

**USAID Global Conservation Program
EWW/ANSAB Annual Report IV
Performance Monitoring Forms Attached
In Annexes 1, 2, and 3**

**Leadership with Associates Cooperative Agreement Award
Number LAG-A-00-99-0052-00**

January 15, 2002

Project Title: Enterprise-Based Biodiversity Conservation

**Submitted to: USAID Global Conservation Program
Washington D.C. 20523-3800
U.S.A.**

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Project Period: September 30, 1999 – September 30, 2004

Reporting Period: October 1, 2000 – September 30, 2001

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Acronyms

ADB/N	Agricultural Development Bank/Nepal
ANSAB	Asia Network for Sustainable Agriculture and Bioresources
CARE/Nepal	Cooperative Assistance of Relief Everywhere, Nepal
CDO	Chief District Officer
CECI/CBED	Community Based Economic Development Project of Canadian Center for International Studies and Cooperation, Nepal
CF	Community Forest(ry)
CSIDB	Cottage and Small Industry Development Board
DADO	District Agriculture Development Office
DDC	District Development Committee
DFO	District Forest Office(r)
DPP	District Partnership Programme of SNV
EWV	EnterpriseWorks Worldwide
FECOFUN	Federation of Community Forestry Users, Nepal
FUG	(Community) Forest User Group
GCP	Global Conservation Program of USAID
HBTL	Himalayan BioTrade Pvt. Ltd.
HCDA	Humla Conservation and Development Association
HJCG	Himali Jaributi Concern Group
IEDI	Industrial Enterprise Development Institute
IOF	Institute of Forestry
MFSC	Ministry of Forests and Soil Conservation
MHPL	Malika Handmade Paper Pvt. Ltd.
MIS	Market Information System
NACRMP	Nepal Australia Community Resource Management Project
NGO	Non-Governmental Organization
NNN	Nepal NTFP Network
NTFP	Non-Timber Forest Product
OP	Operational Plan
SDC	Swiss Development Cooperation
SFDP	Small Farmers Development Program
SNV/Nepal	Netherlands Development Organization, Nepal
UMN	United Mission to Nepal
USAID	United States Agency for International Development
VDC	Village Development Committee

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 October 1, 2000 to September 30, 2001, the second year of the project.

Implemented by Enterprise Works Worldwide (EWW) and Asia Network for Sustainable Agriculture and 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 13,765 ha 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 western Himalayas, which contain strong botanical diversity both in terms of species richness and in terms of 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.

Project implementation started in three districts, Bajhang, Humla and Jumla, at the beginning of the project. The second year of the project commenced in October 2000 extending the activities to two additional districts, Mugu and Dolpa. Work in these districts is on-track overall and the political tensions to date have not seriously impeded project progress yet. Kalikot remains on excluded status due to increased political instability in this area.

Experiences at the field level indicate that it is more effective to build partnerships with local NGOs for project implementation. This local partnership promotes local capacity building, long-term sustainability, local level coordination, and smooth implementation of project activities particularly in the present security situation in the project area. Currently the project has been working with local NGOs in Humla (Humla Conservation and Development Association), Bajhang (Social Development Center), Jumla (Rural Development Group Program), Dolpa (Dolpa Sarbangan Bikash Samaj) and Mugu (Rural Community Development Center).

b. Highlights

(October 1, 2000 – September 30, 2001)

Major accomplishments include:

- Strengthened 27 community Forest User Groups (FUGs) in Humla, Jumla, Bajhang, Mugu and Dolpa. With addition of 10,775 ha this year, the FUG formation or post formation support to these community groups resulted in a total of 13,765 ha of forestland being handed over to communities and classified under improved

management. With this achievement, the project exceeded its year 2 work plan target of 9,990 ha handed over to FUGs.

- Expansion of activities into the districts of Mugu and Dolpa.
- Completed enterprise options and feasibility studies for Jatamansi oil distillation and Dhatelo oil extraction in Jumla.
- Dissemination of the Manual on *Enterprise Development for Natural Products*. ANSAB has sold over 400 copies since September 2000 both domestically and internationally.
- Provided business development services to FUGs in Humla, Jumla, Bajhang and Dolpa for enterprises in essential oils, papermaking and other natural products.
- The 27 FUGs formed or reorganized this year have assessed their biodiversity baseline and are being assisted in the implementation of biological monitoring plans.
- Organized and participated in several forums discussing policy and program issues, including the Nepal NTFP Network (NNN).
- Created a mechanism of sharing, collaboration, minimizing duplication of efforts, identifying NTFP promotion intervention nodes (such as training, marketing and policy review), promoting NTFP agenda and policy debates through Nepal NTFP Network.

c. Table of Activity Status - Table 1 – Activity Status for Year Two

Activity	Activity Title	Status*	Page
Objective 1 Expand and institutionalize participatory resource management and conservation under Nepal’s forestry policies and legislation			8
1.a	Prioritization of geographical area and community groups	Completed	8
1.b	Community forestry orientation and training	Completed	10
1.c	Community forestry best practices workshops	Completed (Humla), Canceled (Mugu)	11
1.d	District community forestry federation workshops	Delayed (Mugu), Completed (Jumla)	11
1.e	National level workshop	None planned	12
1.f	Exchange visits and study tours	One Delayed, Others Completed	12
1.g	Production and distribution of extension materials	On-track	13
Objective 2 Enhance knowledge and skills of forest user groups in sustainable use and conservation of biological resources			14
2.a	Staffing and training	Completed	14
2.b	Conflict resolution for community forest mapping	Completed	14
2.c	Technical and logistical support to communities	Completed	15
2.d	Promotion of community forestry agenda	Completed	21
Objective 3 Promote use of natural products in an ecologically sustainable and socially equitable manner			22
3.a	Business development services to communities	On-track	22
3.b	Business plans for community-based enterprises	On-track	24
3.c	Business management training	On-track	25
3.d	Securing enterprise start-up capital	On-track	25
3.e	Provide marketing support	Completed	26
Objective 4 Generate scientific information for the sustainable management of biological resources			27
4.a	Biodiversity conservation monitoring system implementation	On-track	27
4.b	Harvested species regeneration status	On-track	28
4.c	Information dissemination	On-track	28

*Status may include activities that are Completed, On-track, Delayed, Mixed Performance, or Canceled.

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 biodiversity,
- 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 Objectives

The objectives for year two of the project were to:

- Work with 30 communities in the districts of Jumla, Humla, Bajhang, Dolpa and Mugu to develop and implement conservation and resource management plans,
- Bring an additional 7,490 hectares under improved management through the community handover process,
- Improve policy development and implementation to enhance biodiversity management by communities in all five districts,
- Facilitate communities in the project area to establish and operate 3 enterprises that are linked to *in situ* biodiversity,
- Enhance community capacity through extension, training, study tours and exchange visits, and
- Document preliminary lessons from the implementation of the Biodiversity Monitoring Plan.

b. Activity Description

Objective 1 Expand and institutionalize participatory resource management and conservation under Nepal's forestry policies and legislation

Activity 1.a: Prioritization of geographical area and community groups

Summary of major achievements

Inception workshops, stakeholder meetings, district level planning and review workshops were carried out in all GCP implemented districts. These meetings increased coordination among district forestry officials, community members, FUG members, and district-based NGOs staff in the respective districts. In these districts, geographic areas adjacent to the existing project area have been selected to ensure ecological connectivity, achieve

economies of scale in joint enterprise undertakings, and minimize resource use conflicts including the pressure on non-handed over forest areas close to community forests.

Activities by district are given below.

Humla – Community forestry activities have been supported in Mimi, Darma and Melchham VDCs. Technical support was provided to 5 FUGs in Mimi, 3 FUGs in Melchham and 2 FUGs in Darma. Post formation support was provided to additional VDCs in Sarkideu, Raya and Baragaun.

Jumla – The project has been working in three VDCs Patarasi, Chhumchaur, and Dillichaur. Technical support was provided to 3 FUGs in Patarasi VDC, 4 FUGs in Chhumchaur and 2 FUGS in Dillichaur. ANSAB also plans to extend its work in Depalgaun and Guthichaur VDCs in year 3.

Bajhang – The project continued its support to 6 FUGs in 5 VDCs Kailash, Hemantwada, Kotdewal, Kalukheti, and Gadarya in Bajhang.

Mugu – ANSAB initiated its work in Mugu from December 2000. One FUG in Srikot VDC has been receiving technical support. The project also plans to extend its activities in 3 more VDCs. Mugu district is broadly divided into four main regions- Soru, Karan, Khatiyad and Gam. Among them, Khatiyad region has been prioritized for the project activities. This region has five VDCs (Srikot, Seri, Khamela, Rara and Kalai). As in other districts, the program area was selected based on the ecosystem vulnerability, ecological connectivity, abundance of NTFPs, poverty status of the communities, lack of services from other facilitating organizations, priority of the DDC and DFO, community interests, and enterprise opportunities.

Dolpa – One FUG in Shoon VDC has been receiving support. The project also plans to extend its activities in Majhphal and Kalika VDCs. Discussion with Ban Udhyam (a joint undertaking of BSP/New ERA funded by the USAID) and the USAID Nepal were held regarding the possibility of linking and giving continuity to the Ban Udyam's phasing out activities in Dolpa.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.a	Status
Inception workshop and coordination in Mugu to prioritize FUG development	Completed
Inception workshop and coordination in Dolpa to prioritize FUG development	Completed
District stakeholders meeting in Humla to prioritize FUG development	Completed
District stakeholders meeting in Jumla to prioritize FUG development	Completed
District stakeholders meeting in Bajhang to prioritize FUG development	Completed
List of villages/settlements and map of resource areas to be included in the project for all districts	Completed

Key management issues

Although no direct interference has been experienced, the security situation is still serious in the working areas. Therefore, it is a concern for project staff when traveling to the field.

Coordination with DFOs continues to be a challenge, particularly with respect to handing over adequate forest areas containing commercial NTFPs.

Activity 1.b: Community forestry orientation and training

Summary of major achievements

Orientation to community leaders. As part of FUG formation and reformulation process, orientations to community leaders were organized in Humla, Jumla, Bajhang, Mugu and Dolpa. This included broad but closely related topics ranging from policy provisions to roles, rights and responsibilities of FUGs in the use and management of community forests.

District level review and planning workshops. District level review and planning workshops were conducted in all 5 districts with 20 to 25 participants per district. The outcomes of these activities were fed into the program level workshop, which was held in August 2001 in Nepalgunj.

Regional review and planning workshop. Regional review and planning workshop was organized on 16 – 17, August 2001 in Nepalgunj to review the progress of current activities and make future plans. The workshop also provided an opportunity to discuss collaboration agendas with Karnali based organizations to share common interests in improving the livelihoods of local people and conserving their bio-diversity. Forty-three workshop participants included: ANSAB project staff members (working at the center as well as field), district community representatives such as FECOFUN and FUGs, DFOs at project districts and officers at MFSC, and representative of relevant organizations/projects working in Karnali.

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	Completed
Community forestry orientation in Mugu	Completed
Community forestry orientation in Dolpa	Completed
District level annual review and planning workshop	Completed
Planning and review workshop in Nepalgunj	Completed

Activity 1.c: Community forestry best practices workshop

Summary of major achievements

Community forestry best practices workshops were originally planned in Humla and Mugu. The best practice workshop was held in July 18-19, 2001 in Humla allowed sharing of best practice experiences across the FUGs. There were twenty-one participants representing FUGs, FECOFUN, NGOs, HCDA, DFO and ANSAB. The workshop report has been prepared in Nepali language and shared with the district level stakeholders. The workshop planned for Mugu is postponed until community forestry activities are further established.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.c	Status
Community forestry best practices workshop in Mugu	Canceled*
Community forestry best practices workshop in Humla	Completed
Workshop report	Completed

*In the year 3 work plan, other district level workshops and exchange visits are planned for Mugu as more effective substitutes for the best practices workshop.

Activity 1.d: District community forestry federation workshop

Summary of major achievements

A workshop of district level Federation of Community Forest Users, Nepal (FECOFUN) each in Mugu and Jumla was completed as planned in year two. The project support in institutional strengthening and technical capacity building of FECOFUN continued in Humla, Jumla and Bajhang.

Bajhang FUGs were assisted in networking and organizing into a district level federation. Since the inception of the federation, the project staff members have been interacting with the federation members on an on-going basis to help them with technical issues. This year, FECOFUN conducted a general assembly on April 10, 2001. ANSAB provided technical and logistic support for that assembly. The assembly had about 125 participants (existing FUGs and 35 potential new FUGs). In addition to ANSAB/EWW, other forestry stakeholders like DFO, DDC, and CARE also supported the workshop. Besides, increasing the number of member FUGs of FECOFUN, the workshop formed different committees including an executive committee. After the workshop only the district FECOFUN is recognized as the district chapter by Central FECOFUN. Already 154 FUGs are members of the district FECOFUN of Bajhang.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.d	Status
FUG federation workshop in Mugu	Completed

FUG federation workshop in Jumla	Completed
Dissemination of lessons learned to establish and strengthen federations in other districts	On-track

Activity 1.e: National level workshop

No national level workshop was planned for this year.

Activity 1.f: Exchange visits and study tours

Summary of major achievements

Three types of study tours or site visits were planned for year two: a) a study tour for FUGs, FECOFUN, rangers and entrepreneurs; b) a project site visit for MFSC and other line ministries officials related to enterprise development; and c) 2-3 site exchange visits for DFOs, DDCs and other relevant district stakeholders.

ANSAB organized a 15-day (April 5 – 18, 2001) study tour for 25 participants to visit the FUG members, forest rangers, NGO facilitators, and entrepreneurs to promote learning in NTFP management and enterprise development and marketing dynamics. The participants were from Humla, Bajhang, Jumla, Mugu, and Dolakha. The participants visited nine districts: Kathmandu, Kailali, Banke, Rupendehi, Chitwan, Gorkha, Kaski, Kavre and Dolakha. The team observed and made interactions with eight FUGs, six community-based forest enterprises, two district forest offices, and three FECOFUN offices. They were facilitated to share experiences in resource management, fund utilization, cultivation of the forest products, and market information of the NTFP. The products observed were timber, big cardamom, rattan, tourism, Argeli, Machhino, and Lokta.

ANSAB also organized a 6-day (August 6-11, 2001) site exchange visit for district forest officials, district development committee chairpersons, and NTFP entrepreneurs of 3 project sites. The 10 participants were from Jumla, Mugu, Bajhang and Humla. They visited Malika Hand Made Paper Enterprise in Kailash, Bajhang as well as made interactions with other stakeholders including DFO, DDC, district FECOFUN, National awarded Ritthapata FUG (Smriti Ban) and Binayak Pimidanda FUG. The participants shared ideas in community based resource and enterprise development and got familiarization in hand-made paper production, marketing, and benefit sharing. At the same time, the participants were exposed to the importance of leadership, social benefits of the community managed forest and enterprise, and the institutional and local capacity strengthening role in resource conservation.

Specifically, the study tour enabled participants to:

- Share knowledge on commercially important forest species, specifically NTFPs, and learn how to integrate biological monitoring with their marketing dynamics
- Share experiences about institutional and local capacity building in community forestry and enterprise activities

- Observe fund management (record keeping, collection of money, uses etc.) activities within community forest user groups
- Create awareness in management, cultivation and domestication of select non-timber forest products

The project site visit for MFSC and other line ministries officials planned was delayed due to unfavorable circumstances within the MFSC and the security situation. This visit is rescheduled for year three.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.f	Status
Study Tour for FUGs, FECOFUN, DFO and Entrepreneurs	Completed
Project site visit for MFSC and other line ministries officials	Delayed
2-3 Site Exchange Visits for DDC, DFO and community-based forest officials	Completed

Activity 1.g: Production and distribution of extension materials

Summary of major achievements

Materials for four important NTFPs (Lokta, Jatamansi, Kutki and Atis) were prepared last year, but the printing and distribution was delayed due to the possible government revision of selected policies. During year three, these leaflets will be produced and distributed. The main focus of these publications is sustainable harvesting, biological monitoring, regeneration management, local value addition, marketing and trade. This will be completed in year 3. Earlier, in working with communities and local stakeholders, it was observed that collectors, local traders and FUGs were having difficulty managing their initiatives effectively. This management problem was a lack of access to marketing and resource management information (including practical biological monitoring information and knowledge in suitable forms). In packaging the available information in understandable forms for these groups, four species of NTFPs (Kutki, Atis, Jatamansi and Lokta), which were mostly traded from Karnali and other parts of Nepal, were selected for extension material.

The species were selected based on potential for positively impacting biodiversity conservation by abating a clear threat, commercial potential, and the potential impact of information on the business position of local collectors and traders. The extension materials are in Nepali and will be widely circulated in the project districts to collectors, FUGs, local traders, NGOs and DFO staff.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 1.g	Status
Design/concept of extension materials prepared	Completed
Extension materials prepared	Completed
Extension materials printing and dissemination	Delayed

Objective 2 Enhance knowledge and skills of forest user groups in sustainable use and conservation of biological resources

Activity 2.a: Staffing and training

Summary of major achievements

ANSAB central staff and field staff from Jumla, Humla and Bajhang initiated project activities in Mugu and Dolpa. In the context of the current political situation and in light of past ANSAB experience, ANSAB reevaluated the project implementation modality in Dolpa and Mugu. Instead of posting ANSAB staff to the districts, active and suitable NGOs in the respective districts were chosen. ANSAB staff members were selected and sent to the districts to work with the NGOs. In staffing, ANSAB placed technical experts with experience in community forestry, group formation, and mountain communities.

Experienced ANSAB staff members provided a 19-day field level hands-on training on forest resource inventory for the forestry facilitators of Humla and Jumla from 6 February 2001 to 24 February 2001 in Gadaraya, Bajhang. As part of the training, two community forests with 207 ha were inventoried. The training has enabled the participants to share experiences as well as expose them to new inventory methodologies and related Government guidelines.

Two newly recruited staff members of ANSAB were provided hands on training regarding community forestry work and biodiversity monitoring in July 2001. They were involved in various activities for two weeks. The training provided them with basic skills, knowledge and perspective for community work.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.a	Status
Staff Hired for Dolpa	Completed
Staff Hired for Mugu	Completed
Staff Training	Completed
Partner NGOs and office set up	Completed
Sub-Field Offices Opened	Canceled

Activity 2.b: Conflict resolution for community forest mapping

Summary of major achievements

By the end of September 2001, 13 FUGs received conflict resolution skills in Humla, Jumla and Bajhang, Mugu and Dolpa as part of FUG formation and the reformulation process. This covered issues related to forest policy, traditional rights, and local institutions and facilitation skills for conflict resolution.

This year, 27 FUGs received technical assistance. As these CFs cover large forest areas there was intensive need for conflict resolution, mapping, resource inventory and designing management actions.

In addition, DFO, VDC and FECOFUN were also apprised of the conflict processes, outcomes and related issues, as strategies and options of resolution. DFO and FECOFUN can now be expected to play a more active role in mediating conflicts related to community forestry. As a result of such project inputs in conflict management, retention of critical indigenous rights in forests and pasture management has been ensured.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.b	Status
Boundary and land use conflicts resolved for targeted FUGs in Humla so that their resource management plans and constitutions can be approved.	Completed
Boundary and land use conflicts resolved for targeted FUGs in Jumla so that their resource management plans and constitutions can be approved.	Completed
Boundary and land use conflicts resolved for targeted FUGs in Bajhang so that their resource management plans and constitutions can be approved.	Completed
Boundary and land use conflicts resolved for targeted FUGs in Mugu so that their resource management plans and constitutions can be approved.	Completed
Boundary and land use conflicts resolved for targeted FUGs in Dolpa so that their resource management plans and constitutions can be approved.	Completed

Key management issues

Poor institutional capacity of DFO and FECOFUN, who are supposed to facilitate community forestry, is a critical issue in handling and resolving conflicts.

The current political situation in the project areas is very challenging. The project staff must address conflicting expectations of all political groups, even those who are not direct proponents of the project activities but have much influence in peoples' participation in the project activities.

Activity 2.c: Technical and logistical support to communities

Summary of major achievements

In this reporting period, the project strengthened 27 forestry user groups (FUG) in Humla, Jumla, Mugu, Dolpa and Bajhang. While 13,765 ha of community forests have been handed over since the beginning of the project (10,775 of this in year 2), an additional 13,660 ha has potential to be handed over. Of this 13,660 ha, 8,060 ha have been surveyed, draft operational plans have been finalized and negotiations with DFOs are underway. ANSAB and EWW are ahead of projections for the number of hectares of biologically important habitat brought under improved management (13,765 ha achieved to date versus 9,990 projected). The number of FUGs was slightly lower (27 actual versus

30 projected) due to the increased area per group. In year two 10,775 ha of new area was added against 7,490 ha planned. ANSAB used a strategy in 2001 of emphasizing obtaining larger FUG areas that have a better chance of sustainable development. For example, seven FUGs have 900 hectares or more in their agreements, and three of these have over 2000 hectares. This is a significant policy shift away from token awards to communities that have little chance of sustainable development.

Table 2 gives an overview of the 27 FUGs assisted this year and the types of technical assistance being provided.

Humla- This year, the project has been providing technical support to 10 FUGs (existing or potential) that were identified and organized last year. Of these, three groups received the group formation support, three groups received reformulation and post formation support, and the other three groups are in the process of group formation. Raniswara Women FUG, a new FUG has been receiving group formation support. Out of 5,956 ha of potential CF identified, 4,456 ha have been surveyed and are in the process of handover.

Jumla – In the current project area, 3 FUGs are receiving technical support to expand areas of community forests and strengthen their capacity in forest management. In addition, one new group (Mathachaur) is being formulated with project support. A total of 3604 ha of CF have been surveyed and are in the process of handover this year.

Bajhang - Five existing FUGs were provided post-formation support in forest management and institutional development. The reformulation process for the Matuwa FUG in Kalukheti VDC has also been completed.

In *Mugu and Dolpa* support activities started in each FUG. Rapport building with other FUGs is also in progress and in Year 3 some FUGs will be formed or reformed.

The formation or post formation support to 27 community groups resulted in improving the conservation and management of a total of 13,765 ha of handed over forests and 8,060 ha of surveyed forests in the three districts (includes preparation of management plans).

Table 2 Status of Community Forestry in GCP Project Area as of September 30, 2001 and Technical Assistance Provided and Planned

Name of FUG	No. of HH	Current CF Area (ha)	Status as of September 2001	Planned	
				Est. Area for CF expansion	Activities
Bajhang					
Binayak Pimidanda (Kailash 1-7)	235	912.22	Change in legal status, local site assessment completed, management actions designed with appropriate participation FUG reformulated, human and institutional capacity developed, management actions being implemented. Ongoing monitoring and evaluation initiated		Technical support in resource management and enterprise operation
Hemantawada (Hemantawada 1-9)	440	1293.5	Change in legal status, local site assessment completed, management actions designed with appropriate participation FUG reformulated, human and institutional capacity developed, management actions being implemented, ongoing monitoring and evaluation initiated		Technical support in resource management and NTFP marketing
Lahare (Gadaraya 8,9)	81	231.72	Local site assessment completed, human and institutional capacity developed, management action designed. Ongoing monitoring and evaluation.	100	Technical support in OP preparation
Binayak (Gadaraya 8,9)	79	187.6	Local site assessment completed, human and institutional capacity developed, management action designed. Change in legal status, management action implemented. Ongoing monitoring and evaluation		Technical support in OP revision
Matuwa (Kalukheti 5-7)	179	20	Local site assessment completed, human and institutional capacity developed, management action designed. Change in legal status, local site assessment completed, Human and institutional capacity developed, management action designed management actions.		Technical support in OP revision

Name of FUG	No. of HH	Current CF Area (ha)	Status as of September 2001	Planned	
				Est. Area for CF expansion	Activities
Ranada (Kotdeval 1,2,3)	121	40	Management actions (Operational plan) being refined.	500	Technical support in OP preparation
District Total	1135	2685.1		600	
Jumla					
Phurkisalla (Patarasi 1,2)	121	2625	Local site assessment completed, management actions designed with appropriate participation FUG reformulated, human and institutional capacity developed. Change in legal status, management actions implemented, Ongoing monitoring and evaluation.		Technical support in OP implementation
Lamteli (Patarasi 3-6)	163	2849.5	Local site assessment completed, human and institutional capacity developed. Change in legal status, management actions designed with appropriate participation FUG reformulated, management action implemented. Ongoing monitoring and evaluation.		Technical support in OP implementation
Bhaleni (Patarasi 8,9)	116	5.48	Local site assessment completed, human and institutional capacity developed. Management actions implemented.	500	Technical support in OP implementation
Syalapatal (Chhumchaur 1-3)	121	40.5	Local site assessment completed, human and institutional capacity developed. Management actions being designed.	1926*	Facilitating negotiations with DFO on OP approval, implementing OP
Upreghat (Dillichaur 7-9)	184	40	Local site assessment completed,		Technical support in OP implementation
Baghejale (Dillichaur 7-9)	184		Local site assessment completed,	3000	Technical support in OP preparation
Mahari Mahadev (Chhumchaur)	21	20.8	Local site assessment completed		Technical support in OP implementation

Name of FUG	No. of HH	Current CF Area (ha)	Status as of September 2001	Planned	
				Est. Area for CF expansion	Activities
Churekoti Pari Patal (Chhumchaur 7-8)	72	13.9	Local site assessment completed, management actions being designed.	1678*	Facilitating negotiations with DFO on OP approval, implementing OP
Kharkhare (Chhumchaur 7,8)	35	41	Local site assessment completed		Technical support in OP implementation
District Total	1017	5636.2		7104	
Humla					
Jadikausi (Darma 7-9)	81	2142	Local site assessment completed, management actions designed with appropriate participation, human and institutional capacity developed, Change in legal status, management actions implemented, ongoing monitoring and evaluation		Technical support in OP implementation
Baghedhunga (Darma 1,2)	101	1896	Local site assessment completed, management actions designed with appropriate participation FUG formulated, human and institutional capacity developed, Change in legal status, management actions implemented, ongoing monitoring and evaluation.		Technical support in OP implementation
Syali Kocheni (Mimi 3,4)	38	993.33	Local site assessment completed, management actions designed with appropriate participation FUG formulated, human and institutional capacity developed, Change in legal status, management actions implemented.		Technical support in OP implementation
Basaldhara (Mimi 5-9)	106		Local site assessment completed, FUG formulated, human and institutional capacity developed	400	Technical support for OP preparation, CF handover and implementation

Name of FUG	No. of HH	Current CF Area (ha)	Status as of September 2001	Planned	
				Est. Area for CF expansion	Activities
Gairipatal (Darma 5,6)	56		Local site assessment completed, FUG formulated, human and institutional capacity developed	100	Technical support for OP preparation, CF handover and implementation
Rocha (Mimi 1,2)	33	50.25	Local site assessment completed, FUG reformulated, human and institutional capacity developed, human and institutional capacity developed, local site assessment completed	1890*	Technical support for OP preparation, CF handover and implementation
Rani Swara (Rimi Women) (Darma 7-9)	81		Local site assessment completed FUG formulated, Human and institutional capacity developed,	46*	Technical support for OP preparation, CF handover and implementation
Malika (Melchham 7,8)	39	120	Change in legal status, local site assessment completed, management actions designed with appropriate participation, human and institutional capacity developed management actions implemented, ongoing monitoring and evaluation initiated.	600	Technical support for ongoing monitoring and adaptive management
Lepche Dangsale (Melchham 1-9) formerly Melchham new	167		Local site assessment completed, Human and institutional capacity developed.	2520*	Technical support for OP preparation
Melchham (Melchham 3-6)	55	100	Change in legal status, local site assessment completed, management actions designed with appropriate participation FUG formulated human and institutional capacity developed, management actions being implemented, ongoing monitoring and evaluation initiated.	400	Technical support for ongoing monitoring and adaptive management
District Total	757	5301.6		5956	
Mugu					
Panimula Badachaur Srikot	54	76.96	Local site assessment completed		Technical support in OP preparation

Name of FUG	No. of HH	Current CF Area (ha)	Status as of September 2001	Planned	
				Est. Area for CF expansion	Activities
Dolpa					
Devisthan, Shoon	62	66	Local site assessment completed		Technical support in OP preparation
Totals	3025	13,765		13,660	
27 FUGs	HH	ha		ha	

* Indicates area surveyed and operational plan designed that the DFO is considering for handover. The total land surveyed with draft operational plans is 8,060 ha.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 2.c	Status
A total of 30 operational FUGs by the end of year two	27 FUGs
A combined total of 9,990 ha under improved management by end of year two	13,765 ha

Activity 2.d: Promotion of community forestry agenda

Summary of major achievements

Sharing of bio-diversity conservation and management issues was continued among the members of the NNN (Nepal Non Timber Forest Network) in year two. The national level NNN workshop held on November 3, 2000 in Kathmandu also helped to disseminate the conservation issues through the participants to their colleagues. With support from the Ford Foundation, the NNN has been publishing and distributing the *Himalayan Bioresources* newsletter covering conservation and enterprise issues at the community and international levels.

ANSAB participated and presented a joint paper with BSP/New ERA and USAID Nepal in a national NTFP workshop organized by EFEA in March 2001 in Kathmandu. A paper on policy and regulatory environment for the conservation and utilization of medicinal plants was presented in a Nepal-Japan joint symposium in November 2000 in Kathmandu. A paper on commercial use of biodiversity and equity was presented in the IDRC organized conference on medicinal and aromatic plants in Pokhara in January 2001.

Similarly a paper entitled "Economic Incentives for Biodiversity Conservation in Nepal: Issues and Options" was presented in the National Workshop in Applied Ethnobotany on Community-Based Approaches to Conservation of Medicinal and Aromatic Plants in Nepal, October 9-12, 2001, Pokhara, Nepal organized by Department of Plant Resources,

WWF Nepal Program (People and Plant Initiative Project) in collaboration with ANSAB and Ethnobotanical Society of Nepal. ANSAB field staffs continued to facilitate district level networking and sharing among various concerned parties.

The Himali Jadibuti Sarokar Samuha (Formerly Himali Jadibuti Concerned Group) (HJSS), formed at the review and planning workshop held August 2000 in Nepalgunj was reorganized in the meeting held in August 2001. A committee is comprised of Members of Parliament, DDC Chairpersons, District FECOFUN Chairpersons and the ANSAB Coordinator. The committee discussed the NTFP policy environment in Karnali area and developed appropriate recommendations.

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
Operational Himali Jadibuti Sarokar Samuha	Completed
Publish or present at least two papers for wider sharing	Completed
Policy support for FUG efforts throughout Nepal, especially Karnali	Completed

Objective 3 Promote use of natural products in an ecologically sustainable and socially equitable manner

Activity 3.a: Business development services to communities

Summary of major achievements

Exploration and use of appropriate and efficient technology: The project has been working directly as well as in collaboration with other relevant agencies to provide technological services related to Dhatelo oil extraction, energy use and overall enterprise management. The following activities have been undertaken during year two.

Dhatelo oil extraction technology in Jumla: A preliminary review of the traditional technology showed that the process of oil extraction is inefficient and very labor intensive for women. An improvement in technology could enhance oil yield and reduce women's drudgery. The feasibility study done by ANSAB showed that an oil expeller of bigger capacity could be more useful as a community enterprise at Patarasi VDC in Jumla. The possibility of integrating an oil expeller with micro-hydro was assessed and found technically feasible. But, generating micro-hydropower only for this oil expeller is not financially viable. Considering this, efforts are being made to influence other agencies (Jumla District Development Committee, Energy Sector Assistance Program and Agriculture Development Bank) that may support the construction of a micro-hydro-electric plant in the project area and solicit other power customers in addition to the Dhatelo plant.

A committee was formed with nine members for enhancing the micro-hydro activities. This committee was able to gather around Rs. 250,000 for the electricity

project from the local people. The committee also contacted other concerned line agencies for assistance. As the Jumla Service Center (DCS) completes a detailed survey of the project, the construction of hydropower will be enhanced. At the same time, oil expeller that is operated by electric power will be established.

Fuel-wood efficient technology for the hand-made paper enterprise in Bajhang: A fuel-wood efficient technology for community enterprises was identified and provided to the hand-made paper enterprises and distillation units. The application of this new technology has significantly decreased the fuel requirement of these enterprises.

Improvement of overall enterprise management of Malika hand-made paper in Bajhang: The main points of improvement were:

1) Output based incentive package to employees, 2) book keeping, 3) production efficiency by minimizing wastage and improving quality, and 4) transparency among the stakeholders through public auditing.

Exchange visits and sharing meetings: Several sharing meetings were held to establish a collaborating team between the district office of Cottage and Small Industry Development Board (CSIDB) and FECOFUN for facilitating the enterprise development activities in Bajhang, Jumla and Humla. Several meetings were held with the Senior Industry Officers of CSIDB to discuss potential NTFP-based enterprises and their support for legal, technical and financial aspects of the enterprises. The meetings have identified a business development opportunity to make incense sticks from Jatamansi marc. This new product can be integrated with the Jatamansi distillation enterprise in Humla for which training support from CSIDB will be available.

Community mobilization: A series of meetings were held with the communities of Bajhang, Jumla and Humla for the improvement of existing enterprises and establishment of potential enterprises. These interactions were fruitful in creating the feeling of community ownership for the enterprise and resource management.

As ANSAB started with new partner NGOs in Dolpa and Mugu this year, it took more time to orient and strengthen the NGOs. The Royal massacre in June 2001 also greatly affected the timing of these project activities. These events gave the field staff little time to fully prepare and conduct the Dolpa and Mugu workshops, especially the collection of information on enterprise options for the districts. Therefore the workshops were delayed/postponed until year 3.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.a	Status
FUGs in Humla provided with business development services	Completed
FUGs in Jumla provided with business development services	Completed
FUGs in Bajhang provided with business development services	Completed
FUGs in Mugu provided with business development services	On-track

FUGs in Dolpa provided with business development services	Completed
Workshop in Mugu on identification and assessment of NTFP enterprises	Delayed
Workshop in Dolpa on identification and assessment of NTFP enterprises	Delayed
Two natural product, community-based enterprises developed	Delayed

Activity 3.b: Develop business plan for community-based enterprises

Summary of major achievements

Revival of Jatamansi distillation enterprise in Jumla: There were two separate distillation enterprises in Jumla, which was established five years ago. However, these enterprises were not operating due to various reasons. In order to make use of existing but unused distillation plants, ANSAB staff members explored to revive the enterprise. The feasibility study was also completed.

The preliminary business plan was also developed to revive and run the enterprise. However, it took time for community groups to decide on management issues. There are basically two options to run the enterprise: directly by a consortium of FUGs or through private businesspersons. As per their request, technical support has been provided and ANSAB will support in marketing once the distillation plants start to produce the essential oils.

Pre-feasibility study of Dhatelo oil extraction enterprise in Jumla: The Dhatelo plant, a domesticated plant for fencing purpose, is one of the important traditional sources of cooking oil in the district of Jumla and the Karnali region. Having tremendous potential for area expansion, Dhatelo can be promoted for economic uses and ecological benefit. It is a hardy plant, which can survive even in poor soils and in diverse climatic conditions. Since the traditional extraction technology was found inefficient and troublesome, an alternative technology coupled with a micro-hydro project has been identified for oil extraction.

Considering the suitability of the enterprise, ANSAB completed pre-feasibility study for the community group in Talphi, Jumla to establish Dhatelo (*Prinsepia utilis*) Oil Expeller Enterprise. A Committee was formed comprising nine members for micro-hydro at Talphi (Patarasi 1 and 2) in July 15, 2001 by mass meeting of the community members and is registered as a district Water Resource Committee. The Committee started saving and now has Rs.16,000. DCS (Jumla Service Center) is facilitating whole process and ANSAB is helping for social mobilization. At the same time, some of the FUG members visited ADO (Agriculture Development Official), Livestock office to explore the possibility of raising funds for the electricity. According to DCS (Jumla Service Center), they will proceed with a detailed feasibility study and implementation work.

Through support of ANSAB staff members, the committee was able to collect around Rs. 250,000, and the coordination is maintained by Jumla Service Center. It is expected that

the community will be able to run the enterprise once the micro hydropower is completed.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.b	Status
Business plans development for two enterprises	One completed One in the process

Activity 3.c: Business management training

Summary of major achievements

During the first half of the year two, community members took part in a feasibility study of the Jatamansi oil distillation and Dhatelo oil extraction enterprises in Jumla. Community members actively participated in the identification and selection of enterprise options, estimation of raw materials, selection of energy sources, and identification of and familiarization with agencies concerned with enterprise support services and regulation.

Similarly, enterprise operation and management skills of the employees of Malika Hand-made Paper Pvt. Ltd. (MHPPL) have improved through hands-on training. This training focused on production efficiency through improved fireplace technology and minimized waste of raw materials and chemicals. The enterprise management also appreciated the hands-on training for book keeping.

Other business management training had been planned for other enterprises (e.g. in Dolpa and Mugu), but due to the factors cited under activity 3.a. these activities were delayed, but will be picked up in year 3.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.c	Status
Operation and management skills training for MHPPL	Completed
Business management training to other enterprises	Delayed

Activity 3.d: Securing enterprise start-up capital

Summary of major achievements

Community groups are in the process of building trust with the local banks. There is also potential for joint implementation of program work with other development agencies such as DDC, ADB/N, and CARE-Nepal in Bajhang and UMN in Jumla. The following agencies were consulted for supporting enterprises in various ways, including financial support.

Enterprises and potential sources of funds

Existing and potential enterprises	Potential sources of funding
Jatamansi Distillation Enterprise,	ADB/N, HBTL, ANSAB Equity Fund

Jumla (potential)	
Dhatelo Oil Extraction Enterprise, Jumla (potential)	Energy Sector Assistance Program, DDC, ADB/N, ANSAB Equity Fund

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.d	Status
Assistance in securing start-up capital for 1 enterprise	On-track

Activity 3.e: Provide marketing support

Summary of major achievements

ANSAB has been networking and coordinating community enterprises, fair trade companies and market information providers to raise the bargaining power of the local enterprises, ensure product quality and improve resource management. With support from ANSAB, Himalayan BioTrade Pvt. Ltd. (HBTL) has been providing market information to several communities including those in the project area. In addition, ANSAB has been mobilizing its Business Service Center, and Market Information System (MIS) Unit to serve this purpose.

- *Marketing support:* HBTL provides easy access to needed market information for various community enterprises and collectors. HBTL also guaranteed market and working capital for Humla Oil Pvt. Ltd, a community-owned enterprise in Humla. Further, other community enterprises and collectors outside the project area were also provided marketing support.
- *Jatamansi distillation enterprise in Jumla:* Relevant market information was very important for the Jatamansi Distillation enterprise in Jumla. The Jatamansi distillation enterprise has been closed since 1997 due to a sharp decrease in market oil prices. Though the price of Jatamansi oil has now increased to more than Rs.6,500 per kg, the enterprise was still closed due to a lack of market information, working capital and managerial skills. This information was shared with the community, which encouraged the community to gain the market knowledge and skills to revive the enterprise.
- *Malika hand-made paper enterprise in Bajhang:* Market information, including the price of hand-made paper, was shared with the community in Bajhang. This transparency has increased the community forest group's bargaining power and resulted in increased prices. Links have also been established with Nepal Paper Products, which has been purchasing hand made paper at reasonable prices.
- *Marketing support to NTFP entrepreneurs as an on-going activity:* The Market Information Service Unit of the ANSAB has been providing various marketing information to collectors, village traders, and community Forest User Groups throughout the country, through direct communication, relevant development projects, and mass media such as radio and newspapers on a monthly basis. The project is funded by Swiss Development Cooperation (SDC) and the Netherlands

Development Organization (SNV) Nepal. Collectors and local traders have remarked that the access to marketing information has helped them improve their bargaining capacity and increase their income.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 3.e	Status
Establish linkages between community-based enterprises and fair trading companies and market information providers.	Completed

Objective 4 Generate scientific information for the sustainable management of biological resources

Activity 4.a: Bio-diversity conservation monitoring system

Summary of major achievements

Maps: Using topographical maps as well as intensive field survey and verification, maps for 27 community forests (totaling an area of 13,765 ha) have been prepared. These maps delineate community forest boundary and management blocks. More detailed biophysical information, such as land cover types (mainly vegetation stand) altitudes, slope, soil condition and regeneration, is collected and presented in sketch maps for participatory planning and management of community forest. The information captured in sketch maps is incorporated into CF maps for monitoring purposes.

Baseline: The Biodiversity Monitoring Plan was updated and data collection formats have been adapted and refined, as a result of its implementation. A baseline status has been assessed using the 3 criteria and their indicators (see updated Biodiversity Monitoring Plan) for each FUG that will provide a basis for on going monitoring of any changes in biodiversity status as a result of project and FUG interventions. The 27 FUGs formed or reorganized this year (see Activity 2c) have assessed their biodiversity baselines. The outcomes of the biological baseline assessments are used by the FUGs to prepare the resource conservation and harvesting plans. The process has generated the data required for assessing growth rate, yield and sustainable harvesting systems for product selection, as well as informing the project participants about the general ecosystem condition. This will be a base for measuring the impact of project activities on biodiversity.

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 all FUGs formed or reorganized	Completed
Hands-on training to FUG members and sharing with other members	Completed
Baseline report	On-track
Biodiversity monitoring system put in place	Completed

Activity 4.b: Harvested species regeneration status

Summary of major achievements

Staff working in Humla, Jumla and Dolpa have been observing and documenting traditional harvesting practices. The collected information will be analyzed to identify options and strategies for promoting sustainable harvesting system. Species for the assessment include Jatamansi, Atis and Kutki. Field staff in Jumla has established experimental plots for Jatamansi to assess fire and grazing impact over it.

Table of progress in meeting key activity benchmarks

Benchmark/Output for Objective 4.b	Status
Document sustainable harvesting issues and prospects of sustainable harvesting in Mugu, Dolpa, Jumla, Humla	On-track
Design experiment and establish plots for two to three species in Jumla	Jatamansi completed Others on-track

Activity 4.c: Information management and dissemination

Summary of major achievements

Project staff, Sushil Gyawali, was trained on GIS in order to effectively manage the geographic database electronically. Organized in January, 2001 by Tribhuvan University of Nepal, a one-month GIS training covered resource base mapping, development of database, and analyses of data to identify options for sustainable resource management. This will enhance the ANSAB capacity to provide required technical support services to FUGs and others.

The training strengthened ANSAB's information management system. ANSAB has started developing a database system for forest inventory and preparing forest maps. Two types of databases, one for biological monitoring and the other for inventory analysis are being designed.

Another staff member, Sama Shrestha, participated in training on Enterprise Planning for NTFPs, including resource inventory and management from April 9-13, 2001 at the Institute of Forestry (IOF), Pokhara. The training was organized by the Institute of Forestry (IOF) in-collaboration with Lakehead University, Canada.

ANSAB staff participated in various national workshops, meetings and forums and shared the project approach and outcomes with others (also see Activity 2d). Poster presentations were made, illustrating the project's target audience and beneficiaries, geographic coverage, and a sample of activities.

A four-day long training/workshop on Bio-diversity Monitoring Plan was organized in August 2001 in Nepalgunj for 10 program staff members. It was very useful, especially to field staff members. They have shared the learning with the FUG groups and contributed to the improved management practices.

Benchmark/Output for Objective 4.c	Status
Develop electronic database management system to record, manage and analyze both the quantitative and qualitative information from the field	On-track
Participate in one national level workshop to share the project approach and outcomes, and raise policy issues	Completed
Two staff trained on biodiversity assessment or inventory	Completed
Lessons from biological monitoring shared through different media	On-track

III. SUCCESS STORIES

Wider recognition

ANSAB is well known for its work in Nepal as it has demonstrated successful community-based forestry enterprises in various locations. As these enterprises entered into the markets with initial batches of production, community households have started to receive their first income from the natural resources. Similarly, many people have benefited through permanent and seasonal employment. At the same time, practical biological monitoring tools, including species specific test plots and assessments of overall ecosystem condition are generating biological information that can help communities better manage the resource base. These innovative cases have elicited wider interests in institutions working in the NTFP, natural resource management, community forestry and rural development sector.

- Malika handmade paper enterprise is the first FUG owned company in Nepal that employs 12 local people directly and benefits hundreds of households through seasonal employment and investment of the profit in community services. Similarly, several enterprise initiatives in Dolakha district with support from Ford Foundation have provided innovative examples and lessons to a wide range of stakeholders in forestry and rural development. Some specific cases of institutions and events through which the expanding interests in such initiatives have been reflected include:
 - ANSAB staffs have received requests to share enterprise registration procedures and experiences from the Nepal Australia Community Resource Management Project. They are supporting some community groups in Sindhupalchowk district to establish an enterprise for processing pine timber.
 - The Bajhang district program coordinator of CARE Nepal contacted ANSAB staff to share experiences regarding the process of community based enterprise development. CARE has closely observed the on-going processes and results being facilitated by ANSAB in the Malika region, and was able to visualize the pathways and outputs of a concrete NTFP related intervention that can contribute to local incomes and promote sustainable management of forest resources. Also, the central office of CARE Nepal has asked to collaborate with ANSAB in conducting trainings and workshops in NTFP related activities.
- In the Joint Technical Review Workshop organized by Ministry of Forests and Soil Conservation (MFSC) in November 2000, community based enterprises linked with forest resource systems was one of the issues discussed within the broader framework of commercialization of forest products with integration of biological monitoring. ANSAB-initiated enterprise cases were referred to during some of the technical sessions.
- Independent journalist groups (such as Nepal Forum for Environmental Journalists) selected ANSAB-supported community groups (Bajhang, Jumla and Dolakha) for the production of video documentaries of innovative forestry practices in the country. The documentaries were transmitted through Nepal Television and generated positive

responses from a wide variety of viewers. Some of the DDC officials have even requested similar enterprise-based conservation activities be launched in their districts.

- ANSAB's enterprise approach was highly recognized by the DFOs and other development organizations in the project districts. The DFO in Bajhang has included enterprise and marketing in the annual training program. The DFOs in Bajhang and Humla have handed over large portions of CF considering the enterprise-based conservation initiatives. DFOs in Dolpa and Mugu are enthusiastic to work together with ANSAB in this innovative program that produces visible impacts to local communities and conservation. Bagmati Watershed Management Project, Nepal Agroforestry Foundation, IUCN Nepal, SNV Nepal, SDC Nepal, International Fund for Agriculture Development, among others have consulted ANSAB and are trying to adapt the enterprise approach in their project programs.
- With the establishments of enterprises and practical biological monitoring by ANSAB, disadvantaged community groups are receiving optimum benefits. In ANSAB working area, youths usually go to India for seasonal employment. Those who were not able to go abroad have often benefited from the local employment. As employment was created at the local level, many youths have opted to stay at their villages. For example in Bajhang, Janak Singh has totally stopped going out for work. Three destitute women are also getting regular work at Malika Handmade Paper Private Limited.

The project has just completed year two. Although, it is too early to have an impact study, many positive signs are already observed. In future reports, EWW and ANSAB will try to get impact information (hectares under improved management, number of FUGs and number of community members) from projects and organizations that are learning from the GCP supported experiences.