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Acronyms

ACAP/KMTNC	Annapurna Conservation Area Project of King Mehendra Trust for Nature Conservation
ADB/N	Agricultural Development Bank/Nepal
ANSAB	Asia Network for Small Scale Bioresources
CARE/Nepal	Cooperative Assistance of Relief Everywhere, Nepal
CECI/CBED	Community Based Economic Development Project of Canadian Center for International Studies and Cooperation, Nepal
CFUG	Community Forest User Group
DDC	District Development Committee
DFO	District Forest Office(r)
DOF	Department of Forests
EWV	EnterpriseWorks Worldwide
FECOFUN	Federation of Community Forestry Users, Nepal
FUG	Forest User Group
HCDA	Humla Conservation and Development Association
HPPCL	Herbs Processing and Production Company Ltd.
IEDI	Industrial Enterprise Development Institute
MEDEP	Micro-Enterprise Development Project of UNDP
MFSC	Ministry of Forests and Soil Conservation
MHPL	Malika Handmade Paper Pvt. Ltd.
NACRMP	Nepal Australia Community Resource Management Project
NGO	Non-Governmental Organization
NP	Natural Products
NNN	Nepal NTFP Network
NSCFP	Nepal Swiss Community Forestry Project
NTFP	Non-Timber Forest Product
NUKCFP	Nepal-UK Community Forestry Project
OP	Operational Plan
SEANN	South & East Asian NTFP Network
SNV/Nepal	Netherlands Development Organization, Nepal
UMN	United Mission to Nepal
USAID	United States Agency for International Development
VDC	Village Development Committee
WWF	World Wildlife Fund, Nepal

I. SUMMARY OF ACTIVITY STATUS AND PROGRESS

a. Introduction

This report presents the progress of the “Enterprise-Based Biodiversity Conservation” project of USAID’s Global Conservation Program for the period of September 30, 1999 (the start of the project) through May 31, 2000.

Implemented by EnterpriseWorks Worldwide (EWW) and Asia Network for Small Scale Bioresources (ANSAB), the overall project goal is to conserve the globally significant mountain biodiversity of western Nepal through community forest management linked to enterprise development. The project aims to bring 30,000 hectares under improved management in five years (this is in addition to 13,352 already under effective management), and strengthen and improve policy implementation in the area of community forestry nation-wide. The priority regions for this project are the subtropical, temperate, and alpine forests of Nepal’s eastern Himalayas, which contain strong botanical diversity both in terms of species richness and endemism and suffer from a high level of anthropogenic disturbance. The project area (which includes the districts of Humla, Jumla, Bajhang, Dolpa, Mugu, and Kalikot) is considered a “hotspot” based on Norman Myers’ conservation setting priorities. The project activities for year one were reduced and redirected to the extent that USAID committed its financial resources (40% of the original plan) and the U.S. Embassy in Nepal placed Kalikot and Dolpa Districts on excluded and restricted status respectively due to Maoist activities. Accordingly, the project has initiated work in three rather than six districts: Bajhang, Humla and Jumla. Work in these districts is on track and EWW and ANSAB do not expect the Maoist activities to hamper project progress this year.

b. Highlights

Major accomplishments include:

- Completed and submitted annual work plan and performance monitoring plan to USAID; plans approved by USAID.
- Hired field staff, conducted orientation training, and set up sub-field offices in Jumla and Humla.
- Held a national level workshop in enterprise development and management that supports enterprise-based biodiversity conservation.
- Prioritized geographic areas and communities and initiated or expanded forestry user group (FUG) process with 14 groups in Humla, Jumla, and Bajhang. 2,990 hectares as of May 2000 have been handed over to communities and are now classified under improved management (the goal for year one was 2,500 hectares). An additional 4,700 hectares have the potential to be brought under improved management within the initial targeted sites.
- The Malika Handmade Paper enterprise in Bajhang was launched which processes Lokta (a perennial shrub) into handmade paper.
- Draft completed of biodiversity conservation monitoring system and biodiversity monitoring activities initiated with FUGs, including a species study for Lokta in Bajhang.

c. Table of Activity Status for Year One

Table 1 – Activity Status for Year One

Activity Number	Activity Title	Status*	Page
Objective 1 Expand and institutionalize participatory resource management and conservation under Nepal’s forestry policies and legislation			
1.a	Prioritization of geographical area and community groups	On-track	6
1.b	Community forestry orientation and training design	On-track	9
1.c	Community forestry best practices workshops	On-track	11
1.d	District community forestry federation workshop	Delayed	11
1.e	National level workshop	Completed	12
Objective 2 Enhance knowledge and skills of forest user groups in sustainable use and conservation of biological resources			
2.a	Staffing and training	Completed	13
2.b	Conflict resolution for community forest mapping	On-track	14
2.c	Technical and logistical support to communities	On-track	15
2.d	Promotion of community forestry agenda	On-track	17
Objective 3 Promote use of natural products in an ecologically sustainable and socially equitable manner			
3.a	Business development services to communities	On-track	18
3.b	Business plans for community-based enterprises	On-track	19
3.c	Business management training	On-track	19
3.d	Enterprise start-up capital	On-track	20
Objective 4 Generate scientific information for the sustainable management of biological resources			
4.a	Biodiversity conservation monitoring system design	On-track	20
4.b	Harvested species regeneration status	On-track	21
4.c	Information dissemination	Delayed	22

*Status may include activities that are completed, on-track, delayed, mixed performance, or cancelled.

II. DETAILED DESCRIPTION OF SITE PROGRESS

a. Key short and long-term program objectives for the site

Long-Term Objectives

The project’s four key long-term objectives are to:

- a) expand and institutionalize participatory natural resource management and conservation practices within the framework of community forestry in Nepal,
- b) enhance knowledge and skills of FUGs and local harvesters in sustainable use and conservation of bioresources,
- c) promote commercial use of natural products in an ecologically sustainable and socially equitable manner, and
- d) generate scientific information required for the sustainable management of the biological resources.

Short term (year one) objectives

The objectives for year one of the project are to:

- Set priorities for Community Forest User Group (CFUG) development in the districts of Jumla, Humla, and Bajhang and generate support for the CFUG process with FUGs and District Forest Officials (DFOs),
- Accelerate progress and disseminate lessons learned on enterprise-based biodiversity conservation for all of Nepal and the Karnali area in particular through a national level workshop and other forums,
- Facilitate conflict resolution, community forest mapping and FUG registration that will result in at least 2,500 hectares being brought under improved management,
- Provide economic incentives for biodiversity conservation through the development of three enterprises that are linked to *in situ* biodiversity, and
- Design and implement a biodiversity conservation monitoring system that will monitor commercially harvested species and overall biodiversity health.

b. Activity Description

Activity 1.a

Prioritization of geographical area and community groups

Summary of major achievements

Meetings were held with District Forestry Officials, community members, FUG members, and district-based NGO staff in Jumla, Humla, and Bajhang to prioritize project areas for year one. Project sites within each of the three districts were selected based on ecosystem vulnerability, ecological connectivity, abundance of commercially potential plant species, community interests and enterprise opportunities. To finalize the field activities, project locations and to promote coordination among forestry stakeholders, one district level workshop was held in each of the three districts. The results of this process are summarized below.

Humla - Communities in the Village Development Committees (VDCs) of Mimi, Melchham and Darma have been selected for new FUG activities. Potential expansion areas include Thehe, Kharpunath, Srimastha, Rimi, and Rodikot. Selection and prioritization of working area was done in consultation with Humla Conservation and Development Association (HCDA), the DFO, the District Development Committee (DDC) and other local NGOs working in this field. Three FUGs in Kharpunath and one FUG in Rodikot need forest area surveying, resource inventory, and revision of operational plans. To conserve the threatened forest and pasture area of Thehe, Srimastha, and Rimi VDCs, technical support in organizing groups, preparing operational plans, and building capacity of the forest users is to be provided.

Jumla - Patarasi VDC has been identified as a priority area for this year, where 3 FUGs already exist with a total of 139 ha of community forests. These areas have a scope to bring 900 additional hectares of forests under FUG control through the CFUG review and reformulation process. The areas selected for subsequent years include communities in the VDCs of

Chumchaur, Dillichaur, Patmara, Depalgaun, Gajhyangkot and Guthichaur and the forest and meadows these communities have been traditionally using.

Bajhang - ANSAB started the resource management and enterprise development activities in Kailash and Hemantawada VDCs before this project with support from the Ford Foundation. The potential extension areas for the conservation activities include Kotedeval, Rilu, Masta, Datola, Gadarayo, Melbisauna, and Majhigaun. The second priority areas identified include Pipalkot, Kapalseri, Dewlikot, Dahabagar, Syandi, and Sunkaunda. The project activities have been concentrated in Kailash and Hemantawada VDCs. While Kailash and Hemantawada will continue to receive technical support, Kotdewal, Gadarayo and the other VDCs noted in Table 2 will be emphasized for the remainder of this year.

Table 2 lists the areas and summarizes forest type and condition to be included in year one activities. Table 4 under activity 2.c gives further details on FUG area.

Table 2. Baseline Status of Forest and Communities Selected for 1999-2000

DISTRICTS SETTLEMENTS	FOREST TYPE AND CONDITION
Bajhang	
Shree Binayak Pimidanda, Kailash VDC	Mixed conifer (Pinus, Abies, Taxus) and broad-leaf (Quercus, Betula) with NTFPs (Lokta); natural forests with some severely degraded patches; 25 ha of the forest area handed over before the project and an additional area of 912 ha has been brought under community forestry.
Hemantawada, Hemantawada VDC	Mixed conifer (Pinus, Abies, Taxus) and broad-leaf (Quercus, Juglans, Lyonia) forest with some NTFPs; natural forests with portions of degraded areas; community forestry area of 1293 ha.
Binayak, Gadaraya VDC	Mixed forest of conifer (Pinus, Abies, Taxus) and broad-leaf (Quercus, Betula) with a few NTFPs; natural forests with some degraded portions; 119 ha of forest handed over and an additional area of 200 ha potential for community forestry.
Lahare, Gadaraya	A mixed forest of conifer (Pinus, Abies, Taxus) and broad-leaf (Quercus, Betula) containing several NTFPs; natural forests with portions of degraded areas; 232 ha of forest handed over before the project and an additional area of 100 ha potential for community forestry.
Ranada, Kotdewol VDC	A mixed forest of conifer (Pinus, Abies, Taxus) and broad-leaf (Quercus, Betula) with several NTFPs; patches of good natural forests with some degraded portions; 40 ha of the forest handed over before the project and an additional area of about 500 ha potential for community forestry.
Jumla	
Phurkisalla, Patmara VDC	Natural forest of <i>Pinus wallichiana</i> with several NTFPs (Jatamansi, Kutki, Gutchi chyau); 63 ha of forest handed over before the project and an additional area of 300 ha potential for community forestry.
Lanteli Patmara VDC	Conifer forest (Pinus wallichiana, Abies pindrow) with several NTFPs (Jatamansi, Kutki, Gutchi chyau, Bikh, Nigalo); 56 ha of forest handed over before the project and an additional area of 300 ha potential for community forestry.
Bhaleni Patmara VDC	Conifer forest (Pinus wallichiana, Abies pindrow) with several NTFPs (Jatamansi, Kutki, Gutchi chyau, Bhojpatra); 5 ha of forest handed over before the project and an additional area of 300 ha potential for community forestry.
Mathachaur Patmara VDC	Conifer forest (Pinus wallichiana, Juniperous) with a few NTFPs; mostly degraded; about 100 ha potential for community forestry.
Humla	
Malika, Melchham VDC	Mixed forest of conifer (Pinus wallichiana) and broadleaf (Quercus, Rhododnedron) with plenty of NTFPs; mostly good forest cover but NTFP species under severe extraction pressure; 120 ha of forest handed over before the project and an additional area of about 600 ha potential for community forestry.
Melchham, Melchham VDC	Mixed forest of conifer (Pinus wallichiana) and broadleaf (Quercus, Rhododnedron) with several NTFPs; good forest cover but portions adjoining to settlements are severely degraded, and commercial species overharvested; 100 ha of forest handed over before the project and an additional area of about 400 ha potential for community forestry.
Melchham (new), Melchham VDC	Mixed forest of conifer (Pinus wallichiana) and broadleaf (Quercus, Rhododnedron) with several NTFPs; natural forest with several degraded patches; about 400 ha potential for community forestry.
Rocha, Mimi VDC	Mixed forest of conifer (Pinus wallichiana) and broadleaf (Quercus, Rhododnedron) with plenty NTFPs (Jatamansi); natural forest with several degraded patches due to over-harvesting, excessive grazing and recurrent fire; 50 ha handed over before the project and about 500 ha potential for community forestry.
Darma, Darma VDC	Mixed forest of conifer (Pinus wallichiana) and broadleaf (Quercus, Rhododnedron) with plenty NTFPs; natural forest with degraded patches; about 100 ha potential for community forestry.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.a	Status
Coordinate with District Forest Officials and community members in Humla to prioritize CFUG development	Completed
Coordinate with District Forest Officials and community members in Jumla to prioritize CFUG development	Completed
Coordinate with District Forest Officials and community members in Bajhang to prioritize CFUG development	Completed
Hold Nepalganj regional workshop for 5 districts in August	On-track
List CFUGs to be included in the project for Humla, Jumla, and Bajhang and initiate preparatory work for the same exercise in remaining districts	Completed

Key management issues

Site selection and work in on track for year one, but if Maoist activities continue at the same levels in Kalikot and/or increase in Dolpa, the project may not be able to expand into these areas as planned in year two. If this happens, the project plans to expand coverage in existing districts to achieve its overall goal.

Activity 1.b

Community forestry orientation and training design

Summary of major achievements

One community level orientation was held in Jumla and two community level training workshops were held in Bajhang. The Jumla orientation was held March 17, 2000 and included 13 participants from 3 FUGs, the District Development Committee (DDC), the Federation of Community Forestry Users, Nepal (FECOFUN), DFO and relevant NGOs working in the district. Project strategies and local level coordination were emphasized and GCP working sites were identified. In Bajhang the first workshop had 12 participants from five FUGS. Resource management activities and capacity building were emphasized. An outcome of the workshop was a network called HERBIL that the participants use to strengthen their interaction on resource management and enterprise development. Bajhang's second workshop was held in April 2000 and was attended by eight FUGs, DFO staff, a FECOFUN representative, and local NGO staff. In the training workshop, the participants shared their community forestry as well as NTFP marketing and enterprise development experiences. The workshop group identified threats to their resource base, causes and possible solutions. They also realized the need for a monitoring plan to assure the conservation of the resource base and began work on instituting more formal monitoring.

Training design and materials/tools being developed focus on facilitating the community through the CFUG process and strengthening and expanding existing FUGs in order to attain effective resource management. The main steps of the CFUG process and the corresponding step from USAID's improved management indicators chart are given in Table 3.

Table 3. Steps in Nepal CFUG Process Compared to Steps on USAID’s Indicators Chart

STEPS IN THE NEPAL CFUG PROCESS*	STEPS ON USAID’S INDICATORS CHART
1. Identification of the forest area and users including conflict resolution.	Local site assessment
2. Formation of forest user group (FUG) including preparation of a group constitution.	Human and institutional capacity developed
3. Forest identification and demarcation including preparation of a participatory resource map. Representatives from the adjacent settlements to the forest are involved in the process of delineating forest boundaries.	Local site assessment
4. Forest management operational plan (OP). In preparing the OP, the following activities must be done: community extension, survey and resource assessment and analysis, social situation assessment analysis, resource use plan.	Management actions designed with appropriate participation
5. Negotiation with forestry authority and handing over of community forest.	Change in legal status
6. Implementation, monitoring and improvement and implementation of the plan.	Management action implemented; Ongoing monitoring and evaluation; Adaptive management

*see annex 1 for more detailed explanation of Nepal CFUG process

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.b	Status
Community forestry orientation in Bajhang	Completed
Community forestry orientation in Jumla	Completed
Community forestry orientation in Humla	On-track
Report on training needs for each community	On-track
Design training materials for each community based on needs	On-track

Activity 1.c

Community forestry best practices workshop

Summary of major achievements

No major achievements to report this period. A community forestry best practices workshop is planned to take place in Jumla in September. This will bring together the FUGs, NGOs, DFOs and other interested stakeholders in the district to share and learn innovative ideas and lessons.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.c	Status
Workshop in Jumla sharing best practices from Humla, Bajhang, Dolakha, Baglung and the Nepal NTFP Network	On-track
Workshop report	On-track

Activity 1.d

District community forestry federation workshop

Summary of major achievements

A community forestry federation workshop for the Humla District Federation is planned for July. This is delayed by one month by request of the FUGs to make it more convenient for most of the members to attend. Bajhang FUGs were assisted in networking and organizing into a district level federation of FUGs. The representative of the newly established federation attended a national council meeting to share experiences and explore opportunities in resource management and economic development. Members of the Jumla FUG Federation had a separate workshop, which was held to identify and prioritize the resource management and enterprise development activities for the Jumla district.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.d	Status
District wide workshop in Humla for CFUGs, DFOs and others	Delayed
Workshop report	Delayed
Further solidification of community forest federation in Humla	Delayed
Dissemination of lessons learned to establish and strengthen federations in other districts	On-track

Activity 1.e

National level workshop

Summary of major achievements

A five-day national training workshop on “Enterprise Development Planning in the NTFPs Sector” was held by ANSAB, March 27-31, 2000 at Budol, Kavre for 27 participants. The training had a good mix of participants from Annapurna Conservation Area Project of King Mehendra Trust for Nature Conservation (ACAP/KMTNC); Community Based Economic Development Project of Canadian Center for International Studies and Cooperation, Nepal (CECI/CBED); and United Mission to Nepal (UMN); the Ministry of Forests and Soil Conservation (MFSC); Nepal-UK Community Forestry Project (NUKCFP); Nepal Swiss Community Forestry Project (NSCFP); Nepal Australia Community Resource Management Project (NACRMP); FUGs; FECOFUN; DDCs, and NTFP entrepreneurs from across Nepal. The workshop was designed to enhance the capacity of Nepalese institutions to render business development services to micro and small-scale entrepreneurs in the natural products sector. The training was targeted at enterprise development facilitators in institutions that do community enterprise development. The workshop provided an opportunity for the participants to share, discuss and learn the basic concepts, process and techniques of enterprise development in a forest/natural products context given the prevailing social, ecological and technological situation.

Using a variety of participatory and interactive methods, the workshop covered issues and themes related to developing a new enterprise that is compatible with the natural resource base and FUG forest management operational plans. While ANSAB professional staff facilitated the training, resources persons in marketing, technology, resource management, and policy were drawn from various national and international institutions such as MFSC, Industrial Enterprise Development Institute (IEDI), Herbs Processing and Production Co. (HPPCL), Department of Forests (DOF), Agricultural Development Bank/ Nepal (ADB/N) and EWW to share their knowledge and experiences. A non-timber forest product (NTFP) enterprise training manual was written by EWW and ANSAB and tested with the participants during the training. Feedback from the participants is being incorporated into the final version of the manual.

The training had the following main modules:

- **NTFP Enterprise Development Overview:** Presentation of the main components of an NTFP enterprise development: marketing, resource assessment, assessment of regulatory environment, and business fundamentals.
- **Tools and Techniques:** How to use innovative tools and techniques to assess the business opportunities and challenges in the NTFP sector (e.g. subsector analysis, participatory business planning).
- **Completing an Actual Enterprise Development Plan:** After three days of classroom discussions and group work on the above topics, there was a full day field exercise at a nearby FUG (Gaukhureswor FUG at Dhulikhel). Participants were divided into four groups, each working on one aspect of the enterprise development framework. The participants assessed and analyzed the existing enterprise activities of the FUG, including Argeli processing (an enterprise that produces white-skin from the Argeli plant). The participants

presented their observations and findings the following day. The information was organized and used to develop a business plan for Argeli and Big Cardamom that will allow the FUG to create sustainable benefits for the users.

- **Action Planning for Follow-up Activities:** At the end of the workshop, the participants identified several activities that may be initiated after the training in their respective areas. The action plans reflected tremendous interest and commitment on the part of the participants towards gaining more knowledge, initiating enterprise activities, and exploring further training opportunities.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.e	Status
National Level Workshop on NTFP Enterprise Development	Completed
Workshop Material/Report	Completed
Expansion of Enterprise Resource Center	On-track
NTFP Enterprise Development Manual	On-track

Key management issues

In organizing the workshop, ANSAB has gained new levels of confidence and insight into training intervention for building the capacity of Nepalese institutions to deliver marketing and enterprise development services in the NTFP sector. The number of training participants was lower than projected and ANSAB and EWW plan to use the NTFP Enterprise Resource Center, housed at ANSAB (supported by the Ford Foundation and a USAID Micro-Enterprise Best Practices grant), to continue training services in this area. Funding for this workshop also came from the USAID Micro-Enterprise Best Practices grant. The need for enterprise development training integrated with FUG operational plans and maximizes returns from NTFPs was articulated by the training participants as a vital need for Nepal and a necessary component for effective biodiversity conservation using the community forestry model.

Activity 2.a

Staffing and training

Summary of major achievements

Field staff planned for year one were hired and trained in the project’s implementation approach and strategies. Specific training in organizing forest user groups, conflict resolution, preparing resource management plans, natural resource based enterprise planning was completed. See Annex 2 for the list of staff recruited for this program. In Jumla and Humla sub-field offices were set up.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.a	Status
Staff Hired for Jumla	Completed
Staff Hired for Humla	Completed

Staff Training	Completed
Sub-Field Offices Opened	Completed

Activity 2.b

Conflict resolution for community forest mapping

Summary of major achievements

Conflict resolution training with FUGs was initiated in Jumla, Humla, and Bajhang, with the most significant progress made in Bajhang. ANSAB facilitated land surveying, preparation and review of the forest management operational plans and meetings among communities.

In Bajhang, the Binayak Pimidanda community representatives learned conflict resolution skills by surveying 900 ha forest. The forest is adjacent to the Hemantawada, Ranara, and Kotdeval communities. In Hemantawada, there was an unsolved conflict on forest area demarcation and use rights among the communities. The district forest office (DFO) of Bajhang had been trying to resolve the conflict for ten years. ANSAB facilitated the communities coming together to identify and clarify their needs and areas of interest for each individual settlement. The representatives of each settlement of Hemantawada came to understand that it was in their best interest to resolve the boundary conflict to gain greater community resource management control. After ten years, the boundary dispute has been settled to the satisfaction of both communities. The Lahare and Binayak CFUGs of Bajhang District also received conflict resolution training during the period.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.b	Status
Boundary and land use conflicts resolved for targeted CFUGs in Humla so that their resource management plans and constitutions can be approved.	On-track
Boundary and land use conflicts resolved for targeted CFUGs in Jumla so that their resource management plans and constitutions can be approved.	On-track
Boundary and land use conflicts resolved for targeted CFUGs in Bajhang so that their resource management plans and constitutions can be approved.	On-track

Key management issues

In addressing conflict management the support of the district forest office and gaining the trust of all the communities affected is essential to effective resolution. Effective conflict resolution is essential in building greater resource management capacity that results in biodiversity conservation. In Jumla and Bajhang the support from the DFOs started out very mixed, but as conflicts are being resolved and tangible progress is being made in forest management operational plans and establishing NTFP enterprise, the DFOs are becoming stronger supporters of the overall goals of the project.

Activity 2.c

Technical and logistical support to communities

Summary of major achievements

Of the target 2500 ha to be brought under improved management this year, as of May 31, 2000, 2990 ha of forest and pasturelands have been handed over to community groups and are receiving GCP project assistance to improve resource management (2205 ha new due to project efforts and 785 existing ha, although previously handed over, lacked effective resource management). ANSAB and EWW have initiated work with 14 FUGs (or groups to be formed into FUGs) in the Districts of Humla, Jumla, and Bajhang this year. Table 4 gives an overview of the 14 FUGs assisted this year and the type of technical assistance being provided.

Humla - The communities in the VDCs of Mimi, Melchham and Darma will be assisted in forming FUGs and completing forest management operational plans that will result in community forest hand over. In addition, post formation support to the existing FUGs is in high demand by community groups and the District Forest Office.

Jumla - Patarasi VDC has been identified as a priority area for this year, where 3 FUGs already exist with a total of 139 ha of community forests. These areas have a scope to bring 900 additional hectares of forests under FUG control through the CFUG review and reformulation process. The additional 900 hectares will bring around 380 additional households into a FUG. The existing FUGs have a very small area of forest handed over and their operational plans are rather trivial to guide the groups in sustainable resource use.

Bajhang - Two FUGs (Binayak Pimidand and Hemantawada) were formed after identifying the users of the respected forests. The FUGs prepared their constitution and formed user group committees to coordinate the forestry activities. The FUGs were registered at the district forest office. Those two FUGs also received technical support to prepare their forest management operation plans. The forest area of 912 ha and 1294 ha was handed over to Binayak Pimidanda and Hemantawada FUGs respectively to improve the resource management system with the participation of local communities. Also in Bajhang, Lahare and Binayak FUGs received technical support in biological resource assessment and surveying of their forest areas to improve their forest management operation plans. These two FUGs will receive forest management plan preparation support in the coming months.

Other Technical and Logistical Support Forest rangers in Bajhang were trained on NTFP assessment, surveying forest boundaries, and preparing operational plans that incorporate NTFPs. DFOs and NGO staff of Bajhang and Jumla, and other participants from different districts and organizations were given a training to strengthen their capacity in forest management with a focus on addressing increased market demand for NTFPs.

Table 4. Status of Community Forestry in GCP Project Area as of May 31, 2000 and Technical Assistance Provided and Planned

Name of FUG	No. of HH	Current CF Area (ha)	Status as of May 2000	Planned	
				Area for CF expansion	Activities
Bajhang					
Shree Binayak Pimidanda, Kailash VDC	217	912.22	FUG reformulated, CF area expanded from 25 ha, forest operational plan (OP) prepared for the expanded area, OP implementation started	-	Technical support in resource management and enterprise operation
Hemantawada, Hemantawada VDC	440	1293.53	FUG formed, operational plan prepared, CF handed over, OP implementation started	-	Technical support in resource management and NTFP marketing
Lahare, Gadaraya	81	231.72	Operational plan being revised	100	Technical support in OP preparation
Binayak, Gadaraya VDC	79	118.6	Operational plan being revised	200	Technical support in OP preparation
Ranada, Kotdewol VDC		40	Operational plan being revised	500	Technical support in OP preparation
Jumla					
Phurkisalla, Patmara VDC	121	62.75	Operational plan being revised	300	Reformulation of FUG/Technical support in OP preparation
Lamteli, Patmara VDC	163	56.16	Operational plan being revised	300	Reformulation of FUG/Technical support in OP preparation
Bhaleni, Patmara VDC	116	5.48	Operational plan being revised	300	Reformulation of FUG/Technical support in OP preparation
Mathachaur, Patmara VDC	TBD	--	FUG being formed.	100	User identification.
Humla					
Malika, Melchham VDC	39	120	Initial discussions/rapport building with FUGs started	600	Reformulation of FUG/and OP preparation
Melchham, Melchham VDC	55	100	Initial discussions/rapport building with FUGs started	400	Reformulation of FUG/and OP preparation
Melchham (new), Melchham VDC	100	-	Initial identification of forest and communities	400	Formulation of FUG/and OP preparation
Rocha, Mimi VDC	33	50.25	-	500	Initial discussions/Rapport building with FUGs started
Darma, Darma VDC	100	-	Discussions started with DFO regarding the status of the FUG	1000	User identification
Totals					
14 FUGs	1,544 HH	2,990.71		4700 ha	

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.c	Status
1 operational CFUG in Humla	On-track
3 operational CFUGs in Jumla	On-track
2 operational CFUGs in Bhajhang	Completed
A total of 6 operational CFUGs with a combined total of at least 2,500 ha under improved management by end of year one	On-track

Activity 2.d

Promotion of community forestry agenda

Summary of major achievements

Biodiversity conservation and management issues are shared among the members of the NNN (Nepal Non Timber Forest Network). With support from Ford Foundation, the NNN publishes and distributes the *Himalayan Bioresources* newsletter covering conservation and enterprise issues at the community and international levels. The latest issue was published in May 2000 (see Annex 3). The national level workshop in Kathmandu also helped to disseminate the conservation issues through the participants to their colleagues. During this reporting period, ANSAB collaborated with Netherlands Development Organization, Nepal (SNV/Nepal), Cooperative Assistance of Relief Everywhere (CARE/Nepal) and Micro-Enterprise Development Project of UNDP (MEDEP), reaching many project staff, government officials, local leaders, forest users, and community members to discuss issues in resource management and conservation through different levels of training and meetings.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.d	Status
Nepal NTFP Network Meeting to promote community forestry agenda	Completed
National level forum on community forestry	Completed
Newsletter publication	Completed
Policy support for CFUG efforts throughout Nepal, especially Karnali	On-track

Key management issues

ANSAB launched the Nepal NTFP Network three years ago and it has grown rapidly to include 250 individual and institutional members across Nepal. With broad representation from government, communities, research institutions, NGOs, and private industry, the NNN has become the definitive organization in Nepal on NTFP issues. ANSAB's key role in the NNN is a critical component of the project. Site and FUG specific lessons learned through the GCP supported project are expected to be used by other NNN members to bring much larger areas of Nepal under improved and effective biodiversity conservation management. As the project progresses, EWW and ANSAB will work to document such successes.

Activity 3.a

Business development services to communities

Summary of major achievements

- Training held in Budol, Kavre for the community owned enterprises of Bajhang; DFOs from Jumla, Bajhang and Taplejung; NGO staff from Jumla and many other districts on enterprise development and planning.
- In Humla, a community owned enterprise was also provided business development and marketing support as part of promoting ecologically sustainable enterprises. To promote such enterprises, market information and technical support have been provided to enterprises, government officials, NGOs staff and community members.
- In Bajhang, business development services were concentrated in the first six months to launch Malika Handmade Paper Pvt. Ltd. (MHPL) operated by the FUG in Kailash. With technical support from ANSAB, MHPL started producing and selling handmade paper from the Lokta (*Daphne bholua* and *D. papyracae*) plants in April/May 2000. Lokta is harvested sustainably from the community-managed forest. MHPL received business development support after developing a business plan. Prior to MHPL, community members were selling Lokta to other paper making enterprises and not capturing the value-added potential. The business development services provided include:
 - advising on legal formation and royalty collection that now provides a mechanism for collecting a conservation fee to conserve the forest;
 - providing technical assistance on paper making, equipment choice, and factory design;
 - training in general management and financial management;
 - facilitating market linkages and sales contracts for paper orders (MHPL has reached an agreement with a Kathmandu-based exporter for the sale of MHPL paper);
 - devising with the FUG and MHPL an enterprise-monitoring plan that tracks Lokta resource use and regeneration and overall company operations to gain maximum efficiency.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.a	Status
FUGs in Humla provided with business development services	On-track
FUGs in Jumla provided with business development services	On-track
FUGs in Bajhang provided with business development services	On-track
A natural product, biodiversity conservation enterprise launched	Completed

Activity 3.b

Business plans for community-based enterprises

Summary of major achievements

A business plan was prepared for Malika Handmade Paper Pvt. Ltd. (MHPL), a community-based enterprise in Kailash VDC of Bajhang that was initiated under the Ford grant. With technical support from ANSAB, the MHPL started producing and selling handmade paper from the fibers of the Lokta plants, harvested from the community managed forest.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.b	Status
Business plan for a paper making enterprise in Bajhang	Completed
Business plan for an enterprise in Jumla	On-track

Activity 3.c

Business management training

Summary of major achievements

A three-month-long handmade paper making training started in March 2000 for 11 processing staff of MHPL and other members of Kailash VDC in Bajhang. The training collaborated with the district office of Small and Cottage Industry. The MHPL Company manager and three MHPL board members completed a training on account and record keeping. The capacity of the company manager and chairman of the company was further strengthened through hands-on training and actual problem solving during the “debugging” and training phase of the enterprise start-up. Handmade paper production management, financial analysis and management, human resource management, raw material procurement and marketing of the products were all addressed.

Participation of the MHPL manager from Bajhang and two ANSAB field staff from Jumla along with other 24 participants from different organizations in a five-day long national training workshop on “Enterprise Development Planning in NTFP Sector” also helped to strengthen their capacity and build confidence (see activity 1.e). The training workshop provided them with an opportunity to share and learn from actual community experience in enterprise development and management techniques for NTFP-based enterprise.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.c	Status
Operation and management skills training for Bajhang FUGs	On-track
Operation and management skills training in other districts	On-track

Activity 3.d

Enterprise start-up capital

Summary of major achievements

Start-up capital for the Malika Handmade Paper Pvt. Ltd. (MHPL) in Bajhang was secured from the Ford Foundation through a seed capital equity fund, the Village Development Committee (VDC) of Kailash, and in-kind contributions from the FUG member. ANSAB is exploring additional financial support for Bajhang and other districts at the district level and through local banks.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.d	Status
Bajhang assisted in securing capital for enterprise start-up	Completed
Other districts assisted in securing capital for enterprise start-up	On-track

Activity 4.a

Biodiversity conservation monitoring system

Summary of major achievements

A biological monitoring draft plan was designed and detailed maps for Humla, Jumla, and Bajhang project areas are being developed (see Annex 5 for draft maps). The biological monitoring plan includes guidelines for bio-physical data collection, suggested species specific monitoring regiments and how indicator species and human behavior changes can be used as proxies in assessing overall biodiversity health; and threats assessment exercises.

The outcomes of the biological baseline collection will be used by the FUGs to prepare resource conservation and harvesting plans. These plans will also generate the data required for calculating growth rate and sustainable harvest rates for selected products and inform the project participants about the general situation and impact of project activities on biodiversity.

The FUGs in Kailash, Bajhang have already completed many of the steps in the draft biological monitoring plan, including the threats assessment, initiation of species specific study for Lokta, and baseline bio-physical data collection that allowed them to complete their FUG agreement. The monitoring plan is incorporating feedback from the experience with the Bajhang groups as well as lessons from the Biodiversity Conservation Network (BCN) supported Humla work.

The overall goal of biological monitoring is to promote sustainable resource use practices by integrating the process of monitoring into the project implementation and enterprise development process. In addition, it is expected that FUGs in the project area will be able to institutionalize the monitoring system at the community level. The specific objectives of the plan will be:

- to develop a system for ANSAB and local communities to collect information on the condition of natural resources and major threats to biodiversity for planning and managing resources
- to assist local communities in determining sustainable harvest rates for the economically valued species and forewarn and enable them to take corrective measures if required
- to determine appropriate biological and social monitoring indices, and methods of measuring them
- to build and enhance the capability of local communities to use the monitoring indices
- to monitor the impact of the project activities on overall biodiversity as well as specific plant species.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 4.a	Status
Biological and selected social baseline data collected and analyzed for Humla and Jumla.	On-track
Biological and selected social baseline data collected and analyzed for Bajhang.	Completed
Baseline report	On-track
Biodiversity monitoring system put in place	On-track

Activity 4.b

Harvested species regeneration status

Summary of major achievements

In May 2000, Dr. Singh of India came to Nepal to work with ANSAB on determining the key regeneration factors for commercially harvested species in Humla and Jumla, as well as give overall input and advise on the biological monitoring plan. Dr. Singh designed and implemented the biological monitoring component for EWW’s BCN project in India. While Dr. Singh focused on species regeneration issues to help establish the main factors that need to be monitored to assure sustainable harvesting, his work was also integrated with the overall biological monitoring plan.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 4.b	Status
Dr. Singh works with ANSAB to determine regeneration factors	Completed
Establish regeneration plots in Humla and Jumla	On-track
Establish guidelines for ecosystem-wide sustainable resource management practices, sustainable harvest methods and quantities for targeted species	On-track

Activity 4.c

Information dissemination

Summary of major achievements

Given the budget shortfall for year one, this activity was postponed until year two, with the exception of information dissemination that has taken place as part of the activities already described above.

III. SUCCESS STORIES

Community forestry policy

National, regional, and local level policy formation, revision, and implementation:

Collaborating with NNN, a review of national forest policy and regulation was completed. Led by ANSAB, the NNN members provided the Ministry of Forest and Soil Conservation through the forest department recommendation on revising the national forestry regulation.

Community Forestry Firsts for the District of Bajhang: The district authority of forests in Bajhang accepted the “local policy formation” for the first time by approving the constitutions of two FUGs and their operational plans that include commercial use of forest products from larger than usual community forest areas (FUG area went from 25 to 912 hectares). Also in Bajhang a federation of forest user groups was formed and strengthened. The federations are constituted to create awareness among FUGs on forest policies and regulation and help implement the forest policies in the district.

Level of FUG and DFO participation in initial phase of project

ANSAB and EWW are ahead of projections for the number of FUGS to work with in year one (14 identified versus 6 projected) and number of hectares brought under improved management (2990 ha achieved to date versus 2500 projected for year one). A critical component of this success is the excellent rapport the ANSAB staff has cultivated with the district forest offices (DFO) in Jumla and Bajhang. At the start of the project, these DFOs were less than enthusiastic about community forestry and the GCP project and had little or no understanding of how NTFPs could be incorporated into forest management operational plans to support conservation.

Through the training providing through the GCP project and the enterprise launch in Bajhang, the DFO and neighboring communities better understand the project's goal and are taking an active role in facilitating expansion activities with other FUGs.

Annex I

COMMUNITY FORESTRY IMPLEMENTATION IN HIGH MOUNTAIN

The government of Nepal has been promoting a participatory management approach to conservation and better utilization of the forestry resource base. This approach is commonly referred to as community forestry, and implemented through community forest user group (CFUG) agreements. In a CFUG agreement, management responsibilities and rights are handed over to traditional forest users for the betterment of the forest and the people living there. In determining which lands will be handed over to the local people, the forestry policies set three criteria: interest of the community; accessibility of the forest (distance from the settlement); and management capacity of the users.

Forest acts, regulations and directives provide guidelines for the community forestry program. However, the forestry policies are not properly translated into forest acts and regulations. This ambiguity enables forestry authorities to make arbitrary or subjective decisions regarding forest handover. A forest management operational plan (OP) is required before management responsibility is handed over to a local community. In many cases these plans do not incorporate non-timber forest products or cover too small an area to achieve effective biodiversity conservation. ANSAB has been working with specific forest user groups to develop effective operational plans and achieve hand-over of lands. ANSAB also has been working on policy initiatives with the government that will rationalize CFUG implementing practices. This document explains the six basic steps and requirements in the CFUG process for handing forests over to local forest users.

1) Identification of the forest area and users: This is the first step in the forest handover process. This process requires identifying all the households who are the users of the particular forest. To aid in identification, a participatory social map is prepared which includes: traditional resource use system; proximity to the forest; and structure of the settlement(s). Based on this information, all forest users are identified, including single households. A household survey is carried out to collect information on population structure; number of animals; and land size and productivity. The total number of surveyed households makes up a forest user group (FUG).

The user identification and group formation process can become lengthy and complicated when there is conflict between settlements or individuals in asserting forest area for the group, and use right and responsibility of the members. The forest users are entitled to a certain level of membership based on their use rights and management responsibility (primary, secondary, etc). The FUG identification work is tied to the forest area, but at this time actual forest demarcation does not take place. The next step is an assessment of the people's interests, capacity of forest management, and the forestry extension activities. This requires various levels of community interaction.

- 2) **Formation of the forest user group (FUG):** In order for the identified households to have a legal and institutional status as a group, the households need to prepare a constitution. After different levels of meetings and organizing an assembly, the group prepares a constitution, which covers group management and functioning. The constitution includes: general characteristics of the group; group objectives; membership status; formation of the executive committee; meeting of the committee; assembly of the group; roles and responsibilities of the forest users and committee members; fund collection, utilization and control mechanism; provision of forest protection and management; provision for enterprise development and other development activities; staffing and amendment of the constitution. After preparing the constitution, the group assembly forms a provisional executing committee, which is responsible for registering the group with the forestry authority and leading the forest handover process.
- 3) **Forest identification and demarcation:** This process actually begins along with the first process of user identification. After the FUG formation, the actual forest demarcation starts with preparing the participatory resource map. Conflicts can arise with outside members and other user groups. The conflict resolution exercises and participatory forest boundary demarcation exercises take place. While delineating forest boundaries, representatives from the adjacent settlements to the forest are also involved in the process.
- 4) **Forest management operational plan preparation:** This plan describes the forest area, stocking, growth and yield, sustainable harvest rate; augments resource harvesting rate and techniques, regeneration establishment methods, forest protection and development systems; and equips the group with a monitoring system. To prepare an operation plan, several activities must take place:
 - a) **Extension:** Awareness campaigns, various interest group, meetings and informal discussion with users continue to educate the users on government policies, rules and regulations, importance of the forest, and scope of forest management for their livelihood. This information also motivates the people to achieve sustainable resource management.
 - b) **Surveying and resource assessment:** At the forest boundaries, surveying is done using tape, a compass, slope measuring instruments and topographical, land use, and other maps. Participation by the FUG and adjacent communities is necessary for this process. While surveying, blocking of the forest is done based on topographic conditions and forest management consideration. When survey and blocking are complete, area calculation and mapping is done. A forest resource inventory is carried out taking representative samples to generate the information on forest condition, stocking, growth, and yield. The information collected helps determine the sustainable supply of the product and the best method of resource management. Each block is divided into more or less homogenous strata. Random or systematic (depending on the forest condition) sampling is done to measure the parameters and gain the appropriate sampling intensity and plot size for different forest resources.

- c) **Social situation assessment:** Social structure is assessed through the household survey, focus group discussion, and interviews. The assessment collects information and data on the population structure, agricultural and animal husbandry situation, as well as other productive and income generating opportunities existing. Secondary sources of information are also used during this stage.
- d) **Analysis:** Data and information generated from the forest resource assessment and social situation assessment are analyzed to determine the supply of forest products and the community's demand for the economic products. The analysis further aids in identifying proper ways for the community to manage their resources for their benefit and biodiversity health.
- e) **Preparing the resource management plan:** Based on the information generated thus far, resource management options are explored giving the highest regards to existing traditional systems. The management plan covers the activities for a specified period of time. The plan can be revised throughout the period and can be renewed after the period. Forest management operational plans include the following:
- General introduction about the community, forest and the plan
 - Objective of forest management
 - Condition of the forest including block (area, stock, regeneration)
 - Yield, growth rate, harvestable yield
 - Sustainable supply situation of the forest
 - Demand of the forest product in the community and in an accessible market
 - Resource management system: harvest rate, method, season (ensuring the sustainable harvest)
 - Forest product distribution and marketing
 - Regeneration management, forest protection and development activities and mechanism
 - Fund management
 - Penalties for offenders
 - Monitoring system

Contents of an example forest management operational plan

- Introduction
 - Forest user group
 - Forest area
 - Objective of forest management
 - Historical background and traditional forest management system
- Description of forests
 - Block
 - Sub-block
 (boundaries, area, slope, aspect, elevation, soil type, forest type, forest condition, crown cover, regeneration status, tree and NTFP species, stock of the species, growth, and harvestable yield)

- Forest management
 - Description of forest user group
 - Demand of forest products
 - Management of timber production areas
 - Management of firewood production areas
 - Management of fodder and grass production areas
 - Management of NTFP production areas
 - Management of commercial NTFPs
 - Detailed management plan for targeted NTFP
 - Management of grazing areas
 - Management of other forest products production areas (cattle bed, litter, etc.)
 - Management of regeneration
- Distribution and sales of forest products
- Forest protection system (including forest guarding and penalty provisions)
- Fund management
- Biological monitoring system
- Others (role of forest department, NGOs, and FUG association; forest products pricing mechanism, and operational plan amendment)

5) Negotiation with forestry authority and handing over of community forest:

The District Forest staff is involved in the preparation of the operational plan and forest surveying. The FUG negotiates with the district forest office for the forest area, forest harvesting and management system. The forest user group fields an application with the operational plan to the district forest office for forest hand over. When DFO receives the operational plan, they inform adjacent users about the forest to gain their consent. When every thing is found to be acceptable, the forest is handed over to the forest user group.

6) Implementation, monitoring and improvement of the plan:

The forest user group protects, manages, and utilizes the forest according to the management plan. While implementing the plan, the group holds several meetings and assemblies to decide the management and harvesting details. The forest user group committee manages the daily activities of the user group according to their constitution. The assembly of the group decides the major activities and checks and approves the activities performed by the committee. All the forest harvesting and monitoring activities are carried out in accordance with their management plan. If the FUG plans to perform any new forest management activities, they hold discussions, meetings, and an assembly to prepare a plan that is submitted to the district forest office for approval. The district forest office monitors the forest management activities of the group and provides suggestions from time to time.

Annex II

LIST OF GCP PROGRAM STAFF, NEPAL

Program Staff at ANSAB Central Office

Bhishma P. Subedi, Country Team Leader

Surya B. Binayee, Enterprise Development Officer

Hemant R Ojha, Natural Resource Management Officer

Ram Prasad Acharya, Community Forestry Officer

Surendra P. Singh, Forest Ecology and Biodiversity Specialist (Consultant)

Field Staff

Sushil Gyawali, Forest Ranger, Bajhang

Babu Ram Rijal, Forestry Extension Officer, Jumla

Shyam L Mahat, Field Coordinator, Jumla

Mun Bir Budha, Field Assistant, Jumla

Bishnu P Luitel, Forest Ranger, Humla

Chhakka Bdr. Lama, Director, Humla

Birkha B Sahi, Field Coordinator, Humla

Nurbu Lama, Field Assistant, Humla

Program Support Staff

Tika Ram Pantha, Finance/Administration Officer

Sama Shrestha, Assistant Program Officer

Sangita Amatya, Office Secretary

Binod Shrestha, Messenger

Radha Parajuli, Office Helper

Bal Krishna Neupane, Office Guard

Annex III

Himalayan Bioresources

Annex IV
Draft Maps