are the various capacity needs you have to face for the various level of stakeholder?

Response from the presenters:

- **Walter Smith:**
 - The premium price of the product might increased and it is due to the relationship and long-term commitment
 - It is not always a premium price for the products
 - It depends on the long term relationship and fair contracts
 - We can use certification as tool not as ends and it is a promotional measures
 - It is also helpful to the new product development
- In response to Maheshwor Ghimire –what are the procedures for the certification
 - He explained the assessment procedures-internal audit and gap analysis, scoping-technical assistance to FECOFUN capacity building to fulfill gap
- **Ann Koontz**
 - in Response to the premium price of the Nepali products-key alliance members make education and orientation on certification
 - Nepal known as leader of community forestry not translated into the marketing of the forestry goods
 - FSC certification will help them to fetch premium price by making good quality products and linking with the responsible buyers like AVEDA
 - Support or sustainable marketing to the FUGs and Nepali business houses
- **Dr. David** on quality and conservation can be an issue in Nepal; quality assurance of the raw materials can be the major problems and it will take time to get premium price-long-term commitment and product positioning will lead the premium price
- **Dr. Sharma** in response to the Ghimire’s question-
 - Every 10 years trees are inventoried but not for the NTFPs

- This is not enough
- Collaboration effort will make to inventory of the NTFPs- 5 major species will be inventory and evaluate the situation and with actual situation
- For the NTFPs inventory DFO will make a plan-regional planning process
- **Response to Rajiv Pradhan**
 - Question directed to the NNN (Nepal Non-timber Forest products Networks)
 - Community forestry (CF) are gradually for the pharmaceuticals
- Dr. Walter on Pattern right related questions-
 - It can be received the pattern right but it is different scheme of the pattern right
- **Response by Bhishma P. Subedi**
 - Regarding the capacity building the need on this is very huge-in all value chain
 - It is difficult doubtful to adopt and to answer why FSC and why not other in the very beginning
 - From the exploration, certification is found to be useful tool conservation
- **FECOFUN Bhola Bhattarai-**
 - Transition from subsistence to market oriented management
 - It can be answered a equity and governance in the single tool
 - It is realized by the all stakeholders and donors and other public
 - Our identity will be preserved in terms of our products-marketing in the name of Nepali products
 - It is not only to the international markets, it is also targeting to the local marketing potential
 - We need to understand all value chain and stakeholders needs-community, districts, markets and others

2.4 Remarks by the chief and other guests in the conference:

Damodar P. Parajuli, Chief Guest of the conference and Joint Secretary of the MFSC read speech on behalf of Minister of Forest and Soil Conservation, Badri P. Mandal. He emphasized on forestry programs of the government including community forestry and sustainable forest management and certification. He repeated the commitment on the sustainable forest management and certification agenda of MFSC. He expressed happiness being succeeded the pilot forest certification-Dolakha and Bajhang through the alliance efforts. He promised to continue support for sustainable forest management and enterprise development for the responsible marketing in national and international level. The detail of the speech is in **Annex 7**.

August von Millard- representative USAID made remarks on the conference. He stated that this project is supported by global development alliance (GDA) and he appreciated to presentations. He added that certification is a good mechanism for assuring the sustainability of the forest products as well as good forest management practices. PPA-pilot project; is successful pilot project and will be replicated for the whole Nepal as well as in the other part of the world. He stressed on the project that it helps to support economic sustainability for those people from production group who are really poor.

2.5 Closing

Bhishma P. Subedi, Chairperson of the conference concluded the workshop with a short remark. On his remarks, he presented a lot of potentials from the forestry sector and NTFPs and urged to make synergy for the benefits of the local communities. He hoped a lot of potentials as well as we challenges in the NTFPs sub-sectors. Policies are supportive and government has commitment to

support translating the policy into the practices. He appealed join the hands for the common cause of enterprise development, conservation and responsible business to all concerned parties in the alliance to cater the future for the responsible business and sustainable forest management. He thanked to all from donors, governments, private entrepreneurs and HNCC and other participants of the conference. He thanked to all from donors, governments, private entrepreneurs, media persons and other relevant stakeholders during his remarks.

**Annex 1: Participants of Conference on Certification and Sustainable Marketing of NTFPs-
Public Private Alliance**

ANSAB

Conference on Certification and Sustainable Marketing of NTFPs-Public Private Alliance

January 11, 2005

Hotel Himalaya, Kupondole

1	Bhishma P. Subedi	ED	ANSAB
2	Chandika Amgain	CFF	ANSAB
3	Ann Koontz	Program Director	EWV
4	Dr. David Hircock		AVEDA
5	Walter Smith	Senior Technical Specialist	Rainforest Alliance
6	Ram P. Acharya	Program Officer	ANSAB
7	Govinda Ghimire	MD	AHP
8	Surat B. Singh	MD	Malika
9	Khadga B.	Chairman	SHRBL
10	Niranjana Nepal	General Manager	Bhaktapur Craft Printer
11	Bipin K. Acharya	Lecturer	TU
12	K. P. Neupane	ED	NAF
13	Gagan B. Singh	Chairperson	FECOFUN, Bajhang
14	Prabindra Bajracharya	M. Manger	Alternative Herbal
15	Harihar Parajuli	Reporter	Himalaya Times
16	Maheswor Ghimire	Int. Organic Inspector	NASAA Australia
17	Hari P. Bhattarai	Lecturer	TU
18	Mohan Dungal	RD. ERFD	ERFD
19	R. B. Shrestha	SPO	NARMSAP
20	Avgbt Millad	Team Leader	USAID
21	Bigjan Acharya	Env & For. Specialist	USAID
22	Netra N. Sharma	AID-PPA	USAID
23	Bob Nanes	CD	IDE
24	Damodar P. Parajuli	Chief, FACD	MFSC
25	Man P. Khatri	Chairperson	HJSS
26	Fransisco Tolento	Advisor	SNV/Nepal
27	Kailash Pyakuryal	Executive Chairman	SEEPOR
28	Devendra Chapagain	Director	SEEPOR
29	Shambhu Chaurasiya	DFO	District Forest Office, Dolkha

30	Harihar Neupane	Chairperson	FECOFUN, Dolkha
31	Yeshi Lama	Senior Program Officer	WWF-NP
32	Harisharan Luintel	Team Leader	ForestAction
33	Khilendra Gurung		HBTL
34	Parbat Gurung	MD	HBTL
35	Binod Kumar Singh	Chariperson	RAN
36	Julia Sanchez	Regional Director	CECI
37	Bhairab Risal		NEFEJ
38	Uday Sharma	DG	DPR
39	R. P. Paudel	RD	WRFD
40	Dinesh Nepal		Sunkoshiko
41	Suresh Verma	Director	SAP-Nepal
42	Sushil Panta	Senior Reporter	93.2 SGM F. M.
43	Reshmin Bhusal	Reporter	Professional Media Network
44	Ram H. Subedi	BDS-Manager	ANSAB
45	Prem Tiwari	MD	GAC
46	D. D. Bhatta	RD	Mid West Forestry Directorate
47	Gorakh B. Bogati	Secretary	HJSS Nepal
48	Bhola Bhattarai	Secretary	FECOFUN
49	B. K. Kaini	Joint. Secretary	MOAC
50	Madhup Dhungana	Senior Program Officer	New ERA
51	Indu Sapkota	CFM	ANSAB
52	Navin Subedi	BDS Officer	ANSAB
53	Surya Khadka	NTFP Enterprise Facilitator	ANSAB
54	Ananda Pokhrel	ANAR	ANAR
55	Bal K. Sharma		Nawa Kshitij Offset Press & Support
56	Praveen Dabur		CBNL
57	Dil Raj Khanal	FECOFUN	Advocate
58	Ganesh Karki		FECOFUN
59	Bhim P. Shrestha	Chairperson	FECOFUN
60	Baiju Prasad	DFO	DFO, Bajhang
61	Usha Kiran Agrawal	Director, Finance	CBNL
62	Apsara Chapagain	Vc. Chairman	FECOFUN
63	Laxmi Paudel	Treasurer	FECOFUN
64	Vaishali Pradhan	Reporter	The Boss
65	Tika R. Pantha	Acc/Finance Officer	ANSAB

66		GTZ/	Pulchowk
67	Sabin Sharma	Reporter	ECR FM 104.2
68	Rama Ale Magar	Secretary	Himawanti Nepal
69	Binod Khanal	Secretary	SPEECH-Nepal
70	Surya Karki	Journalist	SPEECH-Nepal
71	Shiva Duwadi	Journalist	Channel Nepal
72	Rajendra KC	Journalist	Channel Nepal
73	Ramesh Puri	Manager	IEDI
74	Sanjeev K. Pandey	CEO	Bounty Himalaya
75	Anuj D. Joshi	Advisor	SNV/Nepal
76	Birendra Paswana	FG	Dolkha Forest Office
77	Karma Bhutia	Program Coordinator	TMI
78	Vijaya P. Singh	SPO	UNDP
79	Ananda K. Shrestha	Reporter	NEFEJ
80	Shreehari Shrestha		ETV
81	Subodh Gautam	Reporter	Kantipur Daily
82	Pankaj K. Das	Program Officer	HNTFPCC/MFSC
83	Yoshindzn Kinoshita		JICA
84	Badri Bdr. Dulal	Reporter	Weekely
85	Narendra Gurung	Senior Program Officer	JICA
86	Siddhantha Bajracharya	Team Leader	KMTNC
87	Nima Sherpa	Director	Tibetan Handicraft
88	Madhu Pant		F.M. 93.1
89	Anil Subedi	ED	ITDG
90	Dinesh Paudel		NSCFP
91	J. K. Tamrakar	DG	DoF
92	Dyutiman Chaudhary	Associate Expert	ICIMOD
93	Hema K. C.	IDS	MEDEP, UNDP
94	Jeevan.....	IDI	
95	Sushil Mainali		NEFEJ
96	B. K. Baniya	Director	
97	Rajiv Pradhan	ED	Lotus Opportunities
98	Chrissie Wellington		RRN
99	Pratibha Bangdel	AAO	ANSAB
100	Anjana Nepal	Receptionist	ANSAB
101	Samasti Manandhar	FA	ANSAB

Annex 2: Schedule of conference on certification and sustainable marketing of NTFPs

**Conference on
Certification and sustainable Marketing of NTFPs**

Public Private Alliance

January 11, 2005

Venue: Hotel Himalaya, Kupandol

9:30	Registration and Tea/coffee
9:55	Panel introduction
10:00	Inauguration by Chief Guest (Honorable Minister for Forests)
10:10	Welcome
10:15	Presentation on Alliance for Certification and Sustainable Marketing of NTFPs - an Overview (Mr. Bishma P. Subedi, Alliance Coordinator/Executive Director of ANSAB, Nepal)
10: 35	Remarks (Member of National Planning Commission and representative from donors)
10:45	Remarks – Chief Guest
11:00	Tea break
11:50	Presentation on International Industry Perspective (Dr. David Hircock, Herbalist/Advisor to President of Aveda Corporation, USA)
12:10	Presentation on Nepal’s Initiatives in the Perspective of World’s Sustainable Forestry Movement (Mr. Walter Smith, Founding Member of FSC/Senior Technical Specialist of Rainforest Alliance, USA)
12:30	Presentation on National Initiatives towards Sustainable Production and Marketing of NTFPs (Dr. Uday R. Sharma, Member Secretary of Herbs and NTFPs Coordination Committee/Director General of Department of Plant Resources, Nepal)
12:50	Q&A
1:25	Closing
1:30	Lunch

**Annex 2: Proceedings of the PPA annual review
and planning meetings 2003, 2004 and 2005**

**Certification and Sustainable Marketing of
Non-timber Forest Products (NTFPs) - Public Private Alliance**

**Alliance Activities Planning Meeting Proceedings
January 8-9, 2003, Kathmandu**

**Asia Network for Sustainable Agriculture and Bioresources
(ANSAB)**

New Baneshwor

P.O. Box 11035, Kathmandu, NEPAL

Contact: Bhisma P. Subedi, Executive Director

Introduction

Alliance activities planning meeting of the Certification and Sustainable Marketing of Non-Timber Forest Products (NTFPs) - Private Public Alliance was held in Kathmandu on January 8-9, 2003, and the detail program of the meeting is given in Annex 1. The meeting was organized by ANSAB with the following goals:

- Alliance partners get to know each other better and establish a working relationship;
- Each partner gains an understanding of the project goals and objectives and clearly provides their expectations for the project and these expectations are leveled off and rationalized among partners;
- Partners gain a preliminary overview of certification issues, industry dynamics and expectations, and NTFP issues in Nepal, especially for Community Forest User Groups (FUGs); and
- The year one draft work plan is reviewed and finalized.

Representatives from all alliance members identified so far were present in the meeting. They include U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (Himalayan BioTrade Pvt. Ltd. and Gorkha Ayurved Company (P) Ltd); Nepali Networks and NGOs (Asia Network for Sustainable Agriculture and Bioresources – ANSAB, Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), and Federation of Community Forestry Users, Nepal (FECOFUN)); government (MFSC, DPR, DOF); and donors (USAID, SNV) that have been developing community forest user groups and NTFP industry coordination within Nepal. There were 20 participants, and the detail list is found in Annex 2.

The goal of the Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) alliance is to link Nepal and foreign NTFP buyers, Nepali producers, and NGO and government programs assisting the NTFP sector in order to:

- increase incomes and employment for Nepal's NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute a certification program for NTFP in Nepal; and
- expand responsible buying practices among industry members in the West.

The specific objectives are:

- Promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers
- Implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources
- Improve and maintain quality and consistency of Nepali NTFPs
- Gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers
- Educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products
- Lobby for an enabling policy environment for free and fair trade practices

The meeting was also an important step to start in getting all the already identified and potential alliance members on board to promote Nepali NTFPs and community based enterprises.

HIGHLIGHTS OF THE MEETING

During the opening session, Dr. Bijnan Acharya from USAID/Nepal highlighted the scope and challenges of the project, and wished the commitment of all the alliance members for its successful implementation. He also shared that USAID has been assisting Nepal for sustainable management of the forest for a long time, and emphasized that only active participation by the alliance members would make this project successful in achieving its goal and objectives. The opening session was also addressed by Dr. Damodar P. Parajuli, Ministry of Forests and Soil Conservation (MFSC). On his opening remarks, he advised that MFSC is keen to develop different aspects of NTFPs, and appreciated the works carried out by ANSAB and other alliance partners in the areas of NTFPs promotion.

After the goals and expectations for the meeting were presented and discussed, a brief introduction session of Alliance Members with a go around the room, and have each individual/group introduce themselves gave some idea about the participants. A partners contact list was included in the handout packet. A series of presentations were made (followed by plenary discussion and clarification of issues) by alliance members on their areas of expertise, business and experience (see Table 1). These presentations and additional handout materials are found in Annex 3.

Table 1: List of Presentations

Topic of Presentations and Discussion	Presenter(s)
Introduction and overview of the certification and sustainable marketing of NTFPs – Public Private Alliance (PPA)	Mr. Bhishma P. Subedi and Ms. Ann Koontz
Product certification and quality assurance initiatives in Nepal	Dr. Uday R. Sharma
Overview on certification processes and Rainforest Alliance initiatives	Mr. Walter Smith
Herbal products industry perspectives – Aveda’s experiences and work with product sourcing and traceability issues	Mr. David Hircock
Community Forest User Groups and sustainable forest management	Mr. Bhola Bhattra
Marketing of NTFPs produced from community based forest enterprises	Mr. Parbat Gurung, HBTL
Processing and marketing of NTFPs produced by local communities	Mr. Prem Tiwari
Overview of community forestry program in Nepal	Dr. Keshav Kanel
Community-based conservation	Ms. Ann Koontz

Wrap-up summary and recapitulation sessions before the end and beginning of the day as well as the clarification of the burning issues after all the presentations were useful to clarify the issues and define the roles of each partner. The consensus on few clarifications worth mentioning as follows:

Certification clarification

- “Certification” widely used but not a substitute for “quality, health, safety standards”
- Self certification, second party vs. third party certification (government involvement varies)
- Only seek certification with clear market in mind and/or as a tool to make business more sustainable
- This project focuses on third party certification (a very small subset of certification) so as to verify independently

Industry Clarifications

- The development of a long-term buyer relationship takes time and a series of trust building steps and demonstration of quality
- For herbal products (Western markets) semi-finished products, not final consumer products (as to minimize marketing cost and also to offer options in producing final products as consumer requirements)

Building on the progress made by the Nepali partners meeting held on January 2, 2003, few activities were selected for the discussions and exercises. These include product selection criteria, potential products for product development and certification, monitoring and evaluation criteria and indicator, project communications and promotion. Thus, a number of methods and processes were employed during the meeting to get to objectives, and they are mainly: presentation of papers, discussion, sharing and clarification, revision of planned activities, product selection criteria development and prioritization exercises, and indicative discussion on monitoring plan. A “cocktail hour” with beverages and snacks served was arranged in the first day evening to continue more mixing and informal exchanges among partners.

The closing was made by Dr. Bijnan Acharya (USAID/Nepal) congratulating all alliance members and ANSAB for their invaluable contribution in making the meeting worthy, interactive and decisive, and Mr. Bhisma P. Subedi (ANSAB) offered vote of thanks for everybody for their participation.

OUTCOMES

The Alliance Members and participants found the meeting very useful. Some outcomes of the meeting include:

- Contributed greatly to strengthening the alliance members networking and establishing working relationship.
- Leveled off the alliance members expectations for the project, and conceptualization of the fundamentals of certification and its scope in the project environment.
- Developed product selection criteria and thereof identified the potential products for certification and product development:

Product Selection Criteria

- 1) Volume of product

- 2) International market demand
- 3) Consistent quality
- 4) Local knowledge on harvesting/management systems and technical processing issues
- 5) Benefits (employment and income) large number of poor rural women and men
- 6) Potential for sustainable management
- 7) High value (margin to producers)
- 8) Potential for value addition locally
- 9) Mostly found in Nepal
- 10) Resource managed by Community Forest User Groups, management plan and biological monitoring in place

The score of the products against selection criteria is given in Annex 4, in which *Daphne species*, *Gaultheria fragrantissima*, and *Morchella conica* scored to be the most potential for certification among the certification potential products. The scoring was done in a participatory manner creating selection matrix, which was displayed with on-line edition (computer).

Potential Product Development

1. Hand made paper products
 2. Essential oil products
 3. Herbal teas
 4. Herbal incense
 5. Herbal cosmetics (personal care)
 6. Ayurvedic medicine
 7. Handicrafts
- Developed a framework of monitoring and evaluation criteria and indicators, on which the plan can be built (Annex 5).
 - The year one draft work plan was reviewed and finalized.
 - Suggested follow up action including a MOU to be signed among alliance members, coordination for project implementation.

Annexes

1. **Program Schedule**
2. **List of Participants**
3. **Presentations and Handouts**
4. **Scoring of Products**
5. **Monitoring and Evaluation Criteria and Indicators – For Discussion**

Annex 1: Program Schedule

Venue: Hotel Everest

January 8, 2003	
Time	Topic/Sub-topics
9:00-9:30	Registration
9:30-9:50	Opening remarks
9:50-10:00	Goals and expectations of the meeting
10:00-10:20	Introduction of alliance members
10:20-10:50	Tea Break
10:50-11:10	Introduction and overview of the certification and sustainable marketing of NTFP - Public Private Alliance by Bhisma Subedi and Ann Koontz
11:10-11:30	Product certification and quality assurance initiatives in Nepal by Dr. Uday Raj Sharma
11:30-12:30	Overview on certification processes and Rainforest Alliance initiatives by Walter Smith
12:30-1:30	Lunch
1:30-2:30	Herbal products industry perspectives – Aveda’s experiences and work with product sourcing and traceability issues by David Hircock
2:30-2:45	Community Forest Users Groups (FUG) and sustainable forest management by Mr. Bhim Prasad Shrestha/Bhola Bhattarai
2:45-3:00	Marketing of NTFPs produced from community based forest enterprises (CBFEs) by Mr. Parbat Gurung
3:00-3:15	Processing and marketing of NTFPs produced by local communities by Prem Tiwari
3:15-3:45	Tea Break
3:45-4:45	Panel discussion
4:45-5:00	Wrap up of the day’s work
5:30-7:00	Reception

January 9, 2003	
Time	Topic/Sub-topics
9:30-10:00	Objectives for day two
10:00-10:20	Overview of the community forestry program by Dr. Keshav Kanel
10:20-10:40	Community-based Conservation by Ms. Ann Koontz
10:40-12:30	Clarification of burning issues and roles of the partner institutions
12:30-1:30	Lunch Break
1:30-2:00	Draft work plan review
2:00-5:00	Working session for finalizing the draft work plan and closing

Annex: 2 List of Participants

S.N.	Organization	Name & Designation
1	AVEDA Corporation Carriage House 1626 Yellow Springs Road Chester Springs, PA 19425 USA	Mr. David Hircock, Herbalist
2	Rainforest Alliance/Smart Wood Program 1794 Hilltop Drive Willits, California USA 95490	Mr. Walter Smith Senior Technical Specialist
3	Enterprise, Environment , and Social Impact Consulting (E ² SIC) 3517 Woodside Road Alexandria, VA 22310, USA	Ms. Ann Koontz Director
4	Socio-Economic and Ethno-Political Research and Training Consultancy (SEEPOR) P.O. Box 3635, Baneshor, Kathmandu, Nepal Tel: 470305, 470390	Dr. Devendra P. Chapagain Director
5	United States Agency for International Development (USAID/Nepal) Rabi Bhawan, Kalimati G.P.O. Box 5653, Kathmandu , Nepal Tel: 270171, 270144, 272481	Dr. Bijan Acharya, Environment and Forestry Program Specialist, GDO Mr. Netra N. Sharma Sapkota, AID Development Program Assistant
6	Foreign Aid Coordination Division Ministry of Forests and Soil Conservation Singha Durbar Kathmandu, Nepal Tel: 223862, 220067	Dr. Damodar P. Parajuli, Chief
7	Nepal NTFP Network (NNN) P.O. Box 11035, Kathmandu, Nepal Tel: 251161, 224892	Dr. Uday Raj Sharma, Director General, Department of Plant Resources (DPR)

8	Community and Private Forests Division Department of Forests Babar Mahal Tel: 247599, 224903	Dr. Keshav Kanel, Deputy Director General
9	Federation of Community Forest Users of Nepal (FECOFUN) Baneshwor P.O. Box: 8219, Kathmandu, Nepal Tel: 485263	Mr. Bhola Bhattarai, General Secretary
10	The Netherlands Development Organization (SNV/Nepal) Bakhundole, Patan P. O. Box 1966, Kathmandu, Nepal Tel: 523444, 523467, 522915	Mr. Francisco Tolentino Micro and Small Forest Enterprise Development Advisor
11	Gorkha Ayurved Company (P) Ltd. PO Box # 3666, Kathmandu, Nepal Tel: 357154	Mr. Prem Tiwari, General Manager
12	Himalayan BioTrade (P) Ltd P.O. Box 2931, Kathmandu, Nepal Tel: 279797	Mr. Parbat Gurung, Managing Director
13	Himali Jadibuti Sarokar Samuha (HJSS) Kathmandu, Nepal	Mr. Lal Kumar K.C., Treasurer
14	Asia Network for Sustainable Agriculture and Bioresources (ANSAB) Baneshwor, P.O. Box 11035, Kathmandu, Nepal Tel: 497547	Mr. Bhisma Subedi, Executive Director Mr. Surya Binayee, Programs / Admin Manager Mr. Indu B. Sapkota, Manager – Community Forestry Mr. Ram H. Subedi, Manager- MIS Mr. Sushil Gyawali, Asst. Project Monitoring Officer Mr. Ram Prasad Acharya, Community Forestry Officer

Annex 5: Monitoring and Evaluation Criteria and Indicators – For Discussion

OBJECTIVES	CRITERIA	INDICATORS
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1.Promote CBFEs ... 4.Better market position ...	Income and employment Market position	<ul style="list-style-type: none"> • Gross sales from FUGs/CBFEs • Employment by male/female • Types of NTFP buyers and sales (price & quantity)
2. Certification model 3. Nepal NTFP quality	Steps in sustainable production and process methods	<ul style="list-style-type: none"> • Number of FUGs with NTFP provision in OP • FUGs that have implemented biological monitoring • Quality standards defined • Quality standards adopted • Change in buying practices (qualitative and quantitative)
5.Educate NTFP buyers ...	Effective presentation of issues to industry	<ul style="list-style-type: none"> • Number of industry members educated • Industry linkages cultivated
6.Enabling policy environment	Articulate issues impacting trade practices	<ul style="list-style-type: none"> • Number of issues identified • Number of issues analyzed • Number of issues presented for policy change • Number of policy changes

**Certification and Sustainable Marketing of Non-Timber Forest
Products (NTFP) – Public Private Alliance (PPA)**

Annual Review and Planning Meeting

January 9–10, 2004

Proceedings

Organized by

**Asia Network for Sustainable Agriculture and Bio-resources
(ANSAB)**

Moderated by

Organization Development Centre (ODC)

Together We Develop, Transform & Grow

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Abbreviations

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CFUG	Community Forest User Group
DDC	District Development Committee
DoF	Department of Forest
DPR	Department of Plant Resources
E ² SIC	Enterprise, Environment, and Social Impact Consulting
FECOFUN	Federation of Community Forest Users, Nepal
FSC	Forest Stewardship Council
GAC	Gorkha Ayurved Company
HBTL	Himalayan Bio–Trade Private Limited
HJSS	Himali Jadibuti Sarokar Samuha
HMGN	His Majesty’s Government of Nepal
IDRC	International Development Research Center
SARO	South Asia Regional Office
MFSC	Ministry of Forests and Soil Conservation
NGO	Non-Government Organization
NNN	Nepal NTFPs Network
NRM	Natural Resource Management
NTFP	Non Timber Forest Product
PPA	Public Private Alliance
SNV	The Netherlands Development Organization
USA	United State of America
USAID	United States Agency for International Development
VDC	Village Development Committee

Executive Summary

Asia Network for Sustainable Agriculture and Bioresources (ANSAB) organized a two day long Annual Review and Planning Meeting of Certification and Sustainable Marketing of Non-Timber Forest Products - Private Public Alliance (PPA) on January 9-10, 2004 at Godavari, Kathmandu. Representatives from all alliance members identified so far were present in the meeting. They include U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd., and Alternative Herbal Industry); Nepali Networks and NGOs (Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), Nepal Swiss Community Forestry Project (NSCFP), and Federation of Community Forest Users, Nepal (FECOFUN)); government (DPR, DoF); and donors (IDRC, Ford Foundation, SNV) that have been developing community forest user groups and NTFP industry coordination within Nepal.

The objective of the meeting was to review the alliance progress in year one, to finalize the year two work plan, and to share experiences of alliance members on forest certification initiatives in Nepal.

On the first day, several presentations and sharing were made on major highlights of the alliance progress, on going alliance activities, group certification models and process, business promotion and sustainable links to market, organic production and certification of NTFPs in South Asia. After presentation and discussion, a draft plan of PPA Year 2 was handed out to the participants and requested to bring out issues and innovative ideas/suggestions to finalize the plan. The day was ended along with a documentary show of "*The search of Yarsagumba*" produced by ANSAB.

The second day began with brainstorming and discussion on a number of new activities and issues in terms of how these could be incorporated and addressed in the PPA Year 2 Plan. Moreover, during the discussion several issues and ideas were shared which many felt needed to be addressed in order that the alliance could be more effective. The participants stormed their mind to plan detail activities for the next year, and through consensus and common understanding the work plan for PPA Year 2 was finalized.

1. INTRODUCTION

Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) – Public Private Alliance (PPA) project was initiated in September 2002 with ANSAB as the coordinator of the overall Alliance activities. The project is an initiative of bringing together US product buyers and designers, certification experts, a diverse range of Nepali companies, networks and NGOs, and donors to assist in the NTFP sector of Nepal in order to:

- increase income and employment for Nepal’s NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute a certification program for NTFPs in Nepal; and
- expand responsible buying practices among industry members in the West.

The specific objectives of the project are to:

- promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups’ supplies to make attractive to buyers
- implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources
- improve and maintain quality and consistency of Nepali NTFPs
- gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers
- educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products
- lobby for an enabling policy environment for free and fair trade practices

ANSAB coordinates the overall alliance activities e.g. convene alliance meetings and workshops; provide technical and business development services to CFUGs and CBFEs; administer product design and development research grants; and facilitates alliance activities in order to achieve the intended results of the project.

The PPA provides an opportunity to demonstrate and generate leading practices in certification models for NTFP and forest communities; poverty alleviation for forest communities through industry/producer product design collaboration and NTFP industry “responsible buying” practices. Each of the alliance members brings along expertise in their respective fields that are supportive for the implementation of the project objectives.

Upon completion of one year of the project on Certification and Sustainable Marketing of Non-Timber Forest Products (NTFPs), a **Review and Planning Meeting** was organized on January 9-10, 2004 in Kathmandu. The detail of the program schedule is given in *Annex 1(Please contact ANSAB if needed)*.

There were 24 participants in the meeting representing different alliance members with national organizations working in the field of developing community forest user groups and NTFP industry coordination in Nepal. The participant list is provided in *Annex 2 (Please contact ANSAB if needed)*.

The different organizations involved in the meeting are as following:

- *US product buyers and designers: AVEDA and its extended industry contacts of the American Herbal Products Association*

- *Certification expertise:* Rainforest Alliance
- *Nepali companies:* Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd, Alternative Herbal Company (AHI)
- *Nepali Networks and NGOs:* Asia Network for Sustainable Agriculture and Bio-resources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), Federation of Community Forest Users, Nepal (FECOFUN) and Nepal Swiss Community Forestry Project (NSCFP)
- *Government:* DPR, DOF
- *Donors:* SNV, IDRC, Ford Foundation

2. OBJECTIVES OF THE MEETING

The objectives of the meeting were as following:

- Review the alliance progress in year one of the project (October 2002 - September 2003)
- Share experiences regarding certification initiatives among the alliance members
- Review and finalize the year two draft work plan (October 2003 - September 2004)
- Improve the alliance effectiveness

Day 1 was focused on sharing/presenting the progress, review and experiences of the alliance members on year 1 activities. Day 2 was set aside to discuss and finalize the PPA Year 2 work plan and bring suggestions to improve the effectiveness of the alliance.

The meeting also ensured grounds for participants to exchange other experiences and practices related to NTFP sub-sector, bringing about better and enhanced understanding, knowledge and lessons learnt in the field.

3. HIGHLIGHTS OF THE MEETING

3.1 Introductory Session

Mr. Bishma P. Subedi, Executive Director of ANSAB welcomed the participants of the Review and Planning Meeting, national and international partners/collaborators, particularly AVEDA, Rainforest Alliance and EESIC, those making efforts to participate in the meeting from the far away places. He expressed thanks to USAID for providing support to effectively carry out different activities for the promotion of Certification and Sustainable Marketing of Non-Timber Forest Products. He introduced the objectives of the meeting and requested all to actively review the last year progress and the draft plan of year 2 in order to bring out responsive and concrete plan guides for the program implementation. He was positive that the 2-day meeting would provide opportunity for all stakeholders and partners to share experiences, review the previous years' activities, discuss and finalize the future activities, specifically year two.

Dr. Udaya Raj Sharma, Director General of Department of Plant Resources/Ministry of Forests and Soil Conservation stressed the importance of such forum that has brought together professionals and experts working in the field of certification and sustainable marketing of NTFPs that contribute to forest certification move in Nepal. Dr. Sharma raised the issue of Nepali NTFP trade and its potential market in Asia region and worldwide. He mentioned about the impediments created due to lack of forest certification process that is based on sustainable

management, and limited access to market outside Nepal. Considerations on the industrial perspective on NTFP and the related challenges and opportunities faced by representatives, both in national and international level were emphasized.

Dr. Sharma suggested that the Herbs and NTFP Coordination Committee within MFSC has a special role to play on NTFP promotion, marketing and even on promotion of forest certification process.

After these deliberations, an introduction of participants/partners was carried out and the agenda of the meeting was shared.

3.2 Review of PPA - Year 1

The review of the PPA progress began with a series of presentations (followed by plenary discussion and clarification of issues) by alliance members on their areas of responsibility, expertise, business and experience. These presentations materials as such are found in *Annex 3(Please contact ANSAB if needed)*.

Mr. Bishma P. Subedi, Alliance Coordinator, presented the major highlights of the alliance progress of Year 1.

The highlights were as follows:

- The Project in itself is an innovation and is forward-looking.
- The Alliance has worked on awareness raising and promotion regarding certification of NTFPs among multiple stakeholders including HMGN, FECOFUN and other likeminded organizations recognizing it.
- Certification Pilot Model for group certification has been finalized where FECOFUN is acknowledged as “certificate holder”. The Alliance has completed preliminary assessment and developed Nepali guidelines for forest certification and Rainforest Alliance has trained 26 representatives from economic, environmental and social disciplines. However, a system needs to be developed for FECOFUN to be acknowledged as “Resource Manager” and the district /community level FECOFUN are strengthened for this.
- The issue of product design and development and the need for consolidation of networks for better supply is still premature. ANSAB has been providing monthly market information on 22 species to different relevant actors, which has been well appreciated.
- The process of bringing the voices of the grass-root people related to policy issues was mentioned. A workshop organized by ANSAB and participated by a wide range of stakeholders including representatives of NNN, HMGN, FECOFUN was catalytic in providing draft policy on NTFP.
- The challenges faced were presented. The current socio-political situation with sensitive security situation and restricted mobility demands a more adaptive/flexible management to implement the activities. This is in order to be responsive and capture the unplanned opportunities in security sensitive area e.g. Bajhang and Dolakha. Overcoming the knowledge gap of the community and other actors remains a huge challenge. Awareness on property rights, enterprise development, better documentation and appropriate dissemination mechanisms could help address this issue.

Some of the issues raised during clarification and open discussion session are as follows:

- Clarification was sought on adaptive management in the project, to which the presenter referred to the current security situation that requires a flexible working approach for effective implementation of project activities and thereby project success in the current situation. The participants all agreed that adaptive management is needed and that the donor - USAID - will support this approach.
- Dr. Madhav Karki raised the issue of the supply chain trend, where the market will be the ultimate challenge for Nepali NTFPs along with brand development. He suggested to look into new business model and therefore to educate people in the business about chain of custody and responsibility.
- Appreciation was expressed with regards to national standard Nepali guideline developed for the certification process.

Sharing by Dr. Ganesan Balachander, Ford Foundation India

Dr. Ganesan Balachander, Resident Representative, Ford Foundation, India shared on the areas that Ford focuses on, such as 1) asset building, innovative ideas and risk taking aspects in conservation of NRM, developing finance and economic security to address poverty reduction; 2) peace and social justice through strengthening local governance, strengthening indigenous philanthropy/wealth generation and reproductive right of women; and 3) knowledge creation with focus on different forms of education.

Dr. Balachander stressed the need to develop multi dimensional necessities such as skills, technology, asset building, product enterprises, social capital and its sustainable use. With regards to certification aspect, he mentioned that business viability, social equity and ecological integrity have to be considered in conservation, livelihoods and enterprise development. The consumer's point of view - credibility of the products they are buying, quality of products and local market are important aspects to be considered. Transparency of the chain/process, accountability and effective use of resources, creating a bargaining ground between buyers and sellers and information network were other areas he suggested to be looked into by the project.

Presentation by Dr. David Hircock, AVEDA

Dr. David Hircock's presentation focused on "*Bringing the voices of the people and giving peoples a voice*". The experience of the different business models practiced in the past decade on transparency and traceability in the Chain of Custody was shared. In order to address the ground reality, the presenter stressed that a global voice is needed and that success should be credited to the "indigenous" people who are the sources of rich knowledge and practices and hence returns should go to them. The quality consistency of product line, sustainable links to market and raising the profile of Nepal as the NTFP product supplier are requirements for Nepali NTFPs to meet the quality standards. Similarly, value addition and fair and equitable benefit sharing – making businesses understand the impacts of it with buying practices (currently based on price only) needed to be addressed.

Comments and queries:

- Shorten the chain between buyers and producers in the business models and make the buyers in the West bring into responsible buying practices and traceability.
- The FSC model of certification and its guidelines should be "adapted" to local context and Nepali agenda, considering the social, environmental and economic aspects and flexibility.
- Transparency, listening to people at local level and addressing their needs complement the traceability aspect.

The slide presentations dwell on the significance of the indigenous people and their voices and contributions being respected.

Presentation by Dr. Walter Smith, Rainforest Alliance

Dr. Smith's presentation focused on forest certification process and the capacity building aspects in this regard. He acknowledged that the certification activities has taken a speedy mode since Private Public Alliance set its goal towards promoting sustainable resource management and institutionalization of certification program for NTFP in Nepal. Understanding of Forest Stewardship Council principles and chain of custody certification has become wider among the potential group whose involvement is crucial in the certification process. The development of certification guideline for Nepali context is being considered as a major output.

The Latin America study tour of four alliance members contributed in acquiring knowledge to bring into practice in Nepal. The lessons learnt from Brazil visit have fostered grounds to further uphold forest management with far-sighted vision to tackle the challenges.

A "Get Certified Workshop" held in June 2003 paved the way for certification process and built confidence, which finally enabled to find out a distinct model for forest certification in Nepal. The assessor training held in November 2003 had 36 participants from different social, economical and environmental disciplines. The course has been very productive for skill development in the forest assessment and certification process.

Comments:

- Sharing of knowledge to the PPA members about FSC certification drew keen interest from all to set up the work to create better understanding for sustainable management of forest, link it to market benefits as well as address the potential barriers in FUG management.
- Brazil trip (10 days) was significant in terms of lessons learnt. The participants of Brazil visit shared the difficulties faced by different actors; donors, government and management in the meeting.
- A query was raised on whether mechanism for other product certification existed for e.g., as local market are a real sustainer but Nepali NTFPs have a great potential to get new markets outside Nepal.

Sharing by Dr. Udaya Raj Sharma, DPR

Dr. Udaya Raj Sharma, Director General of DPR mentioned that involvement of grass root consultations would be far better; however it takes more time to bring together the community perspectives for policy formulation. Despite this, we have made much effort to involve their consultations. ANSAB took a lead in this regard. The Herbs and NTFP Coordination committee (13 members) under the chairmanship of Secretary of Ministry of Forest and Soil Conservation constituted a sub-committee to come up with policy recommendations on NTFP. The Nagarkot policy workshop was instrumental in preparing the final draft, which has been forwarded to the Ministry after several levels of consultation. He further added that in February a national

workshop would be held to discuss the wider implications of the draft policy, where representatives from the ministry, I/NGOs, CBOs, and the industry would be involved. A final meeting would then be held prior to forwarding the policy recommendation to the Cabinet.

He briefly shared the principles related to policy considerations for conservation and sustainable management of plant resources (Herbs and NTFPs) in Nepal. These are as follows:

- Conservation and utilization on the basis of sustainable development principle
- Encourage participation
- Simplify certification and tax system
- Make research and development (R&D) accessible to communities
- Increase awareness and provide facilities for skill development and commercialization

Comments and queries:

- Queries were raised on the kind of mechanism that exists to share or replicate the learning of the certification piloting in Bajhang and Dolakha districts. Citing an example that most often comes across the USAID projects, Dr. Sharma emphasized on the sustainability aspect after the project phased out.
- It was suggested that one of the role of the NTFP Coordination Committee would be to take forth the learning and disseminate it to the different stakeholders.
- Strengthening community level actors is a necessary along with awareness on FSC principles.

Presentation by Mr. Bhola Bhattarai, FECOFUN

Mr. Bhola Bhattarai introduced FECOFUN, its objectives and activities, which mainly are CFUG support program, women empowerment, advocacy and legal support, NTFP promotion and income generation, resource and information dissemination and organizational strengthening.

The role of FECOFUN in forest certification was shared– developing human resources through training, dissemination of information on certification, preparing certification guidelines in Nepali were major outputs in year 1. The experience on the Group Certification Model was presented. The certification issue being new, understanding the certification process posed great challenges for discussion. The learning includes network development with GAC/HBTL and ANSAB, certification model development, the community forestry actors moving towards issues of certification, benefit sharing and responsible buying practices.

The training on certification has been very fruitful but strengthening the district level FECOFUN on certification and other aspects is required in order that FECOFUN can support in the movement of creating awareness and providing support to the community level actors on sustainable forest management.

Comments:

- Query was made on reactions of FUG on certification issue and the benefit they perceive from understanding such process, to which the presenter responded that the FUGs are very positive even though initial difficulties and confusion existed. The FUGs are applying the information gained and

sharing it with others. FECOFUN also creates awareness through radio program and publications where such issues and information are presented.

- Suggestions on exploring the successful experiences in India were also provided in the context of bringing others in the certification model other than the FUGs.

Presentation by Mr. Man Prasad Khatri, HJSS

Mr. Man Prasad Khatri (Vice Chairperson of HJSS) briefly introduced HJSS; an NGO established in 2001 and working in 10 districts of Himalayan region. HJSS strives to work for sustainable development, conservation and marketing of NTFPs and provide policy recommendations to promote valuable NTFPs in Nepal. Through awareness raising activities on NTFPs including training, relation/network development – including political affiliation and sharing of experiences with likeminded organizations at national and international level, HJSS aims to be active actor in the NTFP sector. As a member of the Alliance, HJSS took part in the certification training, which they found to be very beneficial including sharing of knowledge and experiences among Alliance members in the NTFP sector. The challenges mentioned are security problem to work with communities, inadequate information and limited flexibility of Alliance activities.

Presentation by Mr. Prem Tiwari, GAC

Mr. Prem Tiwari, Managing Director of Gorkha Ayurved Company (P) Ltd. introduced briefly his organization which focuses on building linkages with the communities and markets through a network of FECOFUN, cottage industries, international and domestic markets. The major products that GAC produces are health care products and Ayurvedic medicines. As a part of the review of PPA Year 1 activities, the product concept design (5 products designed) training in cultivation, harvesting and storing and product sampling were highlighted. Furthermore, community based raw materials purchase; enterprise networking (business to business linkage) and certification initiation internalization were mentioned as key activities carried out. The challenges presented were 1) access to international market where Good Manufacturing Practice is an issue, 2) raw materials availability and inventory and 3) meeting export standards of USA and Europe simultaneously.

Presentation by Mr. Parbat Gurung, HBTL

Mr. Parbat Gurung, Managing Director of Himalayan Bio Trade (P.) Ltd (HBTL) shared the experiences on promoting forest products harvested from sustainable managed forests, which provides support to community based forest enterprises through responsible marketing. HBTL focuses on linking local producers with markets and buyers. As part of the review of PPA year 1 activities, the product development (oils, lokta paper, soap and cold cream) product diversification, and enterprise and entrepreneurship development were highlighted. In the latter trainings, practices for new enterprise creation models were highlighted. The challenges mentioned are access to international markets, knowledge gap on consumer behavior/demand, cutthroat competition in the domestic market and lack of entrepreneurial culture in the target community.

Presentation by Dr. Madhav Karki, IDRC SARO New Delhi

Dr. Madhav Karki, Regional Program Coordinator, IDRC/SARO, New Delhi, India said trust needs to be developed between buyers and producers. He emphasized on promoting ecologically integrated, economically viable systems with social justice aspect by the concerned stakeholders in the NTFP sector. He furthermore, focused on the traceable collection and cultivation system. Considering the FSC criteria

and the competitive environment in Nepal, NTFP sub sector stakeholders would be able to gain a win-win situation.

The group certification model, to be tested in Nepal, would need to consider the product certification too, as Nepal will have to face stiff competition e.g. Chiraito market. Certification is also needed, from a business opportunity point of view, in order to develop better chain to access the market. He suggested the need to deal with the barriers to market access, promoting quality products and adopting integrated holistic production system. Experiences were shared on networks, regional scoping studies on marketing of NTFPs, buyers and producers relation/trust building in South Asia and sustainability of NTFP resource base.

Presentation by Ms. Ann Koontz, EESIC

Ms. Koontz shared the experiences of the PPA year 1 activities where she stressed the fact that within a short period collaboration and sharing among partners and likeminded organizations through the network have taken place and has formed a basis for promoting forest certification in Nepal. She observed potential that Nepal PPA project is now “on the map” with members of the American Herbal Products Association. She also mentioned the dispatched essential oil samples to potential buyers for assessment and envisaged the potential order for AVEDA disclosing that project is now represented on industry group. Koontz also made recommendation to explore link with Rutgers for QC services and potential training to do cost pricing analysis scenarios, to develop product background and story sheets and to form Nepali Marketing group.

Mr. Francisco Tolentino, Advisor, SNV Nepal was requested to share the experiences of SNV in relation to capacity building and promotion of NTFP sub-sector. He shared on the community level activities carried out in cooperation with ANSAB and shared the learning from Brazil trip.

The presentation and discussion session ended upon handing out the draft plan of PPA Year 2 Activities. Participants were requested to bring out issues and innovative ideas/suggestions to finalize the plan. The day 1 session ended at 18:00.

Documentary Video Presentation

A documentary entitled "*The Search of Yarsagumba*" depicting the difficulties of people of Darchula district in making a livelihood out of collecting Yarsagumba (*Cordyceps sinensis*) was shown. The documentary highlighted the challenges and risks as well as the hardships caused by policy and current socio-political unrest in the country for villagers relying on NTFP harvest and marketing to earn money for livelihood. The documentary was produced by ANSAB with assistance from IDRC, New Delhi.

3.3 Issues for PPA Effectiveness

During the review several issues and ideas were shared which many felt needed to be addressed in order that certification and sustainable marketing of NTFPs could be effective.

Through brainstorming, the issues were collected and categorized into five broad categories. The categories are as follows:

1. Alliance effectiveness related issues
2. Pre-market readiness related issues
3. Market access related issues
4. FUG support and policy related issues
5. Broader constituency building related issues

Please refer to *Annex 4 (Please contact ANSAB if needed)* for the details of the issues.

3.4 PPA Year 2 Plan

The issues listed in the broad categories were discussed alongside the draft plan of PPA Year 2 activities. In plenary, the members discussed the issues in terms of how these could be incorporated as activities in the PPA Year 2 Plan and also identify those activities, which would be difficult to incorporate in the immediate plan. The possibility of implementing the suggested activities was further discussed in the plenary.

Some of the activity areas highlighted are presented below:

1. Training on forest management and skill development for certification process:
 - The representatives from FECOFUN, HJSS, and GAC proposed developing mid level human resources as a cost effective alternative of reaching the communities in wider scale on certification and forest management. The mid level human resources were viewed to have easy access to community people.
 - There is a need to make consumers responsible through better information; the mid-level human resources could play the role of facilitators/information broker between communities and industrialists.
 - Maintaining transparency of the layers between the importer and the collector is most important for which the Chain of Custody has to be known.
2. Exposure visits
 - National: Among FUGs, inter-project districts and other visits were suggested as effective as it encourages community to learn from sharing/observation. (Exchange visits e.g. FUGs of Dolakha to Bajhang and vice versa).
 - International: Exposure visits and trade shows would be effective to introduce, promote and market Nepali NTFP sector/products.
3. Market access related issues:
 - Portfolio marketing stories: consider customs, shipping and time in product costing and production analysis.
 - Market research: International market assessment for promotion of NTFP trade and business – suppliers can be inked into a list.
 - International market access: challenge to develop a Nepali brand; promote it through participation in trade fairs and exhibitions by key actors of Nepali NTFP sector.

- Product development and product positioning in international market: suggestion to look into similar product manufacturing process e.g. India and China.

Through consensus and common understanding, the work plan (activities) for PPA Year 2 was finalized (refer *Annex 5 (Please contact ANSAB if needed)* for the detail of the work plan). However, some of activities required further discussion and financial deliberations, for this the members agreed to consider either in year 3 planning or to identify alternatives ways to address it. The general notion was that the alliance for forest certification and promotion of NTFPs need to be stretched beyond the 3 years project period.

3.5 Impact Tracking for Alliance Activities

A discussion on Impact Tracking for Alliance activities was held. The current practice and form on impact tracking of the project activities was shared among the alliance members. The progress report containing baseline information and the monitoring plan were referred to while discussing the impact tracking mechanism.

A few participants commented that tracking impact on the project within a short period of 3 years (under two years remaining) is over ambitious and unrealistic. Considering the situation of the NTFP sector in Nepal, the PPA and other concerned in the NTFP sector should try to work towards longer-term input/activities that can facilitate a better and sustained impact - at grassroots/community/entrepreneur/industries and policy level.

The floor agreed that the progress of the alliance activities would be assessed during July, 2004. ANSAB, FECOFUN and other alliance members will collaborate to undertake the progress monitoring exercises of the alliance.

3.6 Further Steps

At the end of the 2 days meeting, consensus was reached on the following to make PPA more effective:

1. A Nepali "marketing group" to be formed with membership of Ann Koontz, AVEDA, HBTL, GAC and representative of ANSAB.
2. Develop stories at community level (village trust).
3. Develop a model for Alliance Collaboration that can be functional even beyond the PPA project term
4. Explore and identify the role of the mid-level human resources that can create linkages between the market and the people at grass root level.

5. Explore further on how best to develop capacity of the community people – in terms of filling the information/knowledge gap (price, market, product, enterprise and so forth), and to equip them to be in better bargaining positions towards different actors
6. Investigation of effective FSC national standard model would support long-term sustainability in Nepal; hence an assessment on how the FSC certification can be sustainable should be carried out.
7. Next year's Alliance planning meeting to be held by January 2005 (holding the meeting in September 2004 was not feasible for partners abroad).
8. Explore value addition on product development of Anthopogan and Xynthoxylum.
9. The work plan is a guideline for all members and commitment to follow the guideline considering adaptive management approach.

3.7 Closing of the Meeting

The two-day process provided the members an opportunity to thoroughly understand the key issues and areas in forest certification. The sharing facilitated in identifying activities to address the issues was raised. The discussion was highly participatory in nature, with open sharing of views/suggestions and clarifications/simplification of confusions and queries. The workshop ended with a positive note that achievements would multiply by many times in the area of implementing certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources encouraging good governance and marketing of community resources.

4. CONCLUSION AND RECOMMENDATION

4.1 Conclusion

The PPA review and planning meeting conducted on January 9-10, 2004 came up with tangible outcomes together with the completion of work plan through extensive consultation and also creating companionable environment for the promotion of NTFP market linkages and forest certification process.

The encouragement and motivation made by the US buyer and keen interest visible in the meeting towards Nepali products like hand made papers, the efforts modeled and organized by certification expert for certification process and the commitment expressed for policy formulation were articulating consolidated attempt to contribute to the goal of PPA. It follows that the forum provided opportunity for the participants to express their commitment, to share ideas, provide knowledge and give hands and make relations from the side of project's objectives.

In relevance with the objective, the government body on behalf of MFSC inherently expressed the role to play on NTFPs promotion, marketing and forest certification process.

The Public Private Alliance members stormed their mind to plan for the next year, and through consensus and common understanding, the work plan for PPA Year 2 was finalized. Some issues were identified for forest certification and marketing of NTFPs, analyzed their importance and feasibility and handed over the responsibility to alliance members.

Such a forum that brought together professionals and experts engaged in the issue of certification and sustainable marketing of NTFPs was realized to be important from all the participants.

To sum up, according to the opinion of the meeting participants, the meeting was proved to be fruitful as all from national and international level of expertise spontaneously contributed to widen and sharpen the objective and vision of the PPA.

4.2 Recommendations

Besides the activities suggested for the Year 2 PPA work plan, the major recommendations and suggestions made in the spirit of PPA are as follows:

- It was suggested to make attempt for the simplification of certification process. The FSC model of certification and its guidelines need to be “adapted” to local context and Nepali agenda, considering the social, environmental and economic aspects and flexibility.
- More adaptive and flexible management is required to implement planned activities to be compatible with the current security sensitive situation.
- Similar product manufacturing process e.g. in India and China was suggested for observation to get ideas and experiences for product development.
- A Nepali "marketing group" would be better to form with association of Ann Koontz, AVEDA, HBTL, GAC and representative of ANSAB.
- Strengthening of FECOFUN networks from central to district and village level could be important as well as development of system for FECOFUN to be acknowledged as “certificate holder”.
- It will be important to put up efforts for good understanding and cooperation between buyers and producers to create responsible buying practices and traceability.
- International market assessment is necessary for promotion of NTFP trade and business.
- Overcoming the knowledge gap of the community and other actors’ remains a huge challenge. Awareness on property rights and enterprise development, and better documentation and appropriate dissemination mechanisms could help address this issue.
- Explore link with Rutgers for QC services and potential training.

Annex 1: Program Schedule

Arrival day: January 8, 2004

- 18:00 Arrival of all Participants at **Godavari Village Resort, Godavari**
- 18:00-19:30 Registration and Briefing (logistics)
- 19:30-21:00 Dinner

Day 1: January 9, 2004

07:00-08:30 Breakfast

08:30-09:00 Registration

09:00-09:30 Opening Session

- Welcome Address & Meeting Objectives, ANSAB
- Introduction of the Participants, Moderator
- Opening Remarks, HMG/N and other Representatives

09:30-10:15 Review of PPA - Year 1: Sharing/Presentation and Discussion

- Highlights of the Alliance Progress in 2003 and Planning for 2004 (ANSAB)

10:15-10:45 Break

10:45-13:00 Review of PPA -Year 1: Sharing/Presentation and Discussion

- Rainforest Alliance (20+10 min)
- FECOFUN/HJSS (20 + 10 min)

10 min break

- HBTL/GAC (20 + 10 min)
- AVEDA Corporation (20 + 10 min)

13:00-14:30 Lunch

14:30-15:30 Sharing/Presentation and Discussion

- IDRC/MAPPA (20 +10 min)
- Ford Foundation (20 + 10 min)
- DPR/DoF Representatives (20 +10 min)

15:30-16:00 Break

16:00-16:30 Review of PPA - Year 1: Sharing/Presentation and Discussion

- Ms. Ann Koontz (20 + 10 min)

16:30-17:00 Wrap up and Plan for day 2
 • Draft Work Plan Year 2

18:30-21:00 Video Documentary on Yarsha Gumba (41 min)
Reception Dinner

Day 2: January 10, 2004

07:30-08:45 Breakfast

09:00-10:30 Issues & Challenges to Consider for Review & Finalizing Draft Year 2 Work Plan:
Plenary Discussion

10:30-11:00 Break

11:00-13:00 Finalizing Draft Work Plan for Year 2: Plenary Discussion

13:00-14:00 Lunch

14:00-15:30 Finalizing Draft Work Plan for Year 2: Plenary Discussion, Contd.

15:30-16:00 Break

16:00-17:00 Discussion on Tracking Impact of the Alliance Activities

17:00-17:30 Wrap-up and Closing

18:00 Departure

Annex 2: Participants list

S/No.	Name	Organization
1.	Ms. Ann Koonz	E ² SIC
2.	Dr. David Hircock	AVEDA
3.	Dr. Walter Smith	Rainforest Alliance
4.	Dr. Udaya Raj Sharma	Department of Plant Resources
5.	Dr. Madhav Karki	RPC/IDRC, India
6.	Dr. Ganesan Balachander	Ford Foundation India
7.	Mr. Prakash Kashwan	Ford Foundation India
8.	Mr. Rajendra Lamichhane	FECOFUN
9.	Mr. Man Prasad Khatri	HJSS
10.	Mr. Parbat Gurung	HBTL
11.	Mr. Prem Tiwari	GAC
12.	Mr. Govinda Ghimire	AHI
13.	Mr. Fransisco A. Tolentino	SNV Nepal
14.	Mr. Dinesh Paudel	NSCFP
15.	Mr. Ganga Rana	ICIMOD
16.	Mr. Bholu Bhattarai	FECOFUN
17.	Mr. Bhaweswor Das	SION
18.	Mr. Bhishma P. Subedi	ANSAB
19.	Mr. Surya B. Binayee	ANSAB
20.	Mr. Indu B. Sapkota	ANSAB
21.	Ms Shova Adhikari	ANSAB
22.	Mr. Ram Prasad Acharya	ANSAB
23.	Mr. Ram Hari Subedi	ANSAB
24.	Mr. Sushil Gyawali	ANSAB
25.	Ms. Deepmala Subba	ANSAB
26.	Ms. Basudha Gurung	ODC

Annex 3: Presentations detail

(Hard copies are already printed from power point as handouts)

Annex 4: Issues for PPA effectiveness

(Hard copies are already printed from power point as handouts)

***Certification and Sustainable Marketing of Non-Timber Forest
Products (NTFP) – Public Private Alliance (PPA)***

Annual Review and Planning Meeting

January 11–13, 2005

Proceedings

Organized by

Asia Network for Sustainable Agriculture and Bio-resources

(ANSAB)

ABBREVIATIONS

ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CFUG	Community Forest User Group
DDC	District Development Committee
DoF	Department of Forest
DPR	Department of Plant Resources
E ² SIC	Enterprise, Environment, and Social Impact Consulting
FECOFUN	Federation of Community Forest Users, Nepal
FSC	Forest Stewardship Council
GAC	Gorkha Ayurved Company
HBTL	Himalayan Bio-Trade Private Limited
HJSS	Himali Jadibuti Sarokar Samuha
HMGN	His Majesty's Government of Nepal
IDRC	International Development Research Center
SARO	South Asia Regional Office
MFSC	Ministry of Forests and Soil Conservation
NGO	Non-Government Organization
NNN	Nepal NTFPs Network
NRM	Natural Resource Management
NTFP	Non Timber Forest Product
PPA	Public Private Alliance
SNV	The Netherlands Development Organization
USA	United State of America
USAID	United States Agency for International Development
VDC	Village Development Committee

Executive Summary

Asia Network for Sustainable Agriculture and Bioresources (ANSAB) organized a three day long Annual Review and Planning Meeting of Certification and Sustainable Marketing of Non-Timber Forest Products - Private Public Alliance (PPA) on January 11-13, 2005 at Nagarkot, Kathmandu. Representatives from all alliance members identified so far were present in the meeting. They include U.S. product buyers and designers (Aveda and its extended industry contacts of the American Herbal Products Association); certification expertise (Rainforest Alliance); a diverse range of Nepali companies (Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd., and Alternative Herbal Industry); Nepali Networks and NGOs (Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS), and Federation of Community Forest Users, Nepal (FECOFUN)); government (DPR, DoF); and donors (SNV) that have been developing community forest user groups and NTFP industry coordination within Nepal.

The objective of the meeting was to review the alliance progress in the year two of the project (October 2003 - September 2004); share experiences regarding certification initiatives among the alliance members; review the year three work plan (October 2004 – September 2005); identify needs/interests of FUGs, Nepali enterprises, and international industry; and develop alliance vision and strategies and to sustain the certification program in Nepal.

Day 1 focused on sharing/presenting the progress and experiences of the alliance members. Day 2 and day 3 were set aside to discuss and identify needs and interests of FUGs, Nepali enterprises and international industry, and to bring suggestions to improve the effectiveness of the alliance. The meeting also discussed the alliance vision and strategies to achieve its objectives and to sustain the certification initiatives beyond the project period.

1. Introduction

Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) – Public Private Alliance (PPA) project was initiated in September 2002 with ANSAB as the coordinator of the overall Alliance activities. The project is an initiative of bringing together US product buyers and designers, certification experts, a diverse range of Nepali companies, networks and NGOs, and donors to assist in the NTFP sector of Nepal in order to:

- increase income and employment for Nepal’s NTFP producers (especially in remote rural areas);
- promote sustainable resource management;
- institute a certification program for NTFPs in Nepal; and
- expand responsible buying practices among industry members in the West.

The specific objectives of the project are to: i) promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups’ supplies to make attractive to buyers; ii) implement certification model for Nepal that takes into account its NTFP and forest user group (FUG) resources and encourages good governance of community resources; iii) improve and maintain quality and consistency of Nepali NTFPs; iv) gain better market position for Nepali NTFP in international markets; including exploration of certification options and design coordination with buyers; v) educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products; and vi) lobby for an enabling policy environment for free and fair trade practices. The PPA provides an opportunity to demonstrate and generate leading practices in certification models for NTFP and forest communities; poverty alleviation for forest communities through industry/producer product design collaboration and NTFP industry “responsible buying” practices. Each of the alliance members brings along expertise in their respective fields that are supportive for the implementation of the project objectives. ANSAB coordinates the overall alliance activities e.g. convene alliance meetings and workshops; provide technical and business development services to CFUGs and CBFES; administer product design and development research grants; and facilitates alliance activities in order to achieve the intended results of the project.

Upon completion of the year two activities of the project, the alliance organized a **Review and Planning Meeting** on January 11-13, 2005 at Club Himalaya, Nagarkot. There were 25 participants in the meeting representing the alliance members as follows.

- *US product buyers and designers:* AVEDA and its extended industry contacts of the American Herbal Products Association
- *Certification expertise:* Rainforest Alliance
- *Nepali companies:* Himalayan BioTrade Pvt. Ltd., Gorkha Ayurved Company (P) Ltd, Alternative Herbal Company (AHI)
- *Nepali Networks and NGOs:* Asia Network for Sustainable Agriculture and Bio-resources (ANSAB), Nepal NTFP Network (NNN), Himali Jadibuti Sarokar Samuha (HJSS) and Federation of Community Forest Users, Nepal (FECOFUN) center and district branches; Social Development Center, Bajhang; and NEFEJ
- *Government:* Department of Forest
- *Donor partner:* SNV

Annex 1 provides the list of participants in the planning meeting..

2. Objectives of the Meeting

The objectives of the meeting were as follows.

- Review the alliance progress in year two of the project (October 2003 - September 2004);
- Share experiences regarding certification initiatives among the alliance members;
- Review and finalize the year three draft work plan (October 2004 - September 2005);
- Identify needs/interests of FUG, Nepali enterprise and international industry; and
- Develop alliance vision and strategies and to sustain the certification program in Nepal.

Day 1 focused on sharing/presenting the progress and experiences of the alliance members. Day 2 and day 3 were set aside to discuss and identify needs and interests of FUGs, Nepali enterprises and international industry and to bring suggestions to improve the effectiveness of the alliance. The meeting also devoted time to develop alliance vision and strategies to sustain the certification beyond the PPA project. The program schedule of the meeting is given in **Annex 2**.

3. Highlights of the planning meeting:

January 11, 2005

The first day of the planning meeting, which was held from 19:30 to 21:30, was to set the agenda for the planning meeting. After the introduction session and discussion on logistic and workshop language, Bhishma Subedi, Alliance Coordinator and Executive Director of ANSAB, welcomed the participants to the planning meeting and gave a brief overview on the progress of the alliance project. He also highlighted the agenda of workshop, which included i) need identification; ii) alliance vision, strategies development for the alliance; and alliance team building. The participants also reflected the proceedings of the conference and the achievements of the project during the past years. The participants expressed that the conference went smoothly and the alliance project became success to show good results on certification of NTFPs and initiate international marketing of NTFPs. FECOFUN felt that the certification achievements helped improve their relationship with government and other civil society organizations. It was expressed that with wider sharing of alliance activities through the conference, there could be further replication of the alliance initiatives in the country.

To explore needs of FUGs, enterprises, and international industry and prioritize these needs, the participants were divided into three groups (See **Annex 3**), who were to identify and prioritize the needs of each of the three categories of key stakeholders (FUG, enterprise, and international industry). Before the reception dinner, two video documentaries (Rara soap enterprise and sustainable sourcing of NTFPs by Aveda) were presented to the participants.

January 12 2005

Sharing by member organizations

After sharing of the day 2 agenda, Ann Koontz, Bhola Bhattarai, Baiju P. Shah, Parbat Gurung, Prem Tiwari, David Hircock, Walter Smith, and Fransisco Tolentino shared the progress and achievement made in year 2 of the project.

Ann Koontz delivered a brief presentation on the achievements of the alliance project (She highlighted the success of certification (from the zero knowledge to FECOFUN getting FSC certification within two year of the time interval). She also highlighted the need of improving marketing and enterprise development activities to improve the incomes of the FUGs and entrepreneurs. **Annex 4** provides the presentation.

During the discussion, Francisco Tolentino, David Hircock, Parbat Gurung, Bhola Bhattarai, and Bhairab Risal added and clarified on how to select new alliance members and strengthen the alliance.

Bhola Bhattarai from FECOFUN presented the progress made during the last two years. He highlighted that FECOFUN made forest certification as their one of main agenda strengthened the capacity of district branches and forest user groups in the pilot districts on sustainable forest management and certification. The details of the presentation are in **Annex 5**.

Baiju Shah from District Forest Office, Bajhang shared that several trainings were provided to DFO increased their understanding and capacity on forest certification. He further added that their staff provided technical support to FUGs in preparing and renewing operational plans and constitutions. He shared that six FUGs received technical support under the PPA activities and six OPs were revised as per the need of the FSC principles and criteria.

Parbat Gurung from HBTL made a presentation on progress made by the HBTL in the last two years. He stressed the need of the alliance to promote sustainable harvesting of NTFPs and responsible business practices benefiting the local collectors. He further added that it is an interest of HBTL to be a part of the alliance to promote sustainable products sourcing and strengthen its marketing linkages. The details of his presentation are provided in **Annex 6**.

Man P. Khatri from HJSS presented the progress made by HJSS in the last two years. He explained that HJSS had a mandate to work on policy research and advocacy in NTFP sector. The details of the presentation are provided in **Annex 7**.

Prem Tiwari from Gorkha Ayurved Company (GAC) highlighted the key activities undertaken by GAC under the alliance project and shared that GAC completed product development activities for Vedic G, Jumli tea, herbo malt, and Dentache oil. He stressed the need of GMP to be able to market their products in international markets. The details of the presentation are in **Annex 8**.

David Hircock from Aveda shared the achievement of the alliance project in the past years. He highlighted on the requirements of international markets and need of preparation for the Natural Products Expo-March 2005.

Walter Smith from Rainforest Alliance briefed on the last year progress of PPA. He shed a light on forest certification and assessors trainings, past planning meetings, market assessment for handmade papers in the US, and assessment of FECOFUN's group certification policies and practices. He also shared about the planned activities (CoC assessment for the selected enterprises, international press release, market promotion of Lokta and Argeli papers in the US, development of the timber management guidelines, FECOFUN and COC audit, and adding more groups in the group certification). The details of the presentation are provided in **Annex 9**.

Francisco Tolentino from SNV shared the experiences on certification and sustainable marketing of NTFPs. He expressed the supports extended by SNV to the alliance project and its cause (certification capacity building support to FECOFUN, secretariat support and program planning support to HNCC, institutional development support to ANSAB, BISEP ST enterprise

development activities, strategic planning and team building support to HJSS, MIS support, technical and financial support to FSC interim national working group, and peer review of the FECOFUN certification assessment report). He shared that SNV was planning to expand and replicate some of the activities of the alliance to the other countries and would continue its support to development of certification national standards in Nepal.

After the sharing from the members, the participants reviewed the last year progress and identified the postponed activities to be included in the year 3 work plan. The three groups did group exercise to identify the needs of the various stakeholders (FUGs, Nepali enterprises, and international industries)

January 13, 2005

Three groups continued working separately to identify needs of the FUGs, Nepali enterprises, and requirements of international industries. The group presented their group work which was commented by the other group members. After the presentation and discussion on the presentation of each group, the same group pulled all needs (also identified by the other groups) in one place. The needs were categorized and prioritized. The groups presented the prioritized lists of needs to the participants, which were discussed in plenary. The presentation details are provided in **Annex 10**.

After the group presentation and discussion, the participants reviewed the year 3 work plan. As the work plan was developed with the participation of the alliance members, no new activities were identified during the meeting. The discussion helped clarify and develop implementation arrangements for some of the critical activities, such as Natural Products Expo, marketing group, and sustaining forest certification.

Broad roles of each alliance members in achieving the objectives of the alliance were discussed, which was followed by discussion on vision of the alliance. Each of the participants participated to develop the vision for the alliance and a draft vision developed by the Nepali alliance was modified which still needed further refinement before broader level sharing to other stakeholders.

After the discussion on the alliance vision, the meeting discussed on what next that the alliance needed to do. The meeting discussed about the preparation for the Natural Products Expo which needed involvement of both Nepali and the US based alliance members. In this connection, product selection, product development and packaging, and other marketing issues were also discussed. Furthermore, the meeting discussed about how to sustain the alliance initiatives beyond the project period. **Annex 11** provides the discussion points in this session. In the end, Bhishma Subedi wrapped up and concluded the planning meeting.

Annex 1: Participants of Alliance Planning Meeting

Certificate and sustainable Marketing of NTFPs- Public Private Alliance

Alliance Planning Meeting

January 11-13, 2005, Nagarkot

Name	Designation	Organization
1. Govinda Ghimire	MD	AHP
2. Baiju Prasad Shah	For. D.F.O	D.F.O Bajhang
3. David Hircock	Advisor to President AVEDA	AVEDA
4. Bishma Subedi	Executive Director	ANSAB
5. Francisco Tolentino	Advisor	SNV/Nepal
6. Prem Raj Tiwari	MD	GAC
7. Bholu Bhattarai	Secretary	FECOFUN
8. Dil Raj Khanal	Legal Trainer	FECOFUN
9. surat Bahadur singh	Chairperson	S.D.C Bajhang
10. Ram Prasad Acharya	Program Officer	ANSAB
11. Gagan Bahadur Singh	Chairperson	FECOFUN
12. Chandika Amagain	CFF	ANSAB
13. Nabaraj Panta	CFF	ANSAB
14. Indu Bikal Sapkota	CF/NRM Manager	ANSAB
15. Surya B. Binayee	PM	ANSAB
16. Walter Smith	Sr. Tech Sp	Rainforest Alliance
17. Sushil Gyawali	PO	ANSAB
18. Pratibha Bangdel	AAO	ANSAB
19. Anuj Dhoj Joshi	Advisor	SNV/Nepal
20. Bhairab Risal	Journalist	NEFEJ
21. Ann Koontz	Program Director	EWV
22. Gorakh Bdr. Bogati	Secretary	HJSS, Nepal
23. Parbat Gurung	MD	HBTL
24. Harihar Neupane	Chairperson	FECOFUN Dolakha
25. Man Prasad Khatri	Chairperson	HJSS, Nepal

Annex 2: Schedule of the alliance planning meeting

Alliance planning meeting

Certification and sustainable Marketing of NTFPs – Public Private Alliance

January 11-13, 2005

Venue: Nagarkot

Day 1: January 11, 2005

Time	Activity		
16:30	<ul style="list-style-type: none"> ▪ Introduction of participants 	Mr. Anuj D. Joshi	<ul style="list-style-type: none"> • Name, function & Organisation
16:45	<ul style="list-style-type: none"> ▪ Welcome ▪ Setting objectives/agenda of the workshop 	Mr. Bhishma P. Subedi	<ul style="list-style-type: none"> • Agreement on the expected result of the two days
17:00	<ul style="list-style-type: none"> ▪ Overview of the planning meeting program 	Mr. Anuj D. Joshi	<ul style="list-style-type: none"> • Presentation of schedule • Workshop rules norms • Information on groups
17:15	<ul style="list-style-type: none"> ▪ Video documentary (Rara soap, Mugu) 	Mr. Surya Binayee	
17:45 – 21:00	<ul style="list-style-type: none"> ▪ Reception dinner 		

Day 2: January 12, 2005

Time	Activity		
09:00	<ul style="list-style-type: none"> ▪ Differences made by alliance and future potential 	Ms. Ann Koontz	<ul style="list-style-type: none"> • Communication of summary achievements and alliance potential • 5 minutes for questions for clarification
09:30-11:00	<ul style="list-style-type: none"> ▪ Presentations/sharing 		<ul style="list-style-type: none"> • Communication: planning 2004, updates and sharing • 5 minutes for questions for clarification
09:30	<ul style="list-style-type: none"> ▪ FECOFUN 	Mr. Bholu Bhattra	
09:45	<ul style="list-style-type: none"> ▪ DoF 	DFO rep	
10:00	<ul style="list-style-type: none"> ▪ HBTL 	Mr. Parbat Gurung	
10:15	<ul style="list-style-type: none"> ▪ GAC 	Mr. Prem Tiwari	
11:15	Tea break		
10:30	<ul style="list-style-type: none"> ▪ HJSS 	Mr. Man P. Khatri	
10:45	<ul style="list-style-type: none"> ▪ AVEDA 	Dr. David Hircock	
11:00	<ul style="list-style-type: none"> ▪ Rainforest Alliance 	Mr. Walter Smith	

	▪ SNV	Mr. Francisco Tolentino	
13:00	Lunch		
14:00	▪ Revisit 2004	Mr. Surya Binayee	
14:15	<ul style="list-style-type: none"> ▪ Needs of FUGs ▪ Needs of Nepali enterprise ▪ Needs/requirements of international industry 		<ul style="list-style-type: none"> • Group discussions (3 groups)
15:15	▪ Presentations by groups		<ul style="list-style-type: none"> • 3 presentations @15 minutes each • including questions for clarifications
16:00	▪ Discussion		
16:30	Tea break		
17:00	<ol style="list-style-type: none"> 1. Prioritisation of needs (max 10) of FUG/ enterprise /international requirements 2. Activities/expectations on the roles of Alliance on how to meet the needs 	Mr. Bhishma Subedi Mr. Surya Binayee Mr. Indu Sapkota	<ul style="list-style-type: none"> • Group discussion in respective groups

Day 3: January 13, 2005

Time	Activity		
09:00	▪ Recap of the day 2	Mr. Indu Sapkota	
09:30	▪ Presentations by FUG, enterprise and international industry groups		<ul style="list-style-type: none"> • 3 presentations @30 minutes each
11:00	<i>Tea Break</i>		
11:30	▪ overview of the PPA 2005 plan	Mr. Surya Binayee	<ul style="list-style-type: none"> • Communication of the plan
12:00	▪ Broad roles of the Alliance on how to meet the needs (in 2005 and beyond)	Mr. Bhishma Subedi	<ul style="list-style-type: none"> • plenary discussions
13:00	<i>Lunch</i>		
14:00	▪ Finalising the Alliance vision/mission	Ms. Ann Koontz	
14:30	▪ What next?	Ms. Ann Koontz	<ul style="list-style-type: none"> • Next steps
15:00	▪ AOB	Mr. Anuj D. Joshi	
15:30	▪ Conclusions and thanks	Mr. Bhishma Subedi	

Annex 3: Minutes of the alliance sharing meetings

Minutes of PPA sharing meeting

ANSAB meeting hall

April 9, 2004

Objective of the meeting:

1. Review and update the alliance activities
2. Identify the collaboration actions for alliance activities

List of Participants:

1. Dr. Bijnan Acharya	2. Mr. Netra N. Sharma
3. Mr. Bhishma P. Subedi	4. Mr. Surya B. Binayee
5. Mr. Francisco Tolentino	6. Mr. Indu Bikal Sapkota
7. Mr. Prem Raj Tiwari	8. Mr. Pankaj K. Das
9. Mr. Parbat Gurung	10. Mr. Bhola Bhattarai
11. Mr. Ram Prasad Acharya	12. Ms. Shova Adhikari
13. Mr. Navaraj Panta	

Mr. Bhishma P. Subedi, Executive Director of ANSAB, welcomed all the participants and called on to give account of works the alliance members carried out till the date. Relating to the goal of alliance, he specified three explicit headings - certification, enterprise and policy to concentrate discussion over.

Summary

Participants shared the progress made in last year and additional activities need to be carried through. More sharing meetings of alliance were called for, to frequently get in touch with progress and necessities that fall under the alliance activities. The alliance meeting brought together issues behind the curtain that made explicit explanation why alliance activities are considered to be lagged back beyond expectation. The alliance members were also assured to get their work plan ensured. The commitment made towards making the certification model a success appeared stepping up well and potential. Moreover, the meet went vibrant, argumentative and later ended with successful outcomes.

Sharing on Progress

Along with a concise summary of progress, Mr. Bhishma P. Subedi spoke of enterprise promotion and networking; market linkages of community based forest enterprises, market assessment, visit to trade fair and later emphasized the collaborative devices necessary to build up the alliance.

According to Mr. Bhola Bhattarai, seven community forest user groups (CFUGs) in Charikot and ten in Jiri have been set up that occupy 1485 ha. of forest land. Some criteria on the basis of potential resources, comfortableness, and capacity of forest user groups have been developed in sorting out the forest users group for pilot certification. Moreover, CFUG level certification trainings have also been completed.

Bhola Bhattarai and Bhola Khatiwada themselves are conducting training and in some cases are taking lead role for facilitation.

Mr. Navaraj Pantha said we have been conducting PPA activity together with NSCFP, FECOFUN and DFO. Sixteen CFUGs have been selected and the work is intensively going on amongst 5. VDC chairpersons, vice chairpersons and secretaries were invited and trained on forest certification. Consultant rangers are also trained in Dolakha about how FSC principles can be integrated into the operation plan with an objective to bring developments in OP. A network has been already established in Dolakha including 12 groups at present. Also, private entrepreneurs, individual paper producers, and businessmen interested in essential oils production are included in it.

Mr. Prem Tiwari from Gorkha Ayurved Company said about the development of two new products: herbo malt (nutritive supplement) and Dentache Oil (for the relief of dental ailments) which are likely to come in market after May, 2004.

Alternative Herbal Industry is working on developing products (cold creams) from Chiuri Ghiu. Parbat Gurung from HBTL reported the marketing efforts made for Nepali handmade papers and chiraito. Nepali handmade papers were presented to the U.S. based buyers and sample of Chiraito to Europe. Now, costing of the paper is underway whereas feedback from AVEDA and Walter is very good. We are producing a pain relief liquid in a different way containing Juniper and Abies. We are also making a sort of alliance with Chaudhary Biosys Group, added Gurung.

Recommendations made in the meeting

The replicated suggestion made in the meeting was to speed up the alliance activities and to put up a field based staff in Dolakha and Bajhang. The discussion appeared curious that commitment expressed through all the alliance members is inevitable. Here are some suggested points made in the meeting.

- Dr. Bijnan Acharya suggested all to work mutually towards achieving the set up goal.
- Mr. Netra N. Sharma suggested to work towards poverty reduction in order to justify how we are working towards our goal. Reminding the importance of understandable, justifiable and immediately developed documentation, Sharma said it works as historical record for future.
- Participants agreed to call on alliance meeting once in two months to build up energy and spirit.
- Dissemination of forest certification issues through radio was need-based program that has brought good impact to make people aware on the certification issues. Mr. Bhola Bhattarai expressed financial difficulty to run the program seeking for any possibility to continue the program further.
- Mr. Netra N. Sharma suggested keeping records of the activities as it spells out transparency.
- The companies also called for the specific and rapid implementation of the plan that provides them more roles to carry through in line with their interest.
- According to FECOFUN rule of law should be promulgated for good governance.

- Organic certification would better to be considered along with the forest certification to get place in the international market.

PPA Sharing meeting Minutes
ANSAB meeting hall
June 11, 2004

List of Participants:

Mr. Bhishma P. Subedi	Mr. Surya B. Binayee
Mr. Indu Bikal Sapkota	Mr. Parbat Gurung
Mr. Mohan Baniya	Mr. Prem Tiwari
Mr. Pankaj Das	Mr. Ram Prasad Acharya
Mr. Bhola Bhattarai	Ms. Shova Adhikari

Welcoming the participants, Mr. Bhishma P. Subedi recapitulated agenda and outcomes of the previous alliance meeting. Calling for concerns and issues to be discussed in the meeting, Mr. Subedi summarized agenda came from the participants in a more focused way and asked for concentrating issues on 1) certification and CFUGs capacity building, 2) enterprise promotion and marketing 3) policy and progress monitoring of the last two months.

Summary of the meeting

Appreciative works, innovative ideas and mutual cooperation were perceptible in the meeting. Followed by sharing of progress made in two months of period, each participant actively contributed to the meeting making use of the opportunity for sharing their ideas and issues. The participants said we have been energized by the approval of work plan. The alliance members brainstormed to design its vision and prepared it in Nepali language squeezing down the interest, objective and commitment of the alliance. Considering the preparations and works needed to carry through for the forest assessment, the meet decided to carry it out during the first quarter of October. It was considered remarkable in the meeting that HBTL made transaction of Nepali Hand Made Paper worth equal to 0.6 million NRs. this year. Mr. Subedi said that a request letter to speed up the process of Herbs and NTFP Development Policy, 2061 has been submitted to the chairman of Herbs and NTFP Coordination Committee. To sum up, the meeting was fruitful in bringing out ideas and speed up the energy to work towards promotion of the alliance.

Highlights of the discussion

Certification and CFUGs capacity building

Mr. Bhola Bhattarai briefed on works that are carried through during the last two months, where capacity building of community forest, group certification resource management policy and guideline preparation, training conduction (10 days in Nepaljung-leadership development for forest certification and sustainable management for FECOFUN district branches, 5 days in Bajhang-legal awareness training for sustainable forest management and enterprise development) and development of operational plan are going on intensely. Preparation for field assessment task has been underway on track together with the work out for the selection methodology of assessment, added Bhattarai.

The other activities carried out in the field are,

- Dolakha - Inventory of 2 FUGs (Bhitteri and Kalobhir) completed and operation plan preparation ongoing
- Bajhang - Inventory of 3 FUGs (Ranada, Binayak Pimi Dada and Latun) completed and operational plan ongoing
- Bajhang –Tole level certification and orientation meeting

Now a plan of work has been finalized between ANSAB and FECOFUN in order to revise operational plan and constitution in 12 forest users groups of two districts. To support institutionalized certification system in FECOFUN, ANSAB has leveraged fund for 2 district level facilitators to support CFUG capacity strengthening and operational plan revision and 1 central level certification program manager.

In the meantime, Mr. Mohan Baniya said that forest management certification issue should be brought in as a national agenda.

Enterprise promotion and marketing

Mr. Bhishma P. Subedi highlighted the potentials of Nepali products following a fact that international market is showing up interest in the Nepali hand made paper, essential oils and others. Only the matter of building up relationship is fruitful to work towards visioning the future, said Mr. Subedi. The active and energetic movement of Rara Soap industry in Mugu that has been speeded up after ANSAB helped them technically and financially to set up a good model for making profit, which by now has attracted attentions of different helping organizations including DFID, cited Mr. Subedi.

In Bajhang, Allo has been found feasible for extracting fiber and to manufacture cloth out of it. There are 16 micro entrepreneurs active and interested in generating Allo fibers that are likely to start producing fibers from November, beginning of the Allo production season. Process of networking for consolidated supply of NTFPs has been stepping up well in Dolakha and Bajhang district, said Mr. Subedi.

Calling for management training from PPA, Mr. Parbat Gurung said that an agreement has been done with Malika Handmade Paper Pvt. Ltd, Himalayan Handmade Paper Enterprise and Masta Handmade Paper Enterprise for three years. This was appreciated by all the participants.

Mr. Bhishma P. Subedi suggested GAC and HBTL to prepare brochure, product description and other materials that sound Nepali products to get prepared for trade show.

Policy

Mr. Bhishma P. Subedi, Executive Director of ANSAB suggested Himalayan Jadibuti Sarokar Samuha (HJSS) to be in touch with communication in their organization so as to be active with the progress made with PPA activities.

As a task force was formed in an attempt to define processing technique and minimum viable rate that would be confirmed in respect with analysis of levy raised for three years, Mr. Subedi as a member of Herbs and NTFP Coordination Committee informed that

Yarsagumba (*Cordyceps sinensis*) royalty rate is likely to be reviewed. Adding on it, Mr. Pankaj Das shared that essential information collection and verification to abate the Rotalty rate of *Cordyceps* is underway.

Innovative ideas in the meet

Mr. Parbat Gurung envisaged a picture of setting up a district level Handmade Paper Producers Association which could help people utilize the local resources and enable them to get proper benefit. What is more, he also suggested making a similar sort of national level association. The impact of activities is higher after linking up the district and national level associations.

Mr. Prem Tiwari proposed that 100 ha of land in Lumbini district and about 15 ha land around cancer hospital in Chitwan can be cultivated on behalf of the alliance. Prospecting the benefits and cost-effectiveness, Mr. Bhishma P. Subedi supported the idea and encouraged him to make a feasibility study.

Public Private Alliance (PPA)

Sharing Meeting Minutes

August 16, 2004

Agenda of the meeting:

- Review of on-going activities
- Sharing and discussions on the upcoming activities
- Other suggestions, if any, suggested by alliance members

List of Participants:

Dr. Bijnan Acharya, USAID	Dr. Udaya Raj Sharma, DPR
Mr. Netra N. Sharma, USAID	Mr. Bhishma P. Subedi, ANSAB
Mr. Prem Tiwari, GAC	Mr. Parbat Gurung, HBTL
Mr. Bhola Bhattarai, FECOFUN	Mr. Surya B. Binayee, ANSAB
Mr. Indu B. Sapkota, ANSAB	Mr. Ram Prasad Acharya, ANSAB
Mr. Navaraj Panta, ANSAB	Ms. Shova Adhikari, ANSAB

Mr. Bhishma P. Subedi, Executive Director at ANSAB made a start of the meeting bidding a warm welcome to all the participants. Mr. Subedi also summarized the activities carried out during the two months of period. As soon as a number of participants congregated, the meeting took a very informal and interesting mode through the sharing of Dr. Udaya Raj Sharma about biodynamic farming.

Major highlights of the meeting:

Policy:

NTPF policy study is underway where ANSAB has already held a workshop in Godavari Hotel. NTFPCC has passed NTFP development policy, 2061 which has now been put forward to the cabinet after it was handed over to the minister for forest and soil conservation.

Dr. Udaya Raj Sharma, Director General at Department of Plant Resources (DPR) emphasized the necessity of effective plan for the upcoming NTFP policy implementation. He expressed concern; the policy is going to be consented soon from the government, if the community people do not make use of the policy. The efforts we made might be futile.

Entering into certification issue, Dr. Sharma said, the major hurdle we often come across is the maintenance of quality. Now we require a certifying body which can assure eg. moisture content, and quality of the product.

Forest management Certification:

Making a concise detail in the forest certification initiative, Mr. Bishma P. Subedi said operational plans in Dolakha and Bajhang, two in each districts have been prepared and amongst one has been approved. The matter of interest is that progress has been mounting equally in both of the districts. In the run of development, Mr. Subedi shared group certification resource manager in FECOFUN, scoping visit under the participation of Dr. Walter Smith, selection of assessors, has already been completed. If the security situation stands still, we will start the assessment by September and accomplish it by October, said Mr. Subedi.

Districts are keeping updates of the forest certification activities, added Mr. Navaraj Panta. Mr. Panta is working in Dolakha district for the forest certification initiative.

Mr. Subedi updated the meet that much effort has been made towards seeking opportunities for visit in the case of Mr. Bhola Bhattarai. We found Latvia potential and productive, yet there are circumstances like visa issue that are making hurdles to our efforts, despite a great deal of efforts Rain Forest Alliance made to us, further said Mr. Subedi.

Requirement of organic certification came out as Mr. Subedi expressed a potential requirement of bringing organic certification together with forest management certification issue appeared necessary.

Mr. Bhola Bhattarai, General Secretary at Federation of Community Forest Users (FECOFUN) shared the progress made on behalf of the FECOFUN in the forest certification process.

Enterprise and Product Development:

It is probable that the price of Jatamansi may mount up, if the situation remains as it is. Price information about NTFP and other relevant information have been regularly disseminated to Dolakha and Bajhang. According to Mr. Parbat Gurung, HBTL has made transaction of over 20, 00,000 rupees in this year through Nepali hand made paper and essential oils from Bajhang. AHI has completed product development of cold cream that is made out of Cheuri. What is more, GAC has developed Herbal Mart and Dentach oil, said Mr. Prem Tiwari. The developed products from GAC and AHI are now about to be launched in the market. Mr. Surya B. Binayee put forth an agenda of trade show calling for suggestions. Responding to Mr. Binayee, Dr. Bijnan Acharya advised to work and measure out it in depth and share on it later.

Annex 4: Minutes of the NNN sharing meetings

**Meeting minutes
Of 21st sharing meeting of NNN**

*ANSAB meeting hall
Bhimsengola, Baneswor
January 28, 2004
1PM to 3PM*

List of Participants

1.	Mr. Sagendra Tiwari	IUCN, Nepal
2.	Mr. Nirmal K. Bhattarai	IDRC, MAPPA, Nepal
3.	Mr. Kamal Bhandari	Forest Action
4.	Mr. Rajiv Pradhan	BDS/Maps
5.	Mr. Bob Nanes	BDS/Maps
6.	Mr. Chhotelal Chaudhary	CECI, CMAPSL
7.	Mr. Rajendra Khanal	CARE, Nepal
8.	Mr. Rana B. Rawal	BIRD
9.	Mr. M. L. Jaisawal	NEW ERA
10.	Mr. Pankaj K. Das	HNTFPCC
11.	Mr. Bishnu Hari Pandit	NAF
12.	Ms. Laxmi Paudel	FECOFUN
13.	Mr. Francisco Tolentino	SNV/Nepal
14.	Dr. Udaya Raj Sharma	DPR
15.	Mr. Bhairab Risal	NEFEJ
16.	Mr. Bhola Bhattarai	FECOFUN
17.	Mr. Man Prasad Khatri	HJSS
18.	Mr. Mohan Baniya	HJSS
19.	Mr. Parbat Gurung	HBTL
20.	Mr. Bhaweswor Das	SION
21.	Mr. Bhishma P. Subedi	ANSAB
22.	Mr. Indu Bikal Sapkota	ANSAB
23.	Mr. Ram Hari Subedi	ANSAB
24.	Ms. Shova Adhikari	ANSAB

Agenda of the meeting

Discussion on NTFP Policy

Major highlights of the meeting

The meeting was intensively focused on the policy issues relating it with market and some security issues rampant at present situation.

NTFP policy

Mr. Pankaj Das, member of Herbs and NTFP Coordination Committee presented a policy document aiming at the upcoming national workshop for the Herbs and Non-Timber Forest Products development policy of Nepal.

Adding on it, Dr. Udaya Raj Sharma expressed the intention and efforts made to mobilize herbs and NTFPs to increase the national income as a whole. He further said, co-operatives, partnership among farmers, traders and entrepreneurs in respect with the collection and enterprise is important most to be considered to plan for the promotion of NTFPs.

The policy paper was made after the wide consultation with relevant national, international and local community based organizations, Dr. Sharma said, Nagarkot policy workshop organized by ANSAB helped a lot to bring the wide consultation from different relevant stakeholders.

Dr. Udaya Raj Sharma time and again called on comments and suggestion as if it would lead to bring voice to the upcoming national workshop.

The policy draft is prepared addressing the voice of the grass root people.

What is more, the meet supported an argument to design separate policy for the Indian market singling it out from the policy for international market and trade.

NTFPs and current situation

Participants paid attention to depth on the security sensitive issues. They mutually argued, if we do not tackle with NTFPs for its use and management, the Maoist problem will went on worse.

Besides, difference between the FUG and individual farmer was internalized in order to address the grass root problem.

Mr. Bhola Bhattarai, secretary of Federation of Community Forest Users Group (FECOFUN), expressed fear that if the problems of FUG grass-root people are suppressed there inside, problems in the case the problems are suppressed in the similar platform.

NTFP and its' market

In a concern, how to make linkage of the collection of community forest products up to the market, a concept of cooperative was considered to be promoted.

Presenting a paper on BDS MaPS, Dr. Bob Nanes said market is a dictator and organizing factor to the community forest production and advised to feel more of trade fair.

The participants ingeniously expressed commitment to make Nepal a supermarket for the NTFP.

To sum up, the meeting went fruitful bringing out recommendable policy issues and an effective preparation for the national policy formulation.

The meeting was presided over by Dr. Udaya Raj Sharma.

**22nd Sharing meeting of NNN
ANSAB meeting hall
April 7, 2004
1 PM to 3 PM**

List of Participants

<i>S/No</i>	<i>Name</i>	<i>Organization</i>
1.	Dr. Udaya Raj Sharma	DPR
2.	Mr. Bhishma P. Subedi	ANSAB
3.	Mr. Bhairab Risal	NEFEJ
4.	Mr. Indu Bikal Sapkota	ANSAB
5.	Dr. Nirmal Bhattarai	IDRC/MAPPA
6.	Mr. Hem Raj Neupane	Forest Action
7.	Mr. Rakshya Pandey	CRT/N
8.	Mr. Rajiv Pradhan	BDS-MaPS
9.	Mr. Bhola Bhattarai	FECOFUN
10.	Mr. Lal Kumar KC	HJSS
11.	Mr. Bishnu Hari Pandit	NEW/ERA
12.	Mr. Francisco Tolentino	SNV/Nepal
13.	Mr. Ram Hari Subedi	ANSAB/BDS/MaPS
14.	Mr. A. L. Joshi	NARMSAP
15.	Mr. Prem Raj Tiwari	GAC
16.	Mr. Ajaya Bikram Manandhar	WATCH
17.	Ms. Shova Adhikari	ANSAB

Agenda of the meeting

- Recap of 21st NNN sharing meeting
- Reflection upon research and grassroots experiences influencing community forestry and NTFPs policy process in Nepal

Summary of the meeting

The meeting came up with some solid outcomes in concretizing the national policy draft in line with making it more effective. The participants were called on for making suggestions to the coordination committee members that will be later discussed in the NTFPCC meeting in process of finalizing the NTFP policy draft. Realizing the potentials of favorable policy environment, all the participants appeared enthusiastic to cite policy

implications on the basis of some cases. Additionally, the meeting formed a task force for submitting a requisition letter to the ministry of forest and soil conservation. As the requirement of policy research was widely realized, the meeting also decided to carry out research on the under mentioned areas comprising of the chronology of tax imposition and its withdrawal as well as the complication of policy.

- Texus
- Yarsagumba
- Kutki
- Chiraito (ban and lifting on ban)
- Bark of Okhar
- Community Forest 40% (benefit sharing)
- IEE/EIA
- Enterprise registration

Recap of the 21st sharing meeting of NNN

Mr. Bhisma P. Subedi, Executive Director of ANSAB recapitulated the agenda and outputs made through the last NNN meeting. Calling for more agenda from the participants to be discussed, he asked Dr. Udaya Raj Sharma to sum up the policy issues brought forward in the last meeting.

With detail of further improvements made in the NTFP policy preparation process, Dr. Sharma said a committee comprising of 13 members was formed to prepare the draft for NTFP policy.

A national workshop was organized in a bid to further review the draft policy, bringing about wide range of consultation. The prepared draft will be reviewed again through the Non Timber Forest Product Coordination Committee, affirmed Dr. Sharma.

Dr. Udaya Raj Sharma called on the meeting participants to make consultation with the NTFPCC members for further recommendation to the National policy before it is discussed in the NTFPCC for finalization.

Citing an example of reluctant Nepali entrepreneurship, he desperately remarked the Nepali big herbal companies heading towards India in search of market and money.

Task force for requisition letter

Scrutinizing the reasons for potentiality of consent from the ministry, Mr. Bhairab Risal asked for a requisition letter to be submitted to the Ministry of Forest and Soil Conservation. A task force was also formed to come up with this effort. Amidst the task force are Mr. Bhairab Risal, Mr. Ram Hari Subedi, Mr. Bhola Bhattarai and Mr. Mohan Baniya.

Highlights of the discussion

According to Mr. Bishma P. Subedi, the credit for improvements made in creating favorable policy should go to the community forest. Furthermore, Subedi asked for effort in bringing voice of grass root people on the legislation level for policy reformulation.

Adding on the remarks of Subedi, Dr. Udaya Raj Sharma cited an instance of Yarsagumba (*Cordyceps sinensis*) emphasizing that the government should cut down the tax rate for Yarsagumba on the basis of a detailed account of its sale rate. Additionally, he affirmed the organizations like ANSAB should be called for collection of such data and analysis of details.

The participants appeared hopeful as the King has prioritized NTFPs promotion in the Himali region after his recently ended thorough observation of the state of the people and place over the region.

Mr. Bhola Bhattarai from FECOFUN pointed out the hurriedly formulated laws and their negative implication with affirmation that the law should be formulated after wide consultation from the grass root people and only the sort of legal statements makes sense to the common people, that is liable and people make use of it.

Citing some undergoing works like nursery establishment on behalf of the Department of Plant Resources, Dr. Sharma inferred that community people are making improvements in the cultivation of NTFPs.

As Mr. Bishma P. Subedi asked for some cases of the process of policy formulation and its effect, Mr. Bhola Bhattarai including others exemplified the current situation defected by the lack of policy. Amongst the cases was recently withdrawn 40% taxation, complexity of newly developed guideline of the government, debatable issue of 3 KM boundary for enterprise set up and success of community forest.

Calling NNN as a multi stakeholder forum, Mr. Subedi appreciated the mutual attempt and success made on behalf of the NNN as well as the consolidated use of the resources.

The 22nd meeting of NNN was presided over by Mr. Bhairab Risal.

23rd Sharing Meeting of NNN
ANSAB meeting hall
August 27, 2004

3 PM TO 5.30 PM

Participants

S/No	Name	Organization
18.	Dr. Udaya Raj Sharma	DPR
19.	Dr. N. N. Tiwari	HPPCL
20.	Dr. K.C. Paudel	MFSC
21.	Mr. A. L. Joshi	NARMSAP
22.	Dr. Domodar Parajuli	MFSC
23.	Mr. Bhishma P. Subedi	ANSAB
24.	Mr. Surya B. Binayee	ANSAB
25.	Mr. Bhairab Risal	NEFEJ
26.	Mr. Indu Bikal Sapkota	ANSAB
27.	Mr. Prem Raj Tiwari	GAC
28.	Mr. Lal Kumar K.C.	HJSS
29.	Mr. Francisco Tolentino	SNV/Nepal
30.	Mr. Bob Nanes	BDS-MaPS
31.	Mr. Man B. Khatri	HJSS
32.	Mr. Amleshwar Singh	LFP
33.	Ms. Bunu Vaidya	IUCN
34.	Mr. Khilendra Gurung	HBTL
35.	Mr. Rajendra Lamichhane	FECOFUN
36.	Mr. C.L. Chowdhary	CECI, CMAPSL
37.	Mr. Rana B. Rawal	BIRD/ EHP
38.	Mr. Prakash Sayami	CFD, Department of Forest
39.	Ms. Sony Baral	ANSAB

Agenda

- Review of 22nd NNN sharing meeting
- NTFP certification initiative in Nepal and its progress
- NTFP promotion activities in Nepal: Sharing and updating

Mr. Bhishma P. Subedi, Executive Director of ANSAB welcomed the participants of the twenty third sharing meeting of Nepal NTFP Network. Mr. Subedi made presentation on the NTFPs certification initiative in Nepal. The participants were then called on for making suggestions on NTFPs promotion. All the participants gave their views on royalty and clear specification of cultivated species in Rajpatra to make ease for the producers, specifying cultivated species was realized as an important issue and so requested all to send specific information to ANSAB regarding it.

Policy Issues

Mr. Indu B. Sapkota made recap on NTFP policy issues. He said after the intensive brainstorming, five issues were identified; a) Importance of NTFPs in community forest, b) Royalty issues (fluctuation in royalty ratio), c) In the policy enterprise concept has not included d) Multiple taxes (VDC, DDC etc) e) Ban and release of NTFPs.

Adding to Sapkota, Mr. Subedi said by the brainstorming, a draft was prepared and after that a national workshop was organized in a bid to further review the policy draft, bringing about wide range of consultation from the people working for government in forestry sector. And he added at present focus is given on certification and marketing then widening the focus on cultivation and other side in the future.

Responding to Mr. Man P. Khatri, Dr. Damodar Parajuli said royalty collected by selling products could be used in community forest management and social development by CFUG, which clearly mentioned in the policy.

Most of the participants requested Dr. Parajuli that the royalty rate of Yarshagumba should be decreased. At last, Dr. Parajuli considered the participants voice and agreed to make attempt from his side to make royalty Rs. 10,000 per kg.

Mr. Rana B. Rawal said that decreasing the royalty rate would help to sell the Yarshagumba legally in the market, which could increase the revenue.

Dr. KC Paudel added that revenue should be collected from the purchasers but not from the collectors, so that collectors should not be suffered.

Certification

Mr. Subedi made a presentation on NTFP certification initiative in Nepal and its progress. He said that to export the NTFPs of Nepal to the international market, different institution (private & public) are acting. And some other organizations are also helping on non-profit way. Main goal of the certification is to increase the income & employment of the producers. And he added that for Nepal, NTFPs certification guideline has been prepared, which designs CFUG as a pool and FECOFUN as authorized certificate holder. And assessment is to be done by the third party.

Dr. N.N Tiwari said that NASSA is also working in different places, what's the difference among them, asked Dr. Tiwari.

Responding the question Mr. Subedi went ahead in his presentation and gave an example about the pilot certification program which was started with 6 CFUGs in each two selected districts. These CFUGs were selected according to the certification criteria.

NTFP marketing

Citing the example of HBTL, he said that NTFPs worth equal to 2.5 million \$ were sold to the international market in 2004. Though there were many challenges when doing the marketing of the products, he explained, we hope certification will help to some extent in this regard.

Mr. Tiwari queried on the export of product to America, and for this he wanted to know whether certification help for exporting.

Responding to Mr. Tiwari, Mr. Subedi said that it could help the purchaser to know whether the product is from the sustainable managed forest. Adding to Mr. Subedi, Mr. Rawal clarified that now different companies are doing their business in certain product but in the future if the forest is certified it will be easy to sell all kinds of products.

Mr. Bhirab Risal pointed out, when talking about the market we should not be limited to the European and American markets but also see the alternatives like Arabian market.

Responding to Mr. Risal, Mr. Subedi said that Nepali Paper in America cost 6 times more than the cost of products available at local level. He added after certification, it would be easy to advertise the products and simplicity for their marketing.

Citing an example of the Pakistani ambassador advertising Nepali product Dr. Uday R. Sharma said different people working in different interacting fields might advertise that product.

Supporting to Dr. Sharma, Mr. Rawal told that Nepali Ambassadors could play role regarding this.

Adding to above view, Mr. Risal said “why don’t we serve Nepali tea and other products when we organize conference and seminar? This will help to advertise our products” In addition, he said that displaying our products in our ambassador offices could be the strong means of advertising.

Diverting the discussion, Mr. Rawal said that there are numbers of herbal products in the market but most of them are not maintaining the quality. Taking the example of herbal tea, he said that they are packed by putting different chemicals to make it more durable. When we send the product outside the country they need organic packaging, so we have to see many aspect not just only sanitation.

Mr. Subedi requested to those who have such type of facilities to bring and share in the forum, which can help to the companies and members working in this field.

Mr. Khatri opined regarding the royalty that it would be better to promote internal market first then focus to the international market. He added that if the NTFPs royalty could be reviewed in every 2 years it helps to adjust the product selling cost and the royalty rate on time. The discussion would come up to the issue on responsibility of sustainable harvesting of Loth salla in Bajhang.

Mr. Subedi thanked Dr. Parajuli and appreciated the efforts he is doing regarding the matter. He claimed that specifying cultivated spp. of NTFPs, as in case of timbers, would be useful to promote NTFPs trade; there would be no hindrance in taking permits for export.

According to Dr. Sharma, he found in Banglore that 20 species are listed in gazette, in which 99% found in the cultivated land and 1% in the forest. These types of species can be sold with out taking export permit; people don’t have to face difficulties.

Supporting this, Dr. Parajuli explained that workout is under progress for private production

Dr. Paudel said “it depends upon the locality i.e., in some localities some species are totally available in the forest while totally cultivated in others so it is difficult to identify

Adding on above remarks, Mr. Surya B. Binayee suggested that for knowing the species by localities, it would be possible to take the scheme of species from the farmers.

The meeting was presided over by Mr. Lal Kumar KC, treasurer of Himali Jadibuti Sarokar Samuha.

Annex 5: Nepal interim standards for assessing forest management



SmartWood

Practical conservation through certified forestry

Rainforest Alliance/SmartWood Interim Standards for Assessing Forest Management

(July 2005)

PURPOSE AND DEVELOPMENT OF THE NEPAL INTERIM STANDARDS

These interim standards have been developed through Nepali stakeholder consultation to provide forest managers, landowners, forest industry, scientists, environmentalists and the general public with information on the aspects of forest management operations in Nepal that SmartWood evaluates to make certification decisions in the Forest Stewardship Council (FSC) certification system. The principles, criteria and indicators¹ in this document are applicable for assessing all forest management operations (FMOs) with NTFP and/or timber production as a primary objective. A list of who provided direct input and documents consulted in developing the interim standards can be found in the appendix.

The first Nepal interim standards for NTFPs were developed in November 2003 as described above. NTFPs are a primary source of community forestry revenue, food, fodder and medicinal products in Nepal. The initial Nepali FSC certifications were focused on NTFPs in the upper temperate forest in the midlands where NTFPs are commercially important and timber is a minor forest product primarily for local use. Although most communities use timber locally, given the lack of an adequate transportation system, they wanted to include FSC certification as a way of increasing awareness amongst local people of the importance of FSC certification. Moreover, timber products, especially in the sub-tropical zone of the Terai, may gain international markets where FSC certification could provide environmental and social assurances to buyers. Thus in July 2005 interim timber standards were incorporated to produce a comprehensive set of standards that include both timber and NTFPs.

¹ It is SmartWood philosophy to keep the certification process as straightforward and simple as possible, without sacrificing technical quality, in order to foster the value of certification as an educational, policy, and training tool. In practice this means writing as clearly as possible and keeping scientific terms to a minimum.

BACKGROUND

Forests can be managed for many different objectives and products. Such management can occur in natural forests or plantations, for timber or non-timber forest products, include mechanized or manual harvesting, and managed by a large industrial concern or a local community or landowner cooperative. Many combinations are possible. A critical question has been - how to evaluate the wide range of ecological, socioeconomic and silviculture impacts of forest management activities in a clear and consistent fashion, based on a combination of scientific research and practical experience?

The Nepal Interim Standards for Assessing Forest Management was primarily based on the SmartWood Generic Standards for Assessing Forest Management June 2005. In 1991, the SmartWood Program put forth the *first* set of global standards for forest management certification, entitled "Generic Guidelines for Assessing Natural Forest Management" applicable at the field or operational level for forest operations. In 1991, SmartWood also distributed the first region-specific guidelines for management of natural forests in Indonesia. In 1993, SmartWood distributed the draft "Generic Guidelines for Assessing Forest Plantations" and revised guidelines for natural forest management. The initial Working Group for developing the first FSC Principles and Criteria in 1991-1993 was co-chaired by a SmartWood Director. In 1998, after seven years of application and "learning by doing" through forest assessments and audits, SmartWood conducted a major revision of its standard for assessing forest management in both natural forests and tree plantations.

The SmartWood generic standards were developed in consultation with our staff and representatives of the SmartWood Program worldwide, as well as other professional foresters, ecologists, social scientists and other forest practitioners. SmartWood representatives have in-depth field experience developing region-specific forest certification standards, some going back as far as 1989 (Indonesia, California). We believe these standards are in accord with FSC requirements as well as other forest management and biological conservation guidelines issued by the International Union for the Conservation of Nature (IUCN) and the International Tropical Timber Organization (ITTO). We have also drawn on work of our SmartWood Network partners (Imaflora in Brazil and NEPCon in Denmark and Eastern Europe), Center for International Forestry (CIFOR), International Labor Organization (ILO), many scientists, forest industry, non-governmental organizations (NGOs), and FSC regional standards working groups. We would like to acknowledge the significant contributions made by these and other international, national and local organizations, and the many forestry operations (certified and uncertified), foresters, loggers, and local stakeholders who have critiqued past versions of the SmartWood standards and provided suggestions for improvement.

REGIONAL STANDARDS

As part of the FSC process, regional standards are developed by a regional working group, field-tested, revised and approved by the regional working group, and then submitted to the FSC's international headquarters for approval. The final product, if approved, is an "FSC endorsed standard". Once endorsed, all FSC-approved certifiers (like SmartWood) must use the endorsed regional standard as the fundamental starting point for FSC certification in that country/region. Certifiers can choose to be more rigorous than the regional standard, but they cannot be less rigorous. Nepal is in the very early stages of forming an FSC regional working group for developing regional standards.

Operations certified under a previous FSC or SmartWood standard have a minimum of one year to meet any newly endorsed FSC regional standard. Sometimes a longer transition may be needed. Where necessary, SmartWood coordinates with the FSC to establish an acceptable transition schedule for the certified FMO.

PUBLIC INPUT AND COMMENT ON SMARTWOOD STANDARD AND CERTIFICATION PROCESSES

The certification process has both public and private aspects. Certification assessments are not public documents unless specifically required by law (e.g. for some public forests) or approved for public distribution by the certified operation. However, three public documents are available for each and every certified FMO:

1. A public stakeholder consultation document that announces each certification assessment 30 days prior to field work;
2. The certification standard used, and,
3. A public certification summary that is produced with the results of each separate forest certification.

The public stakeholder consultation document informs the public about the assessment at least 30 days prior to it taking place. This document is distributed publicly prior to or during an assessment. The document is typically distributed through by hand delivery, FAX, mail, or email. The specific SmartWood standard for each assessment is also publicly available before and during the assessment and is a part of the public record for every forest certification. The public certification summary is produced as a final step of the certification process and is available only after an operation has been approved for certification. For copies of any of the above documents, contact SmartWood headquarters (61 Millet Street, Suite 201, Richmond, Vermont USA 05477, telephone 802-434-5491 or FAX 802-434-3116) or visit our website at www.smartwood.org. **We strongly encourage you to give us your input, either positive or negative, on our candidate or certified operations, certification standards, or certification procedures.**

PHILOSOPHY OF THE SMARTWOOD STANDARD

The FSC Principles and Criteria for Forest Stewardship (February 2000) form the starting point for every FSC/SmartWood certification globally. SmartWood developed the indicators presented here as a global standard. These indicators are the basis upon which region-specific “SmartWood Interim Standards” are to be developed for use in the field by forest assessors to evaluate the sustainability of forest management practices and impacts of candidate FMOs.

Certified operations may not be scientifically or definitively “sustainable” in all aspects; but they will have demonstrated a clear commitment to sustainable forest management policy and practice. The three concepts that SmartWood considers the fundamental aspects of sustainable forest management are:

1. Forest operations must maintain environmental functions, including watershed stability, conservation of biological resources and protection of wildlife habitat;
2. Management planning and implementation must incorporate economically sustainable yield concepts for all harvested or utilized forest products, based on an understanding of, and documentation related to, local forest ecology; and,
3. Activities must have a positive impact on the long-term social and economic well being of local communities.

STANDARDS STRUCTURE

The standards are divided into the following ten principles:

- 1.0 Compliance with Laws and FSC Principles
- 2.0 Tenure and Use Rights & Responsibilities
- 3.0 Indigenous Peoples’ Rights
- 4.0 Community Relations and Workers’ Rights
- 5.0 Benefits from the Forest
- 6.0 Environmental Impact
- 7.0 Management Plan
- 8.0 Monitoring and Assessment
- 9.0 Maintenance of High Conservation Value Forests
- 10.0 Plantations

In the standard, each FSC principle and its associated criteria is stated, along with the Rainforest Alliance/SmartWood Nepal specific indicators. All criteria in all principles must be evaluated in every assessment; unless certain principles are deemed not applicable by SmartWood auditors (e.g. Principle 10 will not be applicable if there are no plantations).

SYNOPSIS OF THE CERTIFICATION ASSESSMENT PROCESS²

SmartWood assessors are provided with detailed guidance on the certification process, including pre-assessment briefings (either in person or by telephone) and access to a written SmartWood handbook for forest assessment. The purpose of these briefings and the manual is to ensure that a consistent and thorough certification process is followed.

In addition to following the SmartWood procedures outlined in our forest evaluation handbook,, there are three other ways in which we ensure accuracy and fairness in our certifications:

1. The assessment must involve individuals who are familiar with the particular region and type of forest management operation under evaluation. It is SmartWood policy to involve local specialists in all assessments.
2. Team members must be familiar with SmartWood certification procedures. Each SmartWood certification assessment has a designated lead auditor who must have either participated in a formal SmartWood assessor-training course and have previously participated in another SmartWood forest management assessments and audits.
3. The assessment must use region-specific standards (i.e. endorsed FSC standard or a “regionalized” SmartWood Interim Standard, based on this SmartWood Generic Standard).

Team Selection and Planning – SmartWood selects a qualified lead auditor and other team members to participate in the assessment. The lead auditor’s first task is to ensure that all team members understand the scope and intent of the assessment process. Responsibility for evaluation of different sections (i.e. specific criteria and indicators) of the standard are assigned to different team members, depending on their particular training and expertise. . All team members can provide input into any principle, but lead responsibility is assigned for data collection, analysis and writing for each criterion and indicator.

Stakeholder notification: At least 30 days prior to field evaluation, SmartWood notifies stakeholders of the pending assessment and requests stakeholders observations or comments with regard to the operations compliance with the certification standard.

Fieldwork and Data Collection – Evaluation of conformance with the standard is based upon data collection by the auditors through review of FMO management documentation, interviews with staff and stakeholders, and field observations and measurements. The team organizes an opening meetings with the FMO staff to review the assessment scope and procedures and certification standards.

² For detailed information about procedures, contact our headquarters or regional offices through www.smartwood.org.

Documentation review and interview with FMO staff begin immediately. The assessment process then moves quickly to the field phase. Inspections are made to sites chosen by SmartWood assessors based on a comprehensive review of the candidate FMO's forest holdings and management activities, discussions with interested/affected parties, and identification of critical issues or challenging sites. Site visits occur in the forest, at processing facilities, and in surrounding communities. Visits emphasize management activities of all types and phases and different biological or physical conditions.

Team members meet independently with stakeholders. All assessments solicit and incorporate input (confidential and/or open) from as directly affected and/or knowledgeable stakeholders as possible, including local communities, adjoining landowners, local forest industry, environmental organizations, government agencies, and scientific researchers. During these consultations, assessment team members explain the assessment process, solicit opinions, and gather impressions about the field performance of the operation being assessed.

Data Analysis and Decision making – Throughout the assessment the team constantly meets to discuss progress in gathering information, and discuss preliminary findings. The assessment team works in a consensus fashion to analyze information and evidence gathered, evaluate conformance and reach agreement on their findings as to the certification of the candidate operation. Auditor-only meetings happen throughout the assessment process.

The assessment team reviews performance by the FMO at the indicator level of the standard. Any non-conformances is analyzed and classified as either minor or major. A noncompliance is considered major if it results in a fundamental failure to achieve the objective of the relevant criterion in the standard. For each areas of nonconformance identified, the assessment team develops corrective actions which are classified as follows:

- **Pre-conditions** are improvements addressing major nonconformances that candidate FMO must implement before SmartWood certification is granted;
- **Corrective action requests** are improvements addressing minor nonconformances that candidate FMO must implement by specific deadlines (i.e. short term - usually within one year) during the renewable five-year certification period (which is the standard FSC certification contract period); and,
- **Observations** are voluntary improvements related to very minor conformance problems (compliance not mandatory or required).

Report Write-up – following the field evaluation the team prepares the certification assessment report. This report follows a standardized format and includes detailed findings of performance and proposes pre-conditions, Corrective action requests or observations.

Review of Assessment Report by Candidate Operation, Independent Peer Reviewers and SmartWood Decision Review – the candidate operation, at least

one peer reviewer, and SmartWood regional staff, review each certification assessment report.

Certification Decision – Once the above steps are completed, SmartWood headquarters coordinates a certification decision process,. If a certification decision is to approve certification, a five-year certification contract will be executed which requires annual on-site audits. If an operation is not approved, the certification decision will establish what must be done in order for the operation to achieve certified status in the future.

INDICATORS FOR SMALL AND LARGE FMOS

In some cases SmartWood has identified indicators that are specific to certain sizes of operations. Clear quantitative definitions for small versus large FMOs shall be included in regionalized SmartWood Interim Standards. Where these SmartWood regional thresholds are not established, large FMO should be considered those larger than 50,000 ha. Small FMO definition is determined by FSC regional thresholds set for small and low intensity managed forests (SLIMF) which have been set either globally by FSC or by FSC National Initiatives.

FSC Principles and Criteria & SmartWood Interim Nepal Indicators

PRINCIPLE #1: COMPLIANCE WITH LAWS AND FSC PRINCIPLES

Forest management shall respect all applicable laws of the country in which they occur, and international treaties and agreements to which the country is a signatory, and comply with all FSC Principles and Criteria.

1.1 Forest management shall respect all national and local laws and administrative requirements.

Timber

1.1.1 FMO shall demonstrate a record of compliance with national, regional, district and local laws and regulations.

1.1.2 FMO shall undertake specific corrective actions when incidences of non-compliance are identified.

NTFP

Same as above

1.2 All applicable and legally prescribed fees, royalties, taxes and other charges shall be paid.

Timber

1.2.1 FMO shall be up-to-date in payment of applicable fees, taxes, timber rights or leases, royalties, etc.

NTFP

1.2.1 The FMO or NTFP harvester(s) maintains up-to-date harvesting permits, collecting licenses, collecting contracts or cultivation permits and duly pays any fees, leases, royalties etc.

Timber

1.2.2 Where FMO is not up-to-date on payments, a plan for completing all payments shall have been agreed to with the relevant institution.

NTFP

1.2.2 Same as above

1.3 In signatory countries, the provisions of all binding international agreements such as CITES, ILO Conventions, ITTA, and Convention on Biological Diversity, shall be respected.

Timber

1.3.1 FMO shall be aware of and understands the legal and administrative obligations with respect to relevant international agreements.

NTFP

1.3.1 Same as above

Timber

1.3.2 FMO operations shall meet the intent of applicable conventions including CITES, Convention on Biological Diversity and ILO conventions (29, 87, 98, 100, 105, 111, 138, 182 and other binding conventions).

NTFP

1.3.2 Same as above including NTFPs on CITES Appendix 1 are not being harvested.

Timber

1.3.3 Major contraventions to applicable international agreements shall not be allowed.

NTFP

1.3.3 Same as above

1.4 Conflicts between laws, regulations and the FSC Principles and Criteria shall be evaluated for the purposes of certification, on a case-by-case basis, by the certifiers and the involved or affected parties.

Timber

1.4.1 Conflicts between laws, FSC P&C and international treaties or conventions shall be identified by FMO (or SmartWood auditors during certification assessment).

1.4.2 FMO shall work in conjunction with the appropriate regulatory bodies and other parties to resolve conflicts between laws/regulations and FSC Principles or Criteria.

NTFP

1.4.1 Same as above

1.4.2 Same as above

1.4.3 Collection of forest resources (e.g. NTFPs, firewood, timber, game etc.) for commercial purposes by third party NTFP harvesters (e.g. local communities, individuals external to the FMO) throughout the forest management area is monitored, and if necessary, controlled.

1.5 Forest management areas should be protected from illegal harvesting, settlement and other unauthorised activities.

Timber

1.5.1 The forest management unit(s) shall be protected from harvesting activities and other activities not controlled by forest manager or local people with use rights. (.e.g. settlement, poaching, illegal harvesting).

1.5.2 There should be little to no evidence of unauthorized activities in forest management areas.

1.5.3 For **large** operations, a system shall exist for documenting and reporting to the appropriate authority instances of illegal harvesting, settlement, occupation or other unauthorized activities.

NTFP

1.5.1 Same as above

1.5.2 Same as above

1.5.3 Same as above

1.6 Forest managers shall demonstrate a long-term commitment to adhere to the FSC Principles and Criteria.

Timber

1.6.1 FMO shall have a publicly available policy or statement committing the organization to adhere to the FSC certification standards.

1.6.2 FMO shall not implement activities that blatantly conflict with the FSC P&C on forest areas outside of the forest area under assessment.

NTFP

1.6.1 Same as above.

1.6.2 Same as above

PRINCIPLE #2: TENURE AND USE RIGHTS AND RESPONSIBILITIES

Long-term tenure and use rights to the land and forest resources shall be clearly defined, documented and legally established.

2.1 Clear evidence of long-term forest use rights to the land (e.g. land title, customary rights, or lease agreements) shall be demonstrated.

Timber

2.1.1 Ownership of the land by FMO shall be demonstrated or FMO shall obtain the legal right to manage the lands and to utilize the forest resources for which certification are sought.

2.1.2 CFUGs have certificates of their operational plan (OP) and constitution.

2.1.3 Customary use rights, leases or other use rights shall be documented in the OP, constitution and minutes

NTFP

2.1.1 Same as above

2.1.2 Same as above

2.1.3 Same as above

2.2 Local communities with legal or customary tenure or use rights shall maintain control, to the extent necessary to protect their rights or resources, over forest operations unless they delegate control with free and informed consent to other agencies.

Timber

2.2.1 All legal or customary tenure or use rights to the forest resource of all local communities are clearly documented in the resource inventory and mapped in the OP.

2.2.2 FMO shall provide evidence in their minutes and records that free and informed consent to management activities affecting use rights has been given by local communities.

2.2.3 Controlled access should be given or offered to local communities for timber and non-timber forest products based on either legal agreements or longstanding local arrangements and verified in the OP.

NTFP

2.2.1 Same as above

2.2.2 Same as above

2.2.3 Same As above

2.3 Appropriate mechanisms shall be employed to resolve disputes over tenure claims and use rights. The circumstances and status of any outstanding disputes will be explicitly considered in the certification evaluation. Disputes of substantial magnitude involving a significant number of interests will normally disqualify an operation from being certified.

Timber

- 2.3.1 FMO shall use appropriate mechanisms for resolving disputes over tenure claims and use rights. This shall be verified in the OP, constitution and recorded in meeting minutes
- 2.3.2 FMO should not be involved in outstanding disputes of substantial magnitude on the candidate forest area that involve a significant number of interests. Identification of major disputes of this character shall preclude certification of the FMO

NTFP

- 2.3.1 Same as above
- 2.3.2 Same as above

PRINCIPLE #3: INDIGENOUS PEOPLES' RIGHTS

The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognised and respected.

- 3.1 Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.

Timber

- 3.1.1 FMO shall identify Indigenous peoples with customary/traditional rights to forest resources (timber and non-timber) where indigenous people have established customary or legal rights to the land or forest resources and their entitlements formally recognized in the OP and the specific areas marked on maps.
- 3.1.2 Forest operations begin only once disputes have been resolved or all reasonable means have been taken to resolve them. Resolution is documented in meeting minutes
- 3.1.3 Agreements with indigenous groups shall be honored and documented in meeting minutes.

NTFP

- 3.1.1 Same as above
- 3.1.2 Same as above
- 3.1.3 Same as above

- 3.2 Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.**

Timber

- 3.2.1 FMO shall document any potential threats in the OP and meeting minutes, direct and indirect, to indigenous resources or tenure and undertake actions to prevent negative impacts.

NTFP

- 3.2.1 Same as above

3.3 Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in co-operation with such peoples, and recognised and protected by forest managers.

Timber

3.3.1 Sites of special indigenous cultural, ecological, economic or religious significance shall be identified in the OP and on field maps or in the field.

3.3.2 Policies and procedures shall include the involvement of indigenous people in the identification of special sites.

3.3.3 Special sites shall be identified in operational plans and protected during field operations.

NTFP

3.3.1 Same as above

3.3.2 Same as above

3.3.3 Same as above

3.4 Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.

Timber

3.4.1 Written or verbal agreements shall be recorded in the OP when there is use of traditional knowledge for commercial purposes.

3.4.2 Where applicable, compensation systems shall be in place prior to commencement of forest operations which affect indigenous interests.

NTFP

3.4.1 Same as above

3.4.2 Same as above

PRINCIPLE #4: COMMUNITY RELATIONS AND WORKER'S RIGHTS

Forest management operations shall maintain or enhance the long-term social and economic well being of forest workers and local communities.

4.1 The communities within, or adjacent to, the forest management area should be given opportunities for employment, training, and other services.

Timber

4.1.1 Local communities and residents shall be given equal preferential opportunities in timber harvesting and other forest management activities

in terms of employment, training, and provision of supplies to FMO, and other benefits or opportunities.

- 4.1.2 FMO policies and practices shall ensure equity for employees in terms of hiring, advancement, dismissal, remuneration and employment related social security. They shall consider involving women, disadvantaged and dalit groups. This shall be documented in minutes and records.

NTFP

- 4.1.1 Local communities and residents are given first preference in harvesting and other NTFP management activities in terms of ownership, management, training, labor pool, provision of supplies to the FMO and other benefits or opportunities. This shall be documented in minutes and records.

- 4.1.2 Same as above

- 4.2 Forest management should meet or exceed all applicable laws and/or regulations covering health and safety of employees and their families.

Timber

4.2.1 Wages and other benefits (health, retirement, worker's compensation, housing, food) for full-time staff and contractors shall be consistent with (not lower than) prevailing local standards. Women and ethnic minorities are compensated at the same rate for their job classification as majority men.

- 4.2.2 FMO shall implement a program of worker safety.
- 4.2.3 Health and safety measures comply with national minimum requirements.
- 4.2.4 FMO shall maintain up to date records of safety performance including work related accidents.
- 4.2.5 Workers are provided with safety equipment in good working order, appropriate to the tasks of workers and the equipment used.

NTFP

4.2.1 Same as above

- 4.2.2 Same as above
- 4.2.3 Health and safety measures comply with national minimum requirements. NTFP harvest and processing methods and facilities are safe and sanitary for both workers and end consumers.
- 4.2.4 Same as above
- 4.2.5 Same as above

4.3 The rights of workers to organise and voluntarily negotiate with their

employers shall be guaranteed as outlined in Conventions 87 and 98 of the International Labour Organisation (ILO).

Timber

4.3.1 FMOs, by their actions and policies (in OPs and minutes), shall respect the rights of workers (Workers can be both worker-users and employees involved in the NTFP management) to organize or join trade unions and to engage in collective bargaining as outlined in ILO Conventions 87 and 98.

NTFP

4.3.1 Same as above

4.4 Management planning and operations shall incorporate the results of evaluations of social impact. Consultations shall be maintained with people and groups (both men and women) directly affected by management operations.

Timber

4.4.1 In conjunction with local stakeholders the FMO shall evaluate socio-economic impacts associated with forest management activities. The evaluation shall be in accordance to the scale and intensity of operations,

4.4.2 FMO shall demonstrate that input from community participation was considered and/or responded to during management planning and operations.

NTFP

4.4.1 Same as above.

4.4.2 Same as above.

4.5 Appropriate mechanisms shall be employed for resolving grievances and for providing fair compensation in the case of loss or damage affecting the legal or customary rights, property, resources, or livelihoods of local peoples. Measures shall be taken to avoid such loss or damage.

Timber

4.5.1 FMO shall make all reasonable efforts to avoid losses and damages affecting local peoples and user groups and in resolving grievances related to legal rights, damage compensation and negative impacts. Records of such grievances shall be kept.

4.5.2 Appropriate procedures for resolving grievances and determining compensation for loss or damage shall be established, implemented and recorded.

(Note: See Criterion 2.3 for resolution of land tenure (e.g. property or use rights) challenges.)

NTFP

4.5.1 Same as above.

4.5.2 Same as above

PRINCIPLE # 5: BENEFITS FROM THE FOREST

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

5.1 Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.

Timber

5.1.1 Current and future budgets include provision for environmental and social as well as operational costs e.g. management planning, road maintenance, silvicultural treatments, long-term forest health, growth and yield monitoring, and conservation investments.

5.1.2 The income predicted in the operating budgets is based upon sound assumptions.

NTFP

5.1.1 Current and future budgets include provision for environmental and social as well as operational costs e.g. management planning, road maintenance, long-term forest health, NTFP regeneration monitoring, and conservation investments.

5.1.2 Same as above.

5.2 Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.

Timber

5.2.1 FMO should seek the "highest and best use" for individual tree and timber species.

5.2.2 FMO should encourage utilization of frequently occurring, lesser known, or less-commonly utilized plant species for commercial and subsistence uses.

5.2.3 Non-timber forest products (NTFPs) should be considered during forest use and processing.

5.2.4 Local processing should be emphasised where possible.

NTFP

5.2.1 FMO should seek the "highest and best use" for individual NTFP species.

5.2.2 FMO should encourage utilization of frequently occurring,

lesser known, or less-commonly utilized plant species for commercial

and subsistence uses. However, the utilization of lesser-known species

does not compromise local NTFP needs (e.g. for fruits, medicines,

game-attracting species, etc.) and does not negatively impact forest diversity.

5.2.3 Timber forest products should be considered during forest use and processing.

5.2.4 Same as above

5.2.5 When feasible and applicable, the FMO applies multiple certification systems (e.g. FSC, organic, fair trade) to NTFP resources.

5.2.6 The potential of utilizing byproducts that result from NTFP harvesting and incorporating them in commercial activities are investigated.

5.3 Forest management should minimise waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.

Timber

5.3.1 Harvesting techniques shall be designed to avoid log breakage, timber degrade and damage to the forest stand and other resources.

5.3.2 Waste generated through harvesting operations, on-site processing and extraction shall be minimized.

NTFP

5.3.1 Harvesting techniques shall be designed to avoid damage to residual NTFPs and other resources. (Note: See Principle 6 for assessing damage to forest resources.

5.3.2 FMO and processing centers minimize waste associated with harvesting or processing and encourage utilizing (recycling) the wastages.

5.4 Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.

Timber

5.4.1 FMO should foster product diversification and exploration of new markets and products (also Criterion 5.2) including opportunities like ecotourism.

5.4.2 FMO should support local value added processing.

5.4.3 FMO forest operation supports livelihood opportunities for local communities as appropriate to the local condition

NTFP

5.4.1 Same as above.

5.4.2 Same as above.

5.4.3 Same as above

5.5 Forest management operations shall recognise, maintain, and, where appropriate, enhance the value of forest services and resources such as

watersheds and fisheries.

Timber

5.5.1 FMO management shall protect the full range of forest services associated with the defined forest area including: municipal watersheds, commercial and recreational fisheries (or the supply of water to downstream fisheries), grazing, visual quality, contributions to regional biodiversity, recreation and tourism

5.5.2 FMO shall map and protect protection zones along all water streams, pools and high bogs, consistent with the requirement of national regulations or best management practices. (Note: See 6.5)

NTFP

5.5.1 Same as above

5.5.2 Same as above

5.6 The rate of harvest of forest products shall not exceed levels which can be permanently sustained.

Timber

5.6.1 Appropriate to the scale and intensity of operations, estimates of total periodic timber growth on the defined forest area- by species categories- shall be generated through a combination of empirical data and published literature.

5.6.2 Timber harvesting is based on a calculated periodic allowable harvest (e.g. annual allowable cut).

5.6.3 Allowable harvest levels shall be based on conservative, well-documented and most current estimates of growth and yield.

5.6.4 Actual harvests do not exceed calculated replenishment rates over the long term.

NTFP

5.6.1 Appropriate to the scale and intensity of operations, the intensity, frequency and seasonality of NTFP harvest, by area and volume, is based on a combination of scientific study and/or long-term local/traditional experience and knowledge and does not exceed sustainable levels.

5.6.2 NTFP harvest rates, cultural techniques and harvest methods are appropriate for the particular plant part used (exudate, reproductive propagule, vegetative structure) and management activities maintain viable populations of target NTFPs.

5.6.3 Allowable harvest levels shall be based on conservative, well-documented and most current estimates of growth and/or regeneration.

5.6.4 Same as above.

PRINCIPLE #6: ENVIRONMENTAL IMPACT

Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.

6.1 Assessment of environmental impacts shall be completed -- appropriate to the scale, intensity of forest management and the uniqueness of the affected resources -- and adequately integrated into management systems. Assessments shall include landscape level considerations as well as the impacts of on-site processing facilities. Environmental impacts shall be assessed prior to commencement of site-disturbing operations.

Timber

- 6.1.1 Environmental assessments shall be completed during management planning. In the case of community forestry, environmental impacts assessments are done by Forest User Groups during the operational plan preparation.
- 6.1.2 Environmental assessments shall consistently occur prior to forest management activities or other site disturbances.
- 6.1.3 Environmental impacts of on-site processing facilities shall be assessed and controlled (e.g. waste, construction impacts, etc.).
- 6.1.4 Landscape level impacts of forest management (e.g. cumulative effects of forest operations within and nearby the FMU) shall be considered.
- 6.1.5. **Applicable to SLIMF FMO-s only:** FMO shall demonstrate knowledge of the possible negative impacts of its activities and seeks to minimize them.
- 6.1.6. In case of community based and private forestry, management plan must be approved by DFO.

NTFP

- 6.1.1 Same as above
- 6.1.2 Same as above
- 6.1.3 Same as above
- 6.1.4 Same as above
- 6.1.5. Same as above

6.2 Safeguards shall exist which protect rare, threatened and endangered species and their habitats (e.g., nesting and feeding areas). Conservation zones and protection areas shall be established, appropriate to the scale and intensity of forest management and the uniqueness of the affected resources. Inappropriate hunting, fishing, trapping and collecting shall be controlled.

Timber

- 6.2.1 The likely presence of rare, threatened or endangered species and their habitats (e.g. nesting and feeding areas) shall be assessed on the basis of the best available information. .
- 6.2.2 Timber species on either local and/or international endangered or threatened species lists (e.g. CITES Appendix 1, national lists) shall not be harvested.

- 6.2.3 Appropriate to the scale and intensity of management, conservation zones, protection areas or other protection measures shall be established based on technically sound requirements for the protection of rare, threatened and endangered species and their habitats.
- 6.2.4 Conservation zones shall be demarcated on maps, and where feasible, on the ground.
- 6.2.5 Effective procedures shall be implemented during forest operations to protect identified species and their habitats
- 6.2.6 Hunting, fishing, trapping and NTFP collecting shall be controlled in the forest.
- 6.2.7 **Applicable to SLIMF FMO-s only:** Where information exists on rare, threatened and endangered species and their habitat the FMO shall use this information to map and protect these resources.
- 6.2.8 Rare, threatened and endangered species should be listed in the OP, and awareness shall be raised among stakeholders.

NTFP

- 6.2.1 Same as above
- 6.2.2 Same as above
- 6.2.3 Same as above
- 6.2.4 Same as above
- 6.2.5 Same as above
- 6.2.6 Same as above
- 6.2.7 Same as above
- 6.2.8 Same as above

6.3 Ecological functions and values shall be maintained intact, enhanced, or restored, including:

- a) **Forest regeneration and succession.**
- b) **Genetic, species, and ecosystem diversity.**
- c) **Natural cycles that affect the productivity of the forest ecosystem.**

Timber

- 6.3.1 Silviculture and/or other management systems shall be appropriate to the ecology of the forest and other resources (e.g. soils, hydrology...).
- 6.3.2 Ecological and silviculture rationale behind management prescriptions shall be well-documented, i.e. based on site-specific field data or published analyses of local forest ecology (e.g. regeneration and succession) or silviculture.
- 6.3.3 Management prescriptions should maintain, enhance or restore forest composition (i.e. species numbers and diversity) and structure.
- 6.3.4 Management is designed to ensure that the full complement of tree species regenerates successfully in the forest area over the duration of the rotation.
- 6.3.5 Standing and fallen dead wood habitats should be retained, appropriate to the local situation.

NTFP

- 6.3.1 Ecological rationale behind management prescriptions is well-documented, i.e. based on site-specific field data or published analyses of local ecology

- (e.g. regeneration and succession) and government regulations.
- 6.3.2 Management prescriptions should maintain, enhance or restore NTFP composition (i.e. species numbers and diversity) and structure.
 - 6.3.4 NTFP harvest and management takes into account the ecological role and requirements of the target NTFP and other associated species, e.g. food for frugivorous birds and mammals, animal dispersal of seeds, maintenance of specific ecological interdependencies, etc.
- 6.4 Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.

Timber

- 6.4.1 Representative samples of existing ecosystems shall be protected in their natural state, based on the identification of key biological areas and/or consultation with environmental stakeholders, local government and scientific authorities (a 10% target figure is encouraged by not mandatory).
- 6.4.2 In conjunction with experts, appropriate restoration, management and protection activities shall be defined, documented, and implemented in the field.
- 6.4.3 **Applicable to SLIMF FMO-s only:** Representative samples of ecosystems that are unique and not under protection by public or private agencies known to exist in the FMU shall be identified, recorded on maps and excluded from the harvest area.

NTFP

- 6.4.1 Same as above
- 6.4.2 Same as above
- 6.4.3 Same as above

6.5 Written guidelines shall be prepared and implemented to: control erosion; minimise forest damage during harvesting, road construction, and all other mechanical disturbances; and protect water resources.

Timber

- 6.5.1 Written guidelines shall be available which cover the aspects of management that have demonstrated impact in the forest, typically including silvicultural operations, biological conservation, technical specifications for skid trail (location, width and density), road design and conservation structures, and handling of chemicals.
- 6.5.2 Maps and work plans shall be produced at adequate scale to be useful for supervision of soil and water resource management and protection activities and to facilitate on-site monitoring thereof.
- 6.5.3 Maps shall be prepared before logging or road construction occurs.

- 6.5.4 Maps should specify areas suitable for all-weather harvesting or dry-weather only; and indicate locations for extraction (or haul) roads, loading ramps (or log yards), main skid (or snig) trails, drainage structures, streamside and/or roadside buffer zones, and conservation areas.
- 6.5.5 Training shall be given to field staff, forest users, contractors and local community to meet guidance requirements.
- 6.5.6 Road construction, maintenance and closure standards shall be followed in the field.

NTFP

- 6.5.1 Written guidelines shall be available which cover the aspects of management that have demonstrated impact in the forest, typically including harvest operations, biological conservation, technical specifications for work trail, road design and conservation structures, and handling of chemicals.
- 6.5.2 Same as above
- 6.5.3 Maps shall be prepared before harvesting and work trail construction.
- 6.5.4 Maps should specify areas suitable for NTFP seasonal harvesting and indicate locations of harvesting, streamside buffer zones, and conservation areas.
- 6.5.5 Same as above.
- 6.5.6 Same as above.

6.6 Management systems shall promote the development and adoption of environmentally friendly non-chemical methods of pest management and strive to avoid the use of chemical pesticides. World Health Organisation Type 1A and 1B and chlorinated hydrocarbon pesticides; pesticides that are persistent, toxic or whose derivatives remain biologically active and accumulate in the food chain beyond their intended use; as well as any pesticides banned by international agreement, shall be prohibited. If chemicals are used, proper equipment and training shall be provided to minimise health and environmental risks.

Timber

- 6.6.1 Forest managers shall demonstrate a commitment to reducing and eliminating in due course, planned reliance upon chemical pesticides
- 6.6.2 If chemicals are used in the forest, they should be used as part of an integrated pest management (IPM) system that carefully identifies threats and analyzes chemical and non-chemical alternatives. .
- 6.6.3 If chemicals are used:
 - A complete inventory of chemicals shall be provided by the FMO and detailed inspections of storage areas or other facilities validate that inventory is complete and accurate;
 - Records shall be kept of all chemical used by the FMO including name of the product, location and method of application, total quantity of chemical used and dates of application.
 - Safe handling, application and storage procedures shall be followed; and,

- Staff, contractors, forest users and local community shall receive training in handling, application and storage procedures.
- 6.6.4 Chemicals prohibited by the FSC (FSC-POL-30-601) or those banned in Europe, U.S. and target country, or World Health Organization Type 1A or 1B and chlorinated hydrocarbon pesticides shall not be used. The exception is when a formal derogation has been granted by the FSC. In such cases a consensus must be reached and documented through discussions with government agencies, environmental, other stakeholder groups and the FSC, and extremely careful use procedures and training must be in place.

NTFP

- 6.6.1 Same as above
 6.6.2 Same as above
 6.6.3 Same as above
 6.6.4 Same as above

6.7 Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.

Timber

6.7.1 Chemical, container, liquid and solid waste shall be disposed of off-site in an environmentally sound and legal manner, whether from forest operations or processing facilities.

NTFP

6.7.1 Same as above

6.8 Use of biological control agents shall be documented, minimised, monitored and strictly controlled in accordance with national laws and internationally accepted scientific protocols. Use of genetically modified organisms shall be prohibited.

Timber

- 6.8.1 Use of biological control agents shall be documented, minimized, monitored and strictly controlled.
 6.8.2 Use of genetically modified organisms (GMOs) shall be prohibited.

NTFP

- 6.8.1 Same as above
 6.8.2 Same as above

6.9 The use of exotic species shall be carefully controlled and actively monitored to avoid adverse ecological impacts.

Timber

- 6.9.1 Use of exotic species should be discouraged and carefully controlled, i.e. when used it is for well-justified and specific purposes (e.g. environmental benefit) and monitored for environmental impact.
- 6.9.2 Emphasis should be placed on planting, and/or applied research on, forest species native to the region.
- 6.9.3 Where exotic species are planted, measures shall occur to prevent spontaneous regeneration outside plantation areas, unusual mortality, disease, insect outbreaks or other adverse environmental impacts.

NTFP

- 6.9.1 Same as above
- 6.9.2 Same as above
- 6.9.3 Same as above

- 6.10 Forest conversion to plantations or non-forest land uses shall not occur, except in circumstances where conversion:**
 - a) Entails a very limited portion of the forest management unit; and,**
 - b) Does not occur on high conservation value forest areas; and,**
 - c) Will enable clear, substantial, additional, secure, long-term conservation benefits across the forest management unit.**

Timber

- 6.10.1 FMO should not convert primary, degraded primary, mature secondary forests, or threatened non-forested habitat to plantations or non-forest land uses.
- 6.10.2 If conversion occurs, it shall not exceed 5% of the forest management unit over any 5 year period, and conversions shall have the support of environmental and social stakeholders.
- 6.10.3 If plantations or non-forest land uses are established in forest or grassland areas, clear verbal, written or visual guidelines shall be given to field staff for identifying acceptable areas and implementing technically sound practices.
- 6.10.4 Any conversion should produce clear long term conservation benefits across the FMU.
- 6.10.5 Plantations or non-forest uses shall not replace high conservation value forest.
- 6.10.6 FMO should take measures to restore, conserve or manage natural forest or grasslands in surrounding or adjoining areas equal to or exceeding the area disturbed; and support for such actions exists amongst environmental and other stakeholders.

NTFP

- 6.10.1 FMO should not convert primary, degraded primary NTFPs, or threatened non-forested habitat to plantations or non-forest land uses.
- 6.10.2 Natural forest areas should not be converted to NTFP production areas

- 6.10.3 If conversion occurs, it shall not exceed 5% of the forest management unit over any 5 year period, and conversions shall have the support of environmental and social stakeholders.
- 6.10.4 If plantations, NTFPs or non-forest land uses are established in forest or grassland areas, clear verbal, written or visual guidelines shall be given to field staff for identifying acceptable areas and implementing technically sound practices.
- 6.10.4 Any conversion should produce clear long term conservation benefits across the FMU.
- 6.10.5 Plantations or non-forest uses shall not replace high conservation value forest.
- 6.10.6 FMO should take measures to restore, conserve or manage natural forest or grasslands in surrounding or adjoining areas equal to or exceeding the area disturbed; and support for such actions exists amongst environmental and other stakeholders.

PRINCIPLE #7: MANAGEMENT PLAN

A management plan -- appropriate to the scale and intensity of the operations -- shall be written, implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.

- 7.1 The management plan and supporting documents shall provide:**
 - a) Management objectives.**
 - b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands.**
 - c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.**
 - d) Rationale for rate of annual harvest and species selection.**
 - e) Provisions for monitoring of forest growth and dynamics.**
 - f) Environmental safeguards based on environmental assessments.**
 - g) Plans for the identification and protection of rare, threatened and endangered species.**
 - h) Maps describing the forest resource base including protected areas, planned management activities and land ownership.**
 - i) Description and justification of harvesting techniques and equipment to be used.**

Timber

- 7.1.1 FMO Management plan, or its appendices shall include presentation of the following components:**
 - a) Management objectives**
 - b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio economic conditions,**

- and a profile of adjacent lands.
- c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories.
 - d) Description and justification for use of different harvesting techniques and equipment,
 - e) Description and justification of forest management prescriptions and their silvicultural and ecological rationale i.e. based on site specific field data or published analysis of local forest ecology or silviculture.
 - f) Rate of harvest of forest products (timber or non-timber, as applicable) and species selection including justification.**
 - g) Measures for identifying and protecting rare, threatened and endangered species and/or their habitat**
 - h) Map(s) describing the forest resource including forest types, watercourses and drains, compartments/blocks, roads, log landings and processing sites, protected areas, unique biological or cultural resources, and other planned management activities,**
 - i) Environmental safeguards based on environmental assessments (see criterion 6.1)**
 - j) Plans for monitoring of forest growth, regeneration and dynamics.**
- 7.1.2 NTFP resources and uses should be inventoried and their management explicitly considered during planning.
- 7.1.3 Maps that are presented shall be accurate and sufficient to guide field activities (also see Criterion 6.5);
- 7.1.4 Management plans or related annual operating or harvesting plan shall be available to staff and used in the field
- 7.1.5 **Applicable to SLIMF FMO-s only** Note above indicators do not apply: A written management plan exists that includes at least the following:
- a) the objectives of management
 - b) a description of the forest
 - c) how the objectives will be met, harvesting methods and silviculture (clear cuts, selective cuts, thinnings) to ensure sustainability
 - d) sustainable harvest limits (which must be consistent with FSC criteria 5.6)
 - e) plans for monitoring forest growth
 - f) environmental/ social impacts of the plan
 - g) conservation of rare species and any high conservation values
 - h) maps of the forest, showing protected areas, planned management and land ownership
 - i) Pest and weed control planned
 - j) Duration of the plan

NTFP

FMO Management plan, or its appendices shall include presentation of the following components:

- a) Management objectives
 - b) Description of the forest resources to be managed, environmental limitations, land use and ownership status, socio economic conditions, and a profile of adjacent lands.
 - c) Description of management systems, based on the ecology of the forest in question and information gathered through resource inventories.
 - d) Description and justification for use of different harvesting techniques and equipment,
 - e) Description and justification of forest management prescriptions and their ecological rationale i.e. based on site specific field data or published analysis of local forest ecology or regeneration patterns.
 - f) Rate of harvest of forest products (timber or non-timber, as applicable) and species selection including justification.**
 - g) Measures for identifying and protecting rare, threatened and endangered species and/or their habitat**
 - h) Map(s) describing the forest resource including forest types, watercourses and drains, compartments/blocks, roads, processing sites, protected areas, unique biological or cultural resources, and other planned management activities,**
 - i) Environmental safeguards based on environmental assessments (see criterion 6.1)**
 - j) Plans for monitoring of NTFP growth, regeneration and dynamics.**
 - k) Financial management plan**
- 7.1.2 Timber resources and uses should be inventoried and their management explicitly considered during planning.
- 7.1.3 Same as above
- 7.1.4 Same as above
- 7.1.5 **Applicable to SLIMF FMO-s only** Note above indicators do not apply: A written management plan exists that includes at least the following:
- a) the objectives of management
 - b) a description of the forest
 - c) how the objectives will be met, harvesting methods to ensure sustainability
 - d) NTFP harvest rates, cultural techniques and harvest methods are appropriate for the particular plant part used (exudate, reproductive propagule, vegetative structure) and management activities maintain viable populations of target NTFPs. (See criterion 5.6)
 - e) plans for monitoring NTFP growth and regeneration
 - f) environmental/ social impacts of the plan
 - g) conservation of rare species and any high conservation values
 - h) maps of the forest, showing protected areas, planned management and land ownership
 - i) Pest and weed control planned

- j) Duration of the plan
- k) Financial management plan

7.2 The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.

Timber

- 7.2.1 A technically sound and financially realistic timeframe shall exist for revision/adjustment of the management plan.
- 7.2.2 Management plan (and/or annual operating plan) revision or adjustments should occur on timely and consistent basis.
- 7.2.3 Management plan revisions shall incorporate the results of monitoring or new scientific and technical information regarding changing silvicultural, environmental, social and economic conditions.
- 7.2.4 **Applicable for SLIMF FMO-s only** (Note: above indicators do not apply) Management plan shall be reviewed at least every 5 years and updated if necessary incorporating the results of monitoring to plan and implement future management.

NTFP

- 7.2.1 Same as above
- 7.2.2 Same as above
- 7.2.3 Management plan revisions shall incorporate the results of monitoring or new scientific and technical information regarding changing harvest regime, environmental, social and economic conditions.
- 7.2.4 Same as above

7.3 Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plan.

Timber

- 7.3.1 Evidence of formal or informal training shall exist in the field.
- 7.3.2 For **large** FMOs, a formal training plan should exist.

NTFP

- 7.3.1 Same as above
- 7.3.2 Same as above

7.4 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.

Timber

- 7.4.1 FMO shall make publicly available a public summary of the management plan including a information on elements listed in criterion 7.1..
- 7.4.2 **Applicable for SLIMF FMO-s only** (Note: above indicators do not apply):
At minimum FMO shall be willing to provide access to relevant parts of the management plan to stakeholders who have justified interest in the forest management activities of FMO (e.g. neighbouring landowners and local inhabitants)

NTFP

- 7.4.1 Same as above
- 7.4.2 Same as above

PRINCIPLE #8: MONITORING AND ASSESSMENT

Monitoring shall be conducted -- appropriate to the scale and intensity of forest management -- to assess the condition of the forest, yields of forest products, chain of custody, management activities and their social and environmental impacts.

- 8.1 The frequency and intensity of monitoring should be determined by the scale and intensity of forest management operations as well as the relative complexity and fragility of the affected environment. Monitoring procedures should be consistent and replicable over time to allow comparison of results and assessment of change.

Timber

- 8.1.1 A plan and design shall exist for periodic monitoring and reporting
- 8.1.2 The frequency and intensity of monitoring shall be based on the size and complexity of the operation and the fragility of the resources under management.
- 8.1.3 Monitoring procedures should be consistent and replicable over time to allow comparison and assessment of change.
- 8.1.4 **Applicable to SLIMF FMO-s only** (Note: above indicators do not apply):
FMO should conduct regular and consistent monitoring in connection with harvesting operations and re-forestation.

NTFP

- 8.1.1 Same as above
- 8.1.2 Same as above
- 8.1.3 Same as above
- 8.1.4 **Applicable to SLIMF FMO-s only** (Note: above indicators do not apply):
FMO should conduct regular and consistent monitoring in connection with harvesting operations and regeneration appropriate for the particular plant part used (exudate, reproductive propagule, vegetative structure).

- 8.2 Forest management should include the research and data collection needed to monitor, at a minimum, the following indicators:**
- a) Yield of all forest products harvested.**
 - b) Growth rates, regeneration and condition of the forest.**
 - c) Composition and observed changes in the flora and fauna.**
 - d) Environmental and social impacts of harvesting and other operations.**
 - e) Costs, productivity, and efficiency of forest management.**

Timber

- 8.2.1 The monitoring plan should be technically sound and identify/describe observed changes in conditions in terms of: Silviculture (growth rates, regeneration and forest condition, typically as part of a suitable continuous forest inventory system);**
- 8.2.2. Commercial harvest including NTFPs.**
- 8.2.3. Environment (environmental changes affecting flora, fauna, soil and water resources) (outbreak of pest, invasive species, nesting sites for endangered bird species) and,**
- 8.2.4. Socioeconomic aspects (forest management costs, yields of all products, and changes in community and worker relations or conditions) and marketing information.**
- 8.2.5. Identified high conservation value forest attributes.**
- 8.2.6 Applicable to SLIMF FMO-s only (Note: above indicators do not apply): FMO shall at a minimum monitor and record information on the following:**
- Amount of products harvested**
 - Effects of operations as identified under Criteria 6.1**
 - Changes in rare, threatened or endangered species or natural communities**
 - At least annual monitoring of any identified high conservation values**
 - Invasive exotic species**
 - Forest regeneration**
 - Post harvest inspection for erosion and estimate of residual basal area.**
 - Periodic inventory (5-10 years).**

NTFP

- 8.2.1 The monitoring plan should be technically sound and identify/describe observed changes in conditions in terms of: Regeneration appropriate for the particular plant part used (exudate, reproductive propagule, vegetative structure), and forest condition, typically as part of a suitable continuous forest inventory system);**
- 8.2.2. Commercial harvest including timber.**
- 8.2.3. Same as above**

8.2.4. Same as above

8.2.5. Same as above.

8.2.6 Applicable to SLIMF FMO-s only (**Note: above indicators do not apply**):
FMO shall at a minimum monitor and record information on the following:

- **Amount of products harvested**
- **Effects of operations as identified under Criteria 6.1**
- **Changes in rare, threatened or endangered species or natural communities**
- **At least annual monitoring of any identified high conservation values**
- **Invasive exotic species**
- **NTFP regeneration appropriate for the particular plant part used (exudate, reproductive propagule, vegetative structure)**
- **Post harvest inspection for erosion and estimate of residual NTFP plants or structure.**
- **Periodic inventory (5-10 years).**

8.2 Documentation shall be provided by the forest manager to enable monitoring and certifying organisations to trace each forest product from its origin, a process known as the "chain of custody."

Timber

8.3.1 Volume and source data on harvested forest product shall be available (i.e. scaled, inventoried, measured) in the forest, in transport, at intermediate storage yards (e.g. log yards), and processing centers controlled by FMO..

8.3.2 Sales invoices and other documentation related to the sale of certified products shall include the chain of custody certificate code (SW-FM/COC-XXXX)

8.3.3 Certified forest products shall be clearly distinguished from non-certified products through marks or labels, separate documented storage, and accompanying invoices up to the point of sale (i.e. up to the "forest gate").

NTFP

8.3.1 Volume and source data on harvested forest product shall be available (i.e. weighed, inventoried, measured) in the forest, in transport, at intermediate storage yards, and processing centers controlled by FMO.

8.3.2 Same as above

8.3.3 Same as above

8.3 The results of monitoring shall be incorporated into the implementation and revision of the management plan.

Timber

8.4.1 FMO shall demonstrate that monitoring results are incorporated into revisions of the management plan. (For SLIMF see criterion 7.2)

NTFP

8.4.1 Same as above

8.4 While respecting the confidentiality of information, forest managers shall make publicly available a summary of the results of monitoring indicators, including those listed in Criterion 8.2.

Timber

8.5.1 For large operations, results of monitoring shall be incorporated into summaries and other documents that are publically available.

8.5.2 Applicable for medium size and SLIMF FMO-s only: At minimum FMO shall be willing to provide access to relevant parts of the management plan to stakeholders who have justified interest in the forest management activities of FMO (e.g. neighbouring landowners and local inhabitants).

NTFP

8.5.1 Same as above

8.5.2 Same as above

PRINCIPLE 9: MAINTENANCE OF HIGH CONSERVATION VALUE FORESTS

Management activities in high conservation value forests shall maintain or enhance the attributes, which define such forests. Decisions regarding high conservation value forests shall always be considered in the context of a precautionary approach.

9.1 Assessment to determine the presence of the attributes consistent with High Conservation Value Forests will be completed, appropriate to scale and intensity of forest management.

Timber

9.1.1 FMOs shall have conducted an assessment to identify HCVs and HCVF.

9.1.2 For **large** operations, FMO shall:

- **Produce a written HCVF assessment; and,**
- **Have credible, technically qualified and independent review of the HCVF assessment;,**

9.1.3 Applicable to SLIMF FMOs only: consultations shall have occurred with environmental stakeholders, government or scientists to determine whether forest areas should be considered HCVF. This may occur during the actual certification assessment. If HCVF values are present, FMO shall take all reasonable steps to protect these values.

NTFP

9.1.1 Same as above

- 9.1.2 Same as above
- 9.1.3 Same as above

9.2 The consultative portion of the certification process must place emphasis on the identified conservation attributes, and options for the maintenance thereof³.

Timber

- 9.2.1 FMO consultations with stakeholders shall clearly outline identified conservation attributes as well as proposed strategies for their maintenance. .
- 9.2.2 For **large** operations, the stakeholder consultation for HCVF strategy development shall be in writing.

NTFP

- 9.2.1 FMO consultations with stakeholders shall clearly outline identified conservation attributes as well as proposed strategies for their maintenance. Consultations to determine the status of a HCVF specifically include NTFPs as an element of the social analysis section covering forest importance to local communities (as per definition “d” of HCVF provided by FSC).
- 9.2.2 Same as above

9.3 The management plan shall include and implement specific measures that ensure the maintenance and/or enhancement of the applicable conservation attributes consistent with the precautionary approach. These measures shall be specifically included in the publicly available management plan summary.

Timber

- 9.3.1 If HCVF or HCVs are present, planning documents shall provide site-specific information which describes the measures taken to protect or restore such values.
- 9.3.2 Measures to protect HCVF values shall be available in public documents or in the FMO management plan summary.

NTFP

- 9.3.1 Same as above
- 9.3.2 Same as above

9.4 Annual monitoring shall be conducted to assess the effectiveness of the measures employed to maintain or enhance the applicable conservation attributes.

Timber

³ In April 2003 the FSC provided an “Advice Note” clarifying the intent of Criterion 9.2 to focus *not* just on the FSC certified consultative process. In summary “FSC Criterion 9-2 requires that the forest manager should consult with stakeholders on the identification of the High Conservation Values, and the management options thereof. During evaluation for certification the certification body should consult to confirm whether the manager’s consultation was adequate.”

9.4.1 A system for continuous monitoring of HCVF values protection shall be incorporated into the FMO's planning, monitoring and reporting procedures.

NTFP

9.4.1 Same as above

PRINCIPLE # 10: PLANTATIONS

Plantations shall be planned and managed in accordance with Principles and Criteria 1 - 9, and Principle 10 and its Criteria. While plantations can provide an array of social and economic benefits, and can contribute to satisfying the world's needs for forest products, they should complement the management of, reduce pressures on, and promote the restoration and conservation of natural forests.

10.1 The management objectives of the plantation, including natural forest conservation and restoration objectives, shall be explicitly stated in the management plan, and clearly demonstrated in the implementation of the plan.

Timber

10.1.1 Objectives of tree planting shall be explicit in the management plan, with clear statements regarding the relationship between tree planting and the silviculture, socioeconomic and environmental (i.e. forest conservation and restoration) realities in the region.

10.1.2 Management objectives, which balance production and conservation of natural forest and restoration, shall be described in the management plan.

10.1.3 Management objectives, specifically those related to natural forest conservation and restoration shall be demonstrated in field implementation.

NTFP

10.1.1 The NTFP plantation management plan articulates objectives for NTFP production.

10.1.2 Management objectives, which balance production and conservation of natural forest NTFPs and restoration, shall be described in the management plan.

10.1.3 Management objectives, specifically those related to natural forest NTFP conservation and restoration shall be demonstrated in field implementation.

10.2 The design and layout of plantations should promote the protection, restoration and conservation of natural forests, and not increase pressures on natural forests. Wildlife corridors, streamside zones and a mosaic of stands of different ages and rotation periods shall be used in the layout of the plantation, consistent with the scale of the operation. The scale and layout of plantation blocks shall be consistent with the patterns of forest stands found within the natural landscape.

Timber

- 10.2.1 FMOs should demonstrate a commitment and actions to protect, restore and conserve key areas of natural forest within the ownership.
- 10.2.2 Buffer zones along watercourses and around waterbodies shall be established according to regional best management practices and indicated on maps.
- 10.2.3 FMO shall establish a network of suitably located sites across plantation areas which are restored as wildlife habitat and corridors, in consultation with acknowledged experts.
- 10.2.4 Plantations shall be designed so as to maintain or enhance the visual character of the landscape (i.e. design is based on the scale and intensity of natural patterns of disturbance and planting and harvest regimes within the region)

NTFP

- 10.2.1 Intensive management, enrichment planting, or cultivation of understory NTFPs in natural forests does not adversely impact the overstory or understory diversity across the forest landscape.

10.3 Diversity in the composition of plantations is preferred, so as to enhance economic, ecological and social stability. Such diversity may include the size and spatial distribution of management units within the landscape, number and genetic composition of species, age classes and structures.

Timber

- 10.3.1 Plantation management should enhance landscape diversity by varying block size and configuration, species, genetic diversity, age class and structure.
- 10.3.2 Emphasis should be placed on planting and/or applied research on forest species native to the region.
(Note: Also see Criteria 6.4 and 6.10.)

NTFP

- 10.3.1 Plantation management should enhance landscape diversity by varying scale and configuration, species, genetic diversity.
- 10.3.2 Same as above

10.4 The selection of species for planting shall be based on their overall suitability for the site and their appropriateness to the management objectives. In order to enhance the conservation of biological diversity, native species are preferred over exotic species in the establishment of plantations and the restoration of degraded ecosystems. Exotic species, which shall be used only when their performance is greater than that of native species, shall be carefully monitored to detect unusual mortality, disease, or insect outbreaks and adverse ecological impacts.

Timber

- 10.4.1 Plantation species shall be selected based on suitability to site conditions (soils, topography and climate) and management objectives.
- 10.4.2 Where exotic have been selected, the FMO shall explicitly justify this choice and document specific measures to prevent spontaneous regeneration outside plantation areas, unusual mortality, disease, insect outbreaks or other adverse environmental impacts.
- 10.4.3 No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive,

NTFP

- 10.4.1 NTFP species shall be selected based on suitability to site conditions (soils, topography and climate) and management objectives.
- 10.4.2 Same as above
- 10.4.3 Same as above

10.5 A proportion of the overall forest management area, appropriate to the scale of the plantation and to be determined in regional standards, shall be managed so as to restore the site to a natural forest cover.

Timber

- 10.5.1 Representative samples of existing natural ecosystems shall be protected or restored to their natural state, based on the identification of key biological areas, consultation with stakeholders, local government and scientific authorities (a 25% target figure for native vegetation or ecosystems is encouraged but not mandatory). (Note: Also see Criterion 6.4.)
- 10.5.2 **Applicable to SLIMF FMOs only** (note: above indicator does not apply): Plantations design and management shall enhance ecological values, especially around conservation features.

NTFP

- 10.5.1 Same as above
- 10.5.2 **Applicable to SLIMF FMOs only** (note: above indicator does not apply): Plantations design and management shall enhance ecological values, especially around conservation features.

10.6 Measures shall be taken to maintain or improve soil structure, fertility, and biological activity. The techniques and rate of harvesting, road and trail construction and maintenance, and the choice of species shall not result in long-term soil degradation or adverse impacts on water quality, quantity or substantial deviation from stream course drainage patterns.

Timber

- 10.6.1 Explicit measures shall be taken to maintain or enhance the soil in terms of structure, fertility and biological activity.

- 10.6.2 Plantation design and management shall not result in soil degradation.
- 10.6.3 Forest operations that might degrade water quality or negatively impact local hydrology shall be minimized.

NTFP

- 10.6.1 Same as above
- 10.6.2 Intensive management or cultivation of understory NTFPs in natural forests does not cause erosion, reduce water quality or adversely impact soil structure or fertility..

10.7 Measures shall be taken to prevent and minimize outbreaks of pests, diseases, fire and invasive plant introductions. Integrated pest management shall form an essential part of the management plan, with primary reliance on prevention and biological control methods rather than chemical pesticides and fertilizers. Plantation management should make every effort to move away from chemical pesticides and fertilizers, including their use in nurseries. The use of chemicals is also covered in Criteria 6.6 and 6.7.

Timber

- 10.7.1 Measures shall be taken in the field to prevent outbreaks of pests, disease, fire and invasive plant introductions.
- 10.7.2 A plan should exist for forest fire prevention and control
- 10.7.3 An integrated pest management plan should exist that identifies pests, determines acceptable injury or action thresholds, and alternative methods of addressing threats.
- 10.7.4 FMO shall have a policy and strategy to minimize use of chemical pesticides and fertilizers.
- 10.7.5 Forest management plan should reflect/describe preventive measures for the identified pest and disease in the forest.

NTFP

- 10.7.1 Same as above
- 10.7.2 An integrated pest management plan should exist that identifies pests, determines acceptable injury or action thresholds, and alternative methods of addressing threats.
- 10.7.3 FMO shall have a policy and strategy to minimize use of chemical pesticides and fertilizers.
- 10.7.4 Forest management plan should reflect/describe preventive measures for the identified pest and disease in the forest.

10.8 Appropriate to the scale and diversity of the operation, monitoring of plantations shall include regular assessment of potential on-site and off-site ecological and social impacts, (e.g. natural regeneration, effects on water resources and soil fertility, and impacts on local welfare and social well-being), in addition to those elements addressed in principles 8, 6 and 4. No species should be planted on a large scale until local trials and/or experience have shown that they are ecologically well-adapted to the site, are not invasive, and do not

have significant negative ecological impacts on other ecosystems. Special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use or access.

Timber

10.8.1 Monitoring shall include evaluation of potential onsite and off-site ecological and social impacts of plantation activities,

10.8.2 **Applicable to SLIMF FMO-s only** (note: above indicators do not apply): FMO shall record any negative environmental or social impacts identified and design appropriate alleviating measures.

10.8.3 The purchase of lands or land leases for plantation establishment should not adversely impact the community and/or resource use by local people.

(Note: For exotic or invasive species issues, see Criterion 10.4.)

NTFP

10.8.1 Same as above

10.8.2 Same as above

10.8.3 Same as above

(Note: For exotic or invasive species issues, see Criterion 10.4.)

10.9 Plantations established in areas converted from natural forests after November 1994 normally shall not qualify for certification. Certification may be allowed in circumstances where sufficient evidence is submitted to the certification body that the manager/owner is not responsible directly or indirectly of such conversion.

Timber

10.9.1 The plantation shall not occupy land converted from natural forest since November 1994, unless clear evidence exists that the current manager/owner was not responsible.

10.9.2 Primary, degraded primary and mature secondary forests, and threatened or endangered ecosystems shall not be cleared or converted by current forest managers to create tree plantations.

(Note: See also Criterion 6.10.)

NTFP

10.9.1 Same as above

10.9.2 (Note: See Criterion 6.10.)

**Annex 6: FECOFUN resource manager's policy
and guidelines for forest certification**

**Federation of Community Forest Users, Nepal (FECOFUN)
The Secretariat of National Executive Committee
Kathmandu**

**Policy of FECOFUN for the Sustainable Community Forest Management-
2004**

Preamble

According to the Master plan for the Forestry Sector of Nepal-1988, Forest Act-1993 and Forest Regulation 1994; the users have been managing the national forests as community forests through registered Community Forest User Groups (CFUGs). FECOFUN was founded in 1995 (18 Jestha 2052 B.S.) as a representative umbrella organization for the Community Forest User Groups. Registered in Katmandu District Administration Office under Organization Registration Act 2034 B.S. with registration No. 168/052-53, the FECOFUN has its own constitution. Whereas it is expedient to have its own policy for the sustainable management of forest resources and to make necessary process, structure and monitoring mechanism for that; this Policy Regarding Community Forest Resource Management-2004, under FECOFUN's Constitution-2052 B.S. and its Organizational Regulation 2055 B.S., has been prepared and implemented.

Chapter I

The legal status and bases of this policy

This policy shall be implemented through the decision of FECOFUN's Standing Committee meeting under the Article 52 of FECOFUN's Constitution-1993 and Rule 60 of its Regulation 2055.

In accordance with the FECOFUN's Constitution-1993; the goal, objectives and working strategy of the FECOFUN shall be as follows:

(a) As per the Article 5.1. –Goal

The goal of FECOFUN shall be to promote self-confidence and self-dependence on forest user groups through equal participation of all in decision making process.

(b) As per the Article 5.2.- Objectives:

Article 5.2.3. To raise awareness for campaigning on plantation, health and sanitation to maintain balanced environment along with community forest development.

Article 5.2.4. To promote equitable distribution and proper utilization of community forest resources to uplift the socioeconomic status of the marginalized communities.

Article 5.2.6. To do for protection of the rights of community forest user groups; conservation of the national heritages; awareness creation on community forestry policy and legislations; creation of community feelings among the forest users; and development and promotion of forest management technology.

Article 5.2.7. To support community forest users to conduct income generating programs for their economic uplifting through research and demonstration of various income generating activities in community forests.

Article 5.2.8. To create awareness on importance of biodiversity conservation, particularly threatened species; information management and create working environment for joint effort towards biodiversity conservation.

(c) As per the Article 5.3. -Working strategy:

Article 5.3.1. To organize meetings, workshops, conference, training etc. and participate in those organized by others for sharing knowledge and experiences in various aspects of forest resources management including community forestry, agro-forestry in community forest, private forestry, biodiversity conservation, programs related to medicinal plants and environment conservation programs.

Article 5.3.4. To support to form user groups and assist in community forest handover process.

Article 5.3.5. To conduct and facilitate scientific study and research on forest and environment; share information; and produce extension materials like news-letters, leaflets, booklets and audio-visuals for sale and distribution.

Article 5.3.9. To involve forest users on the campaign of conserving threatened forest resources and biodiversity and give effort for external support for the purpose.

Chapter- II

For the sustainable forest management, FECOFUN has set up its vision, mission, goal and strategy as follows:

Vision: “Community forest for all and forever”

Mission: The FECOFUN is committed to establish equity and good governance for planned community development and livelihoods through sustainable forest management and to establish and mobilize authorized and empowered Community Forest User Groups.

Goal: To utilize forest area with social, environmental and economic views for the sustainable forest management and to establish good governance in the forest user groups

Strategies: For the sustainable forest management, FECOFUN shall adopt the following strategies:

- (a) The national laws and the principles of Forest Stewardship Council (FSC) shall be implemented.
- (b) The ownership of the forest resources, their use rights and responsibility on them shall be of community forest user groups.
- (c) Indigenous knowledge, system and skill of the CFUGs shall be respected and promoted.
- (d) The rights of the members of CFUG on forest resources shall be ensured.
- (e) Equity and social justice to the workers involved in the activities conducted by the CFUGs shall be ensured.
- (f) Community forests shall be managed so as to produce multiple products in the sustainable basis and priority given for their processing in local level. Priority shall be given to fulfill the demand of the processed products in local level and

the income thus generated used for forest management, livelihoods and community development through the group's decision.

- (g) Community forest shall be managed, according to the approved constitution and operational plan, in such a way that it shall have no inverse effect on environment and biodiversity conservation. Use of chemicals shall be reduced while producing forest products. And integrated resources management in CF shall be promoted.
- (h) CFUG may take assistance from different organizations for the management and development of the forest.
- (i) CF Operational plan shall be prepared and implemented by the forest users themselves. It shall be prepared in accordance with prevailing forest legislations and Forest Stewardship Council. Priority shall be given to address local needs while preparing management plan.
- (j) CFUG shall develop its own monitoring system and facilitate external monitors through demonstrating its activities and records. And FECOFUN, as a resource manager, shall monitor and evaluate CFUGs.
- (k) Special consideration shall be given to conserve the forest area with specific importance. Besides, other productive forest area shall be managed through sustainable forest management systems.
- (l) Natural regeneration shall be promoted in community forest.

Chapter- III

FOREST MANAGEMENT GUIDELINES

- (a) Activities, for the sustainable forest management, shall be conducted in accordance with the following points mentioned in the guidelines:
 - 3.1. CF management activities should be conducted under the Forest Act 1993 and Forest Regulation 1994.
 - 3.2. All kinds of fees/ taxes defined by the act should have been paid by the CFUG.
 - 3.3. National and international treaties and conventions ratified and committed by the nation should have been followed and banned and valuable fauna and flora conserved and managed accordingly.
 - 3.4. No works prohibited by the prevailing legislations can be done in community forest.
 - 3.5. Coordination and collaboration among stakeholders should have been ensured in the process of sustainable forest management.
- (b)
 - 1. Forest resources management, utilization and benefit sharing plans should have been prepared through consensus to establish traditional use rights of the local people on CF resources.
 - 2. The ownership and use rights of forest resources shall be in CF users. Any conflict regarding this shall be managed through discussions among the parties mentioned in Chapter IV.
 - 3. Specific activities should have been mentioned in the constitution and operational plan and implemented accordingly to establish the rights of indigenous and professional groups.

4. The parties, with specific importance in socioeconomic, religious and environmental perspectives, should have been identified, included in constitution and operational plan and promoted.
 5. The parties with indigenous knowledge and skills, from which CFUG is generating income, should have been provided with the financial or other support or both in equitable basis [For example: Amchi, the local healer whose indigenous knowledge and skills might be used for generating income for CFUG].
- (c)
1. Priority should be given to the marginalized groups for the skill development and employment generating training managed in local level for the sustainable forest management.
 2. The forest management workers should have been paid with at least the minimum rate of wage in local level. Optimum facilities of health and security should be managed through the CFUG's decision.
 3. Constitution and operation plan of the CFUG should have been prepared through consensus; and women, ethnic communities and marginalized groups involved in the process.
- (d)
1. Environmental and social impacts should have been assessed by the assembly of the users, included in CF management plan and implemented accordingly.
 2. High value biodiversity zone within the CF area should have been identified and conserved.
 3. Monasteries, temples and other culturally important areas, if any, should be identified and protected.
 4. The areas with specific importance (eg. soil erosion area, water source protection area etc.) should have been identified, briefly described in management plan and managed accordingly.
 5. The constitution and operational plan should be prepared through consensus.
 6. The constitution and operational plan of CFUG should be prepared in accordance with the structures as defined by the Forest Act and Regulation. The structure is given in the annex.
 7. CFUG should monitor and evaluate the followings:
 - a) Updated accounting report of CFUG. [See Annex]
 - b) The decisions of the previous meeting.
 - c) The opportunities sharing (training, workshop, tour, employment etc.) system. [See Annex]
 - d) Annual progress report and the details of income and expenditures should be monitored and submitted to FECOFUN and District Forest Office.
 - e) Monitoring of the marketable forest resources should be done as necessary but at least once in five years.

Chapter IV

Responsibility

FECOFUN, as a resource manager, shall have following responsibilities for the sustainable forest management:

1. The member CFUG shall be made to give optimum consideration in the social, economic and environmental aspects in forest management process.
 - 1.1. The mentioned things shall be included in the constitution and operational plan of the CFUG. FECOFUN shall facilitate the process for the ease of CFUG.
 - 1.2. The principles and bases of sustainable forest management shall be adopted while preparing the constitution and operational plan of the CFUG.
 - 1.3. CFUG shall be facilitated to implement the approved constitution and operational plan.
 - 1.4. Capacity of the organizational units of FECOFUN and CFUGs shall be strengthened for the sustainable forest management.

- 1.5. Necessary information regarding enterprise development, marketing etc. shall be collected and shared among CFUGs for the sustainable forest management.
- 1.6. Cooperation and coordination with the national and international stakeholders shall be developed for the sustainable forest management.
- 1.7. A monitoring mechanism shall be developed and implemented to monitor the fund management (income / expenditure) system; to monitor whether the activities are in accordance with the approved operational plan; and to monitor whether there is equitable benefit sharing in the CFUG.
- 1.8. FECOFUN shall attempt to have positive effect in policy level through extension of the achievements and disseminating information on sustainable forest management.
- 1.9. FECOFUN, as a resource manager, shall provide membership to the CFUG which have adopted the sustainable forest management systems and processes. And it may take back the membership of the CFUG that has been found to be working against the theme of the sustainable forest management.
- 1.10. FECOFUN should monitor the activities of community forest users committee (CFUC), the records of income and expenditure and the process and practices of the users at least once in a year
- 1.11. FECOFUN district branches shall form forest certification focal committee with 3 to 5 members while FECOFUN center with 3 members as decided by the standing committee.
- 1.12. The applications received from the CFUGs shall be assessed and selected the qualified ones for forest certification. The applications of the selected CFUGs shall be collectively sent toby the FECOFUN Centre.
- 1.13. The rejected CFUGs shall be informed within 30 days of the decision made, with detailed description on why they have been rejected for forest certification. If the same CFUG applies next year, the application fee shall not be charged.
- 1.14. The selected CFUG that will to withdraw its membership from the forest certification group or get back from the certification process may inform FECOFUN Centre straightly or through district branch with a copy of decision made by the group. The application shall be assessed and the standing committee shall decide on the matter with the recommendation of central certification committee. The CFUG shall be informed within 35 days about the decision.
- 1.15. The forest certification committee of the FECOFUN Centre shall submit the applications with recommendations to the standing committee for the assessment of the applications, analysis of the preliminary reports and preparation of the final report.

2 Points to be followed by the member CFUG for the forest certification process:

- 2.1 The CFUG should have been the member of FECOFUN and renewed annually.
- 2.2 The constitution and operational plan of the CFUG should have been prepared as per the FECOFUN's policy for the sustainable community forest management-2004 and approved.

2.3 The activities of the CFUG including group mobilization and management should have been carried out with the group or committee decision in accordance with the approved constitution and operational plan and Resource Management Policy.

2.4 The CFUG should update the records of its activities and provide to the resource manager or to the party recommended by the resources manager.

2.5 CFUG should submit the application with Rs. 50/- to the FECOFUN Centre directly or through its district branches to forward the forest certification process with a copy of the decision made by the group certifying that the CFUG has been managing the forest according to the FECOFUN's policy for the sustainable forest management-2004.

2.6 The FECOFUN district branches or the Centre shall assess whether the activities have been carried out according to the application. FECOFUN Centre shall make decision on whether to precede the application.

3 The disqualification of the CFUG for the membership of the forest certification group shall be as follows :

3.1 The CFUG without membership of FECOFUN.

3.2 The CFUG carrying out against the theme of the approved operational plan.

3.3 The CFUG suspended from the forest certification group more than twice.

Note: Whatever has been mentioned above, the CFUG shall not be suspended from the membership of FECOFUN.

Monitoring and Evaluation

The regular monitoring and evaluation procedure of the community forest users groups which are in the forest certification process and already certified.

1. The regular monitoring or evaluation and feedback work of the community forest area or groups which are in the forest certification process or already certified will be done by FECOFUN centre in the assistance of district branches. And the monitoring will be done through the following described activities of CFUG :

- a) Through the meeting of the group.
- b) The general assemblies of the group.
- c) The study and analysis of the record book of the group.
- d) Through the field survey and practice of the forest management
- e) Through the direct visit to the users and working committee.

The monitoring forms are kept in the annex

Annex -1

The model application to the resource manager (FECOFUN) by the community forest users group.

Annex -2.

The model application from FECOFUN to the forest Stewardship council.

Annex -3.

The constitution summary of the users group.

Annex -4.

The forest management work plan summary.

Annex -5.

The model form of the forest's monitoring condition

Annex -6.

The model form of the forest products that users group.

Annex -7.

The model of the forest condition analysis forms.

Annex -8.

The model form of the people's details who are involved in the enterprise.

Annex -9.

The utilized model form of the opportunities that can be found in the groups.

Annex -10.

The selling bills of the community forest products.

Annex -11.

The license of the forest products given by the community forest groups.

Annex -12.

The license of the herbal collection.

Annex -13.

The registration letter of the medicinal and aromatic plant

Annex -14.

The model form of the annual records of the community forest users groups.

Annex -1

The model application to the resource manger (FECOFUN) by the community forest users groups :

Date :.....

.....Community Forest Users Group
.....District
V.D.C. / MunicipalityWard No. (Address)

The group registration number

The Federation of the Community Forest Users
c/o Forest Steward Ship Office
Old Baneshwor, Kathmandu
Nepal.

Subject : About to participate in the forest certification group.

In reference to the above mentioned subject that our community forest group is ready to work under the rules produced by Forest Stewardship Council about the sustainable forest management and in the subordination to the policy and principles of FECOFUN ; and we are ready to be observed first time for the environmental, economic and social aspect of the FSC. Along with this, we want to make our group audited each year, so by showing our commitment we apply for involvement in the forest certification group prepared by FECOFUN. All the other documents are also attached with this document.

For the community forest
Chairman
Name.....

Signature.....
Address (With Stamp)

Mentioned as below :
The address of the CFUG: with registration number
The Four boarders of the community forest:
East :.....
West :.....
North :.....
South :.....

Attached documents:

1. The copy of the community forest users group registration certificate No-1
2. The copy of the hand over community forest certificate No-1
3. The accepted constitution and work plan of the CFUG 1,1 Nos.
4. The yearly progress report of the community forest.
5. The auditing report of the CFUG No-1.

Annex -2

The model application form FECOFUN to the Forest Stewardship Council

Date :.....

The Federation of the Community Forest Users, Nepal
Kathmandu
The Forest Stewardship Council / Smartwood
Bonn, Germany

Subject : About the Forest Certification

It is already known that the federation of the Community Forest Users, Nepal is the representative organization which has been working for the sustainable forest management. For the sustainable forest management FECOFUN has prepared community forest management policy and directory by following the norms and values of the Acts and Regulation. It has become necessary to make the community forest users group involved in the group certification programme which are interested to be registered under the Forest Act 2049 and Regulation 2051 of Nepal. So as a resource manager informing about the interests of those groups to certify the forest and to make yearly audited, we have applied this letter including the following documents:

Applicant

.....
(Bhim Prasad Shrestha)
Chairperson
FECOFUN, Nepal

For the community forest users group
Mentioned as below:
The name of the community forest.....
Address:
Area:.....

Attached Documents:

- 6. The community forest registration certificate, or
- 7. The copy of the constitution and the work plan of the community forest, No-1
- 8. The copy of the yearly audit report of the community forest, No-1
- 4. Annual progress report of CF

Annex – 3
Summary of CFUG constitution

Preamble

CHAPTR-I

- 9.1 Name, Address, Prarambha, Objectives, Stamp and Office of the CFUG
 - 9.1.1 Name of the CFUG
 - 9.1.2 Address
 - 9.1.3 Prarambha
 - 9.1.4 Objectives of the CFUG
 - 9.1.5 Stamp of the CFUG
 - 9.1.6 Office of the CFUG
- 9.2 Definitions

CHAPTER-II

Arrangements regarding the Community Forest User Group

- 2.1 Brief description of User Group
 - 2.1.1 Socioeconomic condition of the User Group
- 2.2 Qualification/ Disqualification for User Group membership
 - 2.2.1 Qualification for User Group membership
 - 2.2.2 Termination of User Group membership (Disqualification)
- 2.3 Procedure of providing and terminating membership
 - 2.3.1 Procedure of providing membership
 - 2.3.2 Procedure terminating membership
- 2.4 User Group formation Procedure
- 2.5 Rights and responsibilities of User Group members
- 2.6 General assembly of User Group
 - 2.6.1 General assembly
 - 2.6.2 Major works to be done by general assembly
 - 2.6.3 Working procedure of general assembly
 - 2.6.4 Rights and responsibilities of general assembly

CHAPTER-III

Arrangements regarding Community Forest User Committee

- 3.1 Formation of User Group
- 3.2 Name list of User Committee executives
- 3.3 Rights and responsibilities of User Committee
- 3.4 Working period of User Committee
- 3.5 Rights and responsibilities of User Committee
 - 3.5.1 Chairperson
 - 3.5.2 Vice Chairperson
 - 3.5.3 Secretary

- 3.5.4 Joint Secretary
- 3.5.5 Treasurer
- 3.5.6 Members
- 3.6 Working procedure of the User committee
 - 3.6.1 Daily activities
 - 3.6.2 Meeting of the User Committee
- 3.7 bighatan of User Committee
- 3.8 Conditions in which Committee executives may hatna
- 3.9 Approval of executives' resignation and padpurti
- 3.10 Other committees
 - 3.10.1 Advisor committee
 - 3.10.2 Sub-committees

CHAPTER_IV

Arrangements regarding Forest Operational Plan

CHAPTER-V

Arrangements of punishment for crime control

- 5.1 Crimes
- 5.2 Techniques to be applied for crime control
- 5.3 Punishment
- 5.4 Procedure to be applied to punish criminal

CHAPTER-VI

Arrangements regarding fund mobilization

- 6.1 Sources of fund
- 6.2 Mobilization of fund
- 6.3 Arrangements regarding fund utilization
- 6.4 Audit

CHAPTER-VII

Miscellaneous

- 7.1 Amendments of constitution
- 7.2 Nilamban/Niskasan from User Group
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- 7.7 Arrangement of Stamp (Tancha)

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- 7.9 Arrangements regarding promotion of poor and marginalized caste and ethnic groups
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- 4 Name-list of users
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- 6 Model of income and expenditure record form
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- 10.1.4 Boundaries of the forest
- 10.1.5 Area of the forest
- 10.1.6 Geographical condition of the forest
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- 10.1.8 Type of the forest
- 10.1.9 Present condition of the forest
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 - 10.2.1 Long term objectives
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- 3.1 Introduction to the forest resource survey
- 3.2 Map of the forest
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- 3.5 The stock of the forest products and the summary regarding to annual estimate growth
 - 3.5.1 The stock summary of the timber, firewood and fodder
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- 3.6 Section division and description
 - 3.6.1 Name of the area
 - 3.6.1.1 Section-1
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- 4.10.1 Spikenard management
- 4.10.2 Chiretta Manage management
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- 9.1 Daily monitoring and superintendence of the forest
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- 9.1 Fire
- 9.2 Deforestation
- 9.3 Soil and water
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- 9.5 Rukh sukaune
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- 9.7 Stone, soil, rock, sand and minerals etc.
- 9.8 Fodder
- 9.9 Firewood
- 9.10 Timber
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- 11.1 Rate conformation of bigo
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Model monitoring form of the condition of the forest

Monitoring of the forest's condition:- The participatory forest resource shall be surveyed once in every five years in the joint involvement of user groups and forest technicians for the monitoring condition of the community forest. The achieved statistics will be analyzed comparatively with resource survey statistics. The vocationally managed species shall be surveyed in detail.

Previous				After five years		Differences		Remarks
Products	Number	Volume/ number	Number	Volume/ number	Timber	Non-timber	Reproduction	
Timber								
1.				1.				
2.				2.				
3.				3.				
Non-timber								
1.				1.				
2.				2.				
3.				3.				
Other species								
Immature regeneration								
Mature regeneration								

Annex 7: List of FUGs received technical assistance in the project period

Table 1: FUGs received technical assistance in the project period

SN	Name of FUGs	Area in Ha	HHs
1	Shree Binayak Pimidanda CFUG, Kailas, 1-7	1425	240
2	Binayak CFUG Gadaraya, 9	1606	87
3	Lahare CFUG, Gadaraya, 9 and Dogadi, 4,5,7,8	458	305
4	Hemantawada CFUG, Hemandawada, 1-9	1665	515
5	Ranada CFUG, Kotdewal, 1-3	1981	214
6	Lataun CFUG, Rilu, 4	728	65
7	Pariban CFUG, Masta, 6,7	469	155
8	Dayu CFUG, Rilu, 1	1093	95
9	Martinaula CFUG, Kotdewal 4-6	451	181
10	Sallipatan trisakti CFUG, Luyanta, 1-7	660	382
11	Mastamandu CFUG, Patadewal, 7	29	61
12	Ghataldev CFUG, Masta, 8	11.62	43
13	Dhalpura CFUG, Masta, 9	8.79	30
14	Petarimela CFUG, Rilu,6	64.4	109
15	Kholelek CFUG, Rilu,5	10	72
16	Paripatal CFUG, Rilu,2,3	72.71	81
17	Thakunna CFUG, Rilu, 2,3	93.7	81
18	Mandau Patal CFUG, Masta, 6,7	5.2	155
Sub total Bajhang		10831.42	2871
1.	Bhitteri FUG, Dolakha	262	237
2.	Bolde Setidevi FUG, Dolakha	171	225
3.	Charnawati FUG, Dolakha	385	315
4.	Dhande Singhadevi, FUG, Dolakha	335	311
5.	Jharani, FUG, Dolakha	208	186
6.	Kalobhir FUG, Dolakha	545	215
7.	Majkharka Lisepani, FUG, Dolakha	146	206
8.	Suspa FUG, Dolakha	635.36	303
9.	Thulonagi FUG, Dolakha	239.53	257
10.	Walem Damji, FUG, Dolakha	495	133
11.	Budha FUG, Dolakha	457.26	183
12.	Batekhola kamalamai FUG, Dolakha	746	313
13.	Jiriswori FUG, Dolakha	108	212
14.	Kyangsesetep FUG, Dolakha	180.35	236
15.	Napkeyanmara FUG, Dolakha	195	140
16.	Pandit FUG, Dolakha	508	247
17.	Shankhadevi FUG, Dolakha	301	211

SN	Name of FUGs	Area in Ha	HHs
18.	Sukram FUG, Dolakha	291	398
<i>Sub total Dolakha</i>		<i>6208.5</i>	<i>4328</i>
<i>Grand total</i>		<i>17040</i>	<i>7199</i>

Annex 8: List of FUGs certified for FSC forest management certification

Table 1: List of FUGs certified for FSC forest management certification

SN	Name of FUGs	Area, Ha.	HHs
1	Shree Binayak Pimidanda FUG, Kailas, 1-7	1425	240
2	Binayak FUG Gadaraya, 9	1606	87
3	Lahare FUG, Gadaraya, 9 and Dogadi, 4,5,7,8	458	305
4	Hemantawada FUG, Hemandawada, 1-9	1665	515
5	Ranada FUG, Kotdewal, 1-3	1981	214
6	Lataun FUG, Rilu, 4	728	65
7	Pariban FUG, Masta, 6,7	469	155
8	Daya FUG, Rilu, 1	1093	95
9	Martinaula FUG, Kotdewal 4-6	451	181
10	Sallipatan trisakti FUG, Luyanta, 1-7	660	382
11	Mastamandu FUG, Patadewal, 7	29	61
Sub total Bajhang		10564	2300
1.	Bhitteri FUG, Dolakha	362	237
2.	Bolde Setidevi FUG, Dolakha	171	225
3.	Charnawati FUG, Dolakha	385	315
4.	Dhande Singhadevi, FUG, Dolakha	335	311
5.	Jhareni, FUG, Dolakha	208	186
6.	Kalobhir FUG, Dolakha	545	215
7.	Majkharka Lisepani, FUG, Dolakha	146	206
8.	Suspa FUG, Dolakha	635.36	303
9.	Thulonagi FUG, Dolakha	239.53	257
10.	Walem Damji, FUG, Dolakha	495	133
Sub total Dolakha		3521	2388
Grand total		14086	4688

Annex 9: Rainforest Alliance final technical report



Rainforest Alliance

Nepal NTFP Public/Private Alliance

Final Project Report

October 2005

**Cooperative Agreement Award
No.: 367-A-00-02-00209-00**

**Project Title: Certification and Sustainable Marketing of
Non-timber Forest Products (NTFP) – Public Private Alliance (PPA)**

**Submitted to:
Asia Network for Sustainable Agriculture and Bioresources (ANSAB)**

**Submitted by:
Rainforest Alliance
665 Broadway, Suite 500
New York, New York 10012 USA
Tensie Whelan, Executive Director
Walter Smith, Project Manager**

Contract Period: December 1, 2002 – September 30, 2005

Reporting Period: December 1, 2002 – September 30, 2005

INTRODUCTION

The mission of the Rainforest Alliance (RA) is to protect ecosystems and the people and wildlife that depend on them by transforming land-use practices, business practices and consumer behavior. RA is working in over 53 countries worldwide and over the past three years RA has had the privilege of expanding its mission to Nepal by working with the Certification and Sustainable Marketing of Non-timber Forest Products Private Public Alliance project. Nepal possesses some extraordinary individuals, organizations and communities that have contributed to the success of the project, but more significantly they are a shining example of human spirit and cooperation. The members Federation of Community Forest Users Nepal's (FECOFUN) FSC certified Community Forest User Groups (CFUGs) members are providing an unparalleled model of democracy, social and cultural equity and grassroots conservation considering that they are:

- ✓ The only democratic institutions currently functioning in Nepal. They are preserving democracy in spite of the volatile situation between the government, political leaders and insurgent forces.
- ✓ Equitably sharing their financial and social benefits amongst community members by breaking down age-old prejudices based on gender, caste (social class), race and culture.
- ✓ Conserving an extremely important ecosystem that includes Himalayan habitats and water resources and quality for Nepal and the sacred Ganges River.
- ✓ Providing these essential services despite having limited financial resources. They make these vital contributions to the greater good because they believe that it is the right thing to do.

RA and PPA members have made an outstanding effort during this pilot phase of the project in bringing these communities the international recognition and economic benefits they deserve. However, despite the accomplishments outlined in the remainder of this report, the pilot phase is only the beginning. The certified sustainably managed products must be brought to the global marketplace to support and expand sustainable forest management and social and economic equity in Nepal. But as importantly, the global community needs to witness the CFUG model as a symbol of hope and understanding.



EXECUTIVE SUMMARY

The goal of the Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) Public Private Alliance (PPA) project is to link Nepal and foreign NTFP buyers, Nepali producers, and non-governmental organizations (NGO) and government programs assisting the NTFP sector in order to:

- Increase incomes and employment for Nepal's NTFP producers (especially in remote rural areas);
- Promote sustainable resource management;
- Institute a certification program for NTFP in Nepal; and
- Expand responsible buying practices among industry members in the West.

The PPA brings together a diverse group of organizations and individuals committed to the project goals: Asia Network for Sustainable Agriculture and Bioresources (ANSAB), Nepal NTFP Network, Himali Jadibuti Sarokar Samuha, and Federation of Community Forestry Users (FECOFUN) who collaborate and provide assistance to forest user groups who manage and harvest NTFPs; Himalayan BioTrade Pvt. Ltd. and Gorkha Ayurved Company (P) Ltd), Nepali businesses that produce and distribute products made from Nepali NTFPs; Aveda, a U.S. based natural products company that produces, designs and markets natural products worldwide and promotes environmentally and socially sustainable practices with their suppliers; The Rainforest Alliance, a U.S. based environmental NGO that with expertise in third-party environmental and social sustainability certification and: United States Agency for International Development (USAID), The Ford Foundation, Netherlands Development Organization (SNV), and Swiss Agency for Development and Cooperation (SDC) that have been donating financial resources for the development of community forest user groups and the coordination of NTFP industry within Nepal. The PPA members work together to contribute ideas and direction to the project work plan and its implementation.



Himali Jadibuti Sarokar Samuha



सामुदायिक वन उपभोक्ता महासंघ, नेपाल
Federation of Community Forestry Users, Nepal (FECOFUN)



FORD FOUNDATION

Strengthen democratic values, reduce poverty and injustice,
promote international cooperation and advance human achievement



USAID
FROM THE AMERICAN PEOPLE



Nepal NTFP Network (NNN)

This final report presents the achievements the Rainforest Alliance made in fulfilling its responsibilities towards the project goals: developing an FSC certification model for both forest management and chain of custody and promoting sustainable resource management for community forestry in Nepal focusing primarily on NTFPs.

Over the course of the project the Rainforest Alliance SmartWood program has certified 21 CFUGs in two districts, managing 14,086 hectares of forestland consisting of over 7500 households that includes approximately 35,000 household members. The certification represents:

- ✓ First FSC certification in the world for handmade paper and
- ✓ Nepal is the first country in Asia to obtain FSC certification for non-timber forest products and the first in the world with regard to the variety and quality of non-timber forest products, which includes plants, seeds and leaves that are processed into paper, essential oils and herbs for medicinals and teas

Additionally, 8 Small Forest Enterprises (SFE) have been FSC COC certified. The SFE's have direct links to the CFUGs through cooperative ventures and long-term contracts.

During the course of the forest management certification of FECOFUN, several areas of environmental impact, economic viability and social responsibility were identified as needing improvement. Certification corrective action requests were developed to help the CFUGs and SFEs improve these areas. These improvements helped to:

- ✓ Strengthen their democratic institutions and enhance their goals of an equitable society.
- Dolakha CFUGs have negotiated settlements with indigenous yak grazers over tenure and territorial issues that dated back to over 45 years. The CFUGs have formed ongoing grazing management committees consisting of both CFUG members and yak herders.
- Some CFUGs have traded forest protection for yak grazing rights whereby the yak herders will protect the forest from unauthorized encroachment and use in exchange for grazing. Moreover they have provided grass and clover seed to increase grazing quality.
- Dolakha CFUG has created a micro loan program for the Dalits and other poor members for purchasing seed and other materials for small business start up as a way of promoting economic and social equity among castes.
- FECOFUN has been providing CFUGs with training accounting methods that will promote more transparency about how funds are generated and spent.
- Bajhang CFUGs have developed a more transparent and democratic fund accounting system whereby all CFUG members and community members are better informed about budgetary matters.

David Hircock, Assistant to the President and Aveda Herbalist
"Aveda believes this project to be truly transparent and is starting to bring true long term benefit to the CFUGs. Aveda has supported and helped build this project due to the quality of the products and the protocols on sustainability and socio-economic impact on the communities. Aveda sees this project as a model for the world on the use of NTFPs, bringing awareness of the inequities of the supply chain to the primary producers. Everything is in place to showcase the country of Nepal to produce a quality natural plant product that brings provable benefit sharing to the people."



- ✓ Strengthen their conservation efforts.
 - FECOFUN, with the help of ANSAB and others, have developed guidelines for identifying and protecting rare, threatened and endangered species (RTE). The CFUGs have been provided with a copy of the IUCN Redlist for Nepal.
 - Training was provided to Local Resource Persons on the RTE guidelines and they in turn have been training local CFUG users and members.
 - A number of CFUGs are already implementing the guidelines by identifying and listing wildlife and plant species that exist in their community forest. Additionally they are recording in logs and on maps observed aquatic and terrestrial flora and fauna and their habitat.
 - CFUGs have mapped areas set aside for the protection of sensitive wildlife habitat, cultural sites and streams.
 - Bajhang CFUG has stopped hunting the cheer pheasant (*Catreus wallichii*), a species on the IUCN Red List.
 - FECOFUN has developed a monitoring format for CFUG members to monitor changes in forest conditions
 - Documenting sustainable forest management through third-party assessment and auditing



Dibakar Panderi, Regional Director, His Majesty's Government Ministry of Forests and Soil Conservation
"Certification is a critical tool in helping us manage the forests and will help us document progress and results. We have incorporated certification into our forest policy.... The government is committed to FSC. It helps us achieve Ministry goals and is a very positive step for forest management."

- ✓ Strengthen their business practices and market linkages
 - Forest enterprises and Nepali trading partners have improved accounting systems and are more aware of product conversion factors and cost
 - CFUG users have improved the traceability of their raw materials
 - New markets are opening for essential oils and handmade paper. An essential oils company based in the UK has become FSC CoC certified and will carry the FSC certified Nepali essential oils. They are in the process of securing a one-year contract where they will buy the entire production of certain oils upfront. A UK and Japanese company are investigating the production of handmade paper products.
 - PPA partners Aveda Corporation and the Rainforest Alliance have bought more than \$10,000 USD worth of handmade paper.
 - Nepali certified products are listed on the FSC and Rainforest Alliance website
 - Articles in international natural product trade magazines and economic development and conservation organization newsletters have been written about the FECOFUN FSC certification and the certified products.
 - FSC certified Nepali products have been promoted at natural product trade fairs in both the US and UK.



Additional benefits from the Rainforest Alliance's FSC certification initiative in Nepal:

- ✓ Training of 20 potential FSC forest management and chain of custody assessors for Asia, including 5 potential lead assessors
- ✓ Training and technical assistance to 16,500 CFUG members on FSC forest management standards and sustainable forestry
- ✓ Provided international training on certification and NTFP production. Four PPA members toured certified NTFP production in Brazil. Bhola Bhattarai, FECOFUN Certification Coordinator observed two Rainforest Alliance FSC forest management audits in Estonia and Lithuania
- ✓ Canadian Center for International Studies and Cooperation (CECI) will be working with FECOFUN to prepare five more CFUGS for entering the FSC certified pool.
- ✓ Encouraged the forestry sector in Nepal to begin the process of developing an FSC working group to establish FSC endorsed forest management standards for Nepal. The FSC Asia Coordinator visited Nepal and made a presentation on how an FSC working group could be formed and develop standards.
- ✓ Increased cooperation between FECOFUN, CFUGs and government in securing community forestry goals and objectives
- ✓ Increased the capacity of FECOFUN by providing a framework for addressing community forest resource sustainability, CFUG social issues and government policy.

Rajerdra Lamimichane, FECOFUN: *"We are getting closer to achieving the vision of community forestry through certification. We all need to work together to address the challenges of scaling up. Through certification, FECOFUN and its members can address policy issues. It makes it easier to work with government. It has benefited local communities. It has proved to FECOFUN that sustainable forest management is possible."*

Dr. Damodar Parajuli, Joint Secretary (Chief, Foreign Aid Coordination Division), Ministry of Forests and Soil Conservation *"We need to replicate and expand this initiative. It has enabled us to work together and the process has proven that we can collaborate."*

**Dr. Udaya R. Sharma,
Director General, Department
of Forests** *"Now we have a
model to work on, to build and
expand the certification
initiatives in Nepal."*



YEAR-BY-YEAR PROGRESS REPORTS

Year One: October 1, 2002 to September 30, 2003

Organizational Meeting - January

On January 8 and 9, 2003 a planning meeting was held in Kathmandu, Nepal of the Certification and Sustainable Marketing of Non-timber Forest Products (NTFP) Private Public Alliance (PPA). The goals of the meeting were to: provide a forum for partners to establish a working relationship; provide partners with an understanding of the project goals and objectives; provide a forum for partners to articulate their expectations for the project; provide partners a preliminary overview of certification issues, industry dynamics and expectations; inform partners about NTFP and Community Forest User Group issues in Nepal and; review and finalize the year one draft work plan.

The Rainforest Alliance presented an overview of FSC certification, contributed to the planning discussions and gathered information from the other PPA members to better understand the potential for certifying NTFP's within the Nepal context.

From January 10-15, 2003 additional information was gathered through interviews with Alliance representatives to meet the certification objectives and to plan for certification activities contained in the year one work plan. Information was specifically collected for:

- 1) Analyzing Community Forest User Group's (CFUG) readiness for certification;
- 2) Prioritizing CFUG areas to be assessed in a pilot certification;
- 3) Analyzing potential group certificate holders readiness for certification;
- 4) Understanding chain of custody linkages;
- 5) Understanding the potential market benefits of certification;
- 6) Developing the training materials and sessions for further refining 1,2 and 3 above and to prepare for the implementing certification and;
- 7) Developing a Latin American study tour that would be the most beneficial given the Nepalese context.

Certification Workshops - June

"Get Certified" and NTFP certification workshops were held in Kathmandu on June 9th and June 10 to 12, 2003 respectively. The objectives were to:

- 1) Provide an understanding of the FSC and SmartWood certification process;
- 2) Provide an understanding of how to get certified;
- 3) Identify potential barriers to CFUGs attaining certification;
- 4) Develop Interim Nepal SmartWood Guidelines;
- 5) Help participant develop some auditing skills;
- 6) Choose a group certificate holder and potential CFUG operations for the pilot certification assessment project.

The workshops were a success. The course objectives were met. Nearly forty people from a broad spectrum of government officials, NGOs, PPA members and donors attended the one-day "Get Certified" workshop and thirty people attended the three-day NTFP Certification workshop. The participants readily understood the certification process and philosophy. They were able to successfully translate the knowledge gained from the training into assessing CFUG, Community Based Forest Enterprises and NTFP businesses compliance with the forest management and chain of custody certification standards.

In addition the participants added Nepal specific indicators to the SmartWood certification guidelines for NTFPs. These guidelines will serve as the interim SmartWood FSC certification standards for Nepal until FSC endorsed Nepal standards are developed.

The participants also chose FECOFUN to become the group certificate holder for the pilot certification assessment. FECOFUN accepted. Specific CFUGs were not singled out to be part of the pool, however for the pilot certification project, CFUGs in the Bajhang and Dolakha districts will be the target. The broad scale analysis of the CFUGs revealed that there were likely no significant barriers to certification. However, the analysis was based on the best case scenario, meaning those CFUGs that have all of their management plans, business plans and organizational plans completed and are actively managing. In the Bajhang and Dolakha area there are a number of CFUGs that have built the capacity to move forward with certification.



Latin America NTFP Tour - August

A Latin America NTFP tour to Brazil was arranged by the Rainforest Alliance for providing key PPA individuals with information and demonstrations concerning the requirements, process, and design issues of NTFP certification. The tour gave the participants an in-depth view of the processes that Brazilian groups underwent to get certified and provided lessons that would be applicable within the Nepali context of certification. During the visit, the participants looked at the experiences of how various community groups in that country developed and implemented their certification systems/models.

The Rainforest Alliance developed the field visit plan in coordination with their Brazilian partner, The Instituto De Manejo E Certificacao Florestal E Agricultura (IMAFLOA) who provided tour guidance and facilitated the logistical arrangements and site visits. The Latin America visit took place August 8 to 19, 2003. Four members of the Public Partnership Alliance in Nepal participated:

- Dr. Bijnan Acharya, CTO, USAID Nepal
- Dr. Keshav R. Kanel, Deputy Director General, Department of Forests, Nepal
- Mr. Francisco Tolentino, Advisor, SNV Nepal
- Mr. Bishma P. Subedi, PPA Coordinator/Executive Director, ANSAB

The tour was successful in that it provided the PPA members with insights about how NTFP management, production and certification might be applied in the Nepali context. Lessons learned included: the government's

critical role in promoting and supporting forest certification with community-based groups; community-based groups generally require outside financial support for initiating and maintaining their certification; the basic foundation for certification assessments rests on the inventory of NTFPs that will be utilized or extracted, therefore it is imperative that inventory guidelines be developed appropriate to the forest resources to be harvested; community groups need extensive technical support to maintain their certification; practical and indigenous knowledge are typically the baseline for NTFP sustainability, due to the lack of scientific research, and need to be validated for local certification standards; education of community groups about certification, its benefits and how it relates to their management is important; group certification and group management sharing works well with community groups; marketing and promotion efforts are critical for the success of getting value from certified NTFPs. Groups visited during the tour were:

1. Instituto De Manejo E Certificao Florestal E Agricultura (IMAFLOA)
2. Barra de Turvo – Consortium Tiera Medicinal
3. Klabin – Klabin Pulp and Paper Industries
4. Cachoeira Community project – Projecto Asetamento Extravista
5. Cooperative Agro Extravist de Xapuri
6. Sao Luis do Remanso Project
7. Brazil Funds for Biodiversity (Funbio)
8. Forest Product Shop selling certified forest products



Year Two: October 1, 2003 – September 30, 2004

October/November 2003 – Training Workshops

During late October and early November, Rainforest Alliance developed training materials and template policies that will help FECOFUN understand and comply with the FSC group certificate holder requirements. These materials were provided to them at the November 17th training.

On November 17th a group certification training was given to FECOFUN management staff. The objective was to begin preparing FECOFUN as the group certificate holder for the CFUGs for the pilot certification in 2004. Information was provided to FECOFUN regarding their responsibilities as the group certificate holder, including:

- Required forest management systems, a planning framework and policies that conform to the FSC Principles and Criteria (P&C);
- Establishing an internal structure that would provide administrative oversight and monitoring of the certified members for ensuring that the FSC requirements are met by the CFUGs covered by the certificate;
- Being the primary contact with the Rainforest Alliance's SmartWood Program for the purpose of communication, coordination of certification audits and the maintenance of group records.



From November 18th to the 21st a SmartWood Forest Assessor Training workshop was held. The assessor training is designed as in-depth and hands-on instruction about how to conduct an FSC forest assessment. The objective was to train a pool of assessors so that three local individuals can be selected to carry out the 2004 pilot certification assessment and subsequent audits. There were 23 participants from a broad spectrum of interest in attendance. The participants were divided into three groups. Each group had participants with economic, social, or environmental expertise. They were given classroom instruction then the participants performed a mock assessment and wrote an assessment report. The training included:

- Teamworking skills and team decision making processes
- A history, structure and accomplishments of the Rainforest Alliance, SmartWood and the FSC
- A discussion of the benefits of FSC
- An overview of the FM certification standards including both the FSC P&C and the SmartWood NTFP Nepal Interim Guidelines
- An overview of the CoC certification standards and FSC policies
- The field assessment process
- Field assessment and data collection techniques
- Data analysis and synthesis
- Mock field assessment
- Stakeholder interviewing techniques
- Report writing



January 2004

On January 9 and 10, 2004 a planning meeting was held in Kathmandu, Nepal of the Certification and Sustainable Marketing of Non-timber Forest Products (NTFP) Private Public Alliance (PPA). The goals of the meeting were to: 1) review and finalize the 2004 work plan; 2) provide a forum for partners to give an overview of the previous year's accomplishments; 3) articulate the expectations of the partners for the project over the remaining two years.

Walter Smith of the Rainforest Alliance (RA) presented a review of RA's work for the PPA in the 2002/2003 year, an overview of planned activities for the 2003/2004 project year and contributed to the planning discussions.

On January 11th a tour of a Forest User Group's (CFUG) forest was organized by ANSAB. Accompanying ANSAB staff was David Hircock of Aveda, Ann Koontz and Walter Smith. The group visited the nursery and hiked through the forest guided by local representatives. Later the group was given a presentation about the CFUG projects by the CFUG's President. The review of the CFUG on-the-ground activities helped RA understand some of the issues of CFUG forest management in preparation for the pilot assessment.

Another day was spent analyzing lokta paper manufacturers production, product offerings and shipping logistics. Paper product samples were collected to take back to the United States so that RA could show them to potential buyers and distributors.



March 2004

During the month of March, RA has researched lokta paper markets. Most of the research has been done on the Internet. Potential buyers will be identified from the list of specialty paper businesses. The Nepali Alliance Partners will be reviewing the list of buyers (and sellers) and making recommendations. In addition, RA plans to make personal visits to some potential buyers and distributors in May. Results of those visits and responses to the list mentioned above will be reported in the next quarterly report.

April /May 2004

The Rainforest Alliance (RA) wrote and published in their newsletter “Canopy” an article about Nepal Forest User Groups and the PPA project. The newsletter is put on the RA website and also emailed to their members and clients, which includes over 30,000 recipients. The article can be found at <http://www.rainforest-alliance.org/news/canopy/can-spring-04-2.html>

Research was done about the use and potential sales of Nepali handmade paper in the US. Research included only an Internet search, however, it revealed that there is a significant handmade paper market in the US. Not all of the handmade paper was from Nepal. Countries like Thailand, Laos and other Southeast Asian countries also produce handmade paper. Therefore there is significant competition for the Nepali paper industry in the US market. Certification could, therefore, possibly be a positive marketing tool. Paper retailer Jam Paper, has three stores located in New York and carries handmade paper, was surveyed for interest in Nepali paper and certification. There appeared to little interest in certification or Nepali paper at this time.

Walter Smith, RA project manager, traveled to Minnesota to talk with Aveda about how RA and Aveda can work together in promoting the project. RA’s Executive Director, Tensie Whelan, David Hircock and Vicki Melen of Aveda and Walter Smith participated in a conversation about future public announcements and promotions.

Walter also traveled to NY to Talk with RA about promoting Nepali paper. RA is beginning to promote the Nepali paper, however, for the RA to make a full effort, the CFUGs will have to attain certification since it is RA’s objective to promote their certified clients. However, several companies that RA has spoken with have shown interest in the Nepali paper and are now seeking price quotes.

June 2004

A FSC Chain of Custody (CoC) training, scoping of FECOFUN, a meeting with potential certification assessors and a meeting with the Chaudhary Group were the highlights of the RA visit to Kathmandu from June 24 to 30, 2004.

On June 25 a CoC training was held at the Sunset View Hotel. Approximately 25 people were in attendance. The workshop covered:

- An overview of FSC certification
- An overview of Chain of Custody linkages
- The benefits of certification
- The Chain of Custody company’s responsibilities
- Certified material handling
- Certified material processing
- Certified material storage and shipping
- Record keeping
- Product labeling
- Percentage based claims
- Small Forest Enterprises
- Assessment and audit process
- Costs

Company representatives in attendance were asked to fill out a self-assessment tool to see if they could qualify for an FSC CoC certificate. Everyone felt as though they could meet the criteria.

A scoping meeting was held at the FECOFUN offices on June 27. FECOFUN has been working on their group certification scheme. They presented their draft group membership guidelines, which included member and FECOFUN responsibilities, entry to and exit from the certified pool criteria, management guidelines, monitoring

guidelines and management planning guidelines. They received input from RA and ANSAB for refinement of the document and will proceed with another draft. They have additionally been working in the field with the CFUGs who will be part of the pilot certification program, preparing them for the assessment. FECOFUN appears to be ready for the certification assessment.

Three consultants, Hari Bhattarai, Bipin Acharya and Pankaj Das, who attended the SmartWood Forest Management Assessor Training Program in November of 2003 were interviewed as potential assessors for the pilot certification assessment of FECOFUN. The consultants' expertise was balanced between forestry, economics and sociology. The consultants have an excellent mix of expertise for the assessment. The assessment was set for September 25 through October 10, 2004.

On June 29th, ANSAB and RA met with the Chaudhary Biosys Ltd. to talk about certification. Cynthia Mathys, Project Auditor, Praveen, CEO and Lalit Kumar Vaidya, Technical Advisor for Chaudhary were in attendance. Chaudhary is interested in both organic certification and FSC certification. They are currently preparing for the organic certification of CFUGs in Dolakha. A discussion ensued about how RA might be able to include organic certification into their forest and agric certification programs. The issue is currently being researched.



Year Three: October 1, 2004 – September 30, 2005

October 2004

The group forest management certification assessment of FECOFUN began on September 25th. The assessment schedule included:

- September 27, 2004: Public notice posted:
- September 25, 2004: Pre-assessment training and planning with assessors
- September 26, 2004: Initial meeting with FECOFUN
- September 27 -30, 2004: Field review of Dolakha district candidate group members and Dolakha stakeholder meetings
- October 1, 2004: Meeting and discussion of field data collected in Dolakha in Kathmandu
- October 5, 2004: Meeting of assessors in Nepalgunj to deliberate Dolakha findings
- October 6-13, 2004: Field review of Bajhang district candidate group members and stakeholder meetings.
- October 15, 2004: Assessor finding and scoring deliberations and report writing regarding Bajhang.
- November 1, 2004: First draft of the report sent to FECOFUN
- November 15, 2004: Draft sent to peer review
- December 6, 2004: Final report submitted for certification decision

Relevant documents from central and district FECOFUN, CFUG offices and DFO and DDC were collected and reviewed. Information regarding existing forest laws, regulations, guidelines and principles, FECOFUN facilitation processes and stakeholders' involvement were obtained. The certification assessment process included the following:

Personal interviews

Personal interviews were conducted with a variety of key stakeholders. FECOFUN central and district authorities, NTFP traders, forest entrepreneurs, DFOs, unit rangers, CFUG executive members and CF users were consulted to obtain a broad understanding about the consistency of existing CFUG endeavors regarding sustainable forest management and the FSC P&C.

Focus Group Discussion (FGD)

Community level FGDs were conducted at CFUG headquarters and district level FGDs were conducted at the district headquarters. At the CFUG level, CFUG executive committee members and CF users participated in FGDs. Similarly at the district level, district FECOFUN personnel, DFO, unit rangers, CFUG representatives, personnel from NSCFP participated in the FGDs. The discussions were focused on the FSC P&C in order to capture the CFUG's ideas, perceptions, practices and understandings of sustainable forest management.

Reconnaissance survey

Reconnaissance survey was conducted in different blocks of the Community Forests in the field sample to assess the condition of forest, i.e. type of vegetation, crown cover, regeneration status, harvesting impacts, etc. Environmental conditions were assessed during the survey, e.g. soil erosion, landslides, water source and stream bank protection measures, rare, threatened and endangered species protection and wildlife surveys adopted by the respective CFUGs. A survey was also carried out to gather information about the infrastructure (roads, bridges, etc.) constructed within the community forest area.



During the course of the certification process, several areas of forest management, economic viability and social responsibility were identified as needing improvement. Certification conditions were developed to help the CFUGs and SFEs improve these areas. Conditions are verifiable actions that form part of the certification agreement that FECOFUN will be expected to fulfill at the time of the first audit or as required in the condition. Each condition has an explicit time period for completion.

1. **Condition:** By the first annual audit, Bajhang District CFUGs must have their operational plan approved by the DFO. (Criterion 1.1)
2. **Condition:** At each annual audit, FECOFUN must provide SmartWood auditors with a report on the status of any customary and indigenous tenure rights issues. This report must, at the minimum, include progress in the Yak grazing negotiations in Dolakha. (Criterion 3.1)
3. **Condition** By the next audit, all CFUGs should transparently document how they are dispersing funds for community and forest development projects.
4. **Condition:** At each annual audit, rates of harvest in comparison to the OP's AAH must be documented for the SmartWood auditors. If the harvest levels are above the AAH, a rationale for the harvest level must also be provided. (Criterion 5.6)
5. **Condition:** By the first annual audit, FECOFUN must provide technical assistance/training on harvesting techniques, levels, and timing of harvest for all commercial species. Additionally, all CFUGS must have an AAH calculated for every commercially harvested species. (Criterion 5.6)

6. **Condition:** By the first annual audit, FECOFUN must: 1) develop a procedure for identifying and protecting wildlife and wildlife habitat and RTE and CITES flora and fauna species and 2) FECOFUN must educate and train CFUGs in implementing the procedure. (Criterion 6.2)
7. **Condition:** Within two years from the award of certification, the CFUGs must implement the procedure for identifying and protecting wildlife and habitat, emphasizing RTE and CITES flora and fauna species. (Criterion 6.2)
8. **Condition:** By the first annual audit, provide maps in the OPs with a detailed legend that show CF landuse categories (including conservation areas and historical/religious sites) and management regimes. (Criterion 7.1)
9. **Condition:** By the first annual audit, FECOFUN must help the FUGs develop technically sound and practical format to monitor and report changes in forest conditions as per the items listed in 8.2 and 9.4. Consideration must also be given to national and international endangered species. Monitoring plans will identify baseline data to collect and monitoring frequency. (Criterion 8.1)
10. **Condition:** Prior to harvesting and selling forest products as certified, FECOFUN shall develop a method for clearly indicating on harvesting and transport documents that the products originate from certified forest operations. Those documents must include FECOFUN's certification code number. (Criterion 8.3)
11. **Condition:** By the first annual audit, FECOFUN central office in Kathmandu must have in their possession copies of all certified CFUG operational management plans, Community Forest boundary descriptions, legal agreements with the DFO and constitutions. (Group manager criterion)

While the FECOFUN assessment team was in the field, Walter Smith and Surya Binayee visited Himalaya BioTrade, Ltd. in Kathmandu to provide them with and discuss the group CoC guidelines and options. The CoC assessment will take place in January. HBTL, Gorkha Ayurved Company, Alternative Herbal Products will be assessed. The community manufacturing enterprises in Dolakha and Bajhang will also be part of the group certificate.

January 2005

Members of the PPA met with reporters from Nepali newspapers and broadcast media on January 10, 2005 to announce the pending Forest Stewardship Council (FSC) certification of FECOFUN. The event was well covered and the press release made several Kathmandu newspapers and television broadcasts.



On January 11/12, 2005 a planning meeting of the Certification and Sustainable Marketing of Non-timber Forest Products (NTFP) Private Public Alliance (PPA) was held in Nagarkot, Nepal. The goals of the meeting were to:

1) review and finalize the 2005 work plan; 2) provide a forum for partners to give an overview of the previous year's accomplishments; 3) articulate the expectations of the partners for the project over the remaining year of the project.

Walter Smith of the Rainforest Alliance (RA) presented a review of RA's work for the PPA in the 2003/2004 year, an overview of planned activities for the 2004/2005 project year and contributed to the planning discussions. Activities planned for 2005 are 1) CoC certification of the Sustainable Bio Trade Group, 2) Attend tradeshows in Anaheim, California USA and London, England UK and present Nepali handmade paper at FSC Paper forum in Bonn, Germany, 3) Workshops for CoC standards update, Nepal interim FSC timber standards development, FECOFUN and SBTG audit preparation, 4) Ceremonial award of certificates to FECOFUN and SBTG, 5) FECOFUN and SBTG audit

Sustainable Bio Trade Group, consisting of Himalaya Bio Trade Ltd., Gorkha Ayurved Company, Malika Handmade Paper, Deudhunga Multipurpose Co-operative, Alternative Herbal Products, were assessed for FSC certification on January 15, 17 and 18, 2005. The Sustainable Bio Trade Group (SBTG) was formed in 2004 for the purpose of providing a group certification manager for five Nepali enterprises. The individual enterprises have been in existence for a number of years. All members of the group are concerned with local community development as well as the business of selling their unique Nepali products. All of these enterprises have worked together in one capacity or another before the formation of SBTG.

February 2005

The Rainforest Alliance officially awarded FECOFUN FSC certification on February 22, 2005. FECOFUN's FSC certification code is SW-FM/COC-NTFP-1438. The certification contract runs from February 22, 2005 to February 21, 2010.

March 2005

The Rainforest Alliance put out a press release to many media outlets around the world. RA also made a targeted press release that was sent to natural products trade magazines just prior to the Natural Products Expo.

March 18, 19, 20, 2005 PPA members Ann Koontz, Prem Tiwari and Walter Smith attended the Natural Products Expo in Anaheim, California USA. ANSAB had purchased a booth at the Expo and Ann Koontz designed and crafted the booth. The booth was adorned with Nepali photos and decorations and samples of Nepali products. The booth also had a description of FSC certification and sustainable forest management. The Expo had approximately 3000 exhibitors. The Expo provided an excellent venue for the introduction of the FSC certified Nepali products. Prem and Ann also made a number of key business contacts with companies interested in the Nepali products. S&D Aroma Company also helped promote the FSC and Nepali products at their booth. David Hircock helped facilitate the arrangement with S&D.

The Sustainable Bio Trade Group officially received their FSC certification on March 24, 2005. The FSC certification code is SW-COC-1465. The certification contract runs from March 24, 2005 to March 23, 2010.

April 2005

The Rainforest Alliance has staff member, Liza Murphy, who has been hired to promote FSC certified paper products. She has also now included the lokta paper in the scope of her work. She will be soliciting information about lokta paper products, product and shipping costs, available quantities and delivery timeframes over the next few months. The work will provide the basis for developing a promotion strategy and timed to be ready by the time the FM and COC certifications are completed.

From 16 April through 27 April Liza Murphy, Rainforest Alliance Marketing Specialist, went to Europe to meet with a variety of companies and individuals to discuss potential markets for products from the Nepal PPA project.

On April 17 Liza attended the Europe Natural Products Expo 2005 in the UK. It is a trade show that is held annually and is one of the largest in Europe. It takes place over two days and had approximately 250 exhibitors of a wide range of "Natural Products". The purpose of attending the show was two fold 1) meet with S&D Aroma to further explore their work with the FSC Certified Essential Oils and 2) to start to explore the potential of the so called "Natural Products" industry as an outlet for products from this project and assess the potential for additional offerings and opportunities for certification and market linkages

At the show Liza had a brief meeting with John and Verity Brebner, principals of S&D Aroma, the company who has been working with ANSAB for distribution of the newly FSC certified essential oils. They have developed a new show booth with some prominence given to the FSC oils. The booth was getting a high amount of traffic and the FSC oils were generating a high interest level. S&D made several new contacts and there was some additional interest in the paper for packaging and labeling. Liza then spent the rest of the day walking the show to review the exhibitors and their products.

On April 19 Liza and the UK SmartWood Representative, Simon Jefferies, traveled to Harrow to meet with S&D Aromas to learn more about S&D and to have a detailed discussion of their interest in FSC CoC certification so that they could maintain the link of certified products from FECOFUN and SBTG to end consumers.

While in London Liza discussed the Nepal PPA project with Brendan May who is doing some consulting work with Rainforest Alliance in London. He thought that it might be of interest to the Prince of Wales Trust. The trust sells a wide variety of products that are sustainably produced and thought that products like drawer liners, journals and notepapers might be of interest to them.

After Liza's return to New York she forwarded the new SBTG brochures and swatch books to Brendan who has in turn brought them to the attention of the Prince of Wales and to Sainsburys.

Liza also represented the Nepali handmade paper at the Paper Forum meeting that was held at the FSC offices on the 21-22 of April. She presented to the forum on "Marketing to Socially Responsible Companies". The presentation focused on working with corporations on developing ways to incorporate FSC certified paper into their procurement policies. She specifically covered the PPA project and community based production.

June 2005

S&D Aroma underwent a CoC assessment. They will be providing a link in the chain from Nepali producers to European buyers.

July 2005

Tensie Whelan the executive director of the Rainforest Alliance visited Nepal to review the results of the project, review the certification status of FECOFUN and SBTG and potential expansion of the certificate, to encourage ongoing support of the certification from the Department of Forestry, to get direct input from FECOFUN and SBTG on marketing, sales projections and supply issues for ongoing support from RA. While in Nepal Ms. Whelan and Bhishma Subedi, Executive Director of ANSAB, had meetings with USAID, DFID, CECI, Chaudary Group, and WWF to promote the goals of the project and encourage participation in the PPA.

Two workshops were held to further FSC certification in Nepal. A workshop on the new FSC chain of custody standards drew 40 participants. The FSC has added further criteria to the chain of custody standards and labeling that took effect in late 2004.

The second workshop focused on the development of FSC timber standards for Nepal. The 40 participants added Nepal specific timber indicators to the SmartWood Generic Standards for Assessing Forest Management. These standards will now serve as the interim SmartWood FSC certification standards for both timber and NTFPs for Nepal until FSC endorsed Nepal standards are developed. Although most communities use timber locally, given

the lack of an adequate transportation system, they wanted to include FSC certification as a way of increasing awareness amongst local people of the importance of FSC certification. Moreover, timber products, especially in the sub-tropical zone of the Terai, may gain international markets where FSC certification could provide environmental and social assurances to buyers.



September 2005

The group forest management certification audit of FECOFUN and SBTG was done from August 29th to September 11th. The audit schedule included:

- August 25, 2005: Pre-audit meeting with auditors
- August 29-31, 2005: Bajhang CFUG field audit and Malika CoC audit
- September 4, 2005: Meeting with auditors to discuss Bajhang field data and prepare for Dolakha audit
- September 5, 2005: Meeting with FECOFUN
- September 7, 2005: COC audit of SBTG members HBTL, AHI and GAC
- September 9-11, 2005: Dolakha CFUG field audit and CoC audit of Bhimeswore and Everest Gateway
- September 14-16, 2005: Auditor findings deliberations and report writing
- September 28, 2005: Completion of audit reports

The primary objective of SmartWood audits is to verify that the conditions required as a result of the initial assessment of FECOFUN are being met and that their management practices continue to meet the Forest Stewardship Council (FSC) Principles and Criteria (P&C). To accomplish this objective the SmartWood team's audit involved interviews with key FECOFUN personnel and local stakeholders, a review of pertinent documents and a field performance review of their forest management practices. This was FECOFUN's first audit; therefore the conditions to be met during the first annual audit were the primary consideration of the audit team's investigation and analysis. This audit was performed 5 months before the actual anniversary date of the certification contract. It is then especially interesting to note the positive progress made in a relatively short timeframe.

1. **Condition:** By the first annual audit, Bajhang District CFUGs must have their operational plan approved by the DFO. (Criterion 1.1)
 - ✓ All the certified CFUGs in Bajhang have their operational plan approved.
2. **Condition:** At each annual audit, FECOFUN must provide SmartWood auditors with a report on the status of any customary and indigenous tenure rights issues. This report must, at the minimum, include progress in the Yak grazing negotiations in Dolakha. (Criterion 3.1)
 - ✓ Most of the CFUGs and Yak herders, with help from DFO, ANSAB, FECOFUN, worked to reach a mutually beneficial solution on grazing issues. Both parties agreed to allocate

and demarcate the Yak grazing land in their respective CFUG areas and form an ongoing grazing management committee (that includes representatives of Yak herders, CFUG, FECOFUN, DFO and District Livestock Office). Pool members came up with innovative solutions for addressing the issues. For example, one CFUG negotiated a trade of grazing rights for the Yak herders help in protecting the forest against illegal harvesting. While another provided grass and clover seed to increase grazing quality thereby making it possible for the yak herders to stay within demarcated areas.

3. **Condition** By the next audit, all CFUGs should transparently document how they are dispersing funds for community and forest development projects.
 - ✓ All the CFUGs have regular Annual Meetings and General Assemblies where all the CFUG members are informed about income and expenditure and other activities. Audited CFUGs also conducted Cluster Meetings to share such information. CFUGS visited by the auditors had financial information posted on notice boards at their headquarters. Some CFUGs will be sending financial statements to members prior to general assembly. Some CFUGs have started to post notice in public places regarding their monthly activities include income and expenditure information. Dolakha CFUG has created a micro loan program for the Dalits and other poor members for purchasing seed and other materials for small business start up as a way of promoting economic and social equity among castes.
 - ✓ The entire pool member CFUGs have conducted an annual financial audit by professional financial auditor. FECOFUN provided transparent fund management trainings for chief executives of the all certified CFUGs. Bajhang CFUGs have developed a more transparent and democratic fund accounting system whereby all CFUG members and community members are better informed about budgetary matters.
4. **Condition:** At each annual audit, rates of harvest in comparison to the OP's AAH must be documented for the SmartWood auditors. If the harvest levels are above the AAH, a rationale for the harvest level must also be provided. (Criterion 5.6)
 - ✓ There has been little harvest since last assessment; therefore assessing harvest levels in comparison to the OP is not possible until the next audit.
5. **Condition:** By the first annual audit, FECOFUN must provide technical assistance/training on harvesting techniques, levels, and timing of harvest for all commercial species. Additionally, all CFUGS must have an AAH calculated for every commercially harvested species. (Criterion 5.6)
 - ✓ FECOFUN released funds to their district chapters to conduct training. Training has been conducted to CFUG representatives at different levels. However, the training has yet to be provided or transferred to CFUG members and collectors.
6. **Condition:** By the first annual audit, FECOFUN must: 1) develop a procedure for identifying and protecting wildlife and wildlife habitat and RTE and CITES flora and fauna species and 2) FECOFUN must educate and train CFUGs in implementing the procedure. (Criterion 6.2)
 - ✓ FECOFUN, with the help of ANSAB and others, have developed guidelines for identifying RTE species was developed and distributed to all CFUGs in the pool. The guidelines include: procedures for plant, wildlife, bird protection and management, a format for monitoring the status of species, and provides information on CITES species annexes, IUCN Redlist species and HMG Nepal protected species of flora and fauna. The guidelines also include an implementation plan.

- ✓ Training on the implementation of the guidelines has been provided to Local Resource Persons (LRP). The LRP have transferred the training and information to some of the CFUGs. The training is ongoing.
- 7. Condition:** Within two years from the award of certification, the CFUGs must implement the procedure for identifying and protecting wildlife and habitat, emphasizing RTE and CITES flora and fauna species. (Criterion 6.2)
- ✓ Some CFUG has already implemented by recording observed flora and fauna species including RTE species (CITES, ICUN and protected plants and animal of Nepal). They have begun to demarcate protection areas for individual RTE species and habitat. They have mapped the areas that contain RTE species.
 - ✓ Bajhang CFUG has stopped hunting the cheer pheasant (*Catreus wallichii*), a species on the IUCN Red List.
 - ✓ Individuals in the local community experienced in the identification of flora and fauna have been used as resource persons for keeping records on species identified in Bajhang. In Dolakha district, Yak herders are being trained to keep records of wildlife habitat.
- 8. Condition:** By the first annual audit, provide maps in the OPs with a detailed legend that show CF landuse categories (including conservation areas and historical/religious sites) and management regimes. (Criterion 7.1)
- ✓ Participatory Land Use maps are prepared by all the certified CFUGs. The maps show forest types, NTFP management areas, high biodiversity areas, streams and rivers, recreation, settlement, RTE and wildlife habitat, roads, mining, caves, and other land uses. The maps are part of the OPs.
- 9. Condition:** By the first annual audit, FECOFUN must help the FUGs develop technically sound and practical format to monitor and report changes in forest conditions as per the items listed in 8.2 and consideration must also be given to national and international endangered species. Monitoring plans will identify baseline data to collect and monitoring frequency. (Criterion 8.1)
- ✓ Every OP is reviewed and re-approved every 5/10 years. The OP has monitoring provisions that are legal requirements. FECOFUN has developed a further monitoring format. The monitoring format is for monitoring the status of forest conditions. The monitoring includes timber and NTFP species population, volume/biomass, regeneration and size classes.
 - ✓ Monitoring of forest conditions and flora and fauna required by the OP is carried out by primarily CFUG executive members, but also forest watcher and users. A transect walk is carried out periodically. Commercial species are monitored during and after every harvest. CFUG issues a collection permit to harvest and transit permit for shipping products within the district. This allows the CFUG to monitoring the amount harvested.
- 10. Condition:** Prior to harvesting and selling forest products as certified, FECOFUN shall develop a method for clearly indicating on harvesting and transport documents that the products originate from certified forest operations. Those documents must include FECOFUN's certification code number. (Criterion 8.3)
- ✓ The FSC Code number recently distributed. The FSC certification code is used along with an additional code that identifies each CFUG. This certification code combination will be put on collection permit, transit permit and product sales documents. Little harvesting has taken place since the certification assessment. The system has yet to completely developed. CFUG have also started to keep the track records of the NTFP products of the certified forest.

- 11. Condition:** By the first annual audit, FECOFUN central office in Kathmandu must have in their possession copies of all certified CFUG operational management plans, Community Forest boundary descriptions, legal agreements with the DFO and constitutions. (Group manager criterion)
- ✓ The auditors found all the necessary documents to be available in FECOFUN central office.



In Saturday, September 18, a CoC workshop was conducted to expand the number of companies that may be interested in purchasing FECOFUN certified products from the CFUG pool members. About 20 companies, new to FSC certification, attended the workshop.

APPENDICES

Appendix A: Acronyms

ANSAB - Asia Network for Sustainable Agriculture and Bioresources

AHI – Alternative Herbal Products

CBFE - Community Based Forest Enterprise

CECI – Canadian Center for International Studies and Cooperation

CFUG - Community Forest User Group

CITES _ Convention on the International Trade of Endangered Species

DFID – UK Department for International Development

DFO - District Forest Office

FECOFUN - Federation of Community Forestry Users, Nepal

FSC - Forest Stewardship Council

GAC – Ghorka Ayurved Company

HBTL - Himalayan BioTrade Pvt. Ltd.

HJSS - Himali Jadibuti Sarokar Samuha

IUCN – The World Conservation Union

HMG - His Majesty's Government

MFSC - Ministry of Forests and Soil Conservation

NGO - Non-Governmental Organization

NNN - Nepal NTFP Network

NTFP - Non-Timber Forest Product

OP – Operational Plan

FSC P&C - Forest Stewardship Council Principles and Criteria

PPA - Certification and Sustainable Marketing of Non-timber Forest Products Private Public Alliance

RTE – Rare, Threatened and Endangered Species

SBTG – Sustainable Bio Trade Group

SDC - Swiss Development Cooperation

SFE – Small Forest Enterprises

SNV - Netherlands Development Organization

USAID - United States Agency for International Development

WWF – World Wildlife Fund for Nature

Annex 10: Sustainable BioTrade Group's chain of custody policy and guidelines

Chain of Custody Policy of Sustainable Biotrade Group-2004

Preamble:

Whereas the chain of custody policy of Sustainable Biotrade Group-2004 is formulated in the spirit of ensuring the rights of local communities on the resources; contributing to manage forest in sustainable basis; to maintain quality and integrity while operating business and enterprise (identification of the resources, collection, protection, and processing and semi-processing); promoting responsible business practices national and international level through certification process.

Chapter 1

Vision: International trade promotion through sustainable resource management and responsible business practices

Mission: The resources which come from good forest management practices of local communities process locally and promote national and international market by the combined efforts.

Chapter 2

Requirements to be a member of the certified group

Entry into the “Sustainable Biotrade Group”

To enter the “Sustainable Biotrade Group” we ask that you:

- Acknowledge your acceptance of these terms and conditions of being a member of the certified group by signing this document.
- Operate in conformance with the SmartWood/Sustainable Biotrade Group Chain of Custody guidelines.
- Develop a documented control system and procedures document according to the outline provided by the group manager of the “Sustainable Biotrade Group”
- Adhere to the documented control system approved by the group manager.
- Allow the Group Manager and/or the SmartWood certification auditors to visit your business to review your certified product control practices and review documents pertaining to the purchases, processing, storage, sales and shipping during the certification period with due notice.
- Comply with Corrective Action Request by the Group Manager and/or SmartWood.
- Notify the organization if there are any changes in the ownership or management of your business during the certification period.
- Pay a membership fee of Rs 500 annually.
-

Leaving the certified Group of “Sustainable Biotrade Group”

Leaving the group of chain of custody certified businesses will be precipitated if you:

- Request that you be removed from the “Sustainable Biotrade Group” giving 30 days notice (it is a voluntary program).
- Do not comply with the SmartWood/Sustainable Biotrade Group chain of custody guidelines.
- Do not comply with corrective action requests requested by “Sustainable Biotrade Group”/Smartwood.
- Refuse to allow the Group Manager and/or SmartWood access to your business for auditing or monitoring.
- Sell the business and the new owners do not want to remain a member.
- Do not pay your membership fee.

Responsibilities of the group manager of “Sustainable Biotrade Group” and member businesses in the “Sustainable Biotrade Group” Member Business responsibilities

- Follow the SmartWood/Sustainable Biotrade Group Chain of Custody guidelines and procedures
- Follow the documented control system and procedures developed for your business
- Train your employees and contractors about the certification procedures
- Provide an annual summary of certified material purchases and product sales to the group manager at the time of the SmartWood annual audit.

- Allow the Group Manager and SmartWood to audit your business.
- Communicate any issues to the Group Manager regarding certification procedures.
- Communicate any changes in the management or ownership of your business.

“Sustainable Biotrade Group” Group Manager’s responsibilities

- Provide an orientation/training to members on FSC certification including:
 - The complete CoC standards as provided by SmartWood,
 - An overview of FSC CoC certification,
 - The certification process,
 - Explanation of assessment and annual audit information that is verified by SmartWood,
 - FSC requirements regarding use of their name and trademark in public information.
- Provide members with the Group Manager Procedural Document
- Provide a documented control system and certification procedures template for you to develop.
- Monitor your business annually for maintaining consistency in certification procedures.
- Represent the members as the contact for communications an certification issues with the SmartWood and the FSC.
- Maintain the records of the Group
- Communicate changes to the members in FSC requirements.
- Notify you of any changes the group’s or individual member’s certification status.

[] Yes, I agree to the above requirements and want to be included group of Chain of Custody certified businesses.

[] No, I do not want to be included.

[] I have questions and want you to call me.

Phone: _____
 Name: _____
 Address: _____

Signed: _____

 Member Business Date

Signed: _____

 Group Manager Date

Chapter 3

Group Manager Procedural Document for group Chain-of-Custody

1. Procedures for adding in new members to the “Sustainable Biotrade Group” group certificate:
 - New member signs the member letter that outlines responsibilities of member and group manager and provides rules for entry and exit from the membership
 - New member develops a documented control system and COC procedures document in conformance with the group manager’s requirements before being accepted.
 - New Member will train their employees and contractors on the CoC procedures.
 - The Group Manager will do an onsite review of the new member’s systems before adding them to the group certificate
 - The Group Manager provides members with the SmartWood/“Sustainable Biotrade Group” guidelines, FSC brochures and all assessment and audit reports concerning the groups certification.
 - The Group Manager will report to SmartWood within 30 days of the inclusion date of new members.

2. The Group Manager will provide to new group member its FSC certification code and subcode designation i.e., SW-COC-0102

3. Procedures for group manager performing monitoring of group members.
 - The group manager will monitor all members onsite at least annually.
 - Certification records and procedures will be monitored.
 - A record of monitoring visits including dates of visits, member visited and general findings will be kept.
 - A report of findings and corrective actions will be provided to the member if there are any non-compliances.
 - Corrective action compliance will be verified either by onsite visit or document review as appropriate. A verification report will be prepared and be part of the group manager records.
 -

4. The procedure for members voluntarily or involuntarily leaving the group:.
 - Member requests to be removed from the group giving 30 days notice (it is a voluntary program).
 - Member does not adhere to the SmartWood/“Sustainable Biotrade Group” chain of custody guidelines or do not comply with corrective action requests.
 - Member refuses to allow Group Manager and/or SmartWood access for auditing or monitoring.
 - Member sells the business and the new owners do not want to remain a member.
 - Group Manager will provide the member a written explanation for their removal from the group
 - Group Manager will provide the member with a 10 day notice prior to removing them from the group.

- Group Manager has a grievance procedure for members involuntarily removed from the group. The grievance procedure includes:
 - Member provides written reasons why they should not be removed,
 - The group manager and at least two other members considers the grievance,
 - Two votes of the three entities are required to accept the grievance
 - Member is informed of grievance decision within 20days of the receipt of written grievance
 - Members vote for the grievance committee membership
 - SmartWood will be informed within 30 days that a group member has been removed from the group certificate.
5. Procedures for keeping and/or verifying records of group members' certified transactions:
- The Group Manager requires that each member provide summaries of certified product purchases and sales to the Group Manager annually
 - The group manager will have a copy of the members documented control system and procedures
 - The group manager will visit each member at least annually for monitoring purposes (see 3 above).
6. Additional group manager responsibilities:
- Provide a documented control system and certification procedures template to the members of "Sustainable Biotrade Group".
 - Represent the members as the contact for communications a certification issues with the SmartWood and the FSC.
 - Communicate changes to the members of "Sustainable Biotrade Group" in FSC requirements.
 - Notify members of any changes in the group's or individual member's certification status.
 - Provide an orientation/training to members on FSC certification including:
 - The complete CoC standards as provided by SmartWood,
 - An overview of FSC CoC certification,
 - The certification process,
 - Explanation of assessment and annual audit information that is verified by SmartWood,
 - FSC requirements regarding use of their name and trademark in public information.

Company Letterhead

Company SmartWood/“Sustainable Biotrade Group” Chain-of-Custody
Documented Control System:
FSC-certified Products

Company:

Location:

Certification Contact:

I. Purchasing and Receiving

A. Procedures for purchasing FSC-certified material.

All purchase orders for FSC certified products will specifically identify the certified product to be provided and will request that the supplier provide their FSC Certification number on the transportation documents, harvesting permits, receipts, payment invoices and on product packaging, binding or container.

B. Procedures for verifying the FSC-certified status of material purchased.

Harvesters' tally sheet (and/or receipt) identifies the FSC certified CF land, harvesters name, CFUG and the date it was delivered to the processing plant. The FSC certification code number will be required on all delivery documents.

C. Procedures for maintaining the separate identity of certified materials upon receiving.

At delivery, all certified products will be given a physical mark (single colored ribbon, cloth or paint) and will be placed in separate area marked “FSC certified only”.

D. Procedures for recording quantities of certified materials received.

A record book of certified purchases will be kept. The book will state harvester, CFUG, CF, product, quantity and species

For purposes of tracking, the system is able to summarize all certified products received by species over a specified date range.

E. Responsible personnel for purchasing and receiving.

The receiving clerk is responsible for all certified product deliveries including weights and measures.

The general manager is responsible for purchasing contracts.

The office manager is responsible for recording delivery information and maintenance of inventory records.

F. Forms/records used for purchasing and receiving.

Forms used in certified products purchasing and tracking are: Purchase contract, Delivery tickets, Periodic (monthly/weekly) record of purchased product receipts, Product Inventory ledger. All appropriate documents will contain the FSC certification code number.

II. Production

A. Procedures for separate production and identity of certified material.

- All certified products will be run in separate batches.
- Non-certified products will be cleared from the production area prior to the certified run.
- Certified products will be identified by a color-coded ribbon (mark, pallet, barrel, basket, etc.) throughout the process. Green ribbon will be placed

B. Procedures for tracking certified materials within production.

- The production supervisor will note “certified” on the daily production report and note the concurrent production of certified material.
- At the end of the certified run, the manufactured product to be kept as certified will be visually marked. A color-coded production card indicating date of manufacture, species, etc., and the certified status, will be affixed to the product.

C. Responsible personnel for production.

The production supervisor is responsible for identifying the raw material as certified, noting certified on the daily production report, for insuring the processing plant is cleared of non-certified materials and that all certified products are labeled as such.

D. Forms/records used for production.

- The daily production report is labeled as certified.
- The weekly/monthly production report will show certified products as separate entries.
- The inventory report will show certified products as separate categories.

III. Finished Product Handling and Sales

A. Procedures for maintaining the separate identity of finished certified products.

Products sold as certified will be labeled with the processor’s name, the FSC logo (see IV below) and FSC Certification code number.

B. Procedures for recording quantities of finished certified products in inventory and sales.

FSC product sales are recorded separately in the Company sales reports. They will be available in summary format by species and customer. Only customers requiring certified lumber will be reported.

C. Procedures for invoicing and shipping of FSC-certified products.

All invoice and transportation documents for certified materials will include FSC Certification code number and certified status of each product. Invoices, as usual, will include species, quantities and product numbers.

D. Responsible personnel for finished product handling and sales.

- The sales manager is responsible for certified sales and will record the certified products sold for each order.
- The shipping clerk will be responsible for verifying the certified products making up the certified order and recording those on the transportation document
- The office manager will insure invoices are stamped as certified and documents for certified sales are kept together.
- The accounting clerk will enter all of the sales data into a sales ledger by date sold, date shipped, purchasing company (companies FSC code number if applicable), transporter, product, species and quantity.

E. Forms/records used for finished product handling and sales.

- Sales invoices will show certified products and status.
- Customer Orders will show certified products supplied.
- Transportation documents will show products and certified status.

IV. Labeling / Logo Use

A. Types of labels or other marks that will be used on finished certified products.

Certified products will be marked with the FSC logo and the FSC Certification code number. Color-coded labels will be stapled to the products as well and show certified status, FSC Certification number, and species information.

B. Procedures for use of the SmartWood and/or FSC logos.

The design of labels, websites, brochures and other uses of the FSC logo will be submitted to SmartWood for approval prior to their use.

C. Responsible personnel for labels and logo use.

The general manager is responsible for all label/logo approval.

V. Record Keeping

- A. Procedures for maintaining records pertaining to certification.**
All records for certified product purchases, production, sales, and public information will be kept in the files for a period of **five years**.

- B. Procedures for compiling annual audit data for SmartWood auditors.**
Summaries will be prepared for certified product purchases, inventory, and sales for SmartWood/“Sustainable Biotrade Group” annual audits.

EMPLOYEE/CONTRACTOR PROCEDURE MANUAL

I. RECEIVING OF RAW MATERIAL

A. Handling Steps

- 1) Products arrive from the certified forest. The transportation/harvest document is checked by the receiving person to make sure that it has the FSC certification code number.
- 2) Products are given color-code tags green ribbon to designate it as certified.
- 3) Products are put in the FSC-designated storage area.
- 4) The inputs are recorded on a tally sheet and sent to the office.

B. Documents

- 1) Transportation/harvesting documents with FSC code number
- 2) Color-coded tag
- 3) Raw material tally sheet
- 4) General ledger shows inputs

II. PRODUCTION/PROCESSING

A. Handling Steps

- 1) All non certified materials are purged from the processing area
- 2) Certified material is brought to the processing area
- 3) The production supervisor tallies the materials to be processed.
- 4) The materials go from point A to point B to point C in color-coded containers
- 5) The materials are tracked through the process by processing documents
- 6) The manufactured product is tallied.

B. Documents

- 1) Tallies for each stage of production

III. SHIPPING/STORAGE

A. Handling Steps

- 1) Final FSC products have the FSC/SmartWood trademarks and certification code put on labels.
- 2) They are also identified with a color-coded work order.
- 3) They are put in an FSC-designated storage area.
- 4) The finished product tallies are recorded and sent to the office
- 5) The office produces transportation documents and invoices using the FSC code number

1) B. Documents

- 1) Work order
- 2) Tallies
- 3) General ledger shows the sales
- 4) Invoice

5) Transportation documents

A sample of cover letter to the potential members by the group manager

Date

Logo
“Sustainable Biotrade Group”
Kathmandu

Dear

Address

Dear Potential Group Member:

We are inviting you to join our FSC/SmartWood-“Sustainable Biotrade Group” group of certified forest product manufacturers, wholesalers and retailers. SmartWood is a program of the Rainforest Alliance and is accredited by the Forest Stewardship Council (FSC). Recently, SmartWood certified a group of FECOFUN members for FSC forest management certification. Raw materials from those community forests will be FSC certified and companies that are Chain of Custody certified could label the products manufactured products from those forests as FSC certified.

FSC/SmartWood-“Sustainable Biotrade Group” is a voluntary program whereby our the forestland owners/managers submit to a third party assessment of the environmental, economic, and social performance of their forest management system and practices against a set of international forestry standards. Companies get certified to: improve and verify the quality of their management and to provide the consuming public with certified products that acknowledge their commitment to the environment and community.

Members of the “Sustainable Biotrade Group” group of certified businesses will undergo audits and assessments. The SmartWood assessment team selects the members in our certified group to review. They review a sample of documents and/or visit a number of businesses. If you participate in the group your documents and business may be selected. We are asking our members who may be interested in participating in this program to review the following terms and conditions and sign this document if you wish to be included in our certified group.

Sincerely yours,

Parbat Gurung
Chairperson

**Annex 11: List of companies certified for FSC
chain of custody**

Table 1: List of companies for FSC chain of custody certification

Sub-code	Member	Contact	Address	Tel/Fax/email	Certification Scope
A	Himalayan BioTrade, Pvt. Ltd (HBTL)	Parbat Gurung, Managing Director	Kathmandu Metropolitan, Ward 14 Balkhu, Nepal	977-1-4282045 977-1-4476586 hbtlp@wlink.com.np	Paper and paper products, essential oils, herbs, morel mushroom
B	Alternative Herbal Products, Pvt. Ltd (AHP)	Govinda Ghimire, Managing Director	P.O. Box 4555, Kathmandu, Nepal; Factory: Lokanthali, Bhaktapur	977-1-473034 ahi@infoclub.np	Herbs, herbal tea, cream
C	Gorkha Ayurved Company, (P)Ltd. (GAC)	Prem Tiwari, Managing Director	P.O. Box 3666, Kathmandu, Nepal. Teku, Kathmandu	977-1-4232218 977-1-4216505 gac@ccsl.com.np	Herbs, soap, herbal tea, manufactured Ayurvedic products
D	Malika Handmade Paper, Pvt. Ltd (Malika)	Surat Bahadur Singh, Managing Director	Hamarsaim, Kailash-2, Bajhang, Nepal	None. Can be contacted through HBTL.	Paper
E	Deudhunga Multipurpose Co-operative, Ltd. (Deudhunga)	Parbat Gurung, Chairperson	Charikot, Dolakha, Nepal	977-049-420336	Essential oils
F	Everest Gateway Herbs, Pvt. Ltd.	Indra Bahadur Khadka	Jiri –7, Dolakha, Nepal	977-049-429157	Handmade Paper
G	Bhimeswore NTFP Production and Processing, Pvt. Ltd.	Dhana Bahadur Tamang	Bhimeswore Municipality –10 Charikot, Dolakha, Nepal	977-049-420247 420344, 420405 (phone only) email cktecards@mtc.net.np	Handmade Paper
H	Humla Oil Pvt, Ltd.	Brikha Bahadur Shahi	Simikot – 4, Humla, Nepal	977-087-680035 680112	Essential Oils

**Annex 12: FECOFUN forest certification
assessment report public summary**



SmartWood

Practical conservation through certified forestry

SmartWood Certification Assessment Report

for:

Federation of Community Forest Users Nepal Kathmandu, Nepal

Date Report Finalized: December 2004

Date of Field Visit: September 27 – October 13, 2004

Certification Team:

Walter Smith, Senior Technical Specialist, Team Leader

Hari P. Bhattarai, Sociology/Human Ecology, Field Team Leader

Bipin K. Acharya, Socioeconomist

Pankaj K. Das, Forester/NTFP Specialist

ACRONYMS

AAH	Annual Allowable Harvest
CBD	Convention on Biological Diversity
CF	Community Forest
CFUG	Community Forest User Groups
CITES	Convention on Trade in Endangered Species
CWD	Course Woody Debris
DDC	District Development Committee
DFO	District Forest Office
DNPWC	Department of National Park and Wildlife Conservation
DOF	Department of Forestry
EIA	Environmental Impact Assessment
FECOFUN	Federation of Community Forest Users, Nepal
FGD	Focus Group Discussion
FMO	Forest Management Organization
FSC	Forest Stewardship Council
HCVF	High Conservation Value Forest
HMG	His Majesty's Government
IGA	Income Generation Activities
ILO	International Labor Organization
MAI	Mean Annual Increment
MAP	Medicinal and Aromatic Plants
NTFP	Non-Timber Forest Products
OP	Operational Plan
P&C	Principles and Criteria of the FSC
RM	Resource Manager
SFM	Sustainable Forest Management
SFMP	Sustainable Forest Management Plan

INTRODUCTION

This report presents the findings of an independent certification assessment conducted by a team of specialists representing the SmartWood Program of the Rainforest Alliance. The purpose of the assessment was to evaluate the ecological, economic and social sustainability of the Federation of Community Forest Users Nepal forest management for non-timber forest products (NTFPs). The certification focuses on NTFPs. NTFPs are the primary commercial product being produced by the community forest user groups (CFUGs) in the community forests. Timber is a minor forest product traded primarily amongst the local community for firewood and building and is not within the scope of this assessment.

This report contains five sections of information and findings. Sections one through three will become public information about the forest management operation that may be distributed by SmartWood or the Forest Stewardship Council (FSC) to interested parties. Sections four, five, and the appendices are confidential, to be reviewed only by

authorized SmartWood and FSC staff and reviewers bound by confidentiality agreements.

The purpose of the SmartWood program is to recognize conscientious land stewardship through independent evaluation and certification of forestry practices. Forestry operations that attain SmartWood certification may use the SmartWood label for public marketing and advertising.

1. GENERAL SUMMARY

1.1. Name and Contact Information

Source Name: Federation of Community Forest Users Nepal
Contact Person: Bhola Bhattarai, Member Secretary/Group Certification Coordinator
Address: P.O. Box 8219 Old Baneshwor, Kathmandu, Nepal
Tel: 977-1-4485263
Fax: 977-1-4485262
E-mail: fecofun1@wlink.com.np

1.2. General Background

A. Type of operation

The Federation of Community Forest Users Nepal (FECOFUN) is a Group Manager. Non-timber forest products (NTFPs) are the primary commercial product (non-tree based paper and essential oils are the main commercial products) being produced by the community forest user groups (CFUGs) in the community forests.

FECOFUN (The Nepali name is Sammudaik Ban Upabhokta Mahasangh Nepal) is a national federation of forest users, which advocates for community forest user group (CFUG) rights, locally, regionally, and nationally. FECOFUN comprises 8,509 CFUG members. The member CFUGs represents 679,279 hectares of forestland that contain 955,000 households (5,193,000 people - over 22% of Nepal's total population). This comprises rural-based forest users and farmers – men, women, old, and young – from almost all of Nepal's 75 districts

FECOFUN is a democratically run organization. Its primary goal is to “promote self-confidence and self-dependence to forest user groups through equal participation of all in decision making”. The supreme body is the General Assembly. District member groups elect the General Assembly members. The number of members in a district determines the number of General Assembly members elected from that district (six maximum). The National Council is the second main body and its members are elected from each district, however, each district elects only two members regardless of the population of members in the district. These two bodies have representation from 50% men and 50% women. There are various other committees where members are elected to carry out the will of the General Assembly and National Council.

FECOFUN represent their CFUG members' interests in governmental and non-governmental fora within Nepal. They provide members with a variety of educational, training and technical assistance services in sustainable forestry, conservation, governance, capacity building and economic development.

B. Years in operation

FECOFUN was formed June 2, 1995 (18 Jestha 2052 on the Nepali calendar). It began developing its group certification management division in 2003. The Nepal Forest Act of 1993 and Forest Regulations 1995 created a provision for His Majesty's Government (HMG) to hand over to communities the rights to manage government owned forestlands. These Acts identified forest user groups as self-governing institutions with rights to acquire, transfer, and sell forest products. They confirmed that natural as well as degraded forest areas should be handed over, with benefits accruing to group funds for community and forest development.

C. Date first certified

PENDING

D. Latitude and longitude of certified operation

- FECOFUN Central Office in Kathmandu: Latitude 27.45N and Longitude 85.20E.
- Bajhang district: Latitude 29°09' to 30°09' N and Longitude of 80°46' to 81°34'E.
- Dolakha district: Latitude 27°28' to 28°0' N and Longitude of 85°50' to 86°32'E.

1.3. Forest and Management System

A. Forest type and land use history

The community forest area in Dolakha covers lowland to upland temperate broadleaves and coniferous forest. The primary NTFPs found in the area are *Daphne bholuia*, *Edgeworthia gardnerii*, *Gaultheria frarantissima*, *Girardiana diversifolia*, *Parmelia nepalensis*, *Loyania ovalifolia*, *Berginia ciliata*, *Rubia manjith* etc. The major tree species found in these forests are *Pinus wallichiana*, *Pinus roxburghii*, *Quercus spp*, *Rhododendron arboretum*, and *Alnus nepalensis*. Previously, there was a significant component of *Taxus baccata* (a yew tree species) and *Cinnamomum glaucesence* in all the community forests. These species are now endangered. As the community members became aware of the importance these species (important NTFPs), Community Forest User Groups (CFUGs) began to replant *Taxus baccata* and protect the *Cinnamomum glaucesence* in their respective community forests. *Cinnamomum glaucesence* has particular cultural importance to the Tamang (indigenous people) community.

Similarly, the community forest area in Bajhang covers extreme altitudinal variation from 915m to 7036m on the northern crestline. Because of the varied topography and elevations, there is wide range of localized climates within the district. Broad-leaf, coniferous and mixed types of forest cover the district. The Community Forests (CF) of the candidate CFUGs are primarily sub-tropical with lower-temperate forest lying at

altitudes ranging from 1350 to 2500m. The major NTFPs found in the forest are *Dactylorhiza hatagirea*, *Picrorhiza scrophulariflora*, *Taxus baccata*, *Swertia chirayita*, *Daphne blolua*, *Girardiana diversifolia*, *Arundinaria falcata*, *Paris polyphylla*, *Valeriana jatamansi*, *Bergiania ciliate*, *Permelia* sps, *Selinum cadollei*, *Aconitum heterophyllum*, *Acotinum spicatum*, *Zanthoxylum armatum*, *Morchella* sps, *Rubia manjith*, *Rheum australe*, *Allium wallichii*, *Nardostachys grandiflora*, *Potentilla fulgens*, *Curculigo orchioides*, etc. The major tree species found in these forests are *Quercus* spp (oak), *Pinus wallichiana* (pine), *Juglans regia* (Walnut), *Rhododendron* sps, *Pinus roxburghii* (pine), *Tsuga dumosa* (hemlock), etc. Various types of wild animals are found in the forest including *Moschus moschiferous* (Musk Deer) which is listed as endangered by the IUCN and appears in the appendix I of CITES. *Lophophorus impejanus* (pheasant) of CITES appendix I and *Tragopan satyra* (pheasant) of CITES appendix III are also found in the forest. Five categories of land uses have been recognized: agriculture (12%), grassland (15.23%), forest (29.47%), shrub (3.07%) and other (40.23%) in the district out of total area of 347,559 ha.

During the Rana regime the certification candidate CFUGs in Dolakha were managed by the Kipat and Birta communal land tenure system. The Kipat system was used in the Tamang (indigenous people) territory, whereas Birta system was in the Chhetri territory. The government abolished these customary tenure systems in the mid 1960's. Without a clearly defined tenure system and after construction of a district highway to Kathmandu markets, illegal cutting, over-harvesting and encroachment increased. People were utilizing the forest without considering conservation and management principles. Moreover, there was an increase of human and livestock population adding to the immense pressure on timber, fuelwood, fodder and grasses. As a result, wildlife habitat decreased significantly and soil erosion/landslides became common on the denuded hillsides.

Today local people have organized by forming CFUGs to take over the responsibility of conserving, managing, and utilizing the forest handed over by the District Forestry Office (DFO). Local people are now aware of the importance of forests in sustaining their livelihoods and feel that forests must be conserved and managed properly for the sustainable utilization of forest products. CFUGs have begun to restore degraded and denuded forests by enrichment planting as well as plantation activities. They have been using bioengineering (biodegradable matting and structures, planting of beneficial, local vegetation) practices and constructing structures to control soil erosion and landslide problems. They prohibit the harvesting of trees near streams and water bodies.

B. Size of forest management unit certified and forest use and area in production forest, conservation, and/or restoration

Table 1.3B.

Name of CFUGs	Total area (ha)	Land Use (ha)							Remarks
		1	2	3	4	5	6	7	
<i>Dolakha</i>									

Bhitteripakha	378	328	16		29	5			Birauta block is special management areas for fodder species and Nigalo conservation.
Charnavati	385	364	7	2		5	5	2	
Thulo Naagi	239	231	6			2			
Kalobhir	545	426	12		102	3	2		Block no 2 is special management area for fodder species conservation.
Sushpa	635	622	10			3			Block no 1 and 3 is special management area for IGA like Argeli, Alaichi plantation and conservation
<i>Bajhang</i>									
Hemantabada	1665	1601		58		5	1		
Vinayak Pimidanda	1425	1392		25		7	1		
Lataun	728	711		12		5			
Ranada	1981	1938		35		8			
Vinayak	1606	1561		40		5			
Lahare	458	444		8		5	1		
Total Certified Area	10045	9618	51	180	131	53	10	2	

Note: 1 = Natural or Semi Natural Forest, 2 = Plantation, 3 = Protected area, 4 = Special Management Areas, 5 = Water, 6 = Infrastructure, 7 = Other uses

C. Annual allowable cut and/or annual harvest covered by management plan

Table 1.3.C-1

Name of CFUGs in Dolakha	Annual Allowable Harvest Quantity of Commercially High Value Species (Cubic Feet for timber and Kilograms for other NTFPs)				
	1	2	3	4	5
Bhitteripakho	360-2266	295-441	21315	200	3956
Charnavati	117-6350	241-382	103914	200	500
Thulo Naagi	541-7826	143-379	-	500	500
Kalobhir	1800-3285	628-764	15525	150	1133
Sushpa	847-9747	1094-1708	173414	25	500
Total	3665-29474	2401-3674	314168	1075	6589

Note: 1 = Dry Lokta Bark, 2 = Argeli White Skin, 3 = Machhino (Wintergreen) Leaves, 4 = Dry Chiraito, 5 = Dry Allo Fiber

Table 1.3.C-2

Name of CFUGs in Bajhang	Annual Allowable Harvest Quantity of Commercially High Value Species (Cubic Feet for timber and Kilograms for NTFPs)				
	1	2	3	4	5
Hemantabada	125 -13317	NA	NA	NA	NA
Vinayak Pimidanda	855 -11132	NA	NA	NA	NA
Lataun*	NA	NA	NA	NA	NA
Ranada	180 -11455	NA	NA	NA	NA
Vinayak	125 -13317	NA	NA	NA	NA
Lahare	62 -12483	NA	NA	NA	NA
Total	1347 -61704				

Note: 1 = Dry Lokta Bark (paper), 2 = Argeli White Skin (paper), 3 = Machhino Leaves (Wintergreen essential oil) , 4 = Dry Chiraito, 5 = Dry Allo Fiber (handicrafts, clothes)

Table 1.3.C-3

Species	Scientific name	Annual Allowable Harvest Quantity of Commercially High Value Medicinal and Aromatic Plant (MAPs) Species (Kilograms)											
		¹	2	3	4	5	6	7	8	9	10	11	Total
Jhyau	<i>Parmelia sps.</i>	125	500	300	125	125		2264	1020	5139	12561	2180	24,339
Majitho	<i>Rubia manjith</i>	500	500	500	500	500	1760	234	651	851	1343	1550	8,889
Pakhanved	<i>Berginia ciliata</i>	250		150	250		4688	2165	1970	10480	11098	5120	36,171
Satuwa	<i>Paris polyphylla</i>	50	12.5				205	841	838	844	1855	870	5,515.5
Padamchal	<i>Rheum australe</i>			125					567.6	1882	2399	300	5,273.6
Bhutkesh	<i>Silenum cadollei</i>						1892	1185	6613	1669	1607	1080	14,046
Guchhi Chyau	<i>Morchela sps.</i>							79	36	23	56	200	394
Sugandawal	<i>Valeriana jatamansi</i>						935.88	957	224	1432	1769	2090	7,407.9
Kutki	<i>Picrorhiza scrophulari flora</i>								1089		1426		2,515
Jatamansi	<i>Nardostachys grandiflora</i>								1208	420	2924	250	4,802
Atish	<i>Aconitum heterophyllum</i>								429	2250			2,679

Note: - 1= Bhitleri CFUG, 2= Thulonagi, 3= Charnawati, 4= Sushpa, 5= Kalobhir, 6= Hemantabada, 7= Lahare, 8= Ranada, 9= Binayak, 10= Binayak Pimidanda, 11= Lataun CFUG

D. General description of details and objectives of the management plan/system

FECOFUN has articulated sustainable forest management vision, mission, goals and objectives, along with sustainable forest management guidelines and operational management plan in their *Policy of FECOFUN for the sustainable Community Forest management- 2004*. FECOFUN's Standing Committee approved this policy in 2004.

Vision, Mission, Goals and Objectives

- Vision: “Community forests for all and forever”
- Mission: FECOFUN is committed to establish equity and good governance for planned community development and livelihoods through sustainable forest management and to establish and mobilize authorized and empowered Community Forest User Groups
- Goal: To utilize the forest area with social, environmental and economic views for the sustainable forest management and to establish good governance within forest user groups
- Objectives:
 - National forestry laws and the principles of the FSC will be implemented
 - Ownership and use rights and responsibilities with regards to forest resources shall remain vested in the forest user groups
 - Indigenous knowledge, systems and skills of the CFUGs will be respected and promoted
 - Equity and social justice of the forest workers will be protected
 - Community forests will be managed to produce multiple products and local processing will be promoted
 - Community forest will be managed as to not adversely affect the environment and biodiversity. Use of chemicals will be reduced and integrated resource management will be promoted
 - Technical assistance for the management of the forest will be accepted
 - Operational plans will be prepared and implemented by the forest users and be in accordance with forest legislation and the FSC P&C
 - CFUGs shall develop a monitoring system for forest management and facilitate external monitors by recording all annual activities
 - Special consideration is given to conserve forest areas of specific importance to the community
 - Natural regeneration will be promoted

Forest Management Guidelines

Specific activities undertaken by the CFUGs for the sustainable forest management of their community forests will follow the guidelines:

- Management activities are conducted under the Forest Act of 1993 and Forest Regulation 1994
- Fees and taxes as defined by the Act will be paid
- National and international treaties and conventions ratified by the nation shall be followed
- Coordination and collaboration among stakeholders will be ensured in the process of sustainable forest management
- Forest resource management utilization and benefit sharing plans should be prepared through a consensus process to protect traditional use rights of the community
- All socioeconomic, religious or environmental perspectives should be considered in the operational plan
- Indigenous people whose knowledge and skills are used by CFUGs for generating income should be equitably compensated
- Marginalized groups should receive priority for skill development and employment
- Forest worker are paid at least the locally established minimum rate and health and security should be managed appropriately
- CFUG constitutions and operational plans are prepared through a consensus process and include women, ethnic communities and marginalized groups
- Environmental and social impacts will be assessed
- High value biodiversity zones in the community forest will be identified and conserved
- Sensitive areas (soil erosion areas, domestic water sources, etc) are identified and protected
- A forest resource and socioeconomic monitoring will be implemented

The Department of Forests under the Ministry of Forests and Soil Conservation of HMG is responsible for governing the forests of the country. The DFO approve the CFUG forestry management plans and monitor and evaluate the activities of the forest user groups to ensure that the management of the forest is carried out in accordance with the provisions of the operational plans (OP). Those Ops (management plans) that are part of FECOFUN's candidate certification pool members follow a plan that is compatible with the FSC P&C.

CFUGs have stated short term and long term objectives in their OP. Although there are some site-specific objectives, following are the general objectives of their respective OP:

Short Term Objectives

- To restore degraded forest;
- To utilize forest products to improve the socio-economic status of CFUGs without causing negative impacts on forest;
- To supply regularly the forest products such as timber, fuelwood, fodder, grasses, and bedding materials to CFUGs;

- To encourage regeneration management along with plantation activities in denuded forests; and
- To enhance sustainable management of NTFPs through the application cultivation technologies

Long Term Objectives

- To make attractive and green forest;
- To develop the forest as a sustainable sources of income;
- To conserve biodiversity, HCVP, soil and water sources;
- To minimize and control soil erosion and landslide problems;
- Giving importance to multipurpose tree growth and development;
- To develop entrepreneurship among CFUG members themselves or by collaborating with other CFUGs, organizations, and individual entrepreneurs; and
- To improve the livelihood condition of the marginalized and poor members.

CFUG Operational Plan: An Overview

The OPs clearly incorporate basic environmental, social and economic components. The certification candidate CFUGs have developed OPs in FECOFUN and DFO standardized format that detail consideration of biodiversity conservation, forest management and utilization, environmental impact assessment (EIA), NTFP and herb production management, collection and marketing of forest products, reward and punishment systems vis-à-vis forest protection, fundraising and mobilization, monitoring and evaluation, forest-based enterprises development. The descriptions made in the OPs are consistent with their focus on poverty reduction, biodiversity conservation, social and organization development and group saving schemes.

CFUG OPs are based on forest inventory data. These OPs cover all dynamic and static information of the related forest and CFUG. The OP has a wide range of information including growing stock of timber, fuelwood, fodder, grasses, bedding materials, NTFP mean annual increment (MAI) and annual allowable harvest (AAH). The OP has analyzed the forest product demand and supply of the respective CFUGs. Moreover, the OPs clearly state the different types of silvicultural prescriptions and NTFP management based on site conditions. Forest resource maps, socioeconomic reports, sample formats of receipts, transit permit and balance sheet, and annual report are also annexed in the OPs.

The OPs have made provision to encourage different income generating activities (IGAs) for the poor and marginalized users. These users have formed particular “interest groups” and allocated certain patch of degraded forest for conducting various NTFPs promotional activities. In Dolakha, CFUGs have already formed such groups. In Bajhang, CFUGs have mentioned it in their OPs but they have not yet formed such interest groups for IGAs.

CFUG approved community members harvest the forest products. Harvesting is done by human power, e.g. there is no power equipment used. Women are the main harvesters, particularly NTFPs. Most of the products in the candidate certification pool are NTFPs:

aromatic and medical plants, herbs and leaves, and Lokta bark and Argeli for papermaking. There are some trees harvested for timber. However, most of the timber is for local building and fuelwood. In Bajhang, the nearest road is a four hour walk from the nearest community, therefore timber cannot be exported in any major way. Dolakha does sell some timber outside of the local community, but it never travels as far as Kathmandu. Significant portions of the harvested forest products are for subsistence uses.

1.4. Environmental and Socioeconomic Context

Environmental

The Kingdom of Nepal occupies a large part of the Central Himalaya and its foothills. Averaging about 870 km in length and 130 km in width, Nepal varies in altitude from 70 m in the south, to 8848 m at the world's summit. Bordered by the People's Republic of China and the Republic of India, this Himalayan Kingdom covers an area of 147181 sq. km.

Nepal forests cover about 29.0% (4.27 million ha) and shrubs cover about 10.6% (1.56 million ha) of the land area. Nepal's vegetation types are largely determined by altitude and are grouped into three main divisions: The lowlands that include the Terai, Churia and valleys up to about 1000 m; the midlands extends roughly from 1000 - 3000 m and the highlands from 3000 to 5000 m. The vegetation of Nepal includes the following types: Tropical forest, sub-tropical forest in the Terai; lower temperate forest, upper temperate forest in the midlands and: sub-alpine forest; and alpine zone vegetation in the highlands. FECOFUN members span most of the entire country.

The two districts where the certification candidate member operations reside are in Dolakha and Bajhang. They are found in the lower and upper temperate forest zone at an altitude between 1800m and 3300 m. The Dolakha District has a total of 47% forest land, 26% agricultural land, 14% pasture land and the rest are snow land, water bodies, settlement, etc. The slope gradient of the assessed Community Forest area ranges from 10° to 55°. Soil types are primarily sandy loam and loam in the forested area. Soil erosion, landslides and mass wasting was due problems in the forest area due to over harvesting and lack of conservation measures for utilizing forest. After the intervention of Community Forestry, the scenario was improved and people became aware of the environmental consequences.

Bajhang district is located in Seti zone of far-western Region of Nepal and in latitude it ranges from 29°09' to 30°09' N and in longitude from 80°46' to 81°34'E over which there is an extreme altitudinal variation from 915m to 7036m on the northern crestline.

Nepal is ranked in the top ten of the highest diversity of flowering plants of 25 Asian countries. On a world scale Nepal is 27th in richness of floral diversity. Moreover, with just over 0.1% of the earth's land surface, Nepal supports 4.2% of the globally identified butterfly species, 2.2 % of fresh water fish species, 1.1 % of amphibian species, 1.5% of reptile species, 8.5% of bird species and 4.2% of mammals. However, thirteen plant

species are listed in CITES appendices and 13 species are legally protected. About 3.8% of the world's threatened mammal and 2.3% of bird species are in Nepal.

Conservation of forests is the major goal of CFUGs. Over the past ten years of the Forestry Act that authorized community forestry and the formation of CFUGs, a significant portion of degraded lands have been reforested.

Socioeconomic

Nepal is a Hindu Kingdom and caste differentiation is a principal feature of Hindu societies. Nepalese people include the Tibeto-Nepalese and the Indo-Nepalese race. Nepal also has a host of indigenous peoples such as the internationally recognized Sherpa. Nepal is a predominantly agrarian economy and society. More than 80 % of Nepal's population of 23 million is dependent on forests and agriculture for their livelihood.

United Nations' data show that 51% of Nepal's population lives below the poverty line. Poverty is the highest in the mountains followed by the hills and Terai. Nepal has one of the lowest ratios of internal revenue generation to Gross Domestic Product (GDP), about 12 percent. It has a per capita income of US\$ 220. Growing poverty and unemployment have caused a large-scale migration of Nepalis looking for jobs in India, Persian Gulf countries, East and Southeast Asia, Europe, Australia and the United States. The adult literacy rate is about 40 percent. For women, literacy is less than 30 percent.

Community Forest User Groups have become one of Nepal's primary conduits for poverty alleviation and literacy initiatives. One of FECOFUN's main objectives is democratization of decision-making that leads to a more fair distribution of benefits. Women and marginalized people, the poorest of the rural inhabitants, are targeted for jobs and harvesting rights. Profits from the sale of forest products are shared and a portion set aside for forest improvement and community development projects.

The certification candidate CFUGs in Dolakha are comprised of households with diverse caste and ethnic identities. Of them, Tamang, Jirel, Sherpa, Magar, Sunuwar, Thami are ethnic groups (indigenous) or *Janjatis* (those groups traditionally do not belong to a caste hierarchy within the Hindu caste system), Brahman and Chhetri are high caste Hindu and Kami, Sarki and Damai are the *Dalits* or "untouchable" caste groups.

In Bajhang, the CFUGs are mainly composed of Hindu caste groups. The major upper castes are Brahmin, Chhetri and Thakuri and the lower caste (Dalits) are Kami, Damai, Sarki, Sunar, and Okhada. Though the OPs of the respective CFUGs have made provisions for IGAs for poor and marginal people, there still exists social discrimination against Dalits. The assessed CFUGs have newly revised their OPs and it has not yet been operationalized.

Table 1.4a Caste/ethnic Distribution of the Households among the Dolakha CFUGs

CFUGs	Number of Households in Each Caste/Ethnic Group			
	Brahman and Chhetri	Ethnic Group (Janajati)	Dalits	Total

	No.	%	No.	%	No.	%	No.	%
Bhitteripakha	172	72.6	65	27.4	-		237	100
Charnavati	232	73.8	82	26.1	1	.003	315	100
Sushpa	86	28.4	209	69.9	8	2.6	303	100
Thulonagi	43	17.1	187	74.5	21	8.4	251	100
Kalobhir	10	4.6	196	91.2	9	4.2	215	100

Source: Respective OPs and Field Survey, September, 2004

Table 1.4b Caste/ethnic Distribution of the Households among the Bajhang CFUGs

CFUGs	Number of Households in Each Caste/Ethnic Group							
	Brahman and Chhetri		Ethnic Group (Janajati)		Dalits		Total	
	No.	%	No.	%	No.	%	No.	%
Hemantabada	386	74.95			129	25.04	515	100
Vinayak Pimi	204	85.0			36	15.0	240	100
Ranada	186	87.0	-	-	28	13.0	214	100
Lataun	64	98.5	-	-	1	1.5	65	100
Lahare	305	100	-	-	-	-	305	100
Vinayak	87	100	-	-	-	-	87	100

Source: Respective OPs and Field Survey, September, 2004

Table 1.4c Population, Households, Literacy and Occupation among the Dolakha CFUGs

Name of CFUGs	Population and Household (HH) Size			Literacy Status (%)	Occupational Status (%)		
	Population	No. of HHs	HH Size		Farming	Service	Business
Bhitteripakha	1338	237	5.6	57.0	89	9	2
Charnavati	1749	315	5.5	63.0	86	2	12
Sushpa	1602	303	5.2	70.0	91	8	1
Thulonagi	1265	251	5.1	51.0	91	7	1
Kalobhir	1088	215	5.0	62	93	4	3
TOTAL	7042	1321	5.3				

Source: Respective OPs and Field Survey, September, 2004

Table 1.4d Population, Households, Literacy, and Occupation among the Bajhang CFUGs

Name of CFUGs	Population and Household (HH) Size			Literacy Status (%)	Occupational Status (%)		
	Population	No. of HHs	HH Size		Farming	Service/labor migration	Business
Hemantabada	3778	515	7.33	57.0	87.0	10.0	3.0
Vinayak Pimidanda	1644	240	6.85	51.1	91.0	9.0	-
Ranada	1270	214	5.93	57.0	85.0	8.0	7.0
Lataun	384	65	5.90	24.4	92.0	8.0	-
Lahare	2232	305	7.31	40.2	90.0	9.0	1.0
Vinayak	668	87	7.67	36.0	88.0	10.0	2.0

TOTAL	9976	1426	7.00			
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Source: Respective OPs and Field Survey, September, 2004

Bajhang district constitutes one of the poorest districts in Nepal. It owes its extreme underdevelopment due to many factors: its acute remoteness against the highly centralized government system of the country, its relative lack of clout in national politics, the pyramidal socio-economic structure of the district favoring the few at the top and its generally deteriorating resource base due to the high rates of population growth.

CF users are overwhelmingly depending on agriculture and forest resources for their livelihood. They get daily consumables from the forest, e.g. leaf-litter, firewood, herbs and fodder. Some hold jobs (both government and non-government sectors) and a few are involved in micro businesses (shop-keeping, local herbs processing, etc.). However, wage labor is the dominant livelihood coping strategy and source of income for the poor and marginalized households. Migration to India for employment is a common phenomenon in Bajhang district. Dalits are also involved in traditional businesses. Damai (tailors), Kami (Blacksmith) have continued providing their services to their patrons, making clothes and repairing agricultural tools and household utensils.

CF users vary in terms of their household economy. The OPs of the assessed CFUGs have identified poor and marginalized families on the basis of socioeconomic information collected from household survey with the help of separate format. The poor and marginalized families range from 12 to 26 households. Among the identified poor households are the *Dalits* and *Janajatis*.

1.5. Products Produced and Chain of Custody

E. Chain of custody certificate

PENDING

F. Species and volumes covered by the certificate

Table 1.5B: Certified Production (estimated)

Species	Scientific name	(Cubic Feet for timber and Kilograms for other species)	Product	Remarks
Dry Lokta Bark	<i>Daphne bholua</i>	91,178 Kg.	Handmade paper	
Argeli White Skin	<i>Edgeworthia gardenerii</i>	3,374	Handmade paper	
Machino Leaves	<i>Gaultheria fragrantissima</i>	314,168	Essential oil	Data of Dolakha district only
Dry Allo Fiber	<i>Girardiana diversifolia</i>	16,194	Handicraft, clothes	
Jhyau	<i>Parmelia sps.</i>	24,339	Medicine	
Majitho	<i>Rubia manjith</i>	8,889	Medicine	
Pakhanved	<i>Berginia ciliata</i>	36,171		

Dry Chiraito	<i>Swertia chirayita</i>	21,318	Medicine	
Satuwa	<i>Paris polyphyla</i>	5,515.5		
Padamchal	<i>Rheum australe</i>	5,273.6	Medicine	
Bhutkesh	<i>Silenium cadollei</i>	14,046	Medicine	Data of Bajhang district only
Guchhi Chyau	<i>Morchela sps.</i>	394	Food supplement	Data of Bajhang district only
Sugandawal	<i>Valeriana jatamansi</i>	7,407.9	Medicine and essential oil	Data of Bajhang district only
Kutki	<i>Picrorhiza scrophulariflora</i>	2,515	Medicine	Data of Bajhang district only
Jatamansi	<i>Nardostachys grandiflora</i>	4,802	Medicine and essential oil	Data of Bajhang district only
Atish	<i>Aconitum heterophyllum</i>	2,679	Medicine	Data of Bajhang district only

C. Description of current and planned processing capacity covered by the certificate

A number of the CFUGs have processing facilities. These facilities include papermaking and oil distillation plants. A separate group chain of custody certificate will cover these facilities.

2. CERTIFICATION ASSESSMENT PROCESS

2.1. Assessment Dates

- September 27, 2004: Public notice posted August 8, 2004:
- September 25, 2004: Pre-assessment training and planning with assessors
- September 26, 2004: Initial meeting with FECOFUN
- September 27 -30, 2004: Field review of Dolakha district candidate group members and Dolakha stakeholder meetings
- October 1, 2004: Meeting and discussion of field data collected in Dolakha in Kathmandu
- October 5, 2004: Meeting of assessors in Nepalgunj to deliberate Dolakha findings
- October 6-13, 2004: Field review of Bajhang district candidate group members and stakeholder meetings.
- October 15, 2004: Assessor finding and scoring deliberations and report writing
- November 1, 2004: First draft of the report sent to FECOFUN
- November 15, 2004: Draft sent to peer review
- December 6, 2004: Final report submitted for certification decision
- January 5, 2004: Contracts sent to FECOFUN
- January 2005: Certificate Issued

2.2. Assessment Team and Peer Reviewers

Walter Smith, Senior Technical Specialist, Team Leader: Walter has seventeen years experience in logging, training and forest resource management and fourteen years experience in Forest Stewardship Council (FSC) forest management and chain of custody certification. He pioneered a FSC type certification system with the Institute for Sustainable Forestry before the establishment of the FSC in 1990. Walter became a founding member of the FSC and was on the original FSC Principles and Criteria Working Group. He was also a member of the FSC Pacific Coast Working Group and is considered a senior authority on certification. Walter has been a team leader on over 120-forest management and chain of custody assessments, audits and scopings for the Rainforest Alliance SmartWood Program in Canada, China, Honduras, India, Indonesia, Japan, Laos, Malaysia, Philippines, Singapore, Vietnam and all regions of the United States. He has been providing certification training and education in Nepal over the last two years. He is a principal instructor for the SmartWood Assessor Training Program and has participated in 22 training workshops in North America and Asia and is the co-author of a book on certification with renowned ecologist Chris Maser.

Hari P. Bhattarai, Sociology and Human Ecology, Field Team Leader: Hari has been on the faculty of Tribhuvan University in Nepal since 1995 and is a research associate at SEEPORT (Socio-Economic and Ethno- Political Research and Training). He teaches sociology and anthropology and supervises dissertations of Master's students. His courses include: anthropology in the development processes, ecology and subsistence, cultural diversity and national integration, and caste and ethnic studies. Hari supervises students in various disciplinary topics like community forestry, community and rural development, livelihood strategies and social movements. His field research has included: environmental impact reports (conducting interviews and facilitation discussion amongst local stakeholders); evaluation of National Park Buffer Zone development; review and evaluation of forestry sector plans; conducting workshops and discussion groups with forestry stakeholders. He has also published 16 papers on socioeconomic and sociopolitical issues such as ethnic and cultural diversity, rural development, political structures, community resource utilization patterns and poverty and caste system. Hari holds an M.A. in anthropology from Tribhuvan University in Nepal and an M.Phil. in Social Anthropology (with emphasis on Human Ecology), University of Bergen, Norway. He participated in the SmartWood Forest Management Assessor Training course held in Kathmandu in June 2003.

Bipin K. Acharya, Sociology/Rural Development: Bipin has been a teacher and researcher since 1983. He currently on the faculty of Patan Multiple College in Nepal and is a research associate for the SEEPORT consultancy firm. Bipin teaches Master's level students in anthropology and sociology courses. He is also a part time lecturer at the Nepal Commerce Campus where he lectures on the sociology of management. His courses have included such topics as environmental sociology and cultural ecology. His research has included technology impact assessment, micro and small forest enterprise development, and studies of the status of marginalized peoples. Bipin has an M.A. from Tribhuvan University in Nepal and participated in the SmartWood Forest Management Assessor Training course held in Kathmandu in June 2003.

Pankaj K. Das, Forester: Pankaj is a Program Officer for the Herbs and NTFP Coordination Committee (Central Focal Point for NTFPs) of HMG. His duties as committee staff include: executing the work of the committee; project design and fundraising activities for the promotion of herbs and NTFP sector; coordinating, monitoring, and evaluating the various activities of governmental organizations (GOs), International and national Non-governmental organizations (I/NGOs), and private institutions working in the NTFP sector; building linkages with different organizations and institutions of national and international status for the promotion of herbs and NTFP sector. He previously worked for private business, foundations and universities as a forest products and NTFP specialist, forest development representative and research assistant in such areas as forest based enterprise development strategies, and NTFP technical assistance, natural resources conservation, management, and utilization research. Pankaj has a B.S. in forestry from the Institute of Forestry, Tribhuvan University and participated in the SmartWood Forest Management Assessor Training course held in Kathmandu in June 2003.

Peer Reviewers

Francisco Tolentino: Frank has eighteen years experience in rural development in the Philippines, Nepal, Indonesia, and Uganda. He has extensive experiences in program implementation and management, particularly in the area of rural enterprise development, community-based natural resources management, and institutional capability building. His skills and training include community organizing, project implementation, monitoring, and evaluation, business planning, market research and market linkage, enterprise analysis, management services delivery, and local resource management. Frank has also participated in a SmartWood assessor training and FSC certification workshops in Kathmandu. Frank's country of residence is the Philippines, however he is currently on assignment in Nepal as the Micro and Small Forest-based Enterprise Development Advisor for the Netherlands Development Organization (SNV/ Nepal). He holds a B.S. in Forestry and M.A. in Development Management from the University of the Philippines.

Yanru Zeng, Ph.D.: Yanru is an Associate Professor in the Department of Life Science and Director of the Research Center for Women and Natural Resources Management at Zhejiang Forestry College, China. She has experience in biotechnology in the field of forest tree genetics and breeding, non-timber forest products (NTFPs), women's roles in natural resources management and FSC certification. She has been working on research on the cultivation and production of NTFPs and the impacts of international certification of NTFPs. She has written numerous articles on the subject of NTFP production and certification. Yanru has participated in several FSC certification training and informational workshops and has participated on a SmartWood team for the assessment and audit of two forest management certifications in China. She has a B.S. in Non-Timber Forestry at Zhejiang Forestry University and a Ph.D. in Genetics & Tree Breeding from Nanjing Forestry University in China.

2.3. Assessment Process

Relevant documents from central and district FECOFUN, CFUG offices and DFO and DDC were collected and reviewed. Information regarding existing forest laws, regulations, guidelines and principles, FECOFUN facilitation processes and stakeholders' involvement were obtained.

- *Field Survey*

- Personal interviews

- Personal interviews were conducted with a variety of key stakeholders. FECOFUN central and district authorities, NTFP traders, forest entrepreneurs, DFOs, unit rangers, CFUG executive members and CF users were consulted to obtain a broad understanding about the consistency of existing CFUG endeavors regarding sustainable forest management and the FSC P&C.

- Focus Group Discussion (FGD)

- Community level FGDs were conducted at CFUG headquarters and district level FGDs were conducted at the district headquarters. At the CFUG level, CFUG executive committee members and CF users participated in FGDs. Similarly at the district level, district FECOFUN personnel, DFO, unit rangers, CFUG representatives, personnel from NSCFP participated in the FGDs. The discussions were focused on the FSC P&C in order to capture the CFUG's ideas, perceptions, practices and understandings of sustainable forest management.

- Reconnaissance survey

- Reconnaissance survey was conducted in different blocks of the Community Forest in the field sample to assess the condition of forest, i.e. type of vegetation, crown cover, regeneration status, harvesting impact, etc. Environmental conditions were assessed during the survey, e.g. soil erosion, landslides, water source and stream bank protection measures adopted by the respective CFUGs. A survey was also carried out to gather information about the infrastructure (roads, bridges, etc.) constructed within the community forest area.

Table 2.3. Summary of Forest Areas & Areas Visited by SmartWood Assessors

Forest/Block Name	Total Area in Hectares	Assessment Site
Charnawati CFUG	385.0	Manjkharka Block (B3) Area: - 68 Ha. Birauta Block (B4) Area: - 62 Ha.
Thulonagi CFUG	239.53	Thulonagi Block (B) Area: - 41.26 Ha.
Bhitteripakha CFUG	378.5	Ratmate Bhulbhule (1) Area: - 20 Ha.
Kalobhir	545.25	Block 1 Area: 121.25
Hemantabada	1665.0	Khasedo Ban (Block 2)

		Area: 183 ha
Total	3213.28	495.85 Ha.

2.4. Standards

The standards used for this assessment are the SmartWood Nepal Interim Guidelines for Assessing Non-Timber Forest Products (NTFP). These standards were used because NTFPs are the primary commercial product being produced by the CFUGs in the community forests. Timber is being harvested, however, it is a minor forest product in terms of outside sales and income to the CFUGs. The FSC Principles and Criteria remain the same regardless of whether the forest product is timber or NTFPs. The indicators within these guideline were developed through a consultative process beginning in June 2003. Stakeholders from a wide range of interests participated in three days of FSC certification workshops and training in Kathmandu, Nepal. Further input was taken in November 2003 during a SmartWood Assessor Training program held in Kathmandu. These guidelines can be obtained by going to the Rainforest Alliance website at <http://www.rainforest-alliance.org/programs/forestry/smartwood/certification/regional-standards.html> or contacting The SmartWood Program, Rainforest Alliance Wisma Anugraha, Lt. 1, Jl. Taman Kemang 32B; Jakarta Selatan 12730 Indonesia. Tel: 62-21-7179-0038; Fax: 62-21-7179-2123; smartwood@cbn.net.id

2.5. Stakeholder consultation process and results

Issues Identified Through Stakeholder Comments and Public Meetings

The stakeholder consultation activities were organized to give participants the opportunity to provide comments according to general categories of interest based upon the assessment criteria. The table below summarizes the issues identified by the assessment team with a brief discussion of each based upon specific interview and/or public meeting comments. See section 2.3 for details on the site-specific process.

Table 2.5: Stakeholder Comments

FSC Principle	Stakeholders Comments	Smartwood Response
P1: FSC Commitment/ Legal Compliance	<ul style="list-style-type: none"> OPs follow the local, national as well as international treaties 	Found as per the legal procedures
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> Legally guaranteed community access to and control over forest resources CFUGs possess forest resources ownership but HMG owns the land CFUGs are highly conscious about their roles and responsibilities to protect, conserve and sustainably use forest resources 	Five CFUGs in Bajhang are in the process of getting approved from DFO

	<ul style="list-style-type: none"> District FECOFUN Bajhang is in the process of facilitating the CFUGs to get approval of recently improved OPs 	
P3 - Indigenous Peoples' Rights	<ul style="list-style-type: none"> CFUGs are sensitive of indigenous people rights CFUGs are committed to preserve and promote the indigenous people's culture and tradition associated with forest 	<p>CFUGs in Dolakha are working at coming to equitable solutions to use rights of indigenous people like Sherpa, Tamang, Jirel and Thami.</p> <p>A large proportion of the people in Dolakha are Indigenous.</p>
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> Group harmony maintained and a fair level of mutual understanding existed among the diverse community groups CFUGs have given first priority of employment to the local people 	They are practicing democracy well as per Ops and constitutions
P5: Benefits from the Forest	<ul style="list-style-type: none"> Provision of equitable benefit sharing mentioned in the recently improved OPs Poor and marginalized HHs identified in order to support to enhance their livelihood Poor and marginalized people also responded positively toward the provisions mentioned in the OPs 	None needed
P6: Environmental Impact	<ul style="list-style-type: none"> CFUGs are sensitive towards environmental consequences and adopt conservation measures to minimize it 	CFUGs are practicing as per OPs
P7: Management Plan	<ul style="list-style-type: none"> Management plan covers environmental, economic, and social components for managing resource sustainably 	None needed
P8: Monitoring & Assessment	<ul style="list-style-type: none"> Executive committee and user groups themselves monitor and assess the activities District FECOFUN, DFO also monitor and assess the CFUGs activities 	CFUGs need to develop technically sound format for monitoring and evaluation
P9: Maintenance of High Conservation Value Forest	<ul style="list-style-type: none"> CFUGs are protecting the <i>Taxus baccata</i>, <i>Dactylorhiza hatagirea</i>, 	CFUGs are committed enough to conserve high conservation value forest

Forest	<i>Picrorhiza scrophulariflora, Nardostachys grandiflora, Juglans regia, Parmelia sps, Valeriana jatamansi, Cinnamomum glaucescens , etc.</i> found naturally and also carried out enrichment plantation for restoring the forest.	
P10 – Plantations	• N/A	None needed

3. RESULTS, CONCLUSIONS AND RECOMMENDATIONS

3.1. General Discussion of Findings

Table 3.1: Findings by FSC Principle

FSC Principle/Subject Area	Strengths	Weaknesses
P1: FSC Commitment/ Legal Compliance	<ul style="list-style-type: none"> • CFUGs are functioning as per the state policies, legislation, and development strategies. • FECOFUN is responsive to international treaties signed by the government • FECOFUN is committed to follow the FSC P&C. They have educated their members regarding FSC and SFM. Assessed OPs found compliance with the FSC P&C. 	<ul style="list-style-type: none"> • Bajhang CFUGs do not have approved Ops (See Condition 1)
P2: Tenure & Use Rights & Responsibilities	<ul style="list-style-type: none"> • CFUGs have signed agreement to manage their CF. • CFUGs are solely responsible to conserve, manage, and utilize the community forest. 	None noted
P3 - Indigenous Peoples' Rights	<ul style="list-style-type: none"> • CFUGs have endorsed some provisions in their respective OPs to ensure indigenous people rights regarding use of forest resources in order to continue their traditional occupation. • Nearly 50% of the 	<ul style="list-style-type: none"> • There are still issues regarding the past land tenure system and the current system related to the statement above. However, the CFUGs are in a negotiation process (See Condition 2)

	members of the Dolakha CFUGs are indigenous people	
P4: Community Relations & Workers' Rights	<ul style="list-style-type: none"> • CFUGs have adopted a consensus approach in decision-making process • Cultural and religious harmony existed among community members • First priority of employment opportunities goes to the local people 	<ul style="list-style-type: none"> • None noted
P5: Benefits from the Forest	<ul style="list-style-type: none"> • CFUGs have made provision for equitable benefit sharing in their respective OPs • Interest groups (identified poor and marginal people) are formed in order to involve them in Income Generating Activities (IGAs) 	<ul style="list-style-type: none"> • Harvest levels may be above the AAH for some species calculated in the most recent OPs (See Condition 3) • Not all commercial species have AAH calculations (See condition 4).
P6: Environmental Impact	<ul style="list-style-type: none"> • CFUGs are sensitive towards environmental consequences, i.e. there is provision of EIA • CFUGs have adopted conservation measures (mother tree protection, retaining walls, breast walls, check dams, plantation, etc.) for the restoration of forest • Planting trees in degraded/denuded forest areas. Converting these plantings to natural forest structure. • Dispersed harvesting across CF. • Low impact harvesting techniques (all done by human power) • Not using chemical pesticides • Not converting to plantations 	<ul style="list-style-type: none"> • Many endangered plant and wildlife species are identified and conserved but not all. (See Condition 5&6).
P7: Management Plan	<ul style="list-style-type: none"> • Operational plan (OP) covers environmental, economic, and social components for managing resource sustainably 	<ul style="list-style-type: none"> • Data on size of land use is lacking in the OPs (see Condition 7) • Resource maps showing different management regimes

	<ul style="list-style-type: none"> • OP is based on scientific forest inventory • • OP clearly states the management of timber, fuelwood, fodder, NTFPs and rangeland • OP prescribes different silvicultural treatments for the sustainable management and utilization of forest • OP is developed in practical ground so that CFUGs themselves are capable of implementing it 	are not attached in the OPs (see Condition 7)
P8: Monitoring & Assessment	<ul style="list-style-type: none"> • Executive committee and user groups have adopted locally developed M&E system • CFUGs' activities are also monitored by district FECOFUN and DFOs 	<ul style="list-style-type: none"> • Monitoring is needs to be more consistent and effective (See Condition 7) • FECOFUN needs to develop CoC documentation.(See Condition 8)
P9: Maintenance of High Conservation Value Forest (HCVForest)	<ul style="list-style-type: none"> • CFUGs are aware of the importance of protecting the HCV Forest • CFUG democratic system allows local input on HCVF • They have planted <i>Taxus baccata</i> and have protected the naturally grown stocks of <i>Taxus baccata</i> and <i>Cinnamomum glaucescens</i>. 	<ul style="list-style-type: none"> • CFUGs' monitoring of HCVF maintenance needs improvement. (See Condition 7)
P10 – Plantations	Not Applicable	N/A

3.2. Certification Decision

Based on a thorough field review, analysis and compilation of findings by this SmartWood assessment team Federation of Community Forestry Users Nepal (FECOFUN) is recommended to receive joint FSC/SmartWood Forest Management and Chain of Custody (FM/COC) Certification with the stipulated conditions.

In order to maintain certification, FECOFUN will be audited annually on-site and required to remain in compliance with the FSC principles and criteria as further defined by regional guidelines developed by SmartWood or the FSC. FECOFUN will also be required to fulfill the conditions as described below. Experts from SmartWood will review continued forest

management performance and compliance with the conditions described in this report, annually during scheduled and random audits.

3.3. Conditions and Recommendations

Conditions are verifiable actions that will form part of the certification agreement that FECOFUN will be expected to fulfill at the time of the first audit or as required in the condition. Each condition has an explicit time period for completion. Non-compliance with conditions will lead to de-certification.

1. **Condition:** By the first annual audit, Bajhang District CFUGs must have their operational plan approved by the DFO. (Criterion 1.1)
 2. **Condition:** At each annual audit, FECOFUN must provide SmartWood auditors with a report on the status of any customary and indigenous tenure rights issues. This report must, at the minimum, include progress in the Yak grazing negotiations in Dolakha. (Criterion 3.1)
 3. **Condition** By the next audit, all CFUGs should transparently document how they are dispersing funds for community and forest development projects.
 4. **Condition:** At each annual audit, rates of harvest in comparison to the OP's AAH must be documented for the SmartWood auditors. If the harvest levels are above the AAH, a rationale for the harvest level must also be provided. (Criterion 5.6)
 5. **Condition:** By the first annual audit, FECOFUN must provide technical assistance/training on harvesting techniques, levels, and timing of harvest for all commercial species. Additionally, all CFUGS must have an AAH calculated for every commercially harvested species. (Criterion 5.6)
 6. **Condition:** By the first annual audit, FECOFUN must: 1) develop a procedure for identifying and protecting wildlife and wildlife habitat and RTE and CITES flora and fauna species and 2) FECOFUN must educate and train CFUGs in implementing the procedure. (Criterion 6.2)
 7. **Condition:** Within two years from the award of certification, the CFUGs must implement the procedure for identifying and protecting wildlife and habitat, emphasizing RTE and CITES flora and fauna species. (Criterion 6.2)
 8. **Condition:** By the first annual audit, provide maps in the OPs with a detailed legend that show CF landuse categories (including conservation areas and historical/religious sites) and management regimes. (Criterion 7.1)
 9. **Condition:** By the first annual audit, FECOFUN must help the FUGs develop technically sound and practical format to monitor and report changes in forest conditions as per the items listed in 8.2 and 9.4. Consideration must also be given to national and international endangered species. Monitoring plans will identify baseline data to collect and monitoring frequency. (Criterion 8.1)
 10. **Condition:** Prior to harvesting and selling forest products as certified, FECOFUN shall develop a method for clearly indicating on harvesting and transport documents that the products originate from certified forest operations. Those documents must include FECOFUN's certification code number. (Criterion 8.3)
- Condition:** By the first annual audit, FECOFUN central office in Kathmandu must have in their possession copies of all certified CFUG operational management plans,

Community Forest boundary descriptions, legal agreements with the DFO and constitutions. (Group manager criterion)

**Annex 13: Trip report on the Latin America
certification study visit**

Study Visit Report
NTFP Certification Study Visit in Brazil
August 8-19, 2003

Introduction:

As part of the implementation of the ANSAB's "Certification and Sustainable Marketing of Non-Timber Forest Products (NTFP) - Public Private Alliance" project, an NTFP and CFUG certification model under the Forest Stewardship Council system is being developed for Nepal. In line with this process, a visit to Latin America was conducted to gain the knowledge and insight on requirements, process, and design issues of NTFP certification. The exposure visit was envisioned to give participants an in-depth view of the processes the groups underwent and pick lessons learned that would be applicable within the Nepali context of certification. During the visit, the participants looked at the experiences of how various community groups in that country developed and implemented their certification systems/models.

A local partner of Rainforest Alliance in Brazil - The Instituto De Manejo E Certificao Florestal E Agricultura (IMAFLOA) - facilitated and coordinated the activities. Four members of the Public Partnership Alliance in Nepal participated. They are:

- 1) Bishma P. Subedi, Executive Director, ANSAB – Asia Network for Sustainable Agriculture and Bioresources
- 2) Bijyan Acharya, Cognizant Technical Officer, USAID Nepal
- 3) Keshab Raj Kanel, Chief, Community Forestry Division, Ministry of Forests and Soil Conservation, His Majesty's Government of Nepal
- 4) Francisco A. Tolentino, Micro and Small Forest Enterprise Development Advisor, SNV Nepal

Places visited and contact organizations:

1. Instituto De Manejo E Certificao Florestal E Agricultura (IMAFLOA)
2. Barra de Turvo – Consortium Tiera Medicinal
3. Klabin – Klabin Pulp and Paper Industries
4. Cachoeira Community project – Projecto Asetamento Extravista
5. Cooperative Agro Extravist de Xapuri
6. Sao Luis do Remanso Project
7. Brazil Funds for Biodiversity (Funbio)
8. Forest Product Shop selling certified forest products

Observations:

1. **IMAFLOA**, the organization that facilitated the overall study visit, is affiliated with Rainforest Alliance (RA) and is accredited by Forest Stewardship Council (FSC) as a certifying organization in Brazil. It has been involved in several forest certification projects of various forest-based community organizations and private companies. The

main function of IMAFLORA is to conduct assessments of groups and companies applying for forest management and chain of custody certifications and ultimately issuance of certificates for qualified applicants. It also performs regular certification audit of certified groups.

2. **Barra do Turvo, Registro:** PROTER is an NGO working in the area of Barra do Turvo and is helping various groups involved in agro-forestry program. The group visited is involved in diversified agriculture and agro-forestry. Practically slash and burn cultivation is a common practice and crops being raised include rice, banana, and beans. Some are rearing cows/cattle as well. People mostly collect and market medicinal plants from the forest areas and the group had identified about 90 species with economic potentials and use.

The group is in the process of applying for certification. IMAFLORA is presently conducting an assessment of the forest management system and practices that the group is adopting. The group has conducted an inventory, mapped the area and resources and is preparing management plans. There are six families being assisted who are involved in medicinal plants harvesting and semi-processing. While the certification is planned for the group, each participating family has to prepare individual management plan which will serve as basis for certification assessments and audits. The group is not in a position to pay for the costs of certification, and the project is planning to cover part of it and IMAFLORA has some provision to subsidize the cost for the group like this.

3. **Telemaco Borba- Klabin Pulp and Paper Industries:** The Klabin Pulp and Paper Industries is a biggest private company engaged in managing huge plantations for pulp and paper and timber production in Brazil. The company also manages a part of natural forest for biodiversity conservation, and now harvests and processes medicinal plants that come from both wild crafting and cultivation. Forest management and modern practices in tree improvement allied to its activities to protect the environment and foster social development have enabled the Klabin to be the first company in Brazil to be awarded with FSC certificate in 1997. Its pulp and paper production areas have been certified as a sustainably managed plantation and in accordance with the environmental, economic and social criteria. The development of phytotherapeutic products in accordance with these criteria also led Klabin to receive certification in managing medicinal plants in its forest (Non Timber Forest Products). A chain of custody certification has also been approved for its Non Timber Forest Products (NTFP), for Phytotherapeutics and Phytocosmetics.

Certification for Klabin is a good public relations instrument as it helps the company to market its products and get good image as a socially responsible company. While the company invested some money for the cost of certification, they also receive support from the Brazilian Foundation for Sustainable Development (FBDS) and Brazilian Fund for Biodiversity (FUNBIO).

4. **Cachoeira Community Project – Projecto Asetamento Extravista:** The famous Chico Mendez area is a host to a project where an extractive reserve approach is being experimented. This approach allowed people to harvest and use natural resources as a precondition to guard and protect the forest. This approach has been proven working in the Cachoeira community where a forest management system has been designed and certified as sustainable.

In this project, each participating family has to prepare and submit an individual management plan for timber products and also for non-timber products such as Brazil nuts. Timber inventory has been conducted and is a prerequisite to certification. Only select timber species can be harvested. Annual allowable cut has been established to ensure sustainability of products. For Brazil nuts, inventory of fruiting trees were also conducted but no sustainable harvesting volume has been set. The resource availability is considered to be abundant and the existing practices are qualified as low intensity low impact harvesting since not all fruits can be collected in any given season.

The certification process started with nine families with an average of 300 hectares per family certified. The target is to certify 24,000 hectares managed by 75 families. The government recognized that the area is communal and that the indigenous system of forest delineation is acceptable. The people use the standing Brazil nut and rubber trees (as indicated by their ancestors) as boundaries for individual family holdings. In terms of monitoring, the members of the community have set its own rules and regulations which IMAFLORA uses as basis for certification audits.

5. **Cooperativa Agro Extravista de Xapuri:** A cooperative associated with the Cachoeira Community Project and nearby communities supports to community members by buying their produce, Brazil nuts in particular, at very modest price, at least better than what other buyers are paying. The cooperative get minimal profit from the buying and selling business and is able to maintain/sustain its operations. The long-term plan of the cooperative is to set-up a processing plant so that they will be able to process raw nuts. Other than buying the produce of the communities, it also provides social services to the communities in the area of health and education.
6. **Sao Luis do Remanso Project – Jarinau:** The Sao Luis do Remanso Project provides support to three associations in Jarinau that are involved in fish production, timber harvesting, and NTFPs collection and processing. CTA, a local NGO that implements the project, started as a social movement and provides education support to the community so that people can have non-farming profession. The NGO supports health initiatives like research on preventive medicines using local knowledge. It also provides social services and helps explore economic development alternatives for the people. In terms of education, it trains local teachers. Implementation of the project follows the following phases: social organization, management methods, processing and selling. The NGO also advocates for public policies with government concerning commercialization, and continuing education.

Within the project area, CTA works with 150 families (all members of the associations) covering around 39,000 hectares. The three associations have applied for forest certification and IMAFLORA is in the process of assessing their application. Each association is required to submit its management plan for the forest area they are managing and individual farmers have to prepare and submit yearly operations plan. The groups are piloting the adaptive forest management systems.

Sustainable harvesting levels have not been established for jarina palm seed (used as vegetable ivory) and copaiba tree oil extraction, but several research works are being done along this line. As regards to forest products utilization, some 10 families are engaged in timber harvesting, 9 in copaiba oil extraction, other do both, and some families in jarina palm seed collection. An inventory of copaiba trees using traditional method by parcel (using compass and foot steps) has been conducted and trees located on ground were plotted on maps. Results showed that copaiba trees are very rare in the area averaging only 1 tree in ten hectares of forest.

On the other hand, thirty-six (36) families have mapped out jarina plantations and have identified 300 hectares exclusively covered by jarina. An inventory system for jarina is still being worked out making use of both scientific and local knowledge. Global positioning system (GPS) is also being introduced to the groups for use in inventory and already three young people have been trained on the use of the GPS. CTA is working with the association and would like to showcase the benefits that can be gained in low intensity and low impact management of NTFPs as compared to high impact timber management. There is no law existing in Brazil in relation to the use and management of NTFPs. The studies are expected to provide results that the group can present to the government as basis for policy making. For certification monitoring purposes, extraction control and record keeping will be instituted after inventory.

7. **Brazil Funds for Biodiversity (Funbio):** The group met with the Executive Director of Brazil Funds for Biodiversity (Funbio) who then gave a briefing about its activities. Funbio is a not-for-profit, private development organization that is managing a donation provided by the Global Environmental Facility for biodiversity conservation initiatives and projects in Brazil. Initiatives being supported include agroforestry, NTFPs development and utilization, biodiversity conservation, timber harvesting and management and implementation of local agenda 21.

It is worth noting here that NTFP enterprise development is one of the activities that Funbio supports. It is also very much supportive of certification initiatives in Brazil and has provided some financial assistance to some groups applying for certification.

8. **A Shop selling certified forest products:** The group also visited a shop in Sao Paulo selling natural products and some certified forest products like wood furniture and handicrafts. It is very interesting to note that some natural products have found a niche market within the country where some environmentally conscious buyers can buy such kind of products. However, the value of certification based on interview of

one of the staff of the shop reveals that it still has to be realized. Accordingly, there is still a need to educate buyers on the value of buying certified products.

Lessons, insights, and recommendations:

1. **Existence of local certifying body, IMAFLORA:** The existence of IMAFLORA has no doubt been very helpful in promoting forest certification in Brazil. The organization is accessible to groups and cost of certification for the applicants would be cheaper compared to inviting all FSC/SmartWood professionals from abroad. The presence of other certifying bodies in Brazil also gives options to prospective applicants for forest certifications. Having a certifying body in Nepal is not feasible as there is not much demand for certification at this time. What would be more appropriate will be to train local assessors that can help facilitate the process of certification for interested groups. Probably in the long term, the idea of organizing a certification organization can be looked into.
2. **Government's support to certification:** The government of Brazil fully supports and is active in promoting forest certification. This is very crucial in terms of encouraging community-based groups to adopt forest certification and practice good forest management systems. Government support in marketing of forest products also plays a critical role in promoting certification. The government's openness in using research results i.e. inventory and resource assessments systems, for policy formulation helps to create conducive environment in promoting certification, particularly at the community level.
3. **Financial support to the groups to cover certification cost:** Forest certification in Brazil is already gaining grounds as many groups have already been certified. But the groups have to invest quite substantial amount of money in the process. Not to question the capability of the groups to pay for the certification, most of them have received or have applied for financial support from the outside i.e. NGOs, INGOs, and other financing institutions. While in the long-term the groups would be able to pay for the cost of the certification, an upfront investment should be made available to the groups. This situation very much holds true in Nepal where community forest groups, specially the new ones, may not have the capability to pay. Availability of financing windows in Brazil for this kind of activity makes certification a relatively successful and attractive venture among forest user groups.
4. **Inventory requirements:** The basic foundation for certification assessments lies on the inventory of certain forest products or species that will be utilized or extracted. It is therefore imperative that inventory guidelines be developed appropriate to the forest resources to be explored or harvested. Nepal still needs to develop or improve existing inventory guidelines particularly on NTFPs. Development of the inventory guidelines therefore should be given priority.

5. **Technical supports:** The technical requirements of forest certification for groups are enormous. It involves not only understanding of the basic processes of inventory, resource assessments, management plan preparation, etc. but also implementation and monitoring. With these, community groups would need close and extensive technical supports, which for some maybe difficult to obtain. It is therefore logical that technical support for groups potential and interested for certification should be ensured.
6. **Practical and indigenous forest management systems:** Due to lack of scientific knowledge and research results on inventory and resource assessment systems, good forest management practices, and sustainable harvesting methods, it is but appropriate that certification bodies accepts practical and indigenous knowledge systems that work in the field. Experiences in Brazil showed that proper documentation of these knowledge systems could be used as baselines for certification assessments. Nepal is not devoid of these indigenous knowledge systems and is therefore in the position to use experiences in the field. What is needed now is a proper documentation of these systems and experiences and validation.
7. **Education awareness among common people:** Introducing the subject of certification to community groups needs substantial amount of time. It takes time and is a slow process but this has to be done so that communities will be able to realize and weigh the benefits of adopting it. The education process for certification should start and always be linked to the basic of inventory and resource assessments, forest management and operation plan preparation, and finally implementation.

For Nepal, most community forest user groups have undergone the rigor of management and annual operation plan preparation. What is necessary is an orientation of the group on how certification is linked on their management plans. However, inventory requirements particularly for NTFPs have to be addressed as these serve as the core basis for setting standards for sustainable harvesting of any given forest products or species.

8. **Collective vs. individual certification vs. individual operation plans:** Collective certification very much works with community groups in Brazil. It is cost effective in the long run and people will be able to share the cost equitably. Of course individual certification is also possible but could be affordable only to limited individuals and companies. Group certification therefore is very much applicable to Nepali context. However, monitoring of compliance (standards need to be set) would be different as most forest user groups here have communal annual operation plan. In most of the cases Brazil groups have one management plan but individual farmers/members have separate operations plan, which serves as basis for certification monitoring and audits.
9. **Local standards for certification:** In the absence of scientific standards for certification, local standards have to be set. It is in this aspect where documentation of indigenous knowledge and experiences will be necessary. Some preliminary research and investigations have to be done along this line.

10. **Maintaining compliance to certification requirements:** As has been noted above, getting certified entails lots of efforts, time and resources. With assistance and help from various organizations, these may sound not difficult. The problem lies on how the certified groups are able to maintain compliance to the requirements. In Brazil, groups formulate and develop internal control mechanisms to make sure that every body complies. Monitoring by peers is quite easy as individual members have their own operations plan to follow. But in the case of Nepal, where groups have common operations plan, in addition to the internal control system a mechanism is needed to assure the operation, probably a forest manager for several FUGs.
11. **Marketing incentives for certified products:** In some forest products, getting certified means gaining more incentives in terms of maintaining long-term markets and increase in price. This is true for instance in Klabin where they can get as much as twice the price of certified timber compared to non-certified. For getting this much they have also invested in quality aiming for the upper class consumers. But this is not true for all products like NTFPs. Extra marketing efforts would be needed to capture the premiums price from the sale of certified products. Otherwise, selling of certified products with no added value to it might become a disincentive to people. Moreover, people should be made aware that certification does not automatically translate into good market linkage and increase prices. There is still a need to educate buyers and promote the importance and relevance of certification.

Annex 14: Report of the international training on forest certification

Report of International Training on Forest Certification

Report Submitted to

Asia Network for Sustainable Agriculture and Bioresources (ANSAB)
Kathmandu Nepal

Report Submitted by

Ram Prasad Acharya
Community Forestry Officer

1 June 2004.

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Background

ANSAB has been coordinating a pilot project 'certification and sustainable marketing of non-timber forest products of Nepal' along with other public and private partners. The forest certification is very new field in the context of Nepal and human resource in that area is limited. In this context, public private alliance (PPA) proposed to develop human resource expertise on forest certification. In this context, an international training on forest certification was assessed and applied in Swedish International Development and Cooperation (SIDA). The course has two parts. The first part was in Sweden and second part in Tanzania. Mr. Ram Prasad Acharya was selected for the whole training course and participated in the first part of the international training that was held Garpenberg, Sweden on May 9-28, 2004. This report captures the major highlights and observation during the first part of the training course.

Objectives

The general objective of the training program was to improve the possibilities of introducing Environmental Management Systems and Forest Certification in selected countries by giving key persons a thorough training of the principles, the criteria and the practicalities of certification.

Methodology

The main issue of the program, Forest Certification, encompassed several different subjects and theories, among others; Forest Management, Ecology, Systems Analysis, Environmental Management Systems (ISO 14001 and EMAS), Environmental Laws, Quality Control, Communication Systems, Biodiversity, and Wood Utilization.

Different working methods were used in the training program. The methods were:

- Lectures
- Study visits
- Practical case studies on certification in Sweden
- Presentation and examination of certification examples from tropical and temperate forests
- Planning of country specific pilot activities

During the program five study visits and excursions (Forest research areas, tourist places, forest companies, national parks and marketing of forest products) were conducted and practical cases were carried out in cooperation with Swedish companies, an accredited certifier and local environmental organizations. The experiences from countries where certification systems have already reached a certain level of acceptance was presented and carefully examined. The pilot activities were also developed during the program, which aim at introducing or strengthening the ideas behind Environmental Management Systems and Forest Certification in the participating countries. A plan for these activities was prepared during the first period of the training program.

Swedish examples and experiences were extensively used as references during the first training period.

Participants and facilitators

The participants of the training program were policy makers, forest managers, forest industry managers, representatives for environmental groups and potential certifiers with a relevant university degree and at least 5 to 10 years of working experience in leading position or alternatively profound academic background from within the fields of natural resources management.

A total of 34 participants from four continent including 25 countries participated in the training. Women were encouragingly participated in the program. The list of participants is on the **Annex 1**.

The facilitators were from the high level organizational representation from Sweden and United Kingdom. The facilitators were mainly from environmental NGOs, industrial sectors, University Professors, Certification Agencies, Certified Body and Social Groups and Association representatives. The list of facilitators and resource persons is provided in **Annex 2**.

Agenda of the training

The training program was very extensive and covered several agenda. In first week the process towards Forest Certification, in second week certification in practice – small scale and large scale perspective technology and economy and in the third week certification activities in participating countries. The major coverage of the training is

- Political Initiatives and Forest Certification in the world;
- Stakeholders – the consultative process;
- Gender aspects of forest certification;
- Forest industry and marketing;
- Ecological aspects and biodiversity;
- Social aspects of forest certification including forest laws and group certification;
- Introduction of international forest certification body (Soil Association Woodmark);
- Forest Certification as a part of a market strategy;
- Development of national standards: process and cases;
- Sustainable forest Management and pilot project development;

The detail of the content of the training program is in **Annex 3**.

Major highlights of the training

Inaugural and Introductory session

The training was kicked off in very informal way. One of the facilitators (Borje Drakens) opened the floor of discussion by drawing the plant Linnaeus in the memory of great scientist Linnaeus. According to him, Linnaeus did his study several years in the training area. In the memory of great scientist, he expressed few words and highlighted his contribution to development of systematic botany and forest development in Sweden.

Sharing of certification activities in the participating countries:

Ten individuals shared the certification progress in their countries. The countries were Nepal, Ukraine, South Africa, Tanzania, Indonesia, Guatemala, Mongolia, and China. The sharing

of the participant's countries revealed that most of the countries were quite ahead in the certification except Mongolia. A significant area was brought under Forest Stewardship Council (FSC) certification scheme except Nepal and Mongolia. China, Guatemala, Tanzania, South Africa and Indonesia were developing FSC national standard. Ukraine made a large (224,000 ha) area assessment and received forest certificate for the sustainable management. Nepal (Ram P. Acharya) presented on Nepal's Initiatives on Sustainable Forest Management and Forest Certification. The presentation includes the Nepal's forest and community forestry and highlights the major achievements of forest certification through public private alliance.

Theoretical coverage during the course

The training covered several theoretical aspects of the forest certification. The training made clear on marketing aspects of forest certification. The course delivered the knowledge and skills on forest certification (forest certification, chain of custody, group certification, small and low intensity management of forest (SLIMF), and stepwise certification), environmental management system, and gender perspectives on forest certification. The political initiatives for the sustainable forest management were also discussed during the course. The course mainly focused on forest certification, forms of forest certification, benefits of the certification, international Organization for standardization (ISO).

Forest certification:

Certification can be described as communication between the *producer* and the *consumer*. The quality of the product or the process to be sold is stated in a *standard* where the producer can tell a consumer of the merits of the product or the process. The *certifier* acts as an independent and credible intermediary, telling the consumer that the producer is doing or producing what they have promised to do as specified in the standard.

Certification is a process by which a third (independent) party gives written assurance that a product, process or service conforms to specified requirements. Forest certification is intended to provide an incentive for improved forest management and is considered as a soft economic instrument. It is neither a panacea nor a replacement for regulations and legislation, but can complement these tools.

Certification is a useful measure of whether certain predefined minimum standards of forest management in a given forest, at a given point of time, are being met. A number of international, regional, and national forest certification schemes now exist. These schemes focus primarily on forests managed for timber production purposes. The only or primary certifier in most countries with active certification programs is the Forest Stewardship Council (FSC). Other certification bodies include the American Tree Farm Program (ATFP), Canadian Standards Association (CSA), Green Tag (GT), Pan-European Forest Certification (PEFC), and the Sustainable Forest Initiative of the American Forest and Paper Association (SFI).

The various certification schemes can be differentiated by whether they are performance based or systems based. Performance based certification requires that landowners meet performance criteria set by the certification body. Systems based schemes require that

landowners manage the forest within broad system components. While there is some disagreement about which certifying schemes carry the best guarantee of sustainable forestry, many groups feel that those with performance criteria carry the most weight.

The following steps involve for the FSC forest certification:

- Pre-assessment
- Stakeholders consultation
- Main assessment
- Peer review
- Certification
- Surveillance

Forest management certification involves an inspection of the forest management unit by an independent FSC-accredited certification body to check that the forest complies with the internationally agreed FSC Principles of Responsible Forest Management. If the forest complies with FSC standards, then the FSC accredited certification body issues a certificate for the operation. Certified forest operations can claim the forest products they produce come from a responsibly managed forest. Before a certified forest operation can sell their products as FSC certified, they must also obtain chain of custody certification (FM/COC).

Forms of Forest Certification:

Individual forest Certification

In individual certification only the areas of a company or individual that manages the forest and /or process its raw materials are certified.

Group certification

Group certification is a system whereby several sites can be evaluated and certified under a single certificate. A 'group manager' takes responsibility for the application, and for demonstrating to the certification body that all group members meet the standard in the group certification. Moreover, the 'group manager' holds the certificate, and is responsible for members entering and leaving the scheme. The major advantages of the group certification include: policies and procedures which are common to all sites are only evaluated once; there is an internal group monitoring system-the certification body audits the system, rather than every site in the group; a group is usually homogenous, allowing reduced sampling; there are logistical (hence cost) savings; it's cheaper; the group may be able to market its timber and non-timber co-operatively, or share other resources – human and mechanical. The group certification might be:

- 1) One owner, many sites (e.g. State Forest Service, Croatia)
- 2) Several owners, one forest manager
- 3) Several owners, several forest managers, one group co-coordinator

The detail of the group certification is in **Annex 4**.

The benefits of certification

A lot of benefits and motivation behind the forest certification exist for the various types of the people. There are mainly three types of benefits and the benefits include environmental,

social and economic aspects. The benefits are mainly discussed with reference to FSC. The benefits are provided in the **Annex 5**.

Chain of custody certification:

An unbroken trail of evidence that demonstrates that forest products bearing the certification scheme logo originate from well-managed forests certified according to the predefined Principles and Criteria. Along the same line, FSC defines chain of custody as an unbroken trail of evidence that demonstrates that forest products bearing the FSC logo originate from well-managed forests certified according to the FSC Principles and Criteria.

Chain of custody certification provides a guarantee about the production of FSC-certified products. Chain-of-custody is the path taken by raw materials from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution. From a customer perspective, the FSC label represents a promise that is being made to them. Chain of custody standards are the mechanism FSC has to ensure that 'promise' is delivered. Operations that have been independently verified for FSC chain of custody certification are eligible to label their products with the FSC logo. The detail of the presentation is in **Annex 6**.

Slow and low intensity management of the forest (SLIMF):

FSC has initiated a new scheme for the small-scale forest owners. The scheme is known as Small and Low Intensity Forest Management (SLIMF). Many people around the world practice small and low intensity forestry. The following table gives the criteria that can be eligible for the small and low intensity management of the forest.

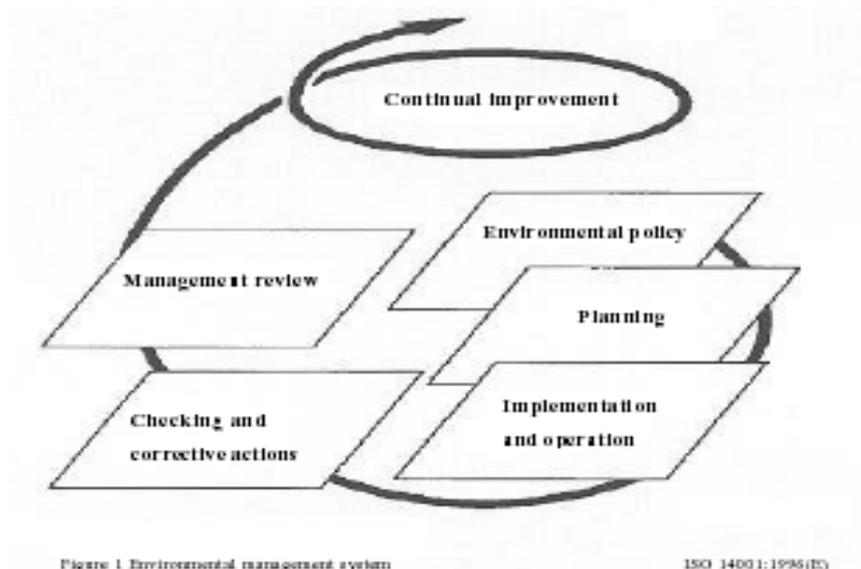
Table 1: Small and low intensity forest management criteria set by FSC

Small forest	Area is less than 100 hectares (ha). National Initiatives can increase this value to reflect the national situation, up to a maximum of 1000 hectares.
	Timber: The rate of harvesting is less than 20% of the mean annual increment (MAI) within the total production forest area of the forest management unit (FMU),
Low intensity forest	AND The annual harvest from the total production forest area is no more than 5000 cubic meters (m3).
	Non-timber forest products: All natural forests being managed exclusively for non-timber forest products (with the exception of NTFP plantations) are considered 'low intensity'.
Group of SLIMFs	All group members are either 'small forests' or 'low intensity forests', as defined above. There is no limit on the number of members in a group of SLIMFs.

From the above table 1, the area that have only 100 ha is considered as small forest and if the national working group is accredited by FSC, can extend the area up to 1000 ha. From the low intensity perspective, if only 20% of the total mean annual increment or total volume of the timber is less than 5000 cubic meter is harvested, this is also considered as low intensity forest management.

Environmental Management System and International Organization for Standardization (ISO)

An environmental management system (EMS) is a framework designed to provide direction for an organizational activities insofar as they affect the environment. The general assumption of an EMS is that, if a good system is operating, it will lead to satisfactory performances. The environmental management system has five major components. These components are environmental policy development, planning, implementation and operation, checking and corrective action and management review. The components of the framework are divided into five categories and are intended to provide a continuous improvement of the system, as described in figure 1 below.



Each organization implementing an EMS must define its own environmental objectives. Thus, two organizations carrying out similar activities but having different environmental performances may both comply with requirement of the standards? No claims concerning product should be made when using the system approach.

Practical exercises and group work

About six practical exercises along with group works and study visits (mini excursion to boreal forest, visit to study visit to Research Park, practical exercises on assessment of biodiversity values, excursion to family aspects of forest owners, forest certification field test practices, and visit to Angso National Park were executed during the courses. The practical exercises ranged from mini excursion to field test with Soil Association Wood mark.

Mini excursion to boreal forest: The excursion was made near to Garpenberg with an aim to provide general glimpse of the boreal stand structure and dynamics of the forest. From the excursion, it is clear that the forest growth was very slow and forest stand was fund very simple with four to five tree species mainly.

Practical exercise to assessment of biodiversity values

The practical exercise was conducted in the research park in Mora, Sweden. The biodiversity value assessment exercise was developed for boreal forest context. The focus was on the conspicuously terrain topography, forest dynamics, habitats, tress and its structure, dead woods and red listed species. The example of the biodiversity assessment matrix is in **Annex7**.

Field Assessment of Certification

All the participants were divided into three groups and field practices were observed and some interviews were conducted to the stakeholders. The major observations were more focused on the biodiversity and high value conservation aspects. Other aspects during the observations were social and labor rights. The detail of the group presentation is in the **Annex 8**.

Study visit to Angso National Park

The national park is one of the most beautiful Archipelagos in the world. The area of the national park is very small and only covers 75 ha of total land. The Archipelagos are old districts in Sweden where several customs survives till date. This is very important in terms of the flora and fauna. This was set up in 1909 and continued focusing on the biodiversity aspects. To protect the biodiversity, collection of natural vegetation was forbidden in the area. Due to protection effort, several broadleaf covered the land and it was again debate about the nutrient cycle.

Pilot projects of the participants

All participants prepared a pilot project to utilize and improve their training knowledge in the practical field. The areas and grouping of the pilot project include

- Small forest owners-group certification (SLIMF) and community forestry;
- Non-timber forest products certification;
- Standard development/national working group formation and stakeholders consultation;
- Awareness and training for the forest certification;
- Chain of custody (CoC), Marketing and processing;
- Preparation for certification implementation;
- Evaluating the impacts on ecology, economy and social aspects of forest certification; and
- Social, biodiversity and economic assessment techniques and others.

The list of the pilot projects is in the **Annex 9**.

Follow up of the training program and pilot program

After six months, the participants will again be met and shared their learning in Tanzania. The organizer expressed their commitment to support the participants for visa preparation.

Some important observation in forest certification

- 1) Certified auditor was found:
 - a. more interested on the high conservation value forest (HCVF) rather production forest

- b. more sensitive on the water bodies, creek, soil erosion prone areas and high sloppy areas
- c. observant the old growth trees for insects and other dependent species
- d. more focus on the red listed species and other key species
- e. keen to know about the key habitats management
- f. more insightful to fallen and standing dead woods, and high stumps management
- g. more sensitive on the labor rights regarding training, collective bargaining, insurance and equal wages for the same activities and

Annex 1: List of participants for the International Training Program on Forest Certification

Name	Designation and Organization	E-mail
Steven Ngubane	Small Business Development Manager, Forestry South Africa, Pietermaritberg office, South Africa	fsasgg@global.co.za
Batsukh Nemekhjalgal	Forest TDP Officer WWF Program office Mongolia	nbatsukh@majicnet.mn
Conrad Geldenhuys	Freelance Consultant Protocor Environmental Management System South Africa	Conrad@iafrica.com
Ms. Gissella Barrera M.	Foundationchile Analista de Gestion, Santiago, Chile	gbarrera@fundacionchile.cl
Nurcahyo Adi	Indonesian Forest & Trade Network Coordinator WWF Indonesia	nadi@wwf.or.id
Reuben Nilus	Head, Ecology Section, Sabah Forestry Department, Forest Research Center, Sandakan, Sabah, Malaysia	Reuben.Nilus@sabah.gov.my
Ms. Bonne Kerr	Professor, University of Ubon, Thailand	Bkerr28@hotmail.com
Ram P. Acharya	Community Forestry Officers, ANSAB, Kathmandu, Nepal	RamAcharya@ansab.org
Ms. Dong Ke Xu Bin	Forest Program Officer WWF, China Division Director and Assistant Professor, Research institute of Forestry Policy and Information, Chinese Academy of Forestry	kdong@wwfchina.org xubin@caf.ac.ch
Dr. Gergiy v. Bondaruk	Forest Certification Project Leader, Ukrainian Research Institute of Forestry and Forest Melioration, Ukrain	Bondaruk_georgiy@list.ru
Ms. Marcela Paz Santelices A.	Forest Engineer Independent Consultant, Las Condes, Santiago, Chile	marcelasantelices@yahoo.com
Ms. Milanka Jovanovic	Advisor, Ministry of Forestry, Bosnia and Herzegovina.	milanka@rstel.net
Ms. Hercylia Estrela	Program Officer, World Vision, Agriculture Department, Mozambique	Hercylia_esyrela@wvi.org
Ms. Anabela Fernandes	Forest Engineer, Program Officer, World Vision, Agriculture Department, Mozambique	Anabela_fernandes@wvi.org
Ms. Judith Kamato	Lecturer, Forest Extension and Rural Development, University of Malawi, Bunda College of Agriculture, Malawi	jkamato@sdp.org.mw
Pro. Judith	Professor, University of Los Andes,	Jepetit@intercable.net.ve

Petit Aldana	Venezuala	
Chhin Vanary	Forest Officer, Forestry Administration, Kingdom of Cambodia	Vannarychhin@yahoo.com
Somphone	Program Officer, WWF Lao Program, PDR	Somphone.bouasavanh@wflaos.org
Bouasavanh	Laos	
Fransisco	Estate Manager, Tanganyika wattle company	Fkimasa2004@hotmail.com
Kimasa	limited, Forestry Department, Tanzania	
Shejamabu		
Suchat	Senior Forest Officer, Royal Forest Department, Bangkok, Thailand	ksuchat@hotmail.com
Kalyawongsa	Head, Swaziland National Herbarium	
Titus Dalmini	Forestry Section, Ministry of Agriculture, Swaziland	sdnh@africaonline.co.sz
Arthtur Dallu	Principal Forestry Officer, Ministry of Natural Resources and Tourism, Tanzania	fordev@africaonline.tz
Dr. Rodrigo	Forest Engineer, INFOR, Institute of Forestry,	rmujica@infor.cl
Mujica	Chile	
Hoeverlmayar		
Severinus M.	Resource Manager, Good Woods projects,	cfcukilifi@yahoo.com
Jembe	Kenya	
Abel M.	Forest Conservation Officer, Wildlife	west@africaonline.co.tz
Masota	Conservation Society of Tanzania (WCST), Tanzania	
Roberto Del	CONAP/AS/LSUR Guatamala	crobdel@yahoo.com
Gid		
Musonda	Principal Forestry Officer, Zambia	Godfrey_musonda@yahoo.com
Godfrey		

Annex 2: List of lecturers and resource persons in International Training Program on Forest Certification

Name	Address	E-mail
Mr. Klas Bengtsson	SSC-Svensk SkogsCertifiering AB, Syslomansgatan 8 SE-753 11, Upsalla, Sweden	klas.bengtsson@ssc-forestry.com
Mr. Borje Drakenberg	Skogsbiologerna AB/SSC, Risvagen 23, 13237 Saltsjoberg, Sweden	drakenb@algonet.se or borje.drakenberg@ssc-forestry.com
Dr. Lars Bjorklund	Swedish University of Agriculture Sciences, Department of forest management and products, P O Box-7054, 75007 Uppsala	lars.bjorklund@sdc.se
Mr. Bjorn Osterlof	SSC-Svensk SkogsCertifiering AB, Syslomansgatan 8 SE-753 11, Upsalla, Sweden	osterlof@swipnet.se bjorn.osterlof@ssc-forestry.com
Dr. Berty van Hensbergen	Wildhours-SSC, UK, London The Old Rectory, Maidstone Road, Nettlestead, Maidstone Kent, ME18 5EZ, UK	family@vanhens.freeserve.co.uk hensbergen@ssc-forestry.com
Mr. Ulf Eriksson	SSC-Svensk SkogsCertifiering AB, Syslomansgatan 8 SE-753 11, Upsalla, Sweden	ulf.eriksson@ssc-forestry.com
Ms. Sandra Rajanamandranto	SSC-Svensk SkogsCertifiering AB, Syslomansgatan 8 SE-753 11, Upsalla, Sweden	sandra@ssc-forestry.com
Gissela Barrera	Foundation Chille Av. Antonio Rabat Sur 6165 Vitacura Santiago, Chile	gbarrera@foundationchile.cl
Ms. Meriel Robson and Ms. Emily Blackwell	Ecosylva Ltd-Woodmark, Soil Association, Bristol House, 40-56, Victoria street, Bristol, BS1 6BY UK	
Mr. Peter Roberntz	Swedish FSC Council, P. O. Box-7057, 750 07	fsc@fsc-sweden.org

Mr. Jonas Rudberg	Uppsala The Swedish Society for Nature Conservation-SNF	Jonas.rudberg@snf.se
Mr. Gosta Edholm	Silvicolare AB, Torsbergsgatan 6, 821 31 Bollnas, Sweden	Gosta.edholm@telia.com
Ms. Margareta Renstorm	European FTN Coordinator Global Forest and Trade Network WWF Sweden Ulriksals slot SE-170 81, Solna, Sweden	margarita.renstorm@wwf.se
Ms. Annelie Hartmann	Swedish International Development Cooperation Agencies	Annelie.hartmann@sida.se
Mr. Daniel Eggertz	Morbygden Konsult 791 94 Falun	info@morbygden.com
Mr. Olof T. Johansson	National Swedish Sami Association (SSR)	oloft@oloft.com
Mr. Folke Stenstrom	FS Skog & Miljo AB, Tegnervagen 12A, 802 67 Gavle	folke.stenstorm@pefc.se
Ms. Asa Tham	Vasteras Stift, Vastra Kyrkogatan 9, 722 15 Vasteras	Asa.tham@svenskarkyrkan.se
Mr. Raimo Ruuska	Langshyttans Utvecklings AB	raimo@mox303.swipnet.se
Mr. Borje Svensson	Mellan Skog (Forest Owener Association Solleronn)	
Mr. Par Stenmark	IKEA Services AB Box- 640 251 06 Helsingborg	Par.stenstorm@memo.ikea.com
Mr. Allan Carlsson	Tropical Forest Officer WWF Sweden Ulriksals slot SE-170 81, Solna, Sweden	Allan.Carlsson@wwf.se
Mr. Bengt Brungberg	Krosnas AB SE-801 81 Gavle	Bengt.brungberg@korsans.se
Ms. Anna Collins	Department of sociology, Lund University	Anna.collins-falk@soc.lu.se
Mr. Inge Johansson	Swedish Forest and Timber Trade Union Svardsjovagen 41, 812 94, Ashammar	hagmuren@home.se

Annex 3: International Training Program on Forest Certification

Preliminary Program!

Part 1. Sweden, May 9 to May 28, 2004

OVERVIEW OF THE PROGRAMME

Week 1	The process towards Forest Certification
Week 2	Certification in practice – small scale and large scale perspective – technology and economy
Week 3	Certification activities in participating countries

Week 1
(9-15 May) **The process towards Forest Certification (Garpenberg and Mora)**
Address: Garpenbergs Herrgård, Herrgårdvägen 123, 776 98 Garpenberg,
Tel: +46-(0)225-26000, Fax: +46-(0)225-26100 Mobile: +46-(0)70 605 93 43
E-mail: klas.bengtsson@ssc-forestry.com, sandra@ssc-forestry.com,
ulf.eriksson@ssc-forestry.com

Sunday	Arrival to Stockholm, Arlanda and Departure for Garpenberg
Monday	Introduction to the Training Programme
Tuesday	Political Initiatives and Forest Certification in the world, Forest Owner Assc.
Wednesday	Stakeholders – the consultative process
Thursday	Participants Presentation and Gender aspects of forestry
Friday	Forest-Industry-Market, an example from a Forest Company
Saturday	Touristic trip to Falun and true Dalecarlia

Week 2
(16-22 May) **Certification in practice – small scale and large scale perspective**
(Garpenberg and Stockholm, Alvik Hotel Apartments, +46 (0)8 4711000

Sunday	Forest biology – examples of Swedish semi-primary forest
Monday	The Forest Law and Group Certification of small landowners
Tuesday	Forest Certification in Practice - Case Study
Wednesday	Forest Certification in Practice - Case Study
Thursday	International Forest Certification Body
Friday	Ängsö National Park
Saturday	Free time in Stockholm

Week 3
(23-28 May) **Certification activities in the participating countries**
(Garpenberg)

Sunday	Free time in Stockholm (Skansen, Wasa Museum, Old Town)
Monday	Forest Certification as a part of a market strategy, Sida Meeting
Tuesday	Development of national standards, Elaboration of country specific pilot activities
Wednesday	Sustainable forest Management, Elaboration of country specific pilot activities
Thursday	Presentation of the plans for pilot activities and Part II in Tanzania

Friday

Course Evaluation – Departure for Arlanda

Detailed programme

OBS: Presentations by the participants of their work, company, organization, country etc are foreseen to be added to the program, for example in the mornings or as evening sessions. However, the number depends on the interest for such presentations.

Seminar Management in Sweden

Klas Bengtsson, Seminar Manager, Svensk SkogsCertifiering AB

Ulf Eriksson, Seminar Coordinator, Svensk SkogsCertifiering AB

Sandra Razanamandranto, Seminar Coordinator, Svensk SkogsCertifiering AB

Dr. Lars Björklund, Department of Forest Products and Market, Swedish University of Agricultural Sciences

Börje Drakenberg, Forest Biologist, Skogsbiologerna AB/SSC-Forestry

Sunday, May 09 (Stockholm to Garpenberg)

Arrival in Stockholm – Arlanda airport

15.00 Bus-transfer Arlanda – Garpenberg

19.00 Dinner and presentation of the Participants and the Seminar Management

Monday, May 10 (Garpenberg)

08.30 - 09.30 Welcome and Introduction
Presentation of Svensk SkogsCertifiering AB (Klas Bengtsson)
Presentation of the Department of Forest Products and Market (Lars Björklund)
Presentation of the Training Programme (Sandra Razanamandranto, Ulf Eriksson)

9.45 – 10.45 Swedish Forestry – From Ice Age to Certified Forests. (Lars Björklund)

11.00 - 12.00 Introduction to Mini-Excursion (Börje Drakenberg)

12.00 – 13.00 Lunch

13.00 - 17.00 Mini-Excursion: Boreal Forestry (Börje Drakenberg, Lars Björklund,
Klas Bengtsson, Sandra Razanamandranto, and Ulf Eriksson)

19.00 Dinner

Tuesday, May 11 (Garpenberg)

08.30 – 09.30 An overview of Political Processes and a short introduction to Forest
Certification initiatives around the world (Lars Björklund)

- 09.45 – 10.45 Introduction to Forest Certification including, the idea of FC, P&C, EMS, National standard and Regional standards, The Consultative Processes etc. (Klas Bengtsson, Börje Drakenberg)
- 11.00 – 12.00 Group work on Forest Certification initiatives in Africa, Asia, South America and Central-America (Börje Drakenberg, Lars Björklund, Klas Bengtsson)
- 12.00 – 13.15 Lunch and Group-Photo
- 13.15 – 16.15 Forest Owners Associations – Pan European Forest Certification – PEFC. An example of a Forest Certification standard. (Folke Stenström/Mellanskog/Södra)
- Strategies
 - Results
 - Implementation
- 19.00 Dinner in Garpenberg

Wednesday, May 12 (Garpenberg)

- 08.30 – 09.00 Introduction, Forest Certification and Consultative Processes (Sandra Razanamandranto, Ulf Eriksson)
- 09.00 – 10.30 Forest Workers Union (Inge Johansson)
- 11.00 – 12.30 The Swedish Society for Nature Conservation - Jonas Rudberg
- 12.30 – 13.30 Lunch
- 13.30-15.00 The Sami people, Olof T Johansson, SSR
- 15.00 – 17.00 Group work on stakeholders/Panel Discussion (Jonas Rudberg, Inge Johansson, Olof T Johansson, Ulf Eriksson and Sandra Razanamandranto)
- 19.15 Welcome Dinner in Garpenberg + Stakeholder Pub!

Thursday, May 13 (Garpenberg)

- 09.00-12.00 Participant presentations (Klas Bengtsson)
Participants working with Forest Certification make short presentations.
- 12.00 – 13.00 Lunch
- 13.00 – 16.00 FSC and Gender - IPM Anna Collins-Falk
Grupparbete – baserat på FSC-standarden – Analys diskussion

17.00 – 19.00 Disposable time.

19.00 Dinner Garpenberg

Friday, May 14 (Garpenberg) (BUS)

07.00 - 07.45 Breakfast

08.00 - Departure from Garpenberg

In the bus From exploitation to certification-With a company focus (Gösta Edholm)

09.00 - 12.30 Visit to Korsnäs logging area and a silvicultural area

12.30 – 13.30 Pick-nick lunch

13.30 Coffe and presentation at the Korsnäs visitor center

14.00-15.30 Visit to the Korsnäs AB pulp and paper mill (Gösta Edholm, Klas Bengtsson)

15.30-16.30 Korsnäs AB/Bergvik Skog AB (Bengt Brunberg)

18.00 Departure for Garpenberg

20.00 Dinner in Garpenberg + Pub

Saturday, May 15 (Garpenberg)

09.00 Departure for North of Dalarna
(Börje Drakenberg and Sandra Razanamandranto)

10.30 Visit to Falun – Shopping, Historic Copper Mine, visit to traditional
wooden handicraft center (Börje Drakenberg and Sandra
Razanamandranto)

19.00 Dinner in Mora

Sunday, May 16 (Mora)

08.30 Departure for Siljansfors – Research Park
(Börje Drakenberg and Sandra Razanamandranto)

09.00-12.00 Lecture (Börje Drakenberg)

- Biology, disturbance regimes and succession patterns of the boreal forest compared to the tropical forest
- The Swedish work on threatened species (red-list)
- A method for assessment of biodiversity values
- Links to the certification

13.00 – 17.00 Excursion, examples of Swedish semi-primary forest
(Börje Drakenberg and Sandra Razanamandranto)

19.00 Dinner in Mora

Monday, May 17 (Mora)

08.30 – 10.00 The Swedish Forest Law and the practical implantation of this law
(Daniel Eggertz)

10.00 - 10.30 Grönt Paraply (Green Umbrella for small forest owners) an example of a
group coordinator (Daniel Eggertz)

13.00-16.00 Excursion and group work at the forest estate of Börje Svensson
(Börje Drakenberg, Daniel Eggertz, Sandra Razanamandranto)

Family aspects of forest ownership

Certification and conservation measures in practice of a small forest owner
Group work

16.00 Departure for Garpenberg

19.00 Dinner in Grapenberg

Tuesday, May 18 (Garpenberg)

09.00-12.00 What is quality and environmental management systems
and CoC (Björn Österlöf)

Forest Certification: Case study – 2004 Korsnäs/Bergviks Skogar SSC

Case Study Part I (Björn Österlöf):

13.00 - 16.00 An introduction to the case study – Forest Certification in Practice
including an overview

of the different steps in a forest certification in Sweden
(Björn Österlöf and Klas Bengtsson)

Presentation of a “normal” Forest Management Unit in Sweden,
Ev. som exempel! Valbo Bevakning – Korsnäs

- Organisation – Production – Tools (Maps, Plans etc)
- Environmental policy, objectives and targets
- Internal systems for operational control
- Relations to other stakeholders (social and environmental)

Group-work (example based on the Swedish FSC-standard)

1. Were to find different information ?
 2. Planning of Field assessments – what to consider?
- Presentation of group-work and discussion

16.00 – 17.00 Introduction to the field visit on Wednesday, the Swedish FSC-standard
and Ecological
Landscape Planning

19.00 Dinner

Wednesday, May 19 (Garpenberg)

08.00 - 18.00 Case Study Part II: Forest Certification in practice – Ecological Landscape
Planning

(Björn Österlöf, Gösta Edholm, Klas Bengtsson)

Case Study Part III: Forest Certification in practice – Interviews and field
assessments – on social aspects

(Björn Österlöf, Meriel Robson, Emily Blackwell, Gösta Edholm, Klas
Bengtsson)

- Field work in groups of 7-8 persons. Each group visits at least one
forest worker and one stakeholder representative

Case Study Part IV: Forest Certification in practice – Interviews and field
assessments – focusing ecological aspects

(Björn Österlöf, Meriel Robson, Emily Blackwell, Gösta Edholm, Klas
Bengtsson)

- Field work in groups of 7-8 persons.

Case Study Part V: Forest Certification in practice

(Björn Österlöf, Meriel Robson, Emily Blackwell, Gösta Edholm, Klas
Bengtsson)

- Compiling the results of interviews and field assessments

16.00 – 16.45 Local Stakeholder, Långshyttan Village

17.00 – 17.45 Johan Alfredsson, Sveaskog

18.00 Dinner in Garpenberg

Thursday, May 20 (Garpenberg)

- 08.30 – 11.00 Case Study Part VII: Forest Certification in Practice.
- Evaluation of results from the case study.
- Time for questions and discussions
- 11.00-12.00 Woodmark – a short introduction to an international Forest Certification Body
(Meriel Robson, Emily Blackwell, Woodmark – EcoSylva Ltd)
- 13.00 – 16.00 The view of an International Forest Certification Body
Some practical examples from the field of Forest Certification
(Meriel Robson, Emily Blackwell /EcoSylva)

Friday, May 21 (Garpenberg)

- 07.00 – 08.00 Early Breakfast
- 08.00 Departure for Ängsö National Park (Klas Bengtsson, Börje Drakenberg)
- 11.00-16.00 Ängsö National Park in the archipelago, conservation and certification issues in
woodland landscapes. Pick-nick lunch at Ängsö
(Börje Drakenberg)
- 16.00 Departure by boats through the most beautiful archipelago in the world to Stockholm
Departure for Alvik Hotel Apartments, Stockholm (Klas Bengtsson)

Saturday, May 22 (Stockholm)

Free time

Sunday, May 23 (Stockholm)

Tourism in Stockholm
Drottningholm, Wasa , Skansen etc. (Klas Bengtsson and Ulf Eriksson)

Monday, May 24 (Stockholm)

The Market for Certified Forest Products

08.30 Departure by bus from Alvik Apartment Hotel to Sida Office, Kungsgatan 34-36

09.00 – 10.00 Producers groups (Margareta Renström, WWF-International)

10.15 – 11.00	Purchasing Strategies (Per Stenmark IKEA)
11.00 – 11.30	Coffee + Sandwich
11.30 – 13.00 Hartmann	Sida – Presentation of Sida, Evaluation and discussion, Annelie
13.00 – 17.00 Drakenberg's house.	Departure for FC-Study-tour in Stockholm and BBQ at Borje
19.00	Departure for Garpenberg

Tuesday, May 25 (Garpenberg)

09.30 - 12.00	The Consultative Processes and Development of National Standards. (Peter Roberntz, Swedish FSC Council)
13.00-14.00	Introduction to The Pilot Project on Forest Certification (Klas Bengtsson, Bert van Hensbergen) * Identification of important tasks * Communication – the key to success * The future for Forest Certification * Business opportunities * Some good examples from previous years
14.00-16.00 (Preliminärt: Kalle Låks, 16.00 - Låks Sawmills – small sawmilling and integration)	Åsa Tham, FSC-international Strategies for the future!

Wednesday, May 26 (Garpenberg)

08.30- 11.00	Sustainable Forest Management - Keys to success (Berty van Hensbergen, SSC)
11.00-12.00	Brainstorming – Groupwork How can the participants, through pilot activities, contribute to the continued development of sustainable forest management/ forest certification? Defining groups and activities, allocation of resource persons
13.00 - 16.00	Elaboration of country specific pilot activities Preparation of Questions for the Panel Discussion
18.00	Dinner

19.30 – 21.00 Presentations of planned pilot activities; justification, goal, methodology and foreseen outcome.

Resource persons:

Klas Bengtsson,

WWF – Per Larsson/Allan

Carlson

Börje Drakenberg

Berty van Hensbergen

Thursday, May 27 (Garpenberg)

08.30-15.00 Presentations of planned pilot activities; justification, goal, methodology and foreseen outcome

Resource persons:

Klas Bengtsson

Börje Drakenberg

Berty van Hensbergen

WWF – Per Larsson/Allan Carlson

15.30-17.00 Focus on part two of the programme
Presentation and discussions - the second part of the programme in Tanzania (Klas Bengtsson, Participants from Tanzania)

19.00 Farewell dinner

Friday, May 28 (Garpenberg)

09.00 Course evaluation - Discussion

11.00 Departure for Uppsala and Arlanda. Stop at IKEA in Uppsala.

13.00 - To be announced

If no other information is given in the programme:

Breakfast: 07.30 – 08.30

Lunch: 12.00 – 13.00

Dinner: 19.00

Annex 5: List of the benefits in three chambers with reference to FSC

Environmental benefits

The main motivation for many of the FSC's members at the start was environmental: to create a certification system that would guarantee to everyone participating in the timber trade that their contribution was helping to conserve, rather than to destroy, forests, people and wildlife. FSC's environmental criteria recognize forest management should:

- Conserve biological diversity and its values: water resources, soils, unique and fragile ecosystems and landscapes;
- Maintain the ecological functions and integrity of the forest;
- Protect threatened and endangered species and their habitats.

However, if a forest is to be managed in a truly sustainable way, it also needs to incorporate social and economic issues - both of which are embraced by the FSC certification system. The FSC's long-term hope is that, as demand for certified timber is strengthened, new sustainable forest management will replace the old "cut and forget" practices.

Social benefits

The FSC's concept of sustainable forest management aims to ensure that human rights are respected. One of its three membership "chambers" is dedicated to social interests and includes representatives from trade unions, indigenous peoples' organizations and human rights campaigners. One of the main features of the FSC system is that it requires multi-stakeholder participation when setting forestry standards, bringing marginalized people to the table which empowers them through knowledge and participation.

To meet the social criteria laid down by the FSC, all certified forestry operations must seek permission from indigenous groups or local communities with rights to the area. Those local people, who have traditionally used the forests for collecting fruits, firewood, building materials or medicinal plants, must still have access to the forests which offer them a livelihood.

Economic benefits

If certified forestry is not profitable it will fail and the hoped-for environmental and social benefits may never be realized. But, if certification can be shown to enhance profitability, commercially orientated forest owners and managers will have the incentive to certify their operations.

The FSC's economic criteria state that forest managers should seek to achieve an "optimal use and local processing of the forest's diversity of products," minimize waste in harvesting and on-site processing, and strive to strengthen and diversify the local economy, avoiding dependence on a single forest product. The rate of harvest "shall not exceed levels which cannot be permanently sustained."

Many certified forestry operations are reaping economic rewards, some of which include:

- FSC certified timber achieving a higher price in the market than equivalent uncertified timber;
- FSC certificates facilitating access to new markets;
- FSC certification audits showing up wasteful practices;

Annex 6: Details of Chain of Custody certification

Annex7: An example of the biodiversity assessment matrix

Annex 8: Group presentation of field assessment

Annex 9: The list of pilot projects after International Training Program on Forest Certification.

PRELIMINARY PILOT PROJECTS

Georgiy Bondaruk	Preliminary analysis of the conformity of SARNY forestry activity according to FSC criteria
Jembe Severinus	Goodwoods certification process: wood carving project in Kenya
Ram Acharya	Certification and sustainable marketing of NTFP
Cesar Monje	Preliminary assessment of the economic, social and environmental aspect of a timber production by a small forest owner community in Choco Colombia.
Abel Masota	Development of joint forest management plans of forest reserves.
Reuben Nilus	Evaluating impact on forest certification at Deramakot FR. Sabah, Malaysia.
Somphone Bouasavanh	Evaluation impact on forest certification, Laos
Titus Dlamini	Towards sustainable forest management of natural forest and woodlands in Swaziland.
Anabela Fernandez and Hercylia Tombolane	Sissimuka Non Timber Forest products
Roberto del Cid	NTFP in the Mayon biosphere Reserve. Increase the benefits of the communities using NTFP (FSC labelled).
Suchat Kalyawongsa and Bonnie Kerr	Forest certification training in Thailand.
Judith Kamoto	Training government foresters and forest students in forest certification
Conrad Geldenhuys and Steven Ngubane	National standards development.
Godfrey Musunda	Towards National standards development for plantation forest in Zambia.
Arthur Dallu	Development of a national FSC working standard for forest plantation in Tanzania.
Marcela Santelices and Rodrigo Mujica	Development of a standard for natural forest for the forest certification scheme CERTFOR.
Judith Petit Aldana	Training forest students in Forest certification.
Tanya Santos	Promoting community participation in sustainable forestry in Southern Belize: the utilisation of FSC principles and standards as guide.
Adi Nurcahyo	Step wise approach toward certification, the obstacles and challenges.
Pham Hoa	Field test of Vietnam's draft National standards in a

	state forest to assist NWG in testing standards.
Milanka Jovanovic	Development and testing of national standards for sustainable forest management and forest certification (link with national laws).
Dong Ke and Xu Bin	Field-testing of FSC standards in Northern China.
Posma Panggabean	Functioning of CPP in National working group or comparison study between LGI and FSC standards.
Alejandro Aguilera	Improving current indigenous community hierarchical structures so as the FSC national standards.
Chhin Vannary	Analyse gaps of forest concession management plan of logging companies in Cambodia and their potential to get forest certification.
Francisco Shejamabu	Implementation of ISO 14001 standard at Tanwat.

Report of International Training on Forest Certification

Report Submitted to

Asia Network for Sustainable Agriculture and Bioresources (ANSAB)
Kathmandu Nepal

Report Submitted by

Ram Prasad Acharya
Program Officer

December 30, 2004.

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Background

ANSAB has been coordinating a pilot project ‘certification and sustainable marketing of non-timber forest products of Nepal’ along with other public and private partners. The forest certification is very new field in the context of Nepal and human resource in that area is limited. In this context, public private alliance (PPA) proposed to develop human resource expertise on forest certification. An international training on forest certification was assessed and applied in Swedish International Development and Cooperation (SIDA). The course has two parts. The first part was in Sweden and second part in Tanzania. Mr. Ram Prasad Acharya was selected for the whole training course. This report captures the major highlights and observation during the second part that was held November 15-27, 2004 in Tanzania.

Objectives

The general objective of the training program was to improve the possibilities of introducing Forest Certification and Environmental Management Systems in selected countries by giving key persons a thorough training of the principles, the criteria and the practicalities of certification.

The main issue of the program, Forest Certification, encompassed several different subjects and theories, among others; Forest Management, Ecology, Systems Analysis, Environmental Management Systems (ISO 14001 and EMAS), Environmental Laws, Quality Control, Communication Systems, Biodiversity, and Wood Utilization.

Different working methods were used in the training program. The methods were:

- Lectures
- Study visits and observation
- Practical case studies on certification in Tanzania
- Presentation and examination of certification examples from tropical forests
- Presentation country specific pilot activities

During the program two major sites were visited to observe and study forest management practices and those sites were: Kilombero Valley Teak Corporation (KVTC) and Tagnanika Wattle Plantation (TANWAT). Other sites include Mikume National Parks; and other historical sites. The pilot activities were also shared during the program, which aim at introducing or strengthening the ideas behind Environmental Management Systems and Forest Certification in the participating countries. The progress of pilot activities was presented in the training.

African examples and experiences were extensively used as references during the training period.

Participants and facilitators

The participants of the training program were policy makers, forest managers, forest industry managers, representatives for environmental groups and potential certifiers with a relevant university degree and at least 5 to 10 years of working experience in leading position or

alternatively profound academic background from within the fields of natural resources management.

A total of 33 participants (30 participants-Sweden May 2004 batch and 3- 2003 batch) from four continent including 26 countries participated in the training. Women were encouragingly participated in the program. The list of participants is provided the **Annex 1**.

The facilitators were from the high level organizational representation from Sweden, Tanzania, Chile and United Kingdom. The facilitators were mainly from environmental NGOs, industrial sectors, University Professors, Certification Agencies, Certified Body and Social Groups and Association representatives. The list of facilitators and resource persons is provided in **Annex 2**.

Agenda of the training

The training program was very extensive and covered several agenda. In first week the process towards Forest Certification, in second week certification in practice – small scale and large scale perspective technology and economy and in the third week certification activities in participating countries. The major coverage of the training is

- Forest industry and marketing;
- Ecological aspects and biodiversity;
- Social aspects of forest certification;
- Development of national standards: process and cases;
- Plantation and forest certification
- Sustainable forest Management and pilot project activities sharing

The detail of the content of the training program is in **Annex 3**.

Major highlights of the training

Inaugural and Introductory session

The training was kicked off in very informal way. Swedish Ambassador inaugurated the training on November 15 2004, in Kunduchi Wild and Water Resort, Daresalaam, Tanzania. He expressed the need of forest certification in resource management and poverty reduction in African context including Tanzania.

Study visit to Mikomi National Park

The park was gazetted as National Park in August 1964 and it occupies 3230 square kilometers and is the 3rd largest park in Tanzania. The park is named after the village just beyond its western border on the Dar es Salaam - Iringa Highway which bisects the park for 50 km and the boundary is clearly signposted. The village turn takes its name from the National language "Kiswahili" for the Borassus palm (*Borassus flabellifer*), which once grew there in profusion. These trees are recognized by their straight, spindle - shaped pale, grey trunks. the park shares its boundary in the extreme south, with the Selous Game Reserve which is the largest Reserve in Africa and the two make one ecosystem and some animals (Elephant, Buffaloes and Zebras) migrate to and from the northern part of the reserve into Mikumi National Park.

The park lies in a horseshoes of towering mountains and forested foothills which almost enclose the flood plain of the Mkata River. To the east rises the 22743 metres massif of the Uluguru ranges while to the south west is seen the craggy-peaks of the Lumango mountains. The hogbacked ridges of the Mbesera, Madzini and Mazunyungu hills sweep round north ward and westward to the far south is the recently 1992 gazetted Udzungwa Mountains National Park which is part of the Eastern Arc Mountains which include the Usambaras.

The park gate is 96 km from Morogoro along the Tanzania - Zambia Highway, 288 km from Dar es Salaam, 216 km from Iringa and 80 km to Udzungwa National Park. According to park staff the best time to visit park is during the dry season which is June through February. The best times of higher opportunities to see even the rarely seen animals, are early mornings and early evenings. During rainy season (March through - May) some of the park roads are slippery, muddy, and therefore impassable. If you are new to the park do not take risk of making game drive without a park guide as you are likely to lose your way and get stuck unassisted. Park guide service is available at the park gate for a fee.

In the Mkata flood plain which is at an average of 548 m. above sea level, where the days are hot and nights are cool, is to be found a spectacular concentration of the plain variety of animals. These animals include four of the "big five" Elephant, Buffalo, Lion and Leopard along with many other animals.

In the "Miombo" woodland of the mountain ranges and foothills it is likely to have opportunities to see Hertebeest, sable antelope, greater kudu, colobus monkey and hunting dog. With careful observation, many other types of animals and woodland bird varieties can be seen. Over 300 birds species have been recorded in the park some of which are Eurasian migrants e.g. redbilled Oxpecker. Marabou stork, lailac breasted Roller. There is museum at the park gate which contains a number of exhibits of interest to visitors. Mikumi's sun sets are very spectacular and offer magnificent sight for a relaxing tourist which contains a number of exhibits of interest to relaxing tourist.

During the visit in the park, most of the wild animals including lion have been seen. The animals were Zebra, elephants, monkey, wild beast, wild buffalo, deer etc.

Paper presentation during training period:

Dr. Berty van Hensbergen presented on the Introduction to Tanzania & Forestry. He stressed on his presentation on general description of Tanzania, forestry in Tanzania as well as traveling arrangement in Tanzania. He explained that this country is the Galapagos of Africa in terms of fauna and flora. He also shared an experience on Fire, Water, Bush and Game: Dynamics of an African Savannah Woodland. He made clarification on the multiple state of Savanah such as open grassland with few trees; closed woodland/shrubland with little grass; and anything in-between these states is the result of a significant perturbation of the system. The sites are useful to different animals.

Peter Sumbi and Stephne Mariki, WWF Tanzania, presented a paper on Forestry on Tanzanian. The presentation mainly covered on forest resources and distribution, ownership

of the forests and forest management issues. The presentation highlighted mainly the management issues, institutional issues and legal issues.

Similarly L. Mbwambo presented on Miombo Woodlands in Tanzania: distribution, ecology, management, utilization and some applied research. In his presentation he shed a light on overview about Tanzania, Miombo distribution, ecology, regeneration and utilization. The presentation also covered on social, cultural and ecological benefits of the Miombo forests.

Observation of the KVTC area

Kilombero Valley Teak Corporation (KVTC), which is owned by Common Wealth Development Co-operation (CDC), occupies 28000 ha of land that was leased with Government of Tanzania for 99 years. In 1992 Commonwealth Development Corporation identified Teak as target product to address global shortfall and Kilombero Valley is very suitable for the growth and development of teak, as the tree is very sensitive to its growth environment. In 1993 first Teak planted into KVTC, after an EIA, KVTC planned to be a Green Project and planted 4,860 ha of teak to date. A total of 12.5 Billion TSH's invested to date for the project.

The company conducted an EAI at the time of project inception and developed environmental policy as priority in 1993. The company is very much committed to maintain standards for not conversing evergreen forest throughout its activities. Recently the company seek further enhancement of its business and ISO 14001 certificates received last year. The company plan to achieve FSC certificate this year. KVTC shared its experiences regarding the preparation of the FSC certification. As a preparation, Soil Association Woodmark did an internal audit.

In Social sphere, the company contributed a significant to stakeholding villages (TSH's 150 Million) and village contractors spent TSH's 41 Million (2years as direct money whereas indirect contribution local economic empowerment Program (TSH's 103 Million last year) and Aids & Health related Program (TSH's 4.1 last year).

The company did several studies and prepared a number of reports. These are:

1. Socio-economic impacts of the company
2. Hydrological impacts of the company
3. Biological monitoring
4. Archeological survey

Several stakeholders consultation workshops were organized to address the issues identified during the internal audit.

The company does not produce and sell any timber and other products till date. But they have huge potential to sell teak timber in the near future. KVTC recently received environmental management system certification. To receive the ISO 14001 certification, the company did internal audit. The audit requested several corrective actions within the company.

Observation of the TANWAT (Tanganyika Wattle Company) Company

TANWAT (Tanganyika Wattle Company), it is also owned by CDC and it was founded in 1949, when the Commonwealth Development Corporation (CDC) took responsibility for a forest development project set up two years earlier by the Forest, Land Timber and Railways Company, to produce vegetable tannin extract from black wattle (*Acacia mearnsii*) bark, located in the Southern Highlands of Tanzania with 15,000 hectares of private forest business.

Production of tannin from wattle was the major source of revenue for the business until late 1960's when a decline in demand for leather goods, brought about by availability of cheaper synthetic alternatives. This resulted in an initiative aimed at exploring new global forestry product opportunities, reducing reliance on tannin products and creating prospects for increased revenue on a long-term basis. The Tanganyika Wattle Company is a fully owned subsidiary of CDC capital fund.

The operations expanded over the years and at present operations also include: the production of transmission, fencing and building poles from various Eucalyptus species; sawn timber from *Pinus elliotti* and *P. patula* plantations and the operation of a wood-fuelled power station.

During the visit six major observations were done. Those are:

1. Tanganiya wattle company
2. Saw mill
3. Electric power production
4. Kibena tea estate
5. Observation of forestry operation in TANWAT company including nursery practices
6. Visited and interacted with local people

Sharing of pilot certification activities in the participating countries:

A total of 33 participants from 26 countries shared the certification progress in their countries. The countries were Nepal, Ukraine, South Africa, Tanzania, Indonesia, Guatemala, Mongolia, China, Philippines, Malaysia, Laos, Swaziland, Belize, Chile, Guatemala, Venezuela, Colombia, Thailand, Vietnam, Zambia, Mozambique, Malawi Bosnia and Herzegovina, Cambodia, Bolivia and Kenya. The sharing of the participant's countries revealed that most of the countries were quite ahead in the certification except Mongolia. All participants shared the progress of pilot project to utilize and improve their training knowledge in the practical field. The pilot project activities are broadly categorized under the following

- Standard development/national working group formation and stakeholders consultation;
- Small forest owners-group certification (SLIMF) and community forestry certification;
- Non-timber forest products certification;

- Awareness and training for the forest certification;
- Chain of custody (CoC), marketing and processing;
- Preparation for certification implementation;
- Evaluating the impacts on ecology, economy and social aspects of forest certification;
and
- Social, biodiversity and economic assessment techniques and others.

The details of the pilot projects presentation are available in CDs and lists of presentation in **Annex 4**.

Some important observation and lesson learned of the visit

1. African continent as well forests were observed and knew the people and forest conditions and management system.
2. The government managed forest, community managed forest and private company owned forests were observed.
3. The land of Africa was found very productive and very short rotation were observed in the forest area
4. Two companies were observed and interacted with involved people. It is realized that even from small area (40000 ha) it can be produced a huge amount of money and resources and employment opportunities.
5. The companies are receiving ISO 14001 certification and trying to get FSC certification. To receive FSC certification the companies are improving several corrective actions requesting (CAR).
6. The companies are incorporating environmental aspects of especially on biodiversity monitoring using flagship species habitat manipulation.
7. The company provides a significant number of employment opportunities but it is not enough to address issues Tanzanian poverty.

Annex 1: List of participants for the International Training Program on Forest Certification

Name	Designation and Organization	E-mail
Steven Ngubane	Small Business Development Manager, Forestry South Africa, Pietermaritberg office, South Africa	fsasgg@global.co.za
Batsukh Nemekhjargal	Forest TDP Officer WWF Program office Mongolia	nbatsukh@majicnet.mn
Conrad Geldenhuys	Freelance Consultant Protocor Environmental Management System South Africa	Conrad@iafrica.com
Nurcahyo Adi	Indonesian Forest & Trade Network Coordinator WWF Indonesia	nadi@wwf.or.id
Reuben Nilus	Head, Ecology Section, Sabah Forestry Department, Forest Research Center, Sandakan, Sabah, Malaysia	Reuben.Nilus@sabah.gov.my
Ms. Bonne Kerr	Professor, University of Ubon, Thailand	Bkerr28@hotmail.com
Ram P. Acharya	Community Forestry Officers, ANSAB, Kathmandu, Nepal	RamAcharya@ansab.org
Xu Bin	Division Director and Assistant Professor, Research institute of Forestry Policy and Information, Chinese Academy of Forestry	xubin@caf.ac.ch
Dr. Gergiy v. Bondaruk	Forest Certification Project Leader, Ukrainian Research Institute of Forestry and Forest Melioration, Ukraine	Bondaruk_geogrgiy@list.ru
Ms. Marcela Paz Santelices A.	Forest Engineer Independent Consultant, Las Condes, Santiago, Chile	marcelasantelices@yahoo.com
Ms. Milanka Jovanovic	Advisor, Ministry of Forestry, Bosnia and Herzegovina.	milanka@rstel.net
Ms. Hercylia Estrela	Program Officer, World Vision, Agriculture Department, Mozambique	Hercylia_esyrela@wvi.org
Ms. Anabela Fernandes	Forest Engineer, Program Officer, World Vision, Agriculture Department, Mozambique	Anabela_fernandes@wvi.org
Ms. Judith Kamato	Lecturer, Forest Extension and Rural Development, University of Malawi, Bunda College of Agriculture, Malawi	jkamato@sdpn.org.mw
Pro. Judith Petit Aldana	Professor, University of Los Andes, Venezuela	Jepetit@intercable.net.ve
Chhin Vanary	Forest Officer, Forestry Administration, Kingdom of Cambodia	Vannarychhin@yahoo.com

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	Senior Forest Officer, Royal Forest Department, Bangkok, Thailand	ksuchat@hotmail.com
	Head, Swaziland National Herbarium Forestry Section, Ministry of Agriculture, Swaziland	sdnh@africaonline.co.sz
Dr. Rodrigo Mujica Hoevelmayar Severinus M. Jembe Roberto Del Gid Musonda Godfrey Pem Narayan Kandel	Forest Engineer, INFOR, Institute of Forestry, Chile Resource Manager, Good Woods projects, Kenya CONAP/AS/LSUR Guatamala Principal Forestry Officer, Zambia	rmujica@infor.cl cfcukilifi@yahoo.com crobdel@yahoo.com Godfrey_musonda@yahoo.com
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Bouakeo Phounsavath Dr. Zaki Mohmad Mr. Nonito M. Tamayo	Prime Ministers Office, STEA, Lao, P. D. R University of Putra, Malaysia Supervising Forest Management Specialist, FMB-DENR, Republic of Philippines	bouakeop@yahoo.com <a href="mailto:<bouakeop@yahoo.com">bouakeop@yahoo.com > mzaki@forr.upm.edu.my <a href="mailto:<mzaki@forr.upm.edu.my">mzaki@forr.upm.edu.my > Nonie_tamayo@yahoo.com

Annex 2: List of lecturers and resource persons in International Training Program on Forest Certification

Name	Address	E-mail
Mr. Klas Bengtsson	SSC-Svensk SkogsCertifiering AB, Sysslomansgatan 8 SE- 753 11, Upsalla, Sweden	klas.bengtsson@ssc-forestry.com
Mr. Borje Drakenberg	Skogsbiologerna AB/SSC, Risvagen 23, 13237 Saltsjobo, Sweden	drakenb@algonet.se or borje.drakenberg@ssc-forestry.com
Dr. Berty van Hensbergen	Wildhours-SSC, UK, London The Old Rectory, Maidstone Road, Nettlestead, Maidstone Kent, ME18 5EZ, UK	family@vanhens.freeserve.co.uk hensbergen@ssc-forestry.com
Ms. Sandra Rajanamandranto	SSC-Svensk SkogsCertifiering AB, Sysslomansgatan 8 SE- 753 11, Upsalla, Sweden	sandra@ssc-forestry.com
Mr. Inge Johansson	Swedish Forest and Timber Trade Union Svardsjovagen 41, 812 94, Ashammar	hagmuren@home.se
Maria Ines Miranda	Gerente /General Manager SSC-AMERICAS Phone: 56-2-2400349 Fax. 56-2-2419385	
Stephen Mariki	WWF- MIKUMI, Tanzania	
Peter Sumbi	WWF- MIKUMI, Tanzania	
L. MBWAMBO	Tanzania Forestry Research Institute, Tanzania	lrmbwambo@yahoo.com ; ngara-tz@morogoro.net

Annex 3: International Training Program November 15-27, 2004 on Forest Certification, Tanzania

Day	Place	Theme
(Saturday 13)	Dar es Salaam	Arrival of the participants, Kunduchi, Wet'n"Wild
(Sunday 14)	Dar es Salaam	Arrival of the participants, Kunduchi, Wet'n"Wild
Monday 15	Dar es Salaam	Arrival of the participants, Kunduchi, Wet'n"Wild
		Swedish Embassy Speech
		Welcome and cocktailparty from Swedish Embassy
		Dinner
		Sleep over Kunduchi, Wet'n"Wild, Dar Es Saalam
Tuesday 16	Dar es Salaam	Breakfast and checkout + Packlunch
		Official opening
		Division of Forests and Beekeeping
		Departure for Pugu Forest Reserve
		Tanzania Wildlife Sociaty
		Departure for Morogoro
		Lunch in the bus
		University of Sokoine Miombo Reserve
		Departure
		Arrival Mikumi National Park
		Welcome Dinner
		Lions etc.....
		Wednesday 17
National park	Game Drive Group 2	
	Game Drive Group 3	
	Breakfast	
	Introduction to forestry in Tanzania	
	Forest Certification in Tanzania	
	Coffe-break	
	Fire, Water , Bush and Grass	
	Introduction to Miombo and its use in Tanzania	
	Lunch at the waterhole	
	Introduction to Miombo and its use in Tanzania	
	Time for relax, Swimmingpool Lions etc...	
	Game Drive Group 4	
	Dinner at Mikumo	
	Sleep over Mikumo	
Thursday 18	Mikumi	Game Drive Group 5
	National park	Game Drive Group 6
		Breakfast

		Departure for KVTC
		Arrival to Udzungwa National Park
		Departure for KVTC
		Arrival at KVTC
		Welcome to KVTC lunch
		Ichima - Introduction to KVTC
		Teak pl., Enrichment in Miombo, Firetower, Test indigenous species
		Groupwork 1 KVTC - Feedback- First Impression
		Welcome Dinner to Ifakara and KVTC
Friday 19	KVTC, Ifakara	Breakfast
		Departure for Nakafulo and Mafinji
		Stops at roadside for different aspects of operation - KVTC
		Lunch in the field
		Groupwork and Discussion - Critical aspect for Forest Certification for KVTC
		Feedback Discussion
		Farwell Dinner KVTC - Barbeque
		TRAIN Leave for Makambako (Njombe)
Saturday 20	KVTC, Ifakara	Train arrive Makambako - Bus to Njombe
		Check in to hotels in Njombe + Breakfast
		Arrival at TANWAT, Southern Highlands
		Study tour processing plants
		Lunch
		TANWAT Groupwork on FSC Aspects I
		Presentation Groupwork
		Dinner at Chani Discotime!
Sunday 21	TANWAT, Njombe	Breakfast
		TANWAT Groupwork on FSC Aspects II
		Welcome to TANWAT
		Sunday Lunch/Dinner
Monday 22	TANWAT, Njombe	Breakfast
		TANWAT Groupwork on FSC Aspects III
		Field Lunch ?
		Group presentations and discussion - Feed back
		Tanzania Forest Act vs FSC certification
		Fare Trade. Kebena Tee plantation
		Dinner at Chani Discotime II ??

Tuesday 23	TANWAT, Njombe	Breakfast and Checkout
		Departure by Bus from Njombe to Dar es Salaam
		Arrival at Sao Hill
		Visit to Sao Hill Pine Planation and Sawmill
		Depart for Isimila
		Stop at Isimila - Stone Age Factory
		Lunch at Isimila
		Arrival at Dar es Salaam
Wednesday 24	Dar es Salaam	Early Breakfast + Check out
		Departure for Airport
		Flight to Zanzibar - Bus to Chwaka Bay
		Check in Chwaka Bay hotel
		Lunch
		6 Pilot Presentations
		Dinner Zanzibar
		Sleep in Zanzibar
Thursday 25	ZANZIBAR	Breakfast
	Chwaka Bay Resort	6 Pilot Presentations
		Option: NGO ??- Sustainable Forestry in Tanzania
		Lunch
		4 Pilot Presentations
		Tour Zanzibar
		Dinner Zanzibar
		Sleep in Zanzibar
Friday 26	ZANZIBAR	Breakfast
	Chwaka Bay Resort	6 Pilot Presentations
		Missing Topics - Lecture Discussions
		Lunch
		4 Pilot Presentations
		Summary - Discussion - Evaluation
		Farwell Party Zanzibar
		Sleep in Zanzibar
Saturday 27	ZANZIBAR	Breakfast
		Departure Flight to Dar or Boat to Dar
		Participants leave Tanzania
	Dar Es Salaam	Sleep in Dar Es Saalam
Sunday 28		

Annex 4: The list of pilot projects activities presentation on Forest Certification in Tanzania.

Pilot project presentations	
Georgiy Bondaruk	Preliminary analysis of the conformity of SARNY forestry activity according to FSC criteria
Jembe Severinus	Goodwoods certification process: wood carving project in Kenya
Ram Acharya	Certification and sustainable marketing of NTFP
Cesar Monje	Preliminary assessment of the economic, social and environmental aspect of a timber production by a small forest owner community in Choco Colombia.
Abel Masota	Development of joint forest management plans of forest reserves.
Reuben Nilus	Evaluating impact on forest certification at Deramakot FR. Sabah, Malaysia.
Somphone Bouasavanh	Evaluation impact on forest certification, Laos
Titus Dlamini	Towards sustainable forest management of natural forest and woodlands in Swaziland.
Anabela Fernandez and Hercylia Tombolane	Sissimuka Non Timber Forest products
Roberto del Cid	NTFP in the Mayon biosphere Reserve. Increase the benefits of the communities using NTFP (FSC labelled).
Suchat Kalyawongsa and Bonnie Kerr	Forest certification training in Thailand.
Judith Kamoto	Training government foresters and forest students in forest certification
Conrad Geldenhuys and Steven Ngubane	National standards development.
Godfrey Musunda	Towards National standards development for plantation forest in Zambia.
Marcela Santelices and Rodrigo Mujica	Development of a standard for natural forest for the forest certification scheme CERTFOR.
Judith Petit Aldana	Training forest students in Forest certification.
Tanya Santos	Promoting community participation in sustainable forestry in Southern Belize: the utilisation of FSC principles and standards as guide.
Adi Nurcahyo	Step wise approach toward certification, the obstacles and challenges.
Milanka Jovanovic	Development and testing of national standards for sustainable forest management and forest certification (link with national laws).
Xu Bin	Field-testing of FSC standards in Northern China.
Posma Panggabean	Functioning of CPP in National working group or comparison study between LGI and FSC standards.
Alejandro Aguilera	Improving current indigenous community hierarchical structures so as the FSC national

	standards.
Chhin Vannary	Analyse gaps of forest concession management plan of logging companies in Cambodia and their potential to get forest certification.
Francisco Shejamabu	Implementation of ISO 14001 standard at Tanwat.
Pem Kanel	Awareness raising on sustainable forest management and forest certification in Nepal

Annex 15: List of the activities undertaken during project period

List of activities in National, District and Settlement level

SN	Category	No of event	Venue	Participants			Remarks
				Male	Female	Total	
National level training and workshops							
Year 1							
1	Alliance activities planning meeting	1	Kathmandu	19	1	20	January 8-9, 03, Everest hotel, Kathmandu
2	Field visit and multi-stakeholders meetings	1	Dolakha	22	0	22	April 11-13, 03 Dolakha
3	Forest management and group certificate holder 'Get certified' workshop	1	Kathmandu	29	1	30	2-Jun-03
4	Forest management group certification discussion and feedback	1	Kathmandu	29	1	30	3-Jun-03
5	Develop Nepali specific indicators for the smartwood guidelines	1	Kathmandu	29	1	30	3-Jun-03
6	Chain of custody 'Get certified' workshop	1	Kathmandu	29	1	30	4-Jun-03
7	Chain of custody certification discussion and feedback	1	Kathmandu	29	1	30	5-Jun-03
8	Certification study visit	1	Brazil	4	0	4	August 8-19, 03, in Latin America
9	Forest management assessor training	1	Kathmandu	19	1	20	Nov, 03
Sub-total		9	0	209	7	216	
Year 2							
1	International training and exposure visit on forest certification	2	Swedeb, Tanzania	2	0	2	May 9-28, Sweden; August 20-29 Estonia and Latvia
2	SmartWood forest assessor training/workshop	1	Kathmandu	35	1	36	18-21 November 2003, Park Village Hotel Kathmandu
3	Group certification training to FECOFUN*	1	Katha	6	2	8	November 17 2003, FECOFUN Kathmandu
4	Leadership and Forest certification training workshop	1	Nepalgunj	29	5	34	April 16-25, Nepalgunj
5	Sustainable forest management and forest certification training/workshop	1	Kavre	21	1	22	February 4-6, 2004 Budol Kavre
6	CoC training	1	Kathmandu	21	1	22	June, 2004
Sub-total		7	0	114	10	124	
Year 3							
1	Forest certification review and planning meeting	1	Kathmandu	38	11	49	Organized by FECOFUN in Staff college, Kathmandu
2	Orientation training on Forest certification for executives	1	Kathmandu	14	10	24	Organized by FECOFUN in Staff college, Kathmandu

				Participants			
3	Forest certification and sustainable forest management training	1	Gorkha	24	6	30	FECOFUN representatives and DFO staff from Gorkha, Lamjung, Tanahun, Myagdi, Baglung, Kaski, Parbat held in Gorkha district
4	Sharing meeting	1	Kathmandu	10	0	10	4 Jan, 05, ANSAB
5	Meet the Press	1	Kathmandu	43	4	47	10 Jan, 005, Hotel Himalayan
6	PPA Conference	1	Kathmandu	87	14	101	Jan 11, 05 in Hotel Himalayan
7	Alliance annual review and planning meeting	1	Nagarkot	23	2	25	January 11-13, 05, Club Himalaya, Nagarkot
8	NNN sharing meeting	1	Kathmandu	23	2	25	9-Feb-05
9	Natural product expo	1	USA	1	0	1	17-20 Mar, 05 in USA of GAC rep.
10	National Stakeholders Workshop on Forest Certification	1	Kathmandu	106	9	115	24-Mar-05
11	Enterprise management and development training	1	Nagarkot	24	6	30	April 9-13, 05, Nagarkot
12	Market study visit	1	India	7	0	7	April 23-May 7, 05, India, AHI, HBTL, GAC, ANSAB
13	Alliance sharing meeting	1	Kathmandu	11	1	12	May 30, 05, FECOFUN, DPR, GAC, HBTL, SNV, ANSAB
14	Timber guideline preparation workshop	1	Kathmandu	47	5	52	13 July, 05, Hotel Himalayan
15	Chain of custody workshop	1	Kathmandu	24	1	25	14 July, 05, Hotel Himalayan
16	Workshop on underutilized fruits species	1	India	1	0	1	14-17 Sept, 05 in Pune, India of AHI rep.
17	PPA lesson learnt workshop	1	Kathmandu	34	1	35	Aug 23-25, 05, Hotel Park Village
18	CoC seminar	1	Kathmandu	58	6	64	17 Sept, 005, Hotel Himalayan
19	Program monitoring and exposure visit	1	Dolakha	7	0	7	Sept 26-28, 05, Dolakha, USAID, DOF, HBTL, ANSAB
Sub-total		19	0	582	78	660	
Total		35	0	905	95	1000	

District Level training, workshops and meetings-Dolakha

Year 1

1	NTFPs policy analysis workshop	1	Charikot	14	8	22	Identified six NTFPs that have potential for marketing and enterprise development.
2	NTFPs supply consolidation network	1	Jiri	12	4	16	Discussed possibilities of promoting CBFE and marketing effort of FUGs and other producers. Formulated task force for

				Participants			
							marketing and enterprise development.
3	NTFPs supply consolidation network	1	Jiri	9	4	13	Discussed possibilities of promoting CBFE and marketing effort of FUGs and other producers. Formulated task force for marketing and enterprise development.
4	Entrepreneurship development and management training	1	Charikot	13	9	22	Raised awareness on forest based enterprise opportunities in district and developed plan to establish network enterprise in Jiri and Charikot.
5	Certification training	1	Charikot	17	7	24	Raised awareness on group certification, gap analysis and technical assistance to FUG capacity building and improvement of OP and their systems.
Sub total		5	0	65	32	97	
Year 2							
1	Workshop on Selection and prioritization of FUGs and CBFEs for certification	1	Charikot	6	0	6	Selected 16 FUGs for certification in Charikot and Jiri area
2	Workshop on OP preparation	3	FUG level	32	6	38	Gap analysis and OP draft preparation
3	Workshop on Certification in FUG level.	5	FUG level	91	52	143	Sustainable forest management and certification
4	Review workshop on certification activities in the field.	2	Charikot	16	8	24	Progress presentation, suggestion, feedback and planning.
5	Workshop on Cooperative strengthening	2	Charikot	49	8	57	Progress presentation, cooperative registration, investment survey, share distribution strategy.
6	Site level certification training	1	Charikot	17	7	24	Orient sustainable forest management, FSC principle, criteria for FUGs certification
7	Certification training to facilitator	1	Charikot	8	9	17	Orient sustainable forest management, FSC principle, criteria for FUGs certification
8	Entrepreneurship development training.	1	Charikot	21	1	22	Organized by DFO and Facilitate by ANSAB team.

				Participants			
9	Meeting with cooperative committee member	2	Charikot	28	5	33	Business plan preparation of Major NTFPs and tree species, Coordination among cooperative, private entrepreneur and FUGs.
Sub total		18	0	268	96	364	
Year 3							
1	Review and planning workshop	2	Charikot	36	6	42	Review programs and prepared implementation plan for next year.
2	MIS workshop	2	Charikot	34	2	36	Shared and review MIS activities, prepared task force for district level MIS.
3	Pasture management workshop	3	Charikot, Boch and Jiri	64	6	70	Discussed, understanding and finalized between CFUG and yak grazer on indigenous rights of yak grazing, allocate pastureland area by CFUGs and prepared operational plan for pastureland management.
4	Enterprise management workshop	2	Charikot	44	9	53	Discussion on common understanding among the stakeholders for enterprise initiation.
5	Enterprise planning and coordination workshop with existing entrepreneurs.	3	Charikot and Boch	73	0	73	Discussion on common understanding among the stakeholders for enterprise initiation.
6	Production norms development workshop	1	Boch	17	6	23	Developed production norms to effectively operate the enterprise.
7	General assembly of FECOFUN	1	Charikot	46	47	93	Established new district chapter of FECOFUN.
8	Team building workshop to FECOFUN, Dolakha	1	Charikot	18	11	29	
9	LRP development training for forest certification	1	Charikot	8	12	20	Developed LRP for implementation of certification program in field level.
10	LRP development training for enterprise promotion	1	Charikot	7	18	25	
11	NTFPs inventory training to DFO staff and Users	1	Charikot	12	7	19	Discussed and practiced on NTFPs inventory methods.
12	Allo processing training	1	Charikot	6	12	18	Give practical training to participants for good quality allo textile preparation.
13	Training to FUG on Record keeping and fund management	1	Charikot	29	2	31	

				Participants			
14	Exchange visit	1	Bajhang, Dolakha	13	1	14	Shared knowledge and learned best practices.
15	Paper market study visit	1	Ktm	8	1	9	Verbal agreement was made between BNPP Pvt. Ltd and BPI for the supply of 200 kori paper every month.
16	FUG level Enterprise management and technical skill development training.	2	Charikot	25	19	44	
17	Area level NTFPs marketing network development and enterprise promotion training	1	Charikot	29	3	32	Jointly conducted by ANSAB, DFO and DDC with the help of external consultant. Prepared and or analyzed the small scale business plan for the income generation and livelihood activities.
18	CoC training	1	Charikot	15	1	16	
19	Bimonthly meeting with DFO	2	Charikot	34	3	37	
20	Meeting on enterprise management with company board.	6	Charikot	72	9	81	Discussion on enterprise management and operation.
Sub total		34	0	590	175	765	

District Level training, workshops and meetings-Bajhang

Year 1

1	NTFPs supply consolidation network	1	Chainpur	44	15	59	one network preparation and initiation of empowerment.
2	NTFPs harvesting, processing and marketing training	2	Chainpur	25	42	67	Training conducted about, NTFPs harvesting technique and Marketing of major commercial Spps including lokta.
Sub total		3		69	57	126	

Year 2

1	Selection and prioritization of FUGs and CBFs for certification	1	Chainpur	14	3	17	Selected 6 FUGs for certification in SHREEHERBEL and Rilun area
2	District level forest certification training	1	Chainpur	22	9	31	One Training conducted with the participation of district level stake holder
3	Allo processing training	1	Chainpur	17	4	21	three month, training conducted by the co-ordination with Care Nepal and CSIB
4	LRP development training	1	Chainpur	29	4	33	7 days, training conducted by the co-ordination with district forest office
5	FUG formation and facilitation training	1	Chainpur	16	8	24	lead by FECOFUN for training conduction

				Participants			
6	NTPF policy discussion workshop	1	Chainpur	35	1	36	workshop conducted with the co ordination of HJSS
7	Annual review w/s	1	Chainpur	8	9	17	One day meeting organized by DDC
8	Planning meeting	1	Chainpur	11	6	17	One day meeting conducted
	FUG co-ordination meetings	5	Chainpur	103	25	128	five meetings organized
	Metting with NTFP trader	1	Chainpur	5		5	Informal meeting with NTFP trader in individual level.
	Meeting with Lokta enterprenur	1	Chainpur	4		4	Informal meeting with lokta entrepreneurs.
Sub total		15		264	69	333	
Year 3							
1	FUG/LRP co-ordination meeting	4	Chainpur	93	18	111	FUG representative and LRPs of selected FUGs were participated.
3	New FUG Selection meeting for certification	3	Chainpur	18	2	20	Three FUGs are selected for Certification
4	District level stakeholder meeting	1	Chainpur	23	2	25	District leve stakeholders were participated
5	District NTFP co-ordination committee meeting	1	Chainpur	14	0	14	one day meeting conducted
6	NTPF management cultivation and harvesting in district level	1	Chainpur	20	9	29	3 days training conducted and make a plan for field based training
7	coordination meeting with DFO	1	Chainpur	19	2	21	One day meeting conducted for co-ordination with DFO and FUG representative
8	New FUG 's LRP development training	1	Chainpur	7	5	12	3 days facilitation and FUG formation skill transformation training coducted for 4 new certification selected FUGs
9	Meeting with FECOFUN Focal team	4	Chainpur	18	4	22	this meeting conducted 2 times in this periord
10	District level certification workshop	1	Chainpur	32	1	33	one day work shop conducted
11	Interaction meeting with FECOFUN	1	Chainpur	8	7	15	2 days interaction meetings conducted
12	Workshop on NTFPs possibilities at Bajhang	1	Chainpur	9	0	9	One days work shop coducted with DFO and find out major commercial NTFPs
13	COC Training in District	1	Chainpur	27	3	30	two days workshop conducted for FUG and enterprise representatives

				Participants			
14	Workshop on Certification conditions	1	Chainpur	35	5	40	two days workshop conducted for certified FUG representatives
15	Commercial NTFPs price brodcasting by FM	24	Hemantawada			0	Sipal FM broad cast monthly prise list of commercial NTFPs of Major cities of Nepal and India.
16	Exposure Visit	1	Ktm, Dolakha	13	1	14	Visit certified forest of Dolakha and experience shairng.
17	Enterprise Management and technical skill development training	1	Chainpur	28	5	33	Training conducted for SHREEHERBIL Enterprise network.
18	Area level NTFP marketing network development and enterprise promotion training	3	Chainpur	53	6	59	Activity conduct for empower to shreeherbil co-oprative and allo network
19	Shreeherbil enterprise management support	1	Chainpur	44	6	50	Support for co-oprative shop inauguration.
20	Allo enterprise meeting	3	Chainpur	59	1	60	meeting conducted and ragistered a allo enterprise
21	Meeting with Shreeherbil cooprative	2	Chainpur	27	0	27	One day meeting coducted and decided further strategies, two times
22	Regular supervision and shairng about Shreeherbil co-oprative shop	5	Chainpur	0	0	0	Participate the regular meetings and give proper suggestion.
23	Shreeherbil Assembly support	1		45	9	54	Two days training conducted and make a business plan of allo enterprise
24	Allo enterprise management sport	1		22	1	23	two days meeting conducted
25	Allo business plan preparation	1		0	0	0	data collection by district level meetings and business plan preparation
Sub total		64		614	87	701	
Total district		139		1870	516	2386	

Settlement level training, workshops and meetings-Dolakha

Year 1

1							
Sub total		0	0	0	0	0	

Year 2

1	Cluster level training on NTFPs cultivation, harvesting, processing and marketing.	4	Proposed FUGs	83	56	139	Realized importance of NTFPs, aware resource conservation, appropriate practice of harvesting method, season and group marketing concept.
2	Cluster meeting in FUG level.	152	Proposed FUGs	1990	1257	3247	Orientation on sustainable forest management, FSC principle, criteria for

				Participants			
							FUGs certification.
3	Committee meeting and assembly in FUG level	15	Proposed FUGs	353	235	588	OP revision, resource inventory planning and OP finalization.
4	Certification orientation on household level.	6	Proposed FUGs	728	588	1316	Review existing situation of FUG and planning for further OP preparation.
Sub total		177	0	3154	2136	5290	

Year 3

1	Account and governance training	3	Proposed FUGs	68	40	108	
2	Settlement level forest certification training	47	Proposed FUGs	550	420	970	14 settlement level training conducted.
3	FUG level certification training	2	Proposed FUGs	18	3	21	Developed LRP for implementation of certification program in Balamdamji CFUG.
4	Settlement level endangered species management training	30	Proposed FUGs	404	269	673	
5	Settlement level NTFPs management, harvesting and storage training	35	Proposed FUGs	581	322	903	
6	Meeting on enterprise feasibility	2	Proposed FUGs	19	2	21	Discussion on allo processing and timber harvesting and seling through community.
7	Meeting on enterprise initiation	4	Proposed FUGs	29	4	33	Discussion on initian of allo processing and establishment of community based lokta paper processing unit with the coordination of 10 CFUGs and 4 private entrepreneurs.
Sub total		123	0	1669	1060	2729	

Settlement level training, workshops and meetings-Bajhang

Year 1

1	Allo production and marketing w/s	1	Rilu	44	12	56	Raised awareness on allo enterprise oppertunities in district and developed plan to establishe a collective enterprise of allo processing.
2	Enterprise management training/workshop	1	Malika	26	8	34	Discussed on enterprise management issues, introduced effective system for production.
3	Accounting and record keeping training	1	Malika	13	5	18	Discussed on enterprise management, record keeping issues,

				Participants			
							introduced effective system for production and record keeping.
Sub total		3	0	83	25	108	
Year 2							
1	FUG cluster meeting	33	Porposed FUGs	942	446	1388	
2	Site level certification training	1	Kailas	16	7	23	One work shop conducted and orient sustainable forest management, FSC principle, criteria for FUGs certification
3	FUG level Certification training	5	Porposed FUGs	112	54	166	
4	Product development training	1	Kailas	8	5	13	one month, training conducted by the co-ordination with Cotage and small scale industry office, Ktm.
5	Forest management training	5	Porposed FUGs	87	32	119	
6	FUG HH. visit		Porposed FUGs	0	0	0	Activity conducted by LRP
7	FUG tole meeting	54	Porposed FUGs	1200	611	1811	FUG tole meeting conducted by LRP
8	FUG interest group meeting	24	Porposed FUGs	501	175	676	Activity conducted by LRP
9	FUG general assembly	5	Porposed FUGs			0	Activity conducted by FUG
10	Fisibility study in SHREEHERBIL area		Porposed FUGs			0	Major forest product find out for enterprise
11	FUG level meeting about Allo enterprise	9	Masta, Rilü	85	70	155	How to conduct allo Enterprise, major problem and solution
12	CF resource inventory			2951	0		
Sub total		137	0	5902	1400	4351	
Year 3							
1	CFUG shairing meeting	2	Kailas, Ranada	68	33	101	Committee members, LRPs, and others some members are participated in this meeting
2	CFUG committee meeting	11	Selected FUG	0	0	0	regularly participate and give suggestion in every selected FUG 's committee meetings
3	NTPF management cultivation and harvesting training in cluster level	11	Selected FUG	291	85	376	FUG conducted field based training with the help of ANSAB
5	FUG level forest certification training	5	Proposed FUGs	221	47	268	one day training conducted
6	FUG social mobilization (tole meetings)	5	Proposed FUGs	0	0	0	Awareness program about OP conducted by old 6 FUGs and CF oreantation program

				Participants			
							conducted by New 5FUGs in cluster level
7	OP emplementation training	1	Kailas	15	17	32	Two days training conducted for CF committee and others tole level leaders
8	FUG Area Survey by GPS	1	Luyanta	5	0	5	completed this forest area survey
9	Forest resource inventory	4	Proposed FUGs	54	0	54	activities were completed with the active participation of FUG.
10	FUG Awarness by Deuda songs in Kailas	2	Kotdewal, Masta, Kailas	788	1076	1864	FUG conduct cultural program for awareness about CF
11	Monitoring data collection	4	Proposed FUGs	8	4	12	LRPs collected data by the HH visit of FUG
12	FUG tole meetings	46	Selected FUG	1152	746	1898	LRPs facilitated this program with the help of ANSAB and FECOFUN
13	FUG capacity building and OP preparation support	4	Proposed FUGs	397	129	526	FUG mobilization, conduct meetings and prepared Ops
14	Settlement level NTFP marketing network strength meetings	4	Shreeherbil area	125	32	157	FUG committee and other members were participated
15	Allo processing training	8	Rilu and Masta	41	54	95	One month long Allo thread making skill transformation training conducted in 8 cluster of Rilu and Masta VDCs
16	Meeting of Malika Handmade paper enterprise	2	Kailas	22	3	25	one day meeting conducted
17	Settlement level Allo network strengthening, meeting	9	Rilu, Masta	181	180	361	One day meeting conducted in 11 settlement
Sub total		119		3368	2406	5774	
Total settlement		559		14176	7027	18252	
Grand total		733		16951	7638	21638	

**Annex 16: A report on herbal tea development
from FSC certified products**

**Herbal Tea Development
from FSC Certified Products
September-2005**

Alternative Herbal Products (P) Ltd.

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I. BACKGROUND

Nepal's varying geophysical conditions provides ample space to harbor different types of herbal species. Most of the herbs of different climatic zones such as Pakhanved (*Bergenia ciliata*), Padamchal (*Rheum australe*), Sugandhwal (*Valeriana jatamansi*) etc are still under utilized due to various causes. Such herbs grow in marginal lands and often grow with less input for cultivation. Generally, they are in access of the disadvantaged groups of people in the locality.

However, occurrences of such herbs do not matched with the people's living conditions. Many of the primary producers of such herbs are deprived of basic necessities two meals. But there is a growing segment of market for biological herbal products such as herbal teas. If we look at the market environment, we find that there is increasing interest on health foods. There is growing concern on health and environment. People have increasing their craze for consuming wild and semi-wild herbal products with a new taste. When the product has medicinal properties, its demand goes naturally high.

Alternative Herbal Products (AHP) aimed to develop new herbal tea from FSC certified NTFPs that could meet the growing demands of organic herbal products in national as well as the international markets. AHP, since its establishment in 1998, has been working on herbal teas. It was instrumental in creating the market for **Gurjo** (*Tinospora cordifolia*) by designing the tea as a new product. The product is still in demand in Belgium despite difficulties to maintain microbiological safety standards. **Arogya**, another herbal tea from AHP, is doing normal but is obviously taken as a medicine rather than an herbal tea. **Tirasana** and **Tangrina** Tea are also getting momentum normally. Yet, most of the herbal tea manufacturers of Nepal are not seriously caring the taste and interest of the consumer. So AHP wished to take up this niche by designing a tea product so that consumers could enjoy with the taste and naturalness.

Alternative Herbal Products (P) Ltd. (AHP) is a value driven, high-quality herbal/agro products manufacturer and supplier registered in 1998. It is mentioned in the charter of AHP that it can manufacture ayurvedic/organic products such as herbal tea, organic tea, ayurvedic tonic, sorbet (squash), herbal drinks, dry foods, spices, ayurvedic cream etc. using herbs and/or agro products and supply in national as well as the international markets. However, it has been producing and marketing juice products and herbal tea at present.

AHP was looking for the time to work further on the development of herbal tea from FSC certified herbs. ANSAB from the PPA project supported AHP to work further on it by providing the product development fund. This report presents *the herbal tea design and development using FSC certified herbs such as Pakhanved (Bergenia ciliata), Majito (Rubia cordifolia) and Sugandhwal (Valeriana jatamansi)*. In this product development research, AHP made an inventory of FSC certified potential raw material, assessed the market potential and competition, formulated a new tea, and planned to bring it to the market. By promoting such certified products, AHP has ample opportunity to provide benefit to the FSC certified FUG in Dolakha and Bajhang, its fair pay and environmental concerns as usual of the enterprise policy.

II. OBJECTIVE

The overall objective of this product development research was to design and develop herbal tea, suitable for everyday use, using FSC certified raw materials. More specifically this research was designed to develop or formulate a palatable and compatible mixture of natural herbs for routine use as healthier tea by using FSC certified raw materials.

III. METHODOLOGY:

Using the following methods, AHI carried out the herbal tea product development activities:

- Review of texts and previous research works
- Marketing research
- Processing of ingredients and trial of various combinations
- Trial production and market test
- Lab tests

Review of texts and previous research:

Referred and authentic Ayurvedic texts were reviewed for medicinal as well as physical-chemical properties of the ingredients used in tea manufacturing. The reviewed journals include uses of the herbs, chemical properties of the herbs, value of the herbs on human health and herbal supply chain and sustainability, herbal tea, FSC certification and uses of FSC logo. Then, eleven herbs were selected, which were prescribed in Ayurveda to balance both body and mind in a natural way. Most of these herbs are abundantly available in Nepal and local people are using these for centuries traditionally.

Table 1: presents the useful parts and medicinal properties along with their main chemical constituents of the selected herbs. Among the other NTFPs, Sugandhawal (*Valeriana wallichii*), Pashabhed (*Bergenia ciliata*) and Majishtha (*Rubia cordifolia*) were carefully observed on the main constituents, and medical properties. Those products were helpful to energize and maintain the body and mind of the human. Previously Padamchal was planned to utilize in the herbal tea but when referred literatures and consultations with Ayurvedic doctors, it was discarded since it has not matched in the Ayurvedic formula. Majistho was used because it matches the combinations of the proposed tea design in terms of color, tastes and recipes.

Table 1: Medicinal properties and part used of the selected NTFPs

Vernacular name	Latin Name	Parts Used	Main Chemical Constituents	Properties			
				Rasa	Guna	Virya	Vipaka
Sugandhawal	<i>Valeriana wallichii</i> *	Root	Valerianic acid, volatile oil	Tikta, Katu, Kashaya	Laghu, Snigdha	Ushna	Katu
Pashanabhed	<i>Bergenia ciliata</i> *	Root	Tannic acid, gallic acid, starch	Katu, Tikta	Laghu, Tikshna, Snigdha	Sheeta	Katu
Padamchaal	<i>Rheum emodi</i> *	Root	Emodin, Chrysophenol, sennoside A & B	Tikta, Katu	Laghu, Ruksha, Tikshna	Ushna	Katu
Yashtimadhu	<i>Glycyrrhiza glabra</i>	Root	Glycyrrhizin, liquiritin, starch	Madhura	Guru, Snigdha	Sheeta	Madhura
Guduchi	<i>Tinospora cordifolia</i>	Stem	Giloin, giloinin, berberine, starch	Tikta, Kashaya	Guru, Snigdha	Ushna	Madhura
Shunthi	<i>Zingiber officinale</i>	Rhizome	Gingerol, gingerone, volatile oil	Katu	Laghu, Snigdha	Ushna	Madhura
Manjishtha	<i>Rubia cordifolia</i> *	Root	Manjisthin, purpurin, xanthine	Tikta, Kashaya, Madhura	Guru, Ruksha	Ushna	Katu
Raktachandan	<i>Pterocarpus santalinus</i>	Hardwood	Santalol, pterocarpin	Tikta, Madhura	Guru, Ruksha	Sheeta	Katu

Shatapushpa	<i>Anethum sowa</i>	Seed	Anethene, volatile oil, fixed oil	Katu, Tikta	Laghu, Ruksha, Tikshna	Ushna	Katu
Pippali	<i>Piper longum</i>	Fruit	Piperirne, pipartine	Katu	Laghu, Tikshna, Snigdha	Ushna	Madhura
Tejapaat	<i>Cinnamomu m tamala</i>	Leaf	Cinnemic acid, eugenol, volatile oil	Madhura, Katu, Tikta	Laghu, Tikshna, Picchhil	Ushna	Katu

* FSC certified.

Market review of the similar products:

A market review on Kathmandu valley was done to identify similar products in the potential markets, the ingredients and market competition status. The heart market places were New road, Thamel, Baneshwor, Bahtbhteni and Lalitpur especially on Thamel Supermarket, Bhatbhateni Supermarket, teashops of the Newroad (Khetan Tea Shop, Rohit teashop, Bajaj tea shop, Navin teashop etc), Tea city, Navadurga, Baneshwor departmental stores from Baneshwor, Lalitpur tea corner and Namaste Supermarket. A total of 12 types of herbal tea products were found in the market from five herbal tea-processing enterprises (Alternative Herbal Industries, Gorkha Ayurved Company, NN Herbal, Sighdurbar Vaidha khana, and Everest Herbs). Table 2: summaries the similar products, their ingredients and manufactures in Kathmandu valley.

Table 2: Herbal tea varieties and manufactures in the Kathmandu valley

SN	Product Name	Ingredient used	Manufacturers
1	Himalayan Herbal Gastric Tea	1) <i>Sutho (Zinziber Officinale)</i> 2) <i>Embilia Ribes,</i> 3) <i>Amomum Subulatum,</i> 4) <i>Tejpat (Cinnamomum Tamala)</i> 5) <i>Syzygium Aromaticum,</i> 6) <i>Cyperus Rotundus,</i> 7) <i>Operculina Turpethum,</i> 8) <i>Gurjo (Tinospora Cordifolia)</i> 9) <i>Yashtimadhu (Glycyrrhiza Glabra)</i> 10) <i>Amala (Embilica Officinalis)</i> 11) <i>Harro(Terminalia Bellirica)</i> 12) <i>Barro(Terminalia Chebola)</i> 13) <i>Cymbopogon Citratus.</i>	N.N Herbal Industries (P) Ltd.
2	Jumli	14) <i>Thymus Linearis,</i> 15) <i>Mojorana Hortensis,</i> 16) <i>Gurjo (Tinospora Cordifolia)</i> 17) <i>Mentha Arvensis.</i> 1) <i>Guduchi (Tinospora cordifolia)</i> 2) <i>Tejpat (Cinnamon tamala)</i>	Gorkha Ayurved Co. (P) Ltd.
3	Gurmarbu Tea	1) <i>Gurmarbuti (Gymnema sylvestre),</i> 2) <i>Guduchi (Tinospora Cordifolia),</i> 3) <i>Chirayita(Swertia chirayita),</i> 4) <i>Green Tea (Camellia Sinensis),</i> 5) <i>Lemongrass (Cymbopogon Flexuosus),</i> 6) <i>Purified Shilajit(Asphaltum)</i>	Everest HerbsProcessing (Pvt) Ltd
4	Yarchagumba Tea	1) <i>Cordyceps Sinensis(Yarsagumba),</i>	Everest Herbs Processing

SN	Product Name	Ingredient used	Manufacturers
		2) Tinospora Cordifolia 3) (Guduchi) 4) Zingiber Officinale (Ginger),	(Pvt) Ltd.
6	Tulsi Herbal Tea	1) Tulasi (Ocimum sanctum) 2) Pippali(Piper longum), 3) Tejpatra(Cinnamomum tamala), 4) Sunthi (Zingiber officinale)	Singhadurbar Vaidyakhana Vikas Samiti
7	Himalayan Tulsi Tea	1) Ocimum Sanctum Linn, 2) Piper Longum Linn, 3) Zingiber Officinale Rosc, 4) Glycyrrhiza Glabra Linn, 5) Cinnamomum Tamala, 6) Amomum Subulatum 7) Syzygium Aromaticum Linn	N.N Herbal Industries (P) Ltd.
8	Siddartha Herbal Tea	1) Ocimum Sanctum, 2) Piperlongum, 3) Tinospora Cordifolia, 4) Acia Catechu, 5) Aegle Marmelos, 6) Cymbotogon Citrates, 7) Amomum Subulation, 8) Cinnamomum Tamala, 9) Glycyrrhiza Glabra, 10) Zingibar Officinale.	Siddartha Herbal (Pvt.) Ltd. Kapilvastu.
9	Gurjo Herbal Tea (In Five Taste)	1) Gurjo 2) Jasmine 3) Lemongrass 4) Mint 5) Cinnamon 6) Ginger	Alternative Herbal Products (P) Ltd. Lokenthali, Bhaktapur
10	Tirsana Lemon Tea	1) Lemongrass 2) Cinnamon Leaf 3) Yesthimadhu	Alternative Herbal Products (P) Ltd. Bhaktapur
11	Tangrina Tea	1) Green Leaf Tea 2) Orange Peel, 3) Lemon Fruit, 4) Lemon grass, 5) Pomegranate Peel, 6) Yesthimadhu	Alternative Herbal Products (P) Ltd. Bhaktapur.
12	Arogya Herbal Tea	1) Terminalia Chebula, 2) Terminalia Bellirica, 3) Phyllanthus Emblica, 4) Tinospora Cordifolia	Alternative Herbal Products (P) Ltd. Bhaktapur

From the above table it is clear that Sugandhawal (*Valeriana wallichii*), Pashabhed (*Bergenia ciliata*) and Majishtha (*Rubia cordifolia*) were not used for raw materials for the purpose of herbal tea production. The available products of the markets are in **Annex XX**.

Processing of ingredients and trial of various combinations

Different 11 dried raw materials for the trial of herbal tea were collected in plenty quantity (most of them kgs) in manufacturing unit. Then, all the raw materials acquired were cleaned separately and were sorted them. After completion of sorting of all necessary raw materials, washing has been done very carefully. The washed products were blanched by putting them into boiled water for a short time. Grinding and sieving has been carried out and the sieved raw materials were mixed in different proportion to produce various type of herbal tea with different taste. Finally, the quality of each tea has been assessed separately. **Annex XX** provides the photos related to the mixing of the raw materials in various propositions.

Processing methodology of the herbal tea from FSC certified raw materials are presented in the **Figure 1**.

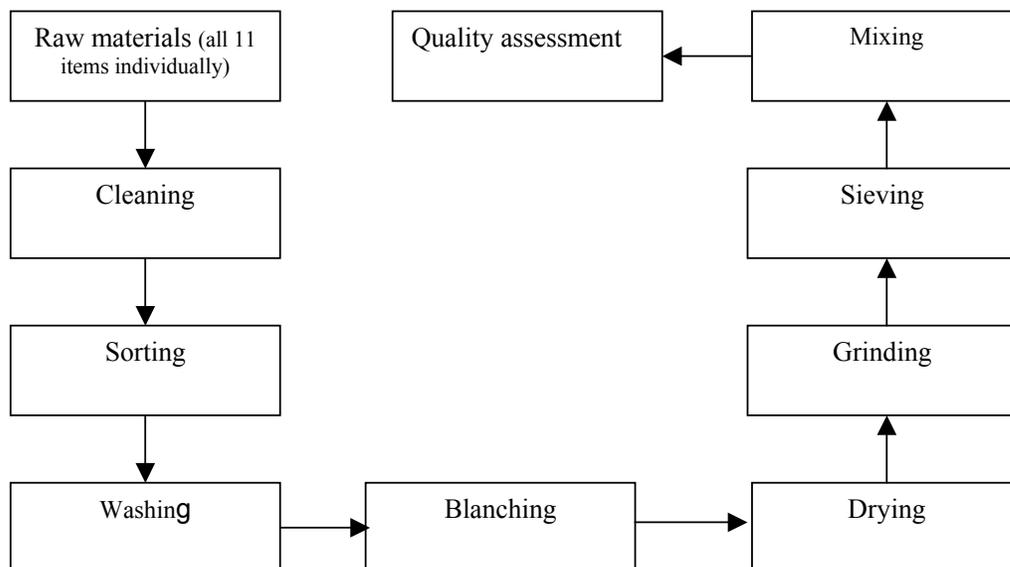


Figure 1: Flow Diagram of the processing of the new product design (herbal tea)

Collection and preparation of raw ingredients:

All the above-mentioned herbs were collected, well identified, cleaned, dried and again graded. The first grade herbs were separately powdered by prescribed method under close supervision with great hygienic care to prevent microbial contamination. **Annex XX** shows the details of the raw materials purchase and processing.

Formulation trail:

To prepare a suitable formula, coarse powder of the above mentioned selected herbs were weighed separately and mixed homogeneously in various proportions considering their properties and compatibility to each other as given in Table 3. Eleven combinations were tested during the sample production.

Table 3: Proportion of the herbs tested in the samples

S.N	Name of Herbs	Part used	Percentage of herbs in the various samples											Remarks
			I	II	III	IV	V	VI	VII	VIII	IX	X	XI	
1.	*Valeriana wallichii DC.	root	25	30	30	30	30	30	20	30	30	30	25	FSC Certified
2.	*Bergenia ciliata (Wall.) Engl.	root	10	30	30	-	-	-	-	30	20	20	20	FSC Certified
3.	*Rheum emodi Wall.	root	25	-	-	30	30	30	20	-	-	-	-	FSC Certified
4.	Glycyrrhiza glabra Linn.	root	10	10	10	10	10	-	10	10	10	5	5	
5.	Tinospora cordifolia (Willd.) Miers.	stem	15	10	15	10	15	20	20	10	10	-	-	
6.	Zingiber officinale Rosc.	rhizome	5	5	10	10	10	10	10	10	10	10	10	
7.	*Rubia cordifolia Linn.	root	5	10	-	10	-	10	20	5	15	20	25	FSC Certified
8.	Pterocarpus santalinus Linn.	hrt. wd	-	-	-	-	5	-	-	-	-	-	-	
9.	Anethum sowa Kurz.	seed	-	5	5	-	-	-	-	5	5	5	5	
10.	Piper longum Linn.	fruit	5	-	-	-	-	-	-	-	-	-	-	
11.	Cinnamomum tamala Nees.	leaf	-	-	-	-	-	-	-	-	-	10	10	
Total percentage			100	100	100	100	100	100	100	100	100	100	100	

All of the above samples were packed separately in sterile plastic bags with their serial numbers like I, II, III and were maintained records properly.

IV. METHOD OF PREPARATION AND TEST:

Then, each sample was separately prepared for comparative test of color, flavor, scent, and taste in following way:

Half teaspoonful of the powder from each sample was kept into a clear glass (separately into 9 glasses) 250 ml of boiled water poured or mixed and stirred slowly by separate spoons for about 5 seconds for all samples. Each of the participants was given 50 ml tea to test the scent, flavor, color, taste, perceptions and feelings and then it was immediately recorded.

Observations

- Observation of color, scent, flavor and taste of each samples were carried out by five persons.
- The observations, perceptions and feelings of the people were immediately recorded separately for the further analysis.
- All recorded observations, feelings and perceptions were compared to each other and shared the observations and experiences.
- Among different five samples three samples were selected for further test and analysis. Three samples were selected based on the outlook, human tastes and moderate scent.
- The selected three samples were tested in the same manner as explained for the five samples

From the above samples, observation and perceptions based on the tested people, the ratio of **no XI sample** was found most appropriate to further development of the herbal tea.

Selection of the best formula (herbal ratio):

From the different samples mentioned above, no XI was selected as the best one. Table: 4 shows the name and proportion of the herbs in the selected sample along with their main actions and uses:

Table 4: Percentage of the herbs used, their actions and uses

S. N	Name of Herbs	Part used	% of herbs used	Main Actions and uses
1.	Valeriana wallichii D.C. Sugandhabaal (Valerian)	root	25	Carminative, anti-spasmodic, diuretic, analgesic, cardiac stimulant, sedative, anti-poisonous; useful in diarrhoea, gout, arthritis and epilepsy.
2.	Bergenia ciliata Wall. Pashanabhed (Rockfoil)	root	20	Diuretic, anti-diarrhoeal, anti-pyretic, anti-scorbutic, anti-poisonous; useful in dysenteric, urinary calculus and renal stone.
3.	Rubia cordifolia Linn. Manjishtha (Madder)	root	25	Blood purifier, anti-diabetic, astringent, anti-pyretic, anti-poisonous; useful in diabetes, blood & skin disorders, recurrent fever and general debility.
4.	Cinnamomum tamala Nees. Tejapaat (Cinnamon)	leaf	10	Carminative, appetizer, diuretic, analgesic, anti-diabetic, cardiac stimulant; relieves flatulence, cough, bronchitis, rheumatism and diabetes.
5.	Zingiber officinale Rosc. Shunthi (Dry ginger)	rhizome	10	Anti-flatulent, digestive, stimulant, refreshing and anti-inflammatory; pacifies Kapha and Vata, relieves cough, cold, swelling, joint pain, colic pain and headache.
6.	Glycyrrhiza glabra Linn. Yashtimadhu (Liquorice)	root	5	Anti-allergic, anti-poisonous, invigorating; pacifies Pitta and Vata, improves complexion, relieves cough, breathlessness, fatigue and thirst, improves voice and purifies blood.
7.	Anethum sowa Kurz. Shatapushpa (Dill)	seed	5	Stomachic, anti-flatulent, anti-spasmodic, appetizer; relieves abdominal pain, cold, dryness and other vital diseases.

Thus, this **Valeriana herbal tea** contains no artificial colorings, flavorings and preservatives except natural herbs, which are traditionally being used for centuries without any adverse effects on human health.

Lab tests:

The developed herbal tea was tested at CEMAT WATER LAB, Baneshwor Kathmandu. The lab test was done to identify the microbial status to the tea. Table 5: shows the various tests their results. The tests include total Mesophilic count, total Coliform, Eschrichia coli and enterobacteriaceae. Among them coliform, Eschrichia coli and enterobacteriaceae were found nil in the samples. The detail of the lab test result is in **Annex XX**.

Table 5: Lab test its results

TYPE OF TESTS	UNIT (CFU/GM)	RESULTS	REMARKS
Total Mesophilic count	Cfu/gm	1.6 X 10 ⁸	Pour Plate
Total Coliform	Cfu/gm	Nil	Pour Plate
Eschrichia coli	Cfu/gm	Nil	Pour Plate
Enterobacteriaceae	Cfu/gm	Nil	Pour Plate

V. METHOD OF PREPARATION OF THE TEA:

Tea can be prepared by keeping one teabag in a cup of hot water and brew for two minutes. It is essential to keep the tea bag for long time and dip the bag on and off if we need strong flavor. Light drinkers can add more boiling water as desired. Honey or sugar can also be added as desired to make more tasteful. Additionally, it can be taken as cold infusion in summer season.

VI. USES:

Ingredients of Valerina herbal tea are known to promote vitality and immunity. Regular drinking of this refreshing infusion 2 to 4 times daily could help to purify the blood, and Tridosas* balancing effect especially in feeling thirst, lethargic, fatigue, headache, malaise and debility. Similarly it is very helpful during abdominal discomfort, flatulence, cough, and rheumatic pains.

VII. CONCLUSION AND FURTHER PLANNING

The combination of the proposed ingredients is found good to develop a new herbal tea. At the same time the proposed ingredients are not found in proper utilization in the available herbal teas in the market. We purchased raw ingredients in the markets where good quality of the ingredients are difficult to get in the markets. Further the lab test showed that microbial contaminations are less and found no harmful bacteria, which is helpful to take the products in the national and international market. This tea has a unique proposition that it can be used as a cold tea in summer season.

AHP has planned to market this product in the future. While designing this product, few of the international fair-trade buyers, which are already linked, will be sent the samples and local markets will be revisited.

Annex 1: Detail of the herbal tea in English and Nepali

Valerina Premium Herbal Tea Vivid Taste, Vibrant Effect

Valerina Premium Herbal Tea is a 100% natural and caffeine free product for everyday use as health drink. It is prepared from compatible combination of fresh, genuine and effective natural herbs of high quality.

This herbal formula contains no artificial color, flavor or preservatives following age old tradition of Ayurveda.

Ingredients:

SN	Local Name	English Name and parts used	Scientific Name	Ingredient ratio
1	Sugandhabaal	Valerian root	Valeriana wallichii DC	25%
2	Pashanabhed	Rockfoil root	Bergenia ciliata Wall	20%
3	Manjishtha	Madder root	Rubia cordifolia Linn	25%
4	Tejapaat	Cinnamom leaf	Cinnamomum tamala Nees	10%
5	Shunthi	Dry ginger	Zingiber officinale Rose	10%
6	Yashtimadhu	Liquorice root	Glycyrrhiza glabra Linn	5%
7	Shatapushpa	Dill seed	Anethum sowa Kurz	5%

Uses:

Ingredients of Valerina Premium Herbal Tea are known to promote vitality and immunity. Drink this refreshing infusion 2 to 4 times every day for blood purifying, and *Tridosha balancing effects especially when-

- feeling thirst, lethargic, fatigue, headache, malaise and debility.
- suffering from abdominal discomfort, flatulence, cough, and rheumatic pains.

Method of Preparation:

Put one teabag in a cup of hot water. Brew for two minutes. For strong flavor keep longer and dip the bag on and off. Light drinkers can add more boiling water as desired. Honey or sugar can be added as desired. In summer season, it can be taken as cold infusion.

* Tridosha : Vata, Pitta and Kapha these three humors are known as Tridosha. These are present everywhere in the living body and are the basis for all the activities of living body. Health is attained by their natural state of equilibrium or balance, while disturbance in their balance results into disease.

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Annex XX: Process loss records

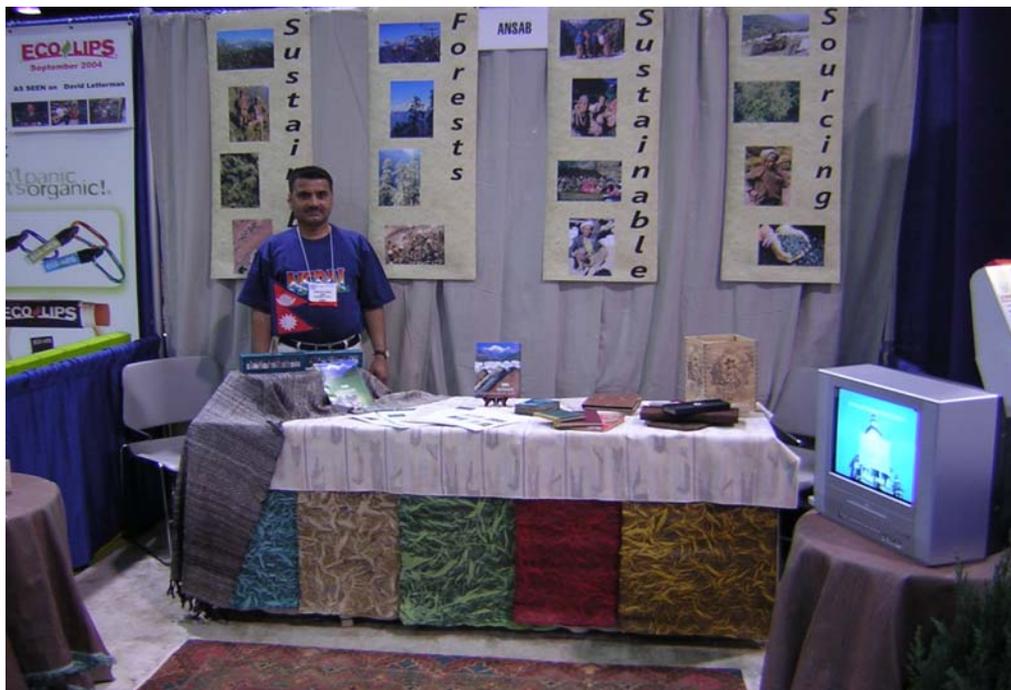
SN	Nepali Name	Latin name	Part Used	Uses herbs Qt. Kg	After sorting Cleaning & Wash loss %	After Drying loss %	After Sieving loss %	Total loss %	Finished powder form %	Total	Hot water washing time	Drying Time (day)	Max. Dryer house temperature C'
1	Sugandhawal	Valarana wallichii	Rt	7	7.14	35.71	19.29	62.14	37.86	100	5 M	4	50'
2	Pashanabhed	Beregenia ligulata	Rt	4	5.00	20.00	37.50	62.50	37.50	100	5 M	4	50'
3	Padamchal	Rheum emodi	Rt	5	4.00	16.00	23.00	43.00	57.00	100	5 M	4	50'
4	Manjshtha	Rubia cordifolia	Rt	3	16.67	16.67	16.67	50.00	50.00	100	5 M	2	50'
5	Yesthimandu	Glycyrrhiza glabra	Rt	1	5.00	20.00	20.00	45.00	55.00	100	5 M	4	50'
6	Pippali	Piper longum	Frt	3		16.67	38.33	55.00	45.00	100	5 M	2	50'
7	Shunthi	Zingiber officinale	Rt	5	5.00	10.00	6.00	21.00	79.00	100	5 M	4	50'
8	Guduchi	Tinospora cordifolia	St.	7	5.00	20.00	20.00	55.00	45.00	100	5 M	4	50'
9	Shatapushpa	Anethum sowa	Frt	3		16.67	36.67	53.33	46.67	100	5 M	2	50'
10	Cinnamon	Cinnamon		7	5.00	5.00	20.00	30.00	70.00	100	5 M	4	50'
Total													

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**Annex 17: Natural products expo participation
and market study reports**

Report on Natural Product Expo and its outcomes
Natural Products Expo West - Anaheim, California
March 17 – 20, 2005
NTFP PPA Report



Introduction

*“The economic forecast is sunny for the natural and organic products industry, based on the brisk business done at the recent **Natural Products Expo West**, the most diverse and largest natural and organic products tradeshow in the world, which took place March 17-20 at the Anaheim Convention Center in California. The positive statistics at the packed tradeshow broke historical records with more than 2,590 exhibits and 38,000 attendees from 83 countries. Retail attendance posted an impressive jump, with an upward trend in buyers from independent stores as well as large box store chains, further proof of the continued mainstreaming of natural and organic consumer goods in the marketplace.”* Industry Release from Natural Products Expo West – March 25, 2005

The Nepal NTFP Alliance, a newcomer to the Expo, also had an excellent experience and promising response to their product offering. The Nepal NTFP Alliance booth showcased essential oils, Lokta bark handmade paper products, herbal tea, herbal soap, Allo fiber, mushrooms, and bulk herbs and medicinal plants. The Alliance also introduced the Forest Stewardship Council (FSC) certification to an industry that purchases millions of dollars of NTFPs annually with little or no idea of their origins. Prem Tiwari from Gorkha Ayurved Company in Nepal, Walter Smith of Rainforest Alliance, and Ann Koontz of Enterprise, Environment and Social Impact Consulting were

on hand to promote the products and introduce the FSC certification to the natural products industry. Our thanks also goes to Marques Munis, who assisted with booth set up, staffing, and break down on a volunteer basis during the Expo.

Preparation Activities

To have a successful experience at such a large trade expo, show goals were defined, preparation activities were carefully coordinated among alliance members, and a booth and show strategy was set. The Alliance partners in the U.S. and Nepal worked closely together over three months to prepare for the show, and despite severe communication disruptions, due to the recent political events in Nepal, were able to complete all preparations as planned and have a successful show. Preparation activities included:

- Established show goals among alliance members (see below).
- Produced promotional video – a 3 minute video that introduces the Nepal FSC products and story of Nepal’s sustainable sourcing done by David Hircock, Aveda.
- Held meetings with Rainforest Alliance in New York on promotional materials and product positioning for the Nepali handmade paper products.
- Held meeting in London with S&D Aroma on representing the Nepali essential oils. Samples were shipped to S&D Aroma and promotional materials prepared with them for essential oils. S&D had a separate larger booth at the Expo and they produced professional trade show banners to highlight the Nepali essential oils. S&D plans to use these at trade shows throughout Europe in the coming months to represent the Nepali products.
- Prepared promotional materials for the range of Nepali Forest Stewardship Council (FSC) certified products. The Nepali private sector partners did an excellent job of developing product promotion pieces and Rainforest Alliance put together some persuasive project fact sheets that generated real interest in the story behind the Nepali products and FSC certification.
- Issued press release and press advisory done by Rainforest Alliance in coordination with Aveda.
- Arranged logistics for Expo participants and industry educational events and dinner meetings scheduled.
- Completed booth design, set-up and show orientation for Nepali attendee from the Alliance.

Show Goals

- Secure partnership/distributor for Nepal FSC essential oils and explore partnership/distributor arrangements for the other Nepali products
- Generate interest for Nepali paper products and get buyer contact information for orders
- Generate interest for Nepali herbs and raw materials and get buyer contact information for orders

- Get product package design and labeling guidance for finished products (soaps, teas, herbal remedies) and look for distributor
- Provide Nepalis with direct marketing experience and a look at how products are presented by industry in the west; study product competition
- Start to build brand recognition for FSC certified products and distinguish the Nepal products from other South Asian products

Booth Design

The booth was set up to have three “selling and promotion” areas. Four banners (1.5 feet by 4 feet) that showcased pictures of product areas and the people that harvest and process the products were hung along the back of the booth with the message – sustainable forests, sustainable sourcing. At the front of the booth two round tables each with an attractive plant (juniper and flowering tea tree) and a Nepali rug between them offered two areas to attract people to stop. The first table had the promotional flyer and folder for all the alliance products and actual products from Goroka (soap and tea). The second table had a TV playing a three minute video (running continuous) on the new FSC products from Nepal and the sustainable forests of Nepal story. Set back from the two small, round tables was a rectangle table that had the paper products and essential oils, along with the FSC and PPA alliance project fact sheets (see booth picture). People who stopped at the booth generally spent 5 – 15 minutes at the booth and really took the time to learn about the FSC certification and the products. This was in contrast to neighboring booths that had attendees walk by, take product materials, and then move on without learning about the products. It was also encouraging that people were finding other industry attendees and recommending they visit the booth.

Attracting Buyers and Learning at the Show

The alliance members in attendance worked the show on three levels. **First**, the day before the show opened, Prem Tiwari took educational seminars offered by the Expo. Prem attended “Seeing Organic 20/20: An Intention for the Future” and “Introduction to Natural Products Expo West and the North American Market.” Topics included: industry segments, market forces and trends, resource management, access to international markets, regulatory factors including intellectual property rights, good manufacturing practices and import/export disruptions resulting from the bioterrorism act.

Second, the alliance booth was staffed throughout the three day show to answer attendee questions and market the Nepali products. There was good and steady traffic at the booth with a wide range of interest in all the products and the Forest Stewardship Council (FSC) certification. From the interaction with the booth visitors several promising product promotion and marketing opportunities arose for the alliance as well as obtaining serious prospects for near-term product orders. Promotional materials were distributed on all the products and Lokta bark paper sample books were distributed. Contact information

was collected from over 70 serious potential buyers (those who spent 5 – 15 minutes at the booth and expressed interest in getting additional information/samples or looking into ordering).

Third, the alliance members “shopped the show” using targeted approaches. For example, the alliance members wanted to learn more about how tea was packaged and advertised in the west. We picked 12 tea booths and set information gathering goals for a one hour “shopping trip” (i.e. identify product positioning – health, relaxation, ethnic/cultural, flavoring, etc.; note quality of packaging and wording on health claims and disclaimers; etc.). This was done for herbal soaps and essential oils and bulk herbs. Walter Smith did a similar exercise for packaging materials. This strategy allowed us to gain targeted information on questions that were of specific interest to the alliance members’ products. Given the show is so big, visiting booths randomly can be overwhelming and without a specific strategy, product specific information can be elusive. Time was also given for random booth visiting so that the entire show could be seen. Prem took detailed notes, took pictures, and collected competing product information. He will present his findings on all of the above to the Nepali alliance members upon his return to Nepal.

Promising Prospects for the Nepal NTFP Alliance and the FSC Certified Products

1) Retailers want to tell the story of Nepal’s FSC certification and quality NTFP products to their customers. The concept of a certification program that covered environmental and social issues was very appealing to the retailers. At the show a number of products claimed “Fair Trade”, most with no certification to back up the claim. Many products made claims of “sustainability” or “supporting environmental goals”, but when pressed the companies could not articulate how this was done in practice and did not have any environmental certification to back up claims.

Walter Smith of Rainforest Alliance summed this up well when he said:

“I was stunned at how little most vendors knew about the nature of the ingredients in their product. Interestingly, they know more about the "agricultural" ingredients, of which many are organic and they can name the species, than NTFPs. Many product labels say that they contain "essential oils", which are not described because, in my opinion, the companies have little knowledge about where they come from or what they are made from. I think that there is a huge amount of education and awareness that needs to happen in an industry that is making such warm and fuzzy claims about their "earth friendly" products. They also seem to be more conscience about animal cruelty than community cruelty with regards to their business practices.”

The FSC certification covers both “Fair Trade” issues and environmental issues and was therefore attractive to the retailers. There were offers to show the video in stores, offer education talks to their customers and get the story to the public and help build brand recognition for the FSC certified products.

Thomas Timpone, Chief of Business Development for the New Hampshire Soap & Candle Company said:

“It seems like all the booths are the same here at the show, same old same old. This is the first booth that has an interesting story to tell and exciting new products. This is great!”

Matt Havok of Whole Foods Market, the leading natural foods retailer in the U.S. said:

“I fully support what you are trying to do and want to do all I can to help; we need more of this type of effort.”

Other leading natural products retailers including Greenlife and Wild Oats expressed similar sentiments and spent 10 – 15 minutes at the booth learning about the products and FSC certification. The video was a tremendous tool to tell the story of sustainable sourcing. Demand from leading retailers to prove sustainable sourcing claims will be a market pull for manufacturers to give preference to FSC certified products.

2) Tremendous interest in the Lokta paper for specialty product packaging and printing. People were impressed that the paper can be used in printers. A number of companies want to see about using the sheet paper for letterhead and promotional materials to get the word out about the FSC certification and the Nepal products and their story. The range of paper colors and texture treatment that make the paper look like leather received many complements. By the second and third day new visitors to the booth were commenting “I was told I had to stop by and see this paper.” The most popular paper gift product was the brown leather-look photo album with black accordion pages. Several “green” interior designers also saw promise for the Lokta paper in the high end green decorating market. It was amazing that given there were over 70 booths at the show specializing in packaging materials, none had the interest and natural feel that the Lokta bark paper provides. This may turn out to be the product niche for the Lokta paper in contrast to the crowded paper novelties and journals market. Liza Murphy of Rainforest Alliance will be showcasing the Lokta paper at two shows in Europe in April and Aveda is placing a bulk sheet paper order with envelopes to use in their U.S. and European operations.

3) Established partnership with S&D Aromas on essential oils representation and met with David Mitchell, Managing Director of Chesham Chemicals which recently merged with S&D Aroma. Besides the range of essential oils that S&D (represented by John and Verity Brebner) plans to purchase from the Nepali companies and distribute, discussions were held with David Mitchell on exploring bulk herb products. This business linkage represents a serious long-term buyer for the Nepali products and a company that has already invested in providing technical and marketing assistance to the Nepali products. While the Nepali partners and Rainforest Alliance have heard about this partner and had email correspondence, this was the first time all the parties met in person and spent extended time together. The two working dinners after the show allowed

everyone to get to know each other and establish a personal working relationship. Prem Tiwari commented:

We had a very good dialogue with Mr. John (of S&D Aroma) about oil and can even expect some future prospects from Mr. David (Chesham Chemicals) for Gorkha with regard to strengthening its technological processes and increasing production.

Walter Smith of Rainforest Alliance commented:

"I was also impressed with the S&D Aroma people, John, Verity, and David. Nice people who "get it" and are trying to do the right thing the best they can."

4) Interest from other distributors and retailers on purchasing and representing the Nepali products. All the show buyer prospects are detailed in a separate Excel spreadsheet. Preliminary discussion were held with several serious buyers and the next follow-up steps are to provide full sample packs of the products and more specific product pricing and shipping information. Price quotes and shipping options were given at the show for DHL and Airfreight, but container loads of mixed products need to be investigated further. Additional documentation and registrations required in the U.S. also need to be completed by the Nepali companies. Also, many companies asked about organic certification. This is to be expected since the Natural Products Expo recently starting using the name "natural and organic products tradeshow". The alliance will be looking into which if any products should pursue organic certification. While there were lots of organic products at the show, there were still numerous competing products with no certification. Below are Prem Tiwari's overall impressions of the show in his own words. Prem's comments also offer direction on what the NTFP PPA alliance needs to focus on next to increase sales of their products in the U.S.

- Visitors showed their interest on our products but in the same time they asked whether our products are organically certified.
- On top of organic certification they asked the for FDA requirements. FDA has some tough formalities but is possible for us to do.
- Essential oils and hand made papers are potential products in US market and do not need more formalities; maybe FSC certification is enough. Though mostly people are unaware about FSC certification here but it is internationally recognized.
- This show was very much a learning experience for me as it was the first international expo for me and I came to know how business people are talking, their interest on product quality, product promotional activities conducted by other booth holders, and the way they are decorating their items and specifically the packing and packaging of the products.

Show Follow-Up

- 1) Send general, "thanks for visiting our booth" email to all contacts collected.

- 2) Sort contact information and do targeted follow-up on specific product interest and potential orders.
- 3) Follow-up with distributors that expressed interest in representing the Nepali products.
- 4) Finalize and ship essential oils order to S&D Aroma.
- 5) Send Parbat of HBTL to the Natural Products Trade Show in London in April. Both S&D Aroma and Liz Murphy (Rainforest Alliance) will be at the show. S&D Aroma will be showing the Nepal essential oils and paper at the show.
- 6) Investigate cost of organic certification and what, if any, Nepali products might seek organic certification. Link this first with tangible orders negotiated from targeted follow-up at trade show.
- 7) Complete required FDA, USDA, and other U.S. government registration requirements to be able to ship products into the U.S. Note, Lokta paper products do not need these registrations and the essential oils would be shipped to England where S&D is headquartered.
- 8) Work with Liza Murphy (paper specialist) at Rainforest Alliance and the Nepali paper companies to define the best strategy for positioning the Lokta bark paper. The Expo gave the alliance several promising options for the paper products, but now there needs to be focus on which products and market segmentation to pursue (letter paper, packaging, etc.).
- 9) Follow-up with retailers on a product sourcing education piece that explains the FSC certification for forest natural products and promotes the Nepali products. The Industrial Symposium for the Sustainable Sourcing of Medicinal and Aromatic Plants is scheduled for December 7 – 9 in Utah. Aveda and the American Herbal Products Association are once again co-sponsoring this event. The western venue for the symposium will draw many more of the major chain natural foods retailers that are headquartered in the western part of the United States. Nepal NTFP alliance members are also on the organizing committee for the symposium and will follow-up with the interested retailers on the education and product promotion effort.

Report on PPA Member's India Visit

Date: April 23, 2005 to May 7, 2005

Major Outcomes

- Located plastic and aluminum bottles suppliers in Delhi
- Turnkey GMP providers located and preliminary discussions held
- Made extensive visit of Uttranchal to get a first hand knowledge of NTFPs development activities taking place in the state

23, 2005

The team traveled from Kathmandu to Delhi

April 24, 2005

As Delhi market was closed down due to weekend, sight seeing of Delhi was undertaken.

April 25, 2005

Throughout the day, the study team visited Karibouli, the major NTFPs trading center in Delhi. The study team visited two NTFPs agents M/S Urmila Traders, M/S Radhika Traders. Urmila Traders is one of the prominent dealers of Nepali NTFPs in Delhi market. The company has been regularly providing NTFPs market updates to ANSAB's MIS program. During the meeting, Mr. Ram Chandra Gupta, Proprietor, said Nepali NTFPs lacked Quality. He also observed ban on specific spices does not help in their conservation rather create incentive for black marketing. He also said 500 Kg of Nepali Panchaule, banned spices in Nepal, is available with him. He also cited various problems such as Quarantine as major hurdles for NTFPs trade between Nepal and India. Replying to one question fielded by FECOUN representative, he said he is interested to deal directly with the NTFPs cultivators and collectors if some organization takes a lead in consolidating supply chain and assuring quality. Mr. Gupta also gave a list of NTFPs he deals with.

Inquired about the market situation of Safeed Musli, Both Radhika Traders and Urmila Traders, said due to the increasing supply from different parts of India, the price has substantially decreased from IRs. 1200/Kg in 2004 to 400-500/Kg in 1st quarter of 2005. He also expected the price to further decrease in the 1st quarter of 2006 due to increasing supply, and suggested the team not to promote the cultivation in Nepal.

Later in the day, the team also visited packaging materials-plastic bottles for Essential Oil sampling and aluminum containers- suppliers in Karibouli. They collected price list and terms and condition from two suppliers in Karibouli.

April 26, 2005

The team visited M/S Swaraj Herbal Products Pvt Ltd in Barbanki, about 40 Km from Lucknow. The company is one of the major producers and suppliers of distillation units to Nepali companies including HPPCL. During the visit, the team visited the fabrication unit of the company, and also inquired about price and terms and condition for delivery. In a query by Mr. Parbat Gurung, MD HBTL, the company promised to send a detailed quotation for the supply of two proposed distillation units in Dolkha. It is also learnt that the company also manufactures different types of NTFPs based skin care supplements such as Alovera skin cream.

April 27, 2005

The team arrived at Nainital, Uttranchal via Lucknow to visit domestication and cultivation in the state. The team met Prof. Dr. SP Singh, Head of Botany Kumon University and Chairperson of ANSAB's board of directors. Welcoming the team, Dr. Singh said that he would be happy to provide all types of support to the team. He also said that the experiences of Uttranchal and Nepal are inter-exchangeable due to similar geographical and topographical conditions. He also suggested visiting to a number of places such as Forestry Research Training Center, in Haldawani, IBRG at Niglat to better understand different aspects of NTFPs cultivation and domestication in Uttranchal. He referred the team to Mr. Manoj Chandran, DFO Silviculture to obtain more practical insights on NTFPs management in the state.

As per the suggestion of Prof. Singh, we meet Mr. Manoj Chandran, DFO Silviculture. The team briefed him about the objectives of the visit, and asked for his guidance for the organizations and places to visit to get first hand experiences of domestication, cultivation and R&D of different NTFPs. He suggested the team to visit Research Center in Gaza, cultivation in Bhujjighat, NPGR in Bhabali and Dabur's research center for Taxus in Almoda. He also showed interest in Yarshagumba collection and trade in Nepal particular and NTFPs sub-sector in Nepal, as Uttaranchal and Nepal shares same type of geography and topography. The team also showed him the Yarshagumba documentary. He also briefed the team about NTFPs auction centers in Uttaranchal, and cultivation of Tejpat in some areas. As a result of acution centers, managed by Forest Corporation of Uttaranchal, the farmers have been able to get good prices for their produce, he said. As for example, the price of Tejpat increased from IRs 20-25 to 30-32/Kg.

April 28, 2005

The team visited NTFPs research center and demonstration nursery in Gaza. The nursery produces seedlings of 109 spp including timber. The nursery was well managed. It provides seedling to farmers on cost sharing basis. Among the NTFPs species, it was noted that fodder spp was popular among farmers.

The team also visited the nursery at Bhujjighat. The nursery has done extensive research on Tejpat domestication using booth seed germination and grafting. Among the techniques, grafting is found more successful. We also visited a Tejpat farm of Mr. Govinda Balav Palediya. He has planned 200 plants in his unused private land. The yield

per plant is 3-4 qt. He said that as a result of auction center, he was able to get good price for his crop because of transparency and competition among agents in the stock. The payment is routed through Vegesh Sangh and is made after 10-12 days of sale. The farmer bears transportation other charges to take the crop to the auction center

National Bureau of Plant Genetic Resources laboratory in Bhavali is one of the 11 research centers established under the aegis of union government. These centers have a total gene collection of 2.6 lakh spp and 150 spp are stable food. The center has the mandate for

- Exploration and cultivation
- Gene banking
- Introduction of Exotic spps such as Kiwi, Strawberry and Geranium
- Horticulture technology

Dr. Negi briefed the team about Geranium cultivation and distillation activities in the center. According to him, the cultivation is in infancy and so far farmers have not been able to get benefits from the cultivation due to low yield and competition from China. Farmers are making money through the sales of seedlings than the Essential Oil. The total Indian Capacity for Geranium is 4-7 MT. The distillation unit is set up in the sprit of Public Private Partnership with contribution from the industry, and has the capacity of 5 Qty. The extraction rate is 0.1 percent and yield is 800 kg/ha.

April 29, 2005

The team meets with Dr. SS Mishra, executive of Vegesh Sangha and NTFPs consultant. He briefed the m about the activities of Vegesh Sangh. He suggested the team to visit Nancy Herbal Farm located 19 Km away from Haldawani. He also showed interest in working as a conduit between Nepali cultivators and processors and Indian technology services providers.

On the same day, we visited Naincy Herbal Farm. The farm is spread over 30 acres of land, which has done intercropping of Safeed Musli with Sarpagandha. According to Dr. Mishra, the yield is 5 times of seed sown. Safeed Musli contain 75% water, the oil extraction rate is 30%. The market price per Kg is IRs 450. Dr. Mishra thinks that the crop is economically more beneficial than other staple crops.

Same day the team traveled to Almoda to visit Dabur's Taxus research center.

April 30, 2005

The team meets Dr. Dinesh Sharma, Station Chief of Dabur Taxus research center. The center has been conducting research on taxus domestication and supplying seedling to the farmers. On the same evening the team traveled from Kathgodam to Delhi.

May 1-2, 2005

The team traveled from Delhi to Varodhara to get a first hand knowledge of GMP certified ayurvedic manufacturer and machine suppliers.

May 3, 2005

The study team visited M/S Basu Pharmaceutical in Varodhara, Gujarat. The company has a turnover of IRs 35 corer of which IRs 3 corer is exported to Nepal, Bangladesh, UK and some African countries. The Company has recently installed GMP standard processing unit for its patented and Ayurved formulation. Mr. D.K. Mheta (GM, Marketing) and Mr. H.B Patel (CEO) briefed the team on different aspects of production, including production process layout, machinery, R&D, Quality control and packaging. Mr. Mehta said that the company invested at the tune of IRs 10-12 Corer for the installing state of the art machinery, production facility and production facility. After touring the production facility, the team interacted with Mr. Patel and Mheta, during the meeting followings agenda were discussed/agreed:

- Basu Pharmaceutical showed its willingness to provide turnkey support for Gorkha Ayurved Company to install GMP compliance at its new facility in Kathmandu.
- To begin with, a consultant would make visits to Kathmandu to assess the present condition, and would recommend the plan of action for GAC, if GAC bears the cost of transportation and lodging-fooding of the consultant.
- Basu Pharmaceutical also proposed two business deals with GAC:
 - Marketing Basu's products through GAC channels in Nepal
 - Establishing JV with GAC for manufacturing over the counter products and other Ayurved formulations for the Nepalese market
- The company also showed interest to buy Nepali NTFPs, if price were competitive. They also asked the team to send the samples and terms and conditions for raw and semi-processed herbs.

May 4, 2004, Amehdabad

A visit to M/S Chamunda Pharma Machinery was made. The company is one of major tableting technology manufacturer in India with annual turnover of IRs 45 Corer, including 70% export in 40 counties around the globe. Recently, GAC purchased a rotary tableting machine from the company that has a capacity of 15,000 capsules/tables/hr. The company has been supplying tableting machinery to a number of Nepali pharma companies. The company agreed to send its service personnel to Kathmandu to install the machinery at the new GAC facility in Kathmandu in July/August.

The team also visited Pharma Lab for Liquid based technology manufacturer including distillation unit. The company specializes in three broad areas:

- Packaging Machinery
- Filtration Machinery
- Process Machinery

The company also provides turnkey for GMP. It recently completed a turnkey project in Romania for liquid & sugar based (bio-products). As far as distillation unit is concerned, the company provided a detailed drawing of existing plant to HBTL, and asked the company to furnishing its requirements so that a detailed offer could be made.

During the same day, M/S Fx Overseas was also visited. The company is a merchant exporter working as a commission agent between buyers and sellers. The discussion was centered on supplying aluminum containers and plastic bottles for Essential Oil. The company said they are in a position to supply such products as the need of alliance members, even small quantities (5,000 to 10,000 bottles). As for the customized bottles, it would cost much more because of the design and fabrication cost included, they said. The company promised to provide samples of different types of bottles and their terms and conditions to HBTL

May 5, 2005

The team traveled back to Delhi from Varodha. As the previous plan of traveling to Delhi from Rajdhani Express the previous day could not be confirmed.

May 6, 2005

The team visited some of the packaging material suppliers and Rockland Hospital in Delhi. The Hospital is a premium hospital, having separate wing for Ayurved medicine. Dr Yogesh Arora of Ayurved wing has long experiences in natural resources based product design. The team explored an opportunity of using Dr. ...as consultant for future PPA activities for new product design. He said that he was willing to contribute in new product development activities in Nepal through PPA.

May 7, 2005

The team traveled back to Kathmandu.

**Annex 18: Market information system homepage
and a sample of MIS newsletter**



NTFP Trade Bulletin

Vol. 2

Year 1
2005

October

Morel price touched record high

Price of morel mushroom (*Morchella conica*) touched NRs 7,000/Kg in August 2005 and remained at the same level in September 2005 in Nepalgunj on the backdrop of strong demand in India (Delhi) and other overseas markets. This is the highest market price recorded for morel mushroom in the Nepalgunj market. During these two months, morel price in Dolpa, one of the major morel producing districts, also remained buoyant with price ranging from NRs 5,500/Kg to NRs 6,000/Kg.

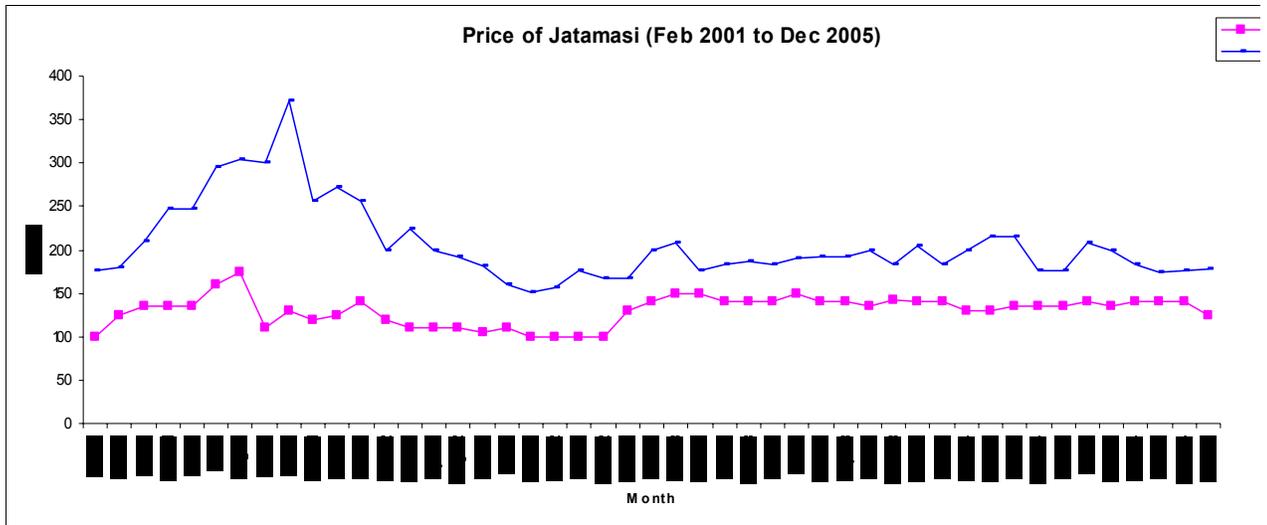
350 MT NTFPs traded in

Darchula, Baitadi

A trade survey reveals that 350 MT of NTFPs was collected and traded in Darchula and Baitadi districts in FY 2001/2002. ANSAB conducted the survey in May 2003 to find out the situation of availability, collection, marketing, and management of NTFPs in the study districts. During the period, NTFPs collection and trade volume in Darchula and Baitadi were 130 MT and 220 MT respectively. Similarly, 37 and 29 NTFPs are traded from Darchula and Baitadi districts respectively of which four species viz. tejpat (*Cinnamomum zeylanicum*), rittha (*Sapindus mukorossi*), pakhanved (*Bergenia ciliate*) and jhyau (*Parmelia nepalensis*) comprise 85% of the total trade. Yarshagumba (*Cordyceps sinensis*) and morel mushroom (*Morchella conica*) are two high value NTFPs in Darchula, and morel mushroom (*Morchella conica*) in Baitadi.

Trend analysis- Jatamansi

The year 2001 witnessed fluctuation of jatamansi (*Nordostanchys grandiflora*) price in Delhi market. Starting from a modest NRs 180/Kg in February 2001, the price reached NRs 380/Kg in October 2001, and started to decline by the end of the year. The decline lasted till November 2002. From December 2002 to December 2004, the price stabilized at the range of NRs 180/Kg to NRs 170/Kg. In Nepalgunj, the price recorded steady growth from during 2001, with an exception of sharp decrease in October 2001. The average price differences between Delhi and Nepalgunj market was NRs 128/Kg in 2001, which narrowed down to NRs 75/Kg, NRs 50/Kg and NRs 55/Kg in 2002, 2003 and 2004 respectively. During the first nine months of 2005, Jatamansi market price ranged from NRs 125/Kg to NRs 200/Kg in Nepalgunj, and NRs 180/Kg to NRs 310/Kg in Delhi.



Source: ANSAB, MIS database

Royalty rates

of some NTFPs

SN	Nepali name	English name	Botanical name	Royalty per KG (in NRs)
1	Argeli	Nepali paper bush	<i>Edegeworthia gardnerii</i>	5
2	Allo	Himalayan nettle	<i>Girardinia diversifolia</i>	3
3	Amala	Emblic myrobalan	<i>Phyllanthus emblica</i>	2
4	Amalbed	Himalayan rubark	<i>Rheum auatrale</i>	5
5	Amriso	Broom grass	<i>Thysanolaena maxima</i>	2
6	Atis	Aconite	<i>Delphinium himalayai</i>	10
7	Barro	Bastard myriobilion	<i>Terminalia bellirica</i>	2
8	Bel	Bael fruit, wood apple	<i>Aegle marmelos</i>	2
9	Bhutkesh	Rugwort	<i>Selinum tenuifolium</i>	4
10	Bikh	Nepali aconite	<i>Aconitum spicatum</i>	7
11	Chabo	Java long piper	<i>Piper chaba</i>	2
12	Chiraita	Chiretta,	<i>Swertia chirayita</i>	3
13	Chiuri	Nepali butter fruit	<i>Bassia butyraceae</i>	10
14	Chutro	Nepali berberry	<i>Berberis asiatica</i>	5
15	Dhasingare	Winter green	<i>Gaultheria fragrantissima</i>	1
16	Guchhi chau	Morel mushroom	<i>Morchella conica</i>	200
17	Gurujo	Tinospora	<i>Tinospora sinensis</i>	2
18	Harro	Yellow/black chebulic myriobilion	<i>Terminalia chebula</i>	2
19	Indreni	Bitter apple	<i>citrullus colocynthis</i>	5
20	Jatamashi	Spikenard	<i>Nordostanchys grandiflora</i>	15
21	Jhayau	Lichen	<i>Parmelia nepalensis</i>	10
22	Jibanti	orchid	<i>Desmotichum fimbriatum</i>	5
23	Kakarsingi	Indian mastiche	<i>Pistacia chinensis</i>	2
24	Kaladana	orchid	<i>Eulophia dabia</i>	5
25	Khayar	White Catechu	<i>Acacia catechu</i>	10
26	Kudaki	Gentian	<i>Neopicrorhiza scrophulariiflora</i>	10
27	Kurila	Wild asparagus	<i>Asparagus racemosus</i>	2
28	Lokta	Daphne bholua	<i>Daphne bholua</i>	3
29	Majitho	Madder	<i>Bubica cardifolia</i>	2
30	Musil	Black musale	<i>Curculigo orchiodes</i>	5
31	Nim	Margosa tree	<i>Azadirachta indica</i>	5
32	Nirmashi	Nirmashi	<i>Delphinium himalayai</i>	30
33	Padamchal	Himalayan rhuburb	<i>Reum australe</i>	5
34	Pakhanbed	Rock foil	<i>Bergenia ciliata</i>	10
	Pipla (steam)			5
35	Pipla (seed)	long piper	<i>Piper longum</i>	20
36	Ritha	Soap nut	<i>Sapindus mukorossi</i>	2
37	Sarpaganda	Serpentine root	<i>Rauvalfia serpentina</i>	50
38	Satuwa	Love apple	<i>Paris polyphylla</i>	6
39	Silajit	Roak exudate	<i>Rock exudate</i>	50
40	Sugandhawal	Indian valerian	<i>Valeriana jatamansii</i>	15
41	Taliapatra	Himalayan fir	<i>Abies spectabilis</i>	3
42	Yarshagumba	Winter worm, Himalayan viagra	<i>Cordyceps sinensis</i>	20,000

Price list of selected NTFPs in Nepal and India Markets

(Aswin 2062/ September 2005)

(All prices are in NRs/KG)

S.N	Products	Nepal Markets					India Markets	
		Kathmandu	Nepalgunj	Kailali	Dolpa	Jumla	Delhi	Kolkatta
1	Alaichi	120-125	-	-	-	-	192	112
2	Amala	30-35	30	25	-	-	40	40
3	Amalbed	-	70-75	60	-	-	96	80
4	Atis	210	450-500	300	-	150	720	720
5	Barro	17	16	-	-	-	15-18	5
6	Bhutkesh	-	100	-	-	-	-	-
7	Bikhjara	110	130	-	-	60	200-224	-
8	Bhojho	22-24	30-35	-	-	-	60	-
9	Chiraito	125	120-125	-	-	90	144	128
10	Dalchini	-	38-40	30	-	-	48	-
11	Guchhichyau	4,800-5,000	7,000	-	5,500-6,000	5,000	8,000	-
12	Harro	23	17	-	-	-	-	10-12
13	Jatamansi*	125	180-200	150	-	60	320	320
14	Jhyau*	40-42	70	-	-	-	152	-
15	Kakarsingi	90	100	-	-	-	136	128
16	Majitho	35	60-70	45	-	-	56	56
17	Nirmansi	750	1,200	-	-	-	1,520	-
18	Padamchal	44	45-50	35	-	-	60-64	-
19	Pakhanbhed	9	16-18	12	-	-	34	-
20	Pipala	70	120	90	-	-	133-232	136
21	Ritha	18	18-21	13	-	-	32	-
22	Satawari#1	190	200-225	180	-	-	160-320	200
23	Satuwa#1	115	125	-	-	70-80	275	-
24	Silajit*	265	150-175	-	160	-	232	228
25	Sikakai	18	16-19	-	-	-	25	-
26	Sugandhawal*	80	105	-	-	45-50	164	184
27	Sugandhakokila*	85-90	-	-	-	-	-	-
28	Sutho	155	180	-	-	-	232-240	160
29	Tejpat	22-23	25	-	-	-	35	-
30	Timur	120	70-75	-	-	-	96	96
31	Yarshagumba*	-	180,000	-	185,000	150,000	-	-

Note:

1. Prices indicated above are for dried parts.
2. *Ban on export in crude form
3. Prices for Delhi and Lucknow are from commission agent, a 6.5% commission is deducted from supplier in the quoted price.
4. Above prices are indicative which need to be confirmed with the traders before making actual business transaction

Industry Contact-Handmade paper

Nepal Paper Products Pvt. Ltd Mr. Bishnu P. Shrestha Sitapaila Tel: 4285306 Email: nepalipp@wlink.com.np Manufacturer and exporter of handmade paper products	Tibetan Handicraft Industry Mr. Nima Shrepa Kapan Tel: 4410744 Email: thi@wlink.com.np Manufacturer and exporter of handmade paper products	Bagmati Paper Industries P. Ltd Mr. Naresh Lal Shrestha Sinamangal Tel: 4499554/ 4491080 Email: bagmati@paper.wlink.com.np Manufacturer and exporter of handmade paper products
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Business Opportunity

1. **Jhimruk Jadibuti Kharid Bikri Kendra**, a Puythan district based NTFPs trading company, with the capacity to supply different NTFPs in bulk, is **looking for buyers** for the following NTFPs.

Products	Capacity
Timur	7,000 Kg
Rittha	12,000 Kg
Satuwa	2,500 Kg
Chiraito	2,500 Kg
Sughandwal	1, 200 Kg
Lokta	5,000 Kg
Allo Fibers	

For details contact:

Mr. Shreedhar Subedi, Managing Director, Jhimruk Jadibuti Kharid Bikri Kendra,
Ward no-7, Tari, Bijuwar VDC, Puythan district, Nepal
Tel: 086-460046 (on request), 086-460129 (8:00 AM to 5:00 PM), Email: subedi_qs@yahoo.com

2. **Bhimeshowr NTFP Product and Processing Company** is a community owned Lokta handmade paper making company located in Charikot, Dolakha district and is looking for **long term buyers for handmade paper products (plain sheet)**.

Product	Specification	Capacity
Handmade Paper	20 gram- Lokta (75%) and Argeli (25%)	200 Kori (40,000 Sheets)

For details contact:

Bhimeshor NTFP Product and Processing Company, Bhimeshor Nagar Palika,
Ward no- 10, Charikot , C/O Mr. Navin Subedi ANSAB, PO Box No: 11035,
Kathmandu Nepal, Nepal.Tel: 977-1-4497547. Fax (977-01) 4476586. Email: ansab@ansab.org

3. **Mahim Enterprises**, a trading company engaged in export and import business, **seeks to establish business relationship with reliable Essentail Oil manufacturers to buy following Essentail Oils for overseas markets.**

SN	Essentail Oils
1	Juniper Berry Oil
2	Artemisia Oil
3	Jatamasi Oil
4	Anthopogon Oil
5	Other high altitude Essentail Oil

For details contact:

Mr. Mohan Dhungel, Managing Director, Mahim Enterprises, G.P.Box 1087,
Kathmandu, Nepal
Tel: 977-01-4491898, Fax: 977-01-4477034, Email: mahim@ntc.net.np

4. **Bahumuki Allo Udyog, based in Dhankuta district, is looking for buyers for following Allo and NTFP products**

SN	Products	Capacity
1	Allo Fabrics	2,500-3,000 Kg
2	Allo Fiber	2,500-3,000 Kg
3	Allo Cloth	3,000 meter
4	Timur	2,500-3,000 Kg
5	Chiraito	24,000 Kg

For details contact:

Mr. Suresh Parajuli, Managing Director, Bahumuki Allo Udyog,

Deurali, Murtidhunga VDC Ward no-6, Dhankuta district, Nepal , Tel: 977-026-

521148 (on request)

5. **Mr. Upendra P. Ghimire**, a commercial NTFP farmer in Ramachhep district is looking for seed for Seabuckthron . He also seeks to establish long term relationship with buyers to sell Cardamom, Argeli and Taxus.

For details contact:

Mr. Upendra P Ghimire, Bampti Bhandar VDC ward no 2, Ramachhep district
c/o Dr. Satyam Ghimire, Sapana Health Center, Kathmandu, Tel: 4273980/
2180165

Events & Announcements

Promote your business

You can promote your business through NTFP Trade Bullitern. If you have any specific offers to make, for example, sourcing raw materials, looking for buyers for goods and services, searching distribution partners, announcements of new products launch, news and events etc, you can let us know your requirements, with full contact address and contact person by fax, phone, or email. The sectors we cater to are: Medicinal and Aromatic Plants, Spices, Handmade Paper, Gum, Resin and Turpentine, Health care and beauty care products, Bamboo and Rattan Furniture, Essential Oil, and Natural Fabrics (Allo, Hemp and Silk). Your business offer will reach more than 2,000 exporters, manufactures, suppliers, and dealers in Nepal and abroad.

Free listing in “Nepal NTFP Trade Directory”

*ANSAB is updating information of companies, individuals and NGOs/development projects that are involved in promotion of businesses in natural product sector. The information will be published in a directory form by the end of 2005. The main objective of the directory is to enhance business linkages between companies in Nepal and abroad. The listing in the directory **is free of charge**. If you want to be listed in the directory, send following information to us by either fax, phone, and email: Company Name, Mailing Address, Contact Person, Telephone, Fax, Email, Nature of business and product lines dealt with.*

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Email: ansab@ansab.org www. ansab.org.

**Annex 19: Articles in international
newsletters/web magazines**

**Annex 20: Herbs and non-timber forest products
development policy-2061**

Annex 21: Report on the alliance's lesson learned workshop

**Certification and Sustainable Marketing of
NTFPs-
Private Public Alliance Project**

A Report on Lesson Learning

September 28, 2005

By
Dhruba Acharya
Pragya Management Group

Asia Network for Sustainable Agriculture and Bioresources (ANSAB)
P O Box 11035, Baneshwor, Kathmandu, Nepal

1. Background and Introduction

Nepal, though a country of biodiversity hotspot and major producer of high quality Non-Timber Forest Products (NTFP), has not able to harvest much benefit from these valuable resources. Over 90 percent of these products are exported to India in raw form with multiple trade chains and less quality considerations. The situation, thus, has made very low return to forest stewards and a significant loss of value added potential to the country. The processors, wholesalers, and retailers also did not bother about the origination and sustainability of the products they are dealing with. In order to provide an opportunity to change the situation, a project called "Certification and Sustainable Marketing of NTFPs-Private Public Alliance" was implemented in September 2002 for three years.

The project aimed to link domestic and foreign NTFP buyers, Nepali producers, and NGO and government programs assisting the NTFP sectors in order to:

- Increase incomes and employment for Nepal's NTFP producers (especially in remote rural areas);
- Promote sustainable resource management;
- Institute certification program for Nepal NTFP and
- Expand responsible buying practices among industry members.

The specific objectives of the project are:

- Promote Community Based Forest Enterprises to ensure sustainable use of NTFP, alleviate poverty in rural areas, and consolidate Forest User Groups' supplies to make attractive to buyers.
- Implement certification model for Nepal that takes into account its NTFP and forest user groups (FUG) resources and encourages good governance of community resources.
- Improve and maintain quality and consistency of Nepali NTFPs.
- Gain better market position for Nepali NTFP in international markets, including exploration of certification options and design coordination with buyers.
- Educate NTFP buyers on how to support Nepal NTFP industry to achieve sustainable long-term supplies of quality products.
- Lobby for an enabling policy environment for free and fair trade practices.

With three years of intensive implementation, the project ended on September 2005. The project organized a "Lesson Learning" workshop from August 23-25, 2005 in Kathmandu to review project achievements. This report is based on the outcome of the three-days workshop presentations and discussions, the review of appropriate documents and the consultations with relevant stakeholders. The report highlights the key processes, major achievements made, multi-stakeholder perspective on lessons learnt and suggestion for the future direction.

2. Methodology and limitations

The "Lesson Learning" workshop on August 23-25, 2005 was organized in order to review the effectiveness of alliance and develop common understanding on lesson learning. The

workshop was participated by alliance members, project implementers, relevant project stakeholders and representatives of supporting agencies and was facilitated by Dhruva Acharya, the independent facilitator. In the workshop, the alliance members presented their perception of project achievements, lesson learnt and way forward. The participants also discussed in groups on how to scale up the learning and prepared action plans that each member would implement. The outcome of the workshop was the main source of information for this lesson learning report.

The yearly and quarterly reports and other relevant project documents were reviewed and appropriate information is used. The project personals, alliance members and other relevant stakeholders were consulted.

The report is based on the documents produced by the project and the way different people perceived and expressed the achievements and the learning of the project. A limitation is that the way people perceived the outcomes and the way they expressed it have greatly influenced the report as no information could be verified or triangulated through field observations.

3. Project Progress and Achievements

On the first year, the project identified six objectives to implement a range of activities. They were: Promoting Community Based Forest Enterprises; Implementing certification model for Nepal; Improving and maintaining quality and consistency of Nepali NTFPs; Gaining better market position for Nepali NTFP in international markets; Educating NTP buyers on how to support Nepal NTFP industry and Lobbying for an enabling policy environment. In each of above objectives the project implemented a number of activities. (See annual and quarterly performance reports).

The alliance members and the participants of the review workshop expressed immense satisfaction over the achievements made by the project in the certification and sustainable marketing of NTFP products. The major achievements of the project as expressed by the participants and as documented are:

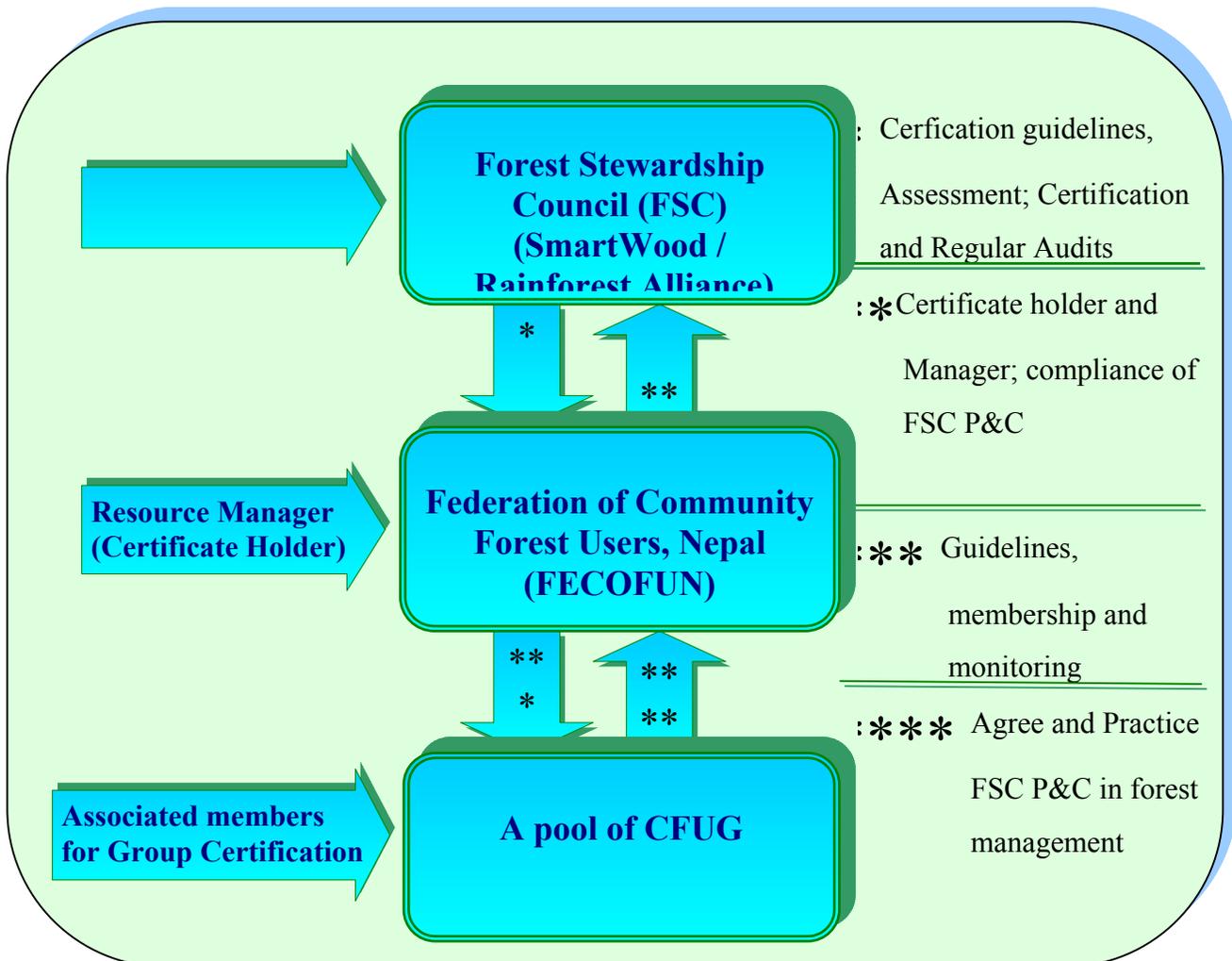
A large number of people trained and the knowledge on forest certification increased:

The project started from almost zero knowledge on certification. It has now greatly expanded the technical and institutional capacities of FUGs and other key stakeholders. There is now a pool of knowledge about the certification process, principles and criteria among different stakeholders. The project trained and awared altogether 11,209 people from different stakeholders through training, workshops, orientations, meetings and coaching events. A total of 268 settlement level trainings, workshops and meetings were organized involving 7,122 people with 4,633 males and 2,489 female participants. Similarly, 1,235 participants at district level were trained through training, workshop and meetings at districts and 124 central level participants were trained through national and international trainings and exposures. All these have generated a pool of knowledge on forest certification, which would open up future opportunities for sustainable management, marketing and value addition of Nepali forest products.

Forest certification awarded and a model developed:

The Rainforest Alliance awarded FECOFUN a FSC forest management certificate valid from February 22, 2005 to February 21, 2010. FECOFUN with this group certification arrangement can expand the number of FUGs and forest area as per its forest certification policy and guidelines. As of now, 11 FUGs from Dolakha and Bajhang have been included in the certification pool with a total forest area of 10,500 ha. This is the first NTFP certification and the only community-based forestry currently certified in Asia. Furthermore, the handmade paper certification that the project has facilitated is the first of its kind in the world. The alliance members believed that the certification process has opened up a potential for Nepal to enter in the international market by meeting world standards for sustainable forest management that include environmental, social and economic considerations.

The project through a number of mini workshops, meetings and consultations developed a model for the group certification. In the model, FECOFUN works as a resource manager on behalf of the FUGs in the certified pool. The interested and capable FUGs can now apply to FECOFUN for the group forest certification for which they have to comply with the forest management guideline prepared by the FECOFUN. FECOFUN monitors the FUGs in certified pool and Rainforest Alliance, a FSC accredited body, assesses and audits the forest management policy, systems, plans and performance of FECOFUN and FUGs in forest management. Chart 1 represents the model of the certification as identified by the project.



A group called “Sustainable Biotrade Group” of HBTL, GAC, AHI, DMCL and MHPL is formed under the leadership of HBTL and it identified the group CoC certification as the most appropriate for the Nepali companies. The Rainforest Alliance assessed the sustainable biotrade group’s CoC policy and guidelines, business processes and practices of the individual companies and awarded the Chain of Custody certificate. These companies now can use the FSC logo and sell their products.

Sustainable marketing and market promotion:

The products that have gone through the certification process have social viability, as there are equitable community benefits and good working relationships with the CFUGs. They are economically profitable as most products are made on a profitable basis. And environmentally feasible as environmental considerations are well covered under FSC certification. These together have given a room for Nepal to effectively demonstrate its unique community forestry story and sustainable management practices for an effective marketing.

The Nepali traders are linked with a key industry ally (AVEDA), which is also providing mentoring and advising services. A good working relationship and trust has been developed among these trade partners. AVEDA now understands the strength of Nepali products and is also advocating Nepali products and of this model. Some of the alliance members have also strengthened their institutional capacity of order confirming, communicating with buyers, timely delivery, and maintaining the quality. The alliance activities have offered a range of services for CFUGs' capacities and have assisted an array of enterprises from local products processing (soap and papers) to export products. Alliance has able to produce products that can be exported to other countries. Some of the alliance members are making deal with international buyers. The gross sale in the second year of the project from the pilot districts and through the alliance companies amounted to be Rs 35,130,254 (US \$ 524,332). A total of 5,334 households are benefited from these business activities generating 1,209 employments. The employment from the NTFP activities is increased by 16%. The alliance companies (HBTL, GAC and AHI) increased the marketing of NTFPs and their products by 30 % compared to the baseline information of first year.

The market linkages at international level have been enhanced through participation at international expo and also through mentoring support from AVEDA contributing to increase in sales volume. The alliance partners got aware about the requirements of international markets and are found getting ready to move towards it. They also expressed that the international marketing requires a different eye. In this way, the groundwork for international marketing has been laid down. The real marketing and export of products yet to materialize. The big challenges are ahead to get on the international standard and reach at the nitty-gritty of marketing, so it is required to communicate Nepal’s FSC products story and negotiate long-term contracts with reputable buyers.

Increased community-company relationship and becoming more responsible buyers:

The project facilitated to create linkages of producers and buyers. The communication between them has been strengthened and the alliance companies are buying products directly

from the producers until that are available. The project helped PPA members to understand what it meant to be a responsible buyer. They are now contributing to the communities and becoming more responsible buyers.

The managing director of Gorkha Ayurved Company Mr Prem Tiwari highlights the building of strong networking between the company and communities. They used to be obliged for getting raw materials through mediators but now they are connected with communities that produce the raw material. The PPA brought them together and supported to build strong networking and relationship. This relationship has opened up an avenue for buyers and sellers work differently for the mutual benefits. The closer working relationship has also provided an improved environment for resolving sustainable forest management issues.

Capacity Building for sustainable management, marketing and quality enhancement:

The alliance partners expressed that their perception, knowledge and skills on sustainable management and marketing has completely changed through the alliance participation. They think now more knowledgeable, more capable and more confident in marketing, linkage development, international market dynamics, its requirements and quality assurance. Alliance partners who participated in the international expo felt that the exposure was very helpful to get across the market and recognize the international market. The observation visits to other countries made knowledgeable about the Good Manufacturing Practice (GMP) for example what is it? why it is important? the differences between modern and traditional medicines etc. They expressed that they learnt a lot on why they should get on to the GMP. It is their conclusion that the international market position is hardly probable if GMP standard is not met. Similarly, they are now aware on the requirement of other certifications too for the successful international marketing. The followings are the key quality considerations that they understood to be critically important for international markets.

- Quality (purity, consistency, ingredient/chemical composition, phytosanitary / MSDS)
- Packaging and labeling (attractiveness, image/identity, FSC logo)
- Timely delivery
- Quantity (determination of demand and supply)
- Sustainable sourcing (Chain of custody)
- Trust building

The alliance partners think that they have achieved a great deal of knowledge through the project, however, the challenge ahead is to bring these knowledge gained so far into practice and convert into wealth.

Product design and development:

The project supported the alliance companies and CBFs for the product design and development. Several products were developed. These were: Pagar soap from Pagar fruit and Naru roots in Mugu; Handmade paper from waste materials like residue of cereal crops by Malika handmade papers in Bajhang, a pain relief oil from the combination of various essential oils, primarily from Wintergreen, Eucalyptus, Mint, Citronella, juniper, and Camphor extracts, and Argeli paper by HBTL; Chiuri cold cream by AHI, and Dentache oils for dental ailments and Herbo Malt as rejuvenating tonic by GAC;

Sustainable management of resources:

The sustainable management of forest has been started at international standard. The participating CFUGs have demonstrated that they can meet the international standard and have shown a pathway for other CFUGs to participate in the process. The operational plans of participating 11 FUGs were reviewed, gap analyzed and revised in the spirit of FSC forest management principles and criteria and indicators. Their constitutions were also revised. Apart from these FUGs, other 11 potential FUGs in Dolakha are also trained on sustainable forest management and forest certification.

Community enterprise development and poor directly benefiting:

The project organized several workshops and interactions to develop networks of FUGs and to promote community based forest enterprises. The FUGs never before thought of doing business, but now they have realized that the business is a means for sustainable management of their resources. With the project and alliance members' support, four network enterprises have been developed. They are: i) Shree HERBIL, a marketing network of 5 FUGs in Bajhang, ii) Allo product network, a network for Allo production and marketing in Bajhang, ii) Kalingchok enterprise, a cooperative for forest product processing and supply at Kolakha, iv) Shree Everest Gateway Forest Products Pvt Ltd, a partnership enterprise of seven FUGs in Jiri.

The poor FUGs members are also made shareholders in some of these community enterprises through FUG/project support. So they get benefited once the community enterprise succeeds. There was also priority for poor with different activities as per the FSC criteria.

Contribution in the formulation of NTFP policy 2062 and contribution to royalty fixing:

The alliance provided the policy recommendations to Herbs and NTFP Coordination Committee and contributed to draft a new NTFP policy of HMG/N, which is now approved by the government. The project's contribution to include certification aspects in the policy is well appreciated. The PPA forum also raised its voice and influenced the royalty fixation committee in fixing the royalty of different herbs and NTFPs.

4. Multi-stakeholder perspectives and key lessons

The project implementation in three years made significant achievements in paving a foundation for sustainable management of forest resources to meet the international standards and to enter in the international marketing system. The participants in the lesson-learning workshop shared their experiences of getting certification knowledge and expressed hopefulness in converting the knowledge gained so far into wealth. The participants shared their perspectives on the outcomes and the lesson learnt. The lesson learnt as expressed by the participants and as presented in the reports are as follows:

Forest Certification:

The project collected a large amount of information on forest and NTFP certification, especially on FSC certification. The information was shared among alliance members and key stakeholders. With the information and a number of discussions and meetings the project identified **FSC group certification system to be the most appropriate option for Nepal** in which FECOFUN works as a resource manager on behalf of the FUGs in the certified pool.

FSC forest certification comprehensively covers the social, environmental and economic elements. The participating FUGs will have to revise their operational plans, constitutions, systems and practice in line with the principles, criteria and indicator of forest certification. The forest certification is therefore a way of achieving the sustainable forest management objectives in community forestry. So, **the certification should not be seen as separate task in community forestry** but as a part of community forestry process.

Forest certification is not appropriate for all FUGs and is also a costly endeavor if benefit is not harvested through international marketing. So the selection of FUGs needs to be made based on certain criteria. The project suggested the following selection criteria:

- Richness in NTFPs
- Potential for sustainable management, harvesting and marketing of NTFPs including export products (enterprise oriented FUGs)
- Institutional and resource management capacity showing potential to meet the FSC P & C
- FUGs already getting external support in institutional and forest management or potential to get such support soon
- FUGs with bigger forest areas or potential for expansion
- FUGs potential for clustering and networking for consolidated supply of NTFPs and coordination for forest management
- FUGs initiated or interested to improve their monitoring and auditing systems
- FUGs showing interested to participate in forest certification and ready to improve their institutional and forest management systems.

The project has so far facilitated to get certification of 11 FUGs and 16 products. 10 more FUGs are in process of getting certified. The coverage of certification is too little for any substantial international marketing. So the certified FUGs and the products have to be expanded. Similarly, the sustainability of forest certification is one of the important issues of the alliance initiative. For this purpose, **FSC national standard has to be established and national capacity needs to be enhanced with national auditors and assessors.** The project has also been supporting to develop a national standard in Nepal by participating and contributing in the National Working Group formed by a national workshop.

Apart from FSC certificate, other certificates are also necessary for international marketing. For example: organic certificates are necessary for essential oils and food products, and GMP is needed for medicines and food products. The project has developed a national confidence of meeting the international standards. So, **other kinds of certifications such as eco-auditing, organic certification, GMP should also need to be explored.**

Sustainable management of resources:

As FUGs are grassroot organizations, the word Forest Certification and international standards used to give an impression that these are not meant for developing countries like Nepal. But, through the pilot work of PPA, it gave a confidence that **FUGs can meet the international standards of sustainable forest management and get recognition at international level.**

The enterprise development used to be considered as something separate from sustainable resource management. It is now realized that the **enterprise development and promotion is the backbone for the sustainable forest management.** If community people are made endowed with knowledge and skill for sustainable management of NTFP and supported for enterprise development it can greatly contribute for the poverty reduction in remote areas.

Public-private alliance and networking:

The alliance experience has helped to understand the international standards, GMP need, value of Total Quality Management (TQP), Chain of Custody, the importance of sustainable bio-trade groups and many other quality considerations and their certificates. All these made realize that the opportunity of getting higher market value is there. It is also realized that the sustainable forest management is the key for premium market price. To make the alliance more effective, **the member base has to be increased and their roles and responsibilities have to be expanded. Members from private sectors, donors, and facilitating organizations need to be included.**

The alliance at local and district level play an important role to impact at grassroot level. So, **the local practice of alliance building needs to be promoted and the learning and best practices need to be documented and disseminated in appropriate forms and methods.** (Also see annex 2) The alliance process can only be effective and sustainable if the collaborating partners are ready to mobilize their own resources. So they need to be encouraged to invest in it.

The projects supported several networks in Bajhang and Dolakha. These networks are undertaking NTFP production, processing and trading activities. The project supported these network enterprises with feasibility study, business planning, organizational management and in skill development areas. The experiences with these networks gave an understanding that **the networking is essential for mutual benefit and also to fulfill the joint effort demanded by certification process.** Similarly, for lobbying and advocacy also networking has demonstrated much strength and value.

Quality considerations and responsible business behavior:

The **market requirement of quality (purity, consistency, ingredients), packaging and labeling, timely delivery, and sustainable sourcing are understood to be the key** for international marketing. The market monitoring system also needs to be established and strengthened to check adulteration and promote market. The project in the second year formed a marketing group that would work on improving marketing gaps in reaching international markets. The group identified some important issues to be addressed during

international marketing. These are: i) Coding of product lines that are tied to standard descriptions of the products as sometime there is confusion on what the buyer wanted; ii) Preparation of order confirmation sheets that are sent to the buyers before final invoice and allow greater clarity between the buyer; iii) Better understanding of shipping options and actual experience working with a larger buyer's broker in the US to clear the shipment through US customs, and information on when Food and Drug Administration (FDA) registration is needed and when it is not to be sorted out in compliance with more recent 2003 anti-terrorism laws. These kinds of bottlenecks need to be sorted out while handling orders.

It made realize that the business can sustain in long-run if it is guided by the principle of responsibility towards the society. So **'how to promote responsible business behavior' should also be the part of alliance building process.**

Capacity development:

The project provided a range of technical and management capacity development opportunities to alliance members, FECOFUN, CBFs, FUGs and other stakeholders. Market information and communication being practiced by ANSAB need to be continued and strengthened. A proper planning by enterprises with what, where, and when are essential elements in marketing. Similarly, the cost competitiveness is also equally important. The capacity need of alliance partners and key stakeholders in these areas need to be identified and further supported. To support for the sustainable international marketing the **capacity of alliance members has to be further strengthened in networking, market promotion and quality assurance system.**

Product development and design

The product design and development should meet the market demand. **Certain criteria need to be followed in selecting product for certification and development.** The project suggested the following criteria for product certification and product development:

- Volume of product
- International market demand
- Consistent quality
- Local knowledge on harvesting/management systems and technical processing issues
- Benefit (employment and income) to large number of poor rural men and women
- Potential for sustainable management
- High value (margins to producers)
- Potential for value addition locally
- Mostly found in Nepal
- Resource managed by Community Forest User Groups, management plan and biological monitoring in place.

5. Scaling up, observation and recommendations

a) How to continue and scale up the learning?

- i) **Continue and expand the PPA with more members from business houses and service providers:** The alliance members strongly felt that the PPA project should not be left entangled in the middle of the road when so much of groundwork has already completed. They suggested the continuation of donor support until the certification process is well established. For the alliance to be more effective, the big national and international responsible business groups have to be included with appropriate memoranda of understanding or agreement. Furthermore, the alliance would be more effective if the service providers like laboratories; certification agencies and government bodies are also included. Networking of producers in clusters and networking of enterprises at district level are also suggested to be promoted. Similarly, the umbrella organization of NTFP traders such as Nepal Herbs and Herbal Products Association also need to be enrolled. The participants of the lesson learning workshop suggested the following criteria to recruit new alliance members:

What	How	Who
Enhance production	Sustainable management, cultivation; capacity building	FUGs, cooperatives, private sector
Promote processing	Local and national processing companies; technology transfer; and credit	CBFEs, private sector, HMG, banks, project, NGOs
Marketing	Market planning and promotion; network development and marketing	CBFEs, private sector, associations
Institutional development	Management structure and business planning; benefit sharing mechanisms; networking; training and capacity building	Private sector, associations, HMG, NGOs, projects, donors

The suggested alliance building at different levels is presented in annex 2.

- ii) **Expand the concept of sustainable management and international marketing:** Through training, awareness campaigns, advocacy and demonstration the principles of sustainable management, enterprise development and marketing program has to be expanded in the districts and in other areas.
- iii) **Expansion of certification:** To make the certification more cost effective and amplify its benefit, the certification process has to be expanded to other FUGs covering wider areas by including high values products such as Amala, Harro, Barro, Gurju. The certification has to be expanded in other geographical and

regional areas. For this, national level certifiers /assessors need to be developed. Similarly, other kinds of certifications are also to be explored.

- iv) **Capacity building and support system:** PPA members are of different capacities in market promotion and product development. So, their capacity development needs to be addressed through prioritization. The support system like access to financial capital, insurance supports to minimize risk are also to be developed.
- v) **Strengthen and expand the sustainable bio trade group:** The sustainable biotrade group is also an alliance of traders binded by its own constitution and guidelines. In order to increase the bargaining power and reduce the management cost the group has to be strengthened and expanded.
- vi) **Strengthen the Laboratory services:** The project should also focus in strengthening the laboratory services in the country.
- vii) **Identification and adoption of improved technology:** This is particularly important to add value and improve production efficiency.

b) Observation and recommendations

From three days of facilitation of the lesson-learning workshop, interaction with key members of the alliance and review of the project reports, my observations and recommendations are as follows:

- i) I am highly impressed from the success of the PPA in enhancing local and national awareness on the importance of certification for sustainable resource management and international marketing. The certification process initiated by the project has not only supported to create an environment for international marketing but also greatly influenced in achieving the sustainable forest management objectives. FECOFUN as a certificate holder has shown confidence and keen interest in expanding the certification process in other districts and FUGs as a permanent program. According to Mr Bholu Bhattarai, the general secretary of FECOFUN, it is planning to expand to other 5 districts covering 25 FUGs in the current year with its own resources. And if there is external support they are willing to expand it to 200-250 FUGs in different districts. FECOFUN seems to be very convinced from the social, environmental and economic objectives that the FUGs can attain through the process and is very hopeful about the future impact on poverty reduction in rural areas.

Similarly, the participating enterprises expressed encouragement for getting extensive knowledge and confidence in order to enter in the international marketing. Mr Parbat Gurung from sustainable biotrade group is very hopeful that the expanded certification will open up good marketing opportunities in NTFP sector. As in the last three years a good foundation has been laid down for

international marketing of Nepali NTFP products, I would recommend to **continue the financial and technical support to amplify the best learning of the PPA.**

- ii) The aim of the certification is in one hand to encourage sustainable resource management and in the other hand to promote international marketing. The project attained much higher achievements in SFM as compared to international marketing. For the international marketing the knowledge base has been broadened and foundation has been prepared. As the international marketing involves a large number of international business actors, I would suggest PPA to **further expand its networking, communication and relationship with several kinds of international actors.**
- iii) I appreciate the commitment expressed by PPA members in enhancing community-company relationships. They also expressed their commitment in responsible business practice. I would suggest to enlarge their awareness on the values, principles and behaviors that would keep them in responsible business. I would also suggest to **enhance their institutional and technical capacity to target the standards in meeting the international needs** and plan for that.
- iv) I would recommend to **expand the PPA member base by including some of the big business houses and service providers.** In one way this will enhance cross learning and in other hand it will amplify the international marketing giving more benefit to grassroot certificate holders. However, the identity and competitive advantages of small businesses also need to be respected and safeguarded. The PPA should be facilitated to create a memoranda of understanding (MoU) so that they remain guided by it.
- v) The existing laboratories and their capacity are also found to be one of the main barriers for international marketing. I would suggest to **bring key laboratories on board and develop their technical and infrastructural capacities.**

Annex 1: Proceeding of Lesson Learning Workshop held from 23-25 August 2005.

The project organized a "Lesson Learning" workshop from August 23-25, 2005 in Kathmandu in order to review the effectiveness of alliance and develop common understanding on lesson learning. The workshop was participated by alliance members, project implementers, relevant project stakeholders and representatives of supporting agencies. The workshop was facilitated by Dhruba Acharya, a freelance consultant.

In the workshop, the alliance members presented their perception of project achievements, lesson learnt and way forward. The participants also discussed in groups on how to scale up the learning and prepared action plans that each alliance member would implement.

Workshop opening:

The workshop began with participants' introduction and the presentation of objectives. Dr. Bhisma P. Subedi, the Executive Director of ANSAB, presented the objectives of the workshop and highlighted the major achievements of the project in the last three years. He stressed that the NTFP and Community Forestry certification is the first in Asia and the certification of Nepali hand made paper is the first of its kind in the world.

During the occasion, Dr. Udaya Raj Sharma, Director General of the Department of Forests, expressed happiness over the Private Public Alliance for growing and succeeding. He appreciated the role that the project played to incorporate the concept of certification in NTFP policy formulation. He also stressed the need of altering peoples' misconception about certification as the panacea to all marketing problems but strengthening the market chains.

Dr. S.P. Singh, the Chairperson of ANSAB expressed happiness over Nepal being the first country in getting the sort of forest certification. He opined that there is major change in thinking about sustainable management. Certification is something that leads for the sustainable management and requires more education and more science. He also stressed the need of the present time to convert knowledge into wealth.

Dr. Bijnan Acharya, the forest specialist at USAID, expressed the interest of USAID as understanding how private and public can work together. He appreciated the significant result seen in the certification process and expressed a need to work further more in international marketing. He highlighted that the background for future work has been made and lessons from this project will be useful for the future direction.

Commitment by alliance members and partner organizations

The outcome of the workshop is already incorporated in the main body this report. The action plans prepared by the participating organizations are as follows:

Group # 1

What	When	Whose responsibility
Extension at district level	Within a year	FECOFUN (NEC)
Increase forest area, species and forest products <ul style="list-style-type: none"> • Awareness raising • Coordination and sensitization among stakeholders • Development of constitution, work plan and re-writing • Monitoring and evaluation 	Within a year Continue Continue as per the necessity One year In each 3 or 4 months (internal monitoring once in a year)	FECOFUN, DFO DFO, FECOFUN, HJSS DFO, FECOFUN, HJSS DFO, FECOFUN DFO, FECOFUN and its district chapter
Enterprise development and expansion		DFO, FECOFUN, HJSS
Market exploration of NTFP production <ul style="list-style-type: none"> • Collection center establishment • Information center 		HJSS, DFO, FECOFUN FECOFUN FECOFUN
District level network		DFO, district federation
National level alliance develop and expansion		FECOFUN
External auditing		FECOFUN

Group # 2

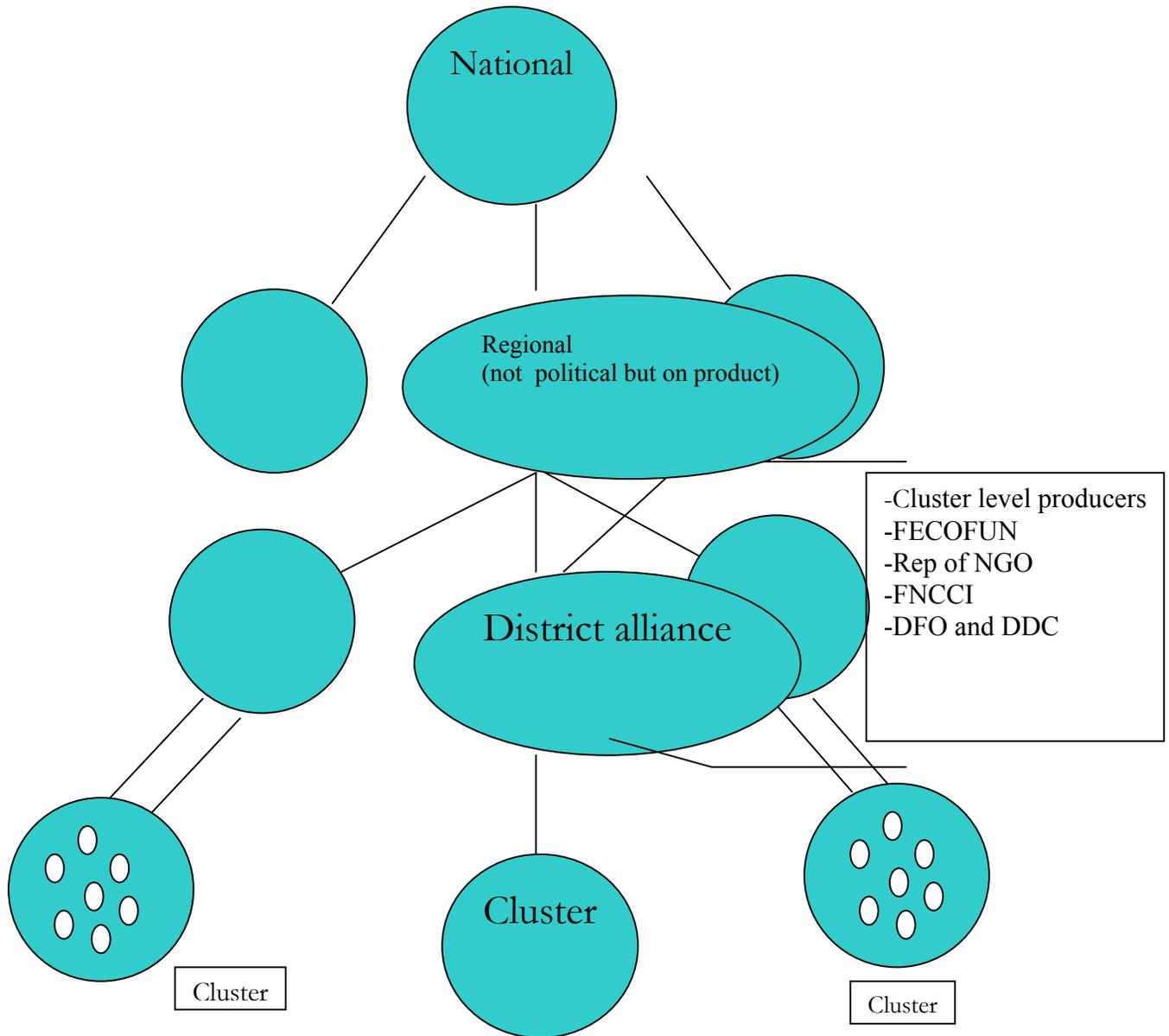
What	When	Whose responsibility
To increase alliance members	Yearly 3-5 members (ongoing)	SBTG
Use of FSC logo	Come in practice before the end of 2005	SBTG
Sustainability of SBTG	Initiation to prepare guideline before Dec 2005-2006	SBTG
Sustainability of PPA project	Proposed to PPA forum	ANSAB/SBTG, FECOFUN Funding Agency

(PLEASE GET FOR GROUP 3 FROM SHOVA)

Workshop achievements as expressed by the participants:

- The workshop helped to understand the need and ambition of the alliance members
- Learning of everyone came in the common forum
- Review on the status of the alliance and visioning to make it more effective
- Learning on how to make the alliance effective in future
- Learning of the important achievements and lesser achievements during the past 3 years
- Additional knowledge from the sharing of experiences
- Internalized the achievements of forest certification
- Agreed to continue the alliance and expressed commitment to support
- Preparation of the proposed plan for further action
- Successful to encourage alliance members be committed towards their responsibilities
- A good opportunity to know the lessons learning of everyone
- Direction to way forward for the alliance
- Common understanding about the alliance achievements and consolidation of the lessons learned by the alliance members
- Identification and prioritization of the activities needed to scale up the alliance
- It has made ways to further build on the alliance
- Where we are, what we learned and where we are heading for has been clear
- Commitments from everyone has come to build on the alliance
- Generated consensus on expansion of the PPA members
- Learning on the PPA activities during three years
- Realization of the alliance establishment on the right time and achievement of the certification program
- Realization of the need of continuity of the alliance
- Sharing of experiences and lessons learned in the certification process
- As certification is a foundation for FUG, the visioning of extending the certification program is very good
- Clarity among multiple stakeholders including donors on the PPA achievements, present status of the activities and what we are heading to
- Consensus on expansion of the alliance
- Consensus on expanding the certification program for sustainable forest management
- Institutional commitment to make the certification program effective and build up the alliance
- Learning on requirement of sustainable forest management, NTFP based enterprise development for poverty alleviation, need of social, economic and environmental balance and need to encourage and promote the users group

Annex-2: Suggested alliance building at different level:



Annex 3: Certified Products and FUGs from Bajhang and Dolakha

Certified Production Estimated in Bajhang and Dolakha				
Species	Scientific Name	Unit (Kg)	Product	Remarks
Dry Lokta Bark	<i>Daphne spp.</i>	91178	Hand made paper	
Argeli whiteskin	<i>Edgeworthia gardnerii</i>	3374	Hand made paper	
Machhino leaves	<i>Gaultheria fragrantissima</i>	314168	Essential oil	Data of Dolakha only
Dry Allo fiber	<i>Girardinia diversifolia</i>	16194	Handicraft and cloths	
Jhyau	<i>Parmelia sps</i>	24339	Medicines	
Majitho	<i>Rubia manjith</i>	8889	medicines	
Pakhanved	<i>Berginia ciliata</i>	36171		
Dry Chiraito	<i>Swertia chiraiyita</i>	21318	Medicines	
Satuwa	<i>Paris polyphylla</i>	5515.5		
Padamchal	<i>Rheum australe</i>	5273.6		
Bhutkesh	<i>Silenium cadollei</i>	14046	Medicines	Bajhang only
Guchchhi chyau	<i>Morchela sps</i>	394	food suppliment	Bajhang only
Sugandhwal	<i>Valeriana jatamansi</i>	7407.9	Medicine And essential oil	Bajhang only
Kutki	<i>Pichrorhiza scrophulariflora</i>	2515	Medicines	Bajhang only
Jatamansi	<i>Nardostachys grandiflora</i>	4802	Medicine And essential oil	Bajhang only
Atis	<i>Aconitium heterophyllum</i>	2679	Medicines	Bajhang only

CFUGs already certified

SN	Name of CFUG	Address	Households	Forest Area (Ha)
1	Bhitteri	Boch, Dolakha	237	367.31
2	Charnawati	Bhimeshwar-13, Dolakha	315	385
3	Thulonagi	Jiri 8 & 9, Dolakha	257	239.53
4	Kalobhir	Jiri 7, Dolakha	215	545.25
5	Suspa	Suspa 6, 8 & 9	303	635.36
6	Jhareni	Suspa 6-8, Dolakha	186	208
7	Shree Binayak Pimidanda	Kailash 1-7, Bajhang	240	1425
8	Lahare	Gadaraya 1, 8 & 9, Bajhang	305	458
9	Binayak	Gadaraya 1, 8 & 9, Bajhang	87	1606
10	Hemantawada	Hemantawada 1-9, Bajhang	501	1665
11	Ranada	Kotdewol 1-3, Bajhang	214	1981
12	Latoon	Rilu 4 & 5, Bajhang	65	728