

**USAID Global Conservation Program  
EWW/ANSAB Annual Report**

**September 30, 2003**

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**Project Title:** Enterprise-Based Biodiversity Conservation

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

**Reporting Period:** October 1, 2002 – September 30, 2003

## **Introduction**

This annual report presents the progress of the “Enterprise-Based Biodiversity Conservation” project supported from USAID’s Global Conservation Program (GCP) for the period of October 1, 2002 to September 30, 2003, fourth year of the project. Implemented by EnterpriseWorks 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 an addition to 13,352 ha already under improved management) and strengthen and improve policy implementation in 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 endemism, but suffer from a high level of anthropogenic disturbance. The project area, (which includes the districts of Humla, Jumla, Bajhang, Dolpa, Mugu) is considered a global “hotspot” of biodiversity based on Norman Myers’ conservation setting priorities.

The project works with local partner NGOs in all project districts: Humla (Humla Conservation and Development Association), Bajhang (Social Development Center), Jumla (Rural Development Group Program), Dolpa (Dolpa Sarbangin Bikash Samaj) and Mugu (Rural Community Development Center). This implementation arrangement with local partner NGOs is practical and effective. The local partnership promotes local capacity building, long-term sustainability, local level coordination, and smooth implementation of project activities particularly given the present security situation.

## **Progress on Year Four Work Plan**

Although political conflicts continued during the reporting period, the project activities were not significantly affected. This was due to three factors. One, the cease fire and peace talks processes. Two, the partnership strategy that involves partners in project review, planning and the implementation process (select partners could keep work going even when other partners had to modify their activities due to security considerations) . Three, the tangible project results in institutional strengthening, economic development, and biodiversity conservation directly benefiting local communities and the poor (i.e. strong grassroots support for project). Still, the situation required caution and some modification of the activities’ design and implementation aspects. For example, large group workshops and training were conducted during the cease fire period or held in district headquarters in conflict affected districts. In summary, good progress continues to be made on major targets and the project is on track.

The project has successfully accomplished most of the activities planned for this year and the overall project targets are on track. A mid-term evaluation took place with external evaluators this year to assess progress towards ecological, social and economic sustainability of the project goal of biodiversity protection (see the Mid-term evaluation report). The evaluation had been postponed from year three when the security situation did not allow evaluators to move around the districts. The cease fire allowed three external evaluators to visit and evaluate three out of the five project districts. Table 1 summarizes progress by activity.

**Table 1 – Activity Status for Year Four**

Activity Number	Activity Title	Status*
<b>Objective 1 Expand and institutionalize participatory resource management and conservation under Nepal’s forestry policies and legislation</b>		
1.a	Prioritization of geographical area and community groups	Completed
1.b	Community forestry orientation and training	Completed
1.c	Community forestry best practices workshops	Completed
1.d	District community forestry federation support	Completed
1.e	National level workshop	Completed
1.f	Exchange visits and study tours	Completed
1.g	Production and distribution of extension materials	Completed
<b>Objective 2 Enhance knowledge and skills of forest user groups in sustainable use and conservation of biological resources</b>		
2.a	Staffing and training	Completed
2.b	Conflict resolution for community forest mapping	Completed
2.c	Technical and logistical support to communities for FUGs registration	Completed
2.d	Promotion of community forestry agenda	Completed
2.e	Post-formation support to FUGs	Completed
2.f	Conservation education	Completed
<b>Objective 3 Promote use of natural products in an ecologically sustainable and socially equitable manner</b>		
3.a	Business development services to communities	Completed
3.b	Business plans for community-based enterprises	2 completed, one delayed
3.c	Business management training	Completed
3.d	Securing enterprise start-up capital	Ongoing
3.e	Provide marketing support	Completed
<b>Objective 4 Generate scientific information for the sustainable management of biological resources</b>		
4.a	Biodiversity conservation monitoring system implementation	Completed
4.b	Harvested species regeneration status	Completed
4.c	Information dissemination	Completed
4.d	Biodiversity monitoring data collection and analysis formats	Completed
4.e	Growth and yield studies	1 Completed 1 Delayed
4.f	Biodiversity monitoring methodology development	On going
4.g	Exploration and dissemination of indigenous knowledge and practices	Completed
4.h	GCP cross learning	Completed

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

Details are available on each activity including number of trainings held, number of participants, and specific outputs upon request. Table 2 below summarizes the resulting key target outcomes - forest user groups (FUGs) organized or reorganized and hectares brought under improved management – that resulted from the above activities.

**Table 2: Achievements on key targets by year**

	Year One	Year Two (cumulative)	Year Three (cumulative)	Year Four (cumulative)	Year Five (cumulative)
<b>Planned</b>	6 FUGs/2500 ha	30 FUGs/9,990 ha	40 FUGs/21,000 ha	53 FUGs/28,855 ha	68 FUGs/36000 ha
<b>Actual</b>	18 FUGs/2990 ha	27 FUGs/13,765 ha	45 FUGs/23,355 ha	62 FUGs/34,857 ha	

Table 3 summarizes the project's major accomplishments vis-à-vis the project's goals and objectives.

**Table 3: Year Four Goal and Objectives Vis-à-vis Major Accomplishments**

<b>YEAR FOUR GOAL AREA UNDER IMPROVED MANAGEMENT</b>	<b>YEAR FOUR ACHIEVED AREA UNDER IMPROVED MANAGEMENT</b>
28,855 hectares; 53 Forest User Groups in five districts	<ul style="list-style-type: none"> <li>• Goal exceeded; 34,857 hectares, 62 Forest User Groups in five districts – Humla, Jumla, Dolpa, Mugu, and Bajhang</li> </ul>
<b>Year Four Objectives</b>	<b>Major Accomplishments</b>
1) Expand and institutionalize participatory natural resource management and conservation practices within the framework of community forestry in Nepal.	<ul style="list-style-type: none"> <li>• As of September 2003, a total of 34,857 hectares of forests and meadows (116.19 % of the overall project goal) have been handed over to 62 FUGs representing 6,123 households and are now classified under improved management.</li> <li>• Planned training, workshops, seminars, and other extension activities all completed and evaluation noted enhanced capacity of the FUGs to continue their enterprise oriented management of forest resources.</li> <li>• The federating process for the five districts' FUGs and linkages to Federation of Community Forest User - Nepal (FECOFUN) resulted in the establishment and institutionalization of district level FECOFUN chapters in all five districts.</li> <li>• Created ten district chapters (Bajhang, Humla, Jumla, Mugu, Dolpa, Kalikot, Bajura, Darchula, Dolakha, Sankhuwasabha) of Himali Jadibuti Sarokar Samuha (HJSS), a policy advocacy group on Himalayan NTFPs to provide feedback to policy makers on ground realities and advocate for the development of appropriate policies and their proper implementation.</li> </ul>
2) Enhance knowledge and skills of Forest User Groups (FUGs) and local harvesters in sustainable use and conservation of biodiversity.	<ul style="list-style-type: none"> <li>• External evaluation completed and team found FUGs' solid knowledge and skills in biodiversity conservation directly attributable to the project activities. The threats analysis tool used with each FUG and intensive initiation of project's biological monitoring plan with eight enterprise-oriented FUGs is producing positive resource management changes at the community level. The external evaluation found that "in the field there was a clear cut attitudinal change and the people were ready to take measures which might contribute to conservation." They have noted that "the concept of seeking union between biodiversity conservation and enterprise development through CFUGs was introduced for first time by ANSAB. The approach gave the villagers clearly perceived incentives and values for protecting biodiversity on CFUG and nearby forest land."</li> </ul>
3) Promote commercial use of natural products in an ecologically sustainable and socially equitable manner.	<ul style="list-style-type: none"> <li>• Provided technical support to five existing community based forest enterprises (CBFE) - (Malika Handmade Paper Pvt. Ltd. (MHPL) in Bajhang, Tripurasundari in Dolpa, Humla Oils Pvt. Ltd. (HOPL) in Humla, Bhagwati Oil Milling enterprise in Jumla, Rocha NTFPs Trading enterprise in Humla) and established three new CBFE (Shree HERBIL NTFP trading cooperative in Bajhang, Jadikausi NTFP trading in Humla, and Majhphal FUG consortium for NTFP production and trade). Three additional enterprises are identified for development.</li> <li>• 5,087 households in five districts have benefited from the enterprise assistance.</li> </ul>

<p>4) GENERATE SCIENTIFIC INFORMATION REQUIRED FOR THE SUSTAINABLE MANAGEMENT OF THE BIOLOGICAL RESOURCES</p>	<ul style="list-style-type: none"> <li>• EXTENSION MATERIALS IN NEPALI FOR NTFPS (LOKTA, JATAMANSI, AND ATIS) DISTRIBUTED TO FUGS AND OTHER INTERESTED STAKEHOLDERS. EXTENSION MATERIALS IN NEPALI ON SEABUCKTHORN AND DHATELO PUBLISHED AND DISTRIBUTED. THESE PUBLICATIONS FOCUS ON SUSTAINABLE HARVESTING, REGENERATION MANAGEMENT, POST HARVEST HANDLING, LOCAL VALUE ADDITION, MARKETING AND TRADE.</li> <li>• FOLLOW UP OF EXPERIMENTAL PLOTS IN HUMLA, BAJHANG AND JUMLA CONTINUED IN YEAR FOUR. IN HUMLA DETAILED OBSERVATIONS OF JATAMANSI RESEARCH PLOTS WERE MADE AND ANALYSIS OF THE DATA IS UNDERWAY. IN BAJHANG THE RESULTS OF EXPERIMENTAL PLOTS AND EXPERIMENTAL NURSERY STRENGTHEN THE KNOWLEDGE REGARDING LOKTA REGENERATION AND CULTIVATION, BUT THE EVALUATION TEAM STILL SUGGESTS LONGER TERM MORE RIGOROUSLY STUDIES BE CONDUCTED.</li> <li>• THE GROWTH AND INITIAL YIELD OF THE SPECIES OBSERVED IN DOLPA NURSERIES ARE GOOD AND DATA HAS BEEN COLLECTED TO ANALYZE THE POTENTIAL FOR CULTIVATION OF ATIS AND SUGANDHWAL IN THE AREA.</li> </ul>
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## SUCCESS STORIES

### *1) External validation that community forestry approach to biodiversity conservation has demonstrated progress vis-à-vis competing and complementary strategies (i.e. government controlled resources and protected areas).*

The major threats to biodiversity in the project area are over exploitation of forest resources from outsiders and forest user groups (FUG) members. The project strategy assumes that the FUG development process gives community members skills and strategies for making subsistence (grazing, fuel wood collection, farming, NTFP collection) and commercial activities (NTFP harvesting for outside sale) sustainable. The strategy also assumes that effective FUG resource management can only happen when groups have the power and mechanisms to control the access of outsiders and have a system of incentives and punishments to enforce community use of resources. Still there are those that argue that this strategy will not yield conservation goals vis-à-vis other more restrictive strategies. EWW and ANSAB planned an external evaluation to assess the progress made in the project toward economic, social, and environmental sustainability and to specifically to comment on the “threats-action-impact” continuum (see below). The evaluation team noted that FUG areas were better managed than neighboring government lands and even a neighboring protected area that lacked effective guarding and enforcement mechanisms. ANSAB had already been working with the government to get more land awarded to the FUGs versus leaving it in government control. These findings will add additional weight to justifications for larger FUG awards.

While more data is needed, it was reassuring to the project that initial indications show the strategy has merit, especially in remote areas with varying security issues. Evaluation recommendations for project and strategy improvement are being followed up on by the project as well as being programmed into future projects.

**Threats-Action-Impact Impressions of Evaluation Team<sup>1</sup>**

<b>Major Threats Identified</b>	<b>Understanding of Threats by Stakeholders</b>	<b>Appropriateness of Project Activities to Address Threats</b>	<b>Experience in Carrying out Activities</b>	<b>Impact on Biodiversity</b>
Based on field observations and discussion with stakeholders by evaluators, project has identified the major threats to biodiversity.	Interviews and focus groups in three districts convinced evaluators that stakeholders have good understanding of threats and at varying levels are taking actions to counter threats.	High level of appropriateness. E.G: Community organizing for CFUG tenure; introduction of biodiversity conservation; NTFPs and threats approach in forest operational plans; linkage of subsistence, commercial and resource management issues. But, need for more scientific research on NTFPs and additional activities to counter select subsistence threats.	ANSAB has generated respect and enthusiasm among stakeholders for carrying out activities. Broad-based involvement in activities by CFUGs and government; counterpart contributions from communities for enterprises.	Anecdotal reports and the opportunity for somewhat limited observation of forest conditions by evaluators did indicate that positive trends in human influence upon biodiversity were happening, (i.e., restricted grazing, and more controlled NTFP harvesting).  Evaluators recommend project adopt more specific biodiversity impact indicators.

***2) ANSAB takes action to control gold rush on Yarshagumba with Majhphal People of Dolpa District – policy change, effective community management, and local control can abate over-harvesting better than bans.***

Yarshagumba (*Cordyceps sinensis*) is a unique product, which is a fungus grown on butterfly larva and found above 4000 m altitudes of Karnali and Western Nepal Himalaya. Dolpa is one of the foremost areas for Yarshagumba collection and trade in Nepal (over 50% of the country's supply comes from Dolpa). Until 2001, the Nepali government banned collection of Yarshagumba but, illegal and unregulated harvesting was rampant. Since the trade was illegal,

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<sup>1</sup>Prof. William R. Burch, Jr., Prof. S. P. Singh FNA, Keshav Raj Kanel, Ph.D., Mid Term Evaluation Report of Enterprise-Based Biodiversity Conservation – Nepal Project, Implemented by Enterprise Works Worldwide (EWW) and Asia Network for Sustainable Agriculture and Bioresources (ANSAB), May 2003.

collectors received low prices; Rs. 315 per kg. ANSAB, NNN, HJSS, and other organizations lobbied that the trade needed to be made legal and effective harvesting regulations instituted, while the Yarshagumba populations were still healthy. ANSAB and EWW have observed in the past that when illegal, unregulated practices are allowed to continue unchecked, with low prices going to the communities, eventually habitat destruction occurs with communities ultimately losing sources of livelihood. When price spikes hit the market, the boom and bust effects can be devastating.

The government did lift the ban, but imposed an impractical royalty rate of Rs. 20,000 per kg. Due to weak law enforcement, few royalties were collected and funds were not therefore generated for conservation efforts. During this time, the price for Yarshagumba increased from Rs. 315 per kg. in 1992 to Rs. 105,000 (US\$1,400) in 2002. There was an influx of thousands of people from many adjoining districts for Yarshagumba collection and local mechanisms were not yet in place to regulate harvesters; the threat to habitat destruction continued. The evaluation made note of this threat in interviews with local Dolpa community members.

In this context, ANSAB facilitated local communities to regulate Yarshagumba harvesting through the community forestry process and lobbied the government to adjust royalty rates. Three forest user groups (Pokepani, Rolgad and Meli) were reformed in Majhphal VDC in the district by amending their constitutions. The Yarshagumba area (5,225 ha) was surveyed, the forest management operational plans of all three FUGs were revised to include NTFPs management schemes and the area was formally handed over to the FUGs. The FUGs decided to levy Rs.100 per collector as entry fee and Rs. 5,000 per kg as conservation fee for Yarshagumba.

The implementation has had a few difficulties in guarding the forest areas from illegal and unmanaged collection. But the FUGs reacted quickly and formed four small task-force teams, having 10 young, energetic FUG members to guard entry points to the collection areas. Where the District Forest Office with all government mechanisms had failed to regulate Yarshagumba collection and collect royalties, the FUG managed effort is bringing about effective regulation of harvesting. The three FUGs were able to control access to the community forests and initiate harvest regulations resulting in collection of about Rs. 800,000 from fees in the first year. The economic benefit to the FUGs members is enormous. The effort now needs to be expanded.

### ***3) Women's workload reduced significantly in Chaudhabisa area, Jumla and interest in resource conservation strategies increase.***

Villagers used to cut down dhatelo (*Prinsepia utilis*) plant for fencing and eatables for domestic animals in the winter season and some of its fruits would be used in extracting edible oil. People were reluctant to crush dhatelo, as a great deal of effort is required to produce a small amount of oil. This time consuming hard job was allocated to the women.

As in other parts of Jumla, women of Patmara, Patrasi, Dillichaur and Chumchaur are busy with household work from very early morning to late night. One of the activities they had to engage in was extraction of dhatelo oil which is the major source of cooking oil in the village. When exploring enterprise options with the community, dhatelo oil extraction came out as the number one priority from the women's group. With project support, the oil expelling mill was established.

Bhun Bahadur Bista, Chairman of Bhagawati Community Forest Users Group (CFUG) said, "Traditionally, we could squeeze only half liter of oil from 8 mana (4 kg) of raw dhatelo fruits.

After establishment of the enterprise, the mill now produces 1 liter of oil from 4 kg of dhatelo”. One household used to only squeeze 20 to 30 mana (10-15 kg) of dhatelo per day, but with the enterprise we can expel 350 mana (175 kg) in a day - says Bhun Bahadur. The enterprise increases the efficiency of oil extraction by 100%. In addition to higher yield, women of these villages have got some relief from the manual work of dhatelo oil extraction. Realizing the importance of the species, local people have started planting the species in their land. The species can be grown in marginal land such as terrace risers. The enterprise has not only provided economic opportunities for 1,500 households but increased the interest of people on resource management.

***4) Economic stability builds stronger communities and enhances FUG ability to conserve biodiversity. Snapshot of enterprise beneficiary shows how small increases in cash can make a huge difference in the life of remote rural poor. Bikram Khadka continues his study and healthcare needs of grandmother through Nepali handmade paper enterprise in Kailash, Bajhang.***

Bikram Khadka, a 16 years old parentless ‘man’, lives with his old and crippled grandma in Kailash, Bajhang. Living in the remote hills where economic opportunities are severely constrained, he and his grandmother are dependent on his brother who is a wage laborer in India. Cash needs – Bikram’s school fees and books, family clothes, and medicines for the grandmother are paid from remittances sent by the brother. When the money from his brother did not arrive it seemed impossible to buy medicines for his grandmother and manage fees and expenses for his study. The tiny piece of land he farms only supports the family for about half the year.

Under the leadership of Binayak Pimi Danda FUGs, the Kailash communities started a handmade paper enterprise called Malika in 1999. Communities were informed about Lokta management and harvesting systems. Bikram saw a small glimpse of hope. He spent eleven days for Lokta bark collection and harvested 55 kg of Lokta bark. He sold the bark to the enterprise in his village and made Rs. 1,150 (US \$16). With this money, he paid school fees and bought books, pen, clothes and medicines for his grandmother. Bikram has been able to continue his studies and care for his grandmother. Bikram is not the only person in the village who has benefited from the community enterprise initiative. Throughout the project in five districts 5,087 households have received economics benefits as a result of the GCP project activities. Many others tell similar stories, especially women who have gained jobs from the enterprises and/or had husbands that no longer have to do seasonal work in India to support the family. While the project does not directly target student retention rates and economic migration reduction, the benefits for local community stability are clear.

The Malika handmade paper enterprise in Kailash has been studied and documented to generate lessons for duplication in other parts of Nepal. Some of its innovative features are integration of biological and enterprise monitoring, explicit link between biodiversity conservation and economic viability of the enterprise, shareholder rights for community members, and consideration of all community members’ needs (men and women, lower castes, and otherwise disadvantaged groups) when designing resource management and use plans.