

## **Creating Space: the Effects of an Adaptive Collaborative Management (ACM) Approach on Leveraging Poor People's Access, Rights, and Benefits from Community-based Forest Enterprises in the Eastern Hills of Nepal**

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*This paper examines the performance of an adaptive collaborative management approach (ACM) to increasing poor people's access to, rights and benefits from a community-based nonwood forest product (NWFP) network enterprise in the Eastern Hills of Nepal. This network has rights over some 2,000 hectares of community forests and more than 1,346 member households. It had existed for two-and-a-half years prior to the 2004 start of the CIFOR-led Participatory Action Research Project on which this paper is based, but was plagued by perceptions of elite and male domination and there were conflicts between members in benefit sharing and problems of forest degradation. As such, the research project, the network, and local NGOs began a collaborative "renewal" of the network focused on the arrangement of collective action to support pro-poor forestry through applying an ACM approach. This approach included shifts in governance and management planning, especially regarding representation, conflict management, and risk and uncertainty analysis of the network enterprise. The major outcomes can be seen as a convergence of changes in community forest management and conflict mitigation, improved livelihood benefits from NWFP resources for the poorest families, and other forms of capital.*

*One of the most notable changes is that network members shifted from working in relative isolation to building alliances and greater interdependence, a change that helped mitigate conflicts between them regarding benefit sharing. Interestingly, the developing relationships between different stakeholders appear also to have contributed to shifting the attitudes of local elite and men towards equity in access of the poor to decision making and benefit sharing in the NWFP enterprise. Furthermore, significant space has been created for opportunities for poorer households by providing them with access to revolving funds specifically to enable them to become shareholders in the NWFP network. This shareholder status opens the door for multiple opportunities from which they had previously been excluded, including obtaining benefits from share dividend, employment as NWFP collectors, and receiving bonuses from the profits. The other stakeholders such as local traders, CFUGs, village entrepreneurs, and general members also have obtained benefits from the share dividend. Two national traders (Himalayan Bio-Trade (P) Ltd., Laba Nepali Paper Udhog) have agreed to make a contract with the network to buy NWFPs in sufficient quantities and at handsome prices. Besides, because of the arrangement for collective action, the women's subgroup of this network has been able to increase profit margins from the sale of nettle fiber cloth. This subgroup constitutes largely the very poor and indigenous people.*

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## Introduction

Owing to mostly mountainous and hilly terrain, Nepal has struggled with its export-based industry of nonwood forest products (NWFPs) (Olsen and Treue 2003; Pandit 2007). Local producers and enterprises have found it challenging to benefit from local market opportunities (Larsen 2002; Belcher et al. 2004; Pandit and Thapa 2004); nonwood forest brokers beyond Nepalese borders are unwilling to share market information that is often a key determinant of the bargaining power of small community-based forest enterprises (CBFEs)<sup>4</sup> and value chain governance (Belcher et al. 2004; Hamilton 2004; Pandit 2007). Despite development focus on increasing production, sale, and value addition of NWFPs (Belcher et al. 2004), most CBFEs are faced with significant business skill and knowledge gaps that hinder economic decisions (Kanel 2002; Pandit 2007). Within the same NWFP value chain, there are also communication issues that inhibit trust between various institutions representing various economic actors (Larsen et al. 2000; McDougall et al. 2004; Pandit 2007). For example, significant confusion remains regarding the regulatory status of high value but environmentally sensitive or endangered products such as *Cordyceps sinensis* (*Yarsa gumba*), *Picrorhiza scrophulariflora* (*Kudki*), and *Dactylorhiza hatagirea* (*Panchaunle*), which might otherwise supplement local income (Olsen and Larsen 2003; Hamilton 2004). Until recently, the poverty-reduction effort in Nepal has mostly been limited to protection and meeting the subsistence needs of poor people (Larsen et al. 2000; Olsen and Larsen 2003; Pandit et al. 2006).

Forest enterprise development in Nepal (and also in other developing nations) has had limited success primarily in commercialization because of the inherent disadvantages of forest-dependent communities and the forest products they collect; for example their lack of business skills and the inadequacy of investment capital and market infrastructures (Belcher et al. 2004; Pandit 2007). In addition, these small CBFEs lack specific vision and planning to undertake their business, and in most cases they have not analyzed the market risk and uncertainties (McDougall et al. 2006; Pandit 2007). There are instances when the CBFEs also lack effective communication mechanisms and often there is conflict between members for use of resources (Pandit 2007). Decision making is largely dominated by the elite, men, and higher castes. Yet, despite the success of the Nepali community forestry program in terms of formally handing over rights to over 14,357 community forest user groups (CFUGs) (FECOFUN 2006), to date it has not yet generated the anticipated returns for communities, and has been criticized in terms of equity in control over, and distribution of, the associated costs and benefits (McDougall et al. 2004; Kanel and Pokhrel 2002; Pokhrel et al. 2006; Pandit et al. 2006). Actors at all levels have identified a need for strategies that can add value to community forest processes and relationships so that equity and livelihood benefits for the forest-dependent poor can be enhanced (Kanel and Pokhrel 2002; McDougall et al. 2004). Nevertheless, there is increasing recognition that CBFEs have potential to contribute to poverty reduction and environmental conservation (Larsen 2002; UNDP 2004; Pandit 2007).

In order to generate insights into the above issues, the Centre for International Forestry Research (CIFOR) and its partners New ERA, Forest Action, and others have been engaged in participatory action research on an Adaptive Collaborative Management (ACM) approach to community forestry since 1999. This project was implemented in two phases. The first research phase, completed in 2002, was undertaken in collaboration with the Ministry of Forests and Soil Conservation and funded by the Asian Development Bank. The second phase, which was funded by the International Development Research Centre (IDRC), began in 2004 and terminated in May 2007. This project was undertaken at the local and levels to explore the possibility of innovation in local and m management and governance as a means

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<sup>4</sup> CBFEs are institutions based on common property resources, which deal with the stocks and flows of natural resources, as well as with both economic equity and environmental protection; they are dedicated to the commercial production of NWFPs.

of adding value to community forestry, particularly to CBFEs. Specifically, based on the premise that complex systems require flexible, learning-oriented, and inclusive management and governance systems (Pandit et al. 2006; Anderson 2001; Prabhu et al. 2002; Colfer 2005; Wollenberg et al. 2005), the project worked with local facilitators, CFUGs, and level actors, to apply the ACM approach to community forestry. The project focused on local facilitators catalyzing and facilitating processes and structures that are inclusive and social learning-oriented at the CFUG and CFUG network/or levels; the research teams tracked the processes and outcomes. This paper highlights the effects of the approach on leveraging poor people's access, rights, and benefits from CBFEs in the Eastern Hills of Nepal. Processes and structures used by the network in overcoming the issues of poor people's access to and rights and benefits from this network enterprise are explored. Specifically highlighted are some of the complex challenges faced, and strategies used by the network and its partners in improving access to NWFP resources and in involving them in the enterprise as well as in developing and enhancing viable livelihood strategies especially for socially and economically marginalized forest users.

### **Linking ACM to Community-based Forest Enterprises: a Theoretical Perspective**

Access and rights to and benefits from CBFEs are the passionate agendas of present development discourse (UNDP 2004; McDougall et al. 2004). Local people's access to community-based forest resources and to decision making largely depends on how their access and rights are secured and how the recent political system has backed up their voices and provided leverage in this context (Warner 2006). The outcomes are human and social assets, such as knowledge, health, and social relations, as well as financial, natural, and physical capital (Pandit et al. 2006).

In order to secure people's rights to resources, some people exercise more control than others over decision making at various levels. Weaker groups' interests are often ignored, excluded, represented ineffectively, overridden or negotiated away (Pandit et al. 2006 cited in Wollenberg et al. 2005). Furthermore, the access of poor and socially marginalized people to some assets tends to be limited (Warner 2006). This has a significant effect on the livelihoods of the poor compared to wealthier groups, because individuals or households with more assets tend to have a greater range of options as well as more ability to adjust the emphasis in their livelihood strategy (Pandit et al. 2006). We have found imbalance in power and access to assets to be present in community forestry, as local elite groups often tend to control the decision making of CFUGs, and costs and benefits are often distributed unequally (McDougall et al. 2004; Pandit et al. 2006). Equity<sup>5</sup> in access to resources and decision making is often limited to providing benefits to elite sections of society. This power imbalance relates to, and is typically reinforced by socio-economic, cultural, and institutional factors (Pandit et al. 2006).

Development interventions in the past in Nepal and elsewhere often focused on increasing production, sale, and the capture of value-added products that benefited poor and marginalized communities (Belcher et al. 2004). In recent years, research and experience has led to a shift in focus towards the need for *governance* to be strengthened at all levels as a means of fostering equity and livelihood sustainability, especially for the poorest of the poor (Pandit et al. 2006 cited in McDougall et al. 2004; Ojha 2004; UNDP 2001; UNDP 2004). In an effort to support these ideas and experiences, some nongovernment organizations (NGOs) and development agents, including bilateral agencies such as the Livelihoods and Forestry

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<sup>5</sup> Equity is defined as social justice, and a political or social situation of process in which people, particularly the poorest of the poor and the socially marginalized, have fair access to assets and decision making (UNDP 2004; Ojha 2004; Wollenberg et al. 2005).

Project of the Department for International Development (DFID) are attempting to open up existing power structures to marginalized and alienated groups, notably the poor, indigenous people, and women, so that their voices are heard and their access to benefit sharing is guaranteed. In order to see the linkage of an ACM approach to CBFE governance on equity and livelihood, we explore the application of ACM elements including communication, equitable access to decision making and benefits, negotiation, conflict management, and collective actions as appropriate in CBFE governance. This includes forming effective linkages and learning feedback loops within levels (CFUG, district, national) as well as across or between levels (McDougall 2003). The essence of an ACM approach<sup>6</sup> is that stakeholders consciously use shared or “social” learning as the basis for ongoing decision making and planning of the CFUGs and CBFE. This includes forming effective linkages and learning feedback loops within and between CFUGs and CBFE (Pandit et al. 2004 cited in McDougall 2003). This approach is very flexible and fits inside the community forest management framework and to any community-based institutions including CBFE. It can be applied from the decision making and planning of a single activity such as income generation or silviculture to the multiple activities of any organizations that are related to annual or longer term plans of the CBFE, and up to and including the national level policy development process (Pandit et al. 2006). According to McDougall (2003) the ACM concept is further broken down into **elements** that can serve as “guideposts” for practice:

- All relevant stakeholders are involved in decision making and negotiation, and have the “space” and capacity to make themselves heard
- Stakeholders effectively communicate and transfer knowledge and skills (in multiple directions)
- Stakeholders implement actions together, as appropriate
- Stakeholders seek to effectively manage conflict
- Shared intentional (i.e. social) learning and experimentation is consciously applied as the basis for refinements in community forest management
- Planning and decision making include attention to relationships within and between human and natural systems
- Planning and decision making clearly reflect links to the stakeholders’ desired future, and take into account past trends and uncertainties

## **Origin of the Tinjure CFUG Network and Its Renewal Process**

The Tinjure Hattisar CFUG network was established in January 2003 through the initiative of the 10 local CFUGs, The East Foundation (TEF), and the DFID-funded Livelihoods and Forestry Project (LFP) in two Village Development Committee areas of the northeast part of Sankhuwasaba District. The CFUGs are: Pathivara; Tinjure Hattisar; Kalika; Okhre; Aahaltar; Ahale; Lamalung; Jawale; Sanu Patal; and Siddhi Deurali. The main objective for establishing this network was the need for CFUG–CFUG mutual support to market their NWFPs and to control outside contractors.<sup>7</sup> The CFUG members also saw the network as an opportunity to increase access to community forest services from NGOs and government organizations (GOs) including the District Forest Office (DFO). This network comprises more than 1,346

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<sup>6</sup> An ACM approach to community forestry is a way of engaging in management and governance so that this adaptiveness is intentionally strengthened and enhanced, and the groups involved have the capacity to adapt more efficiently and appropriately to the pressures of rapid change and complexity that confront them (McDougall 2003).

<sup>7</sup> Outside contractors usually reside either at the road-head or wholesale markets in the Terai and do not own the resources; however they catalyze NWFP resource extraction through their links with local people and traders in the Terai and India. They usually hire local people to harvest NWFPs from forests (Pandit et al. 2006).

member households and has rights over some 2,000 hectares of community forests. The network area is close to Basantapur road-head markets, from where most NWFPs of Sankhuwasaba and Terathum districts are marketed.

A 35-member CFUG network was formed prior to the establishment of this network but it was not able to operate largely because of the Maoist insurgency. In response to this, the LFP and TEF organized and facilitated a multistakeholder planning meeting for a revised Range Post Level Coordination Committee (RPCC) process (Pandit et al. 2006). CFUG members suggested that forming a network covering a smaller geographic level, such as the subrange post level, would be more functional.

As soon as the second phase of the ACM project was initiated in 2004, TEF organized a meeting of CFUGs of the Tamaphok and Madhi Mulkharka Village Development Committee (VDC) area at Okhre CFUG. The senior researcher of New ERA and District Manager of LFP also participated at the meeting which concluded that the network was not moving towards the achievement of its goals. The reasons for this included: the network lacked responsiveness to the differing availability of NWFPs in the different CFUGs; the network committee was representative largely of the elite (including only one woman being involved at that level); the lack of a business plan; and lack of understanding and skill in collaboration and shared learning (Pandit et al. 2006). The ACM research project in collaboration with TEF, LFP, and the network started a renewal process by applying an ACM approach at the network level.

To build facilitation and leadership for this network renewal, several network members participated in various ACM training courses held during the project period (Table 1). The overall analysis shows that women and indigenous people's participation was lower in the first three training events, and their participation increased substantially at the later stages (see further discussion in the next section). The first training event focused more on how to build the capacity of local change agents to facilitate the ACM approach at the CFUG and network level.

The second training event was organized from 8 to 11 April 2005 to orient network members on ACM concepts and elements. Trained facilitators from the first training event and a New ERA researcher facilitated this workshop, which allowed 24 representatives of eight of the network CFUGs to learn more about an ACM approach and what it could mean for the network (Table 1). In the workshop, participants assessed the degree to which their network was adaptive and collaborative, investigated the risks and challenges that the network was facing, and drew on these explorations to develop future plans. After the workshop, the participants returned home and informed respective CFUG committees and *tole* (i.e. hamlet) groups about what they had learned. This also motivated the network members to continue planning, action, and reflection. As the network members integrated this new approach into their governance, at the request of the network and TEF and LFP, the ACM research team members offered backstopping in facilitation, and brainstormed with the network members about ideas for enhancing network outcomes through social learning, inclusive planning processes, and equity. A milestone—and guidepost—for the network that emerged was that network members drew on their reflections and discussions to develop a network constitution and action plan.

**Table 1: Training Participants of the Tinjure Hattisar CFUG Network**

ACM Training	Date	Gender		Ethnicity			Total
		Male	Female	BCN	Indigenous	Lower Caste	
Initial ACM Training at Dhankuta	28 Jan to 2 Feb 2005	9	3	4	8	-	12
Network Workshop at Tinjure	8–11 April 2005	17	7	9	15	-	24
ACM Refresher, at Dhankuta	12–14 April 2005	7	-	2	5	-	7
Linking ACM to CBFE Development at Tinjure	26–27 July 2006	2	9	3	8	-	22
Linking ACM to CBFE Business Plan Preparation at Tinjure	12–14 December 2006	-	11	4	7	-	11
<b>Total</b>		<b>35</b>	<b>30</b>	<b>22</b>	<b>43</b>		<b>65</b>

Source: Compiled from the New ERA Final Case Study Report, 2007.

BCN = Brahmin, C = Chhetri, N = Newar

The third training was a refresher training event, which was mainly organized to fill gaps in the knowledge and skill of the facilitators who received initial ACM training in Dhankuta. In this training, the focus was laid on use of ACM elements at both CFUG and network levels.

Before the later two training events (linking ACM to CBFE development) were held, the network members were also exposed to the ACM approach through its use at the CFUG level in Pathivara CFUG. This CFUG's positive experience generated interest among members of neighboring CFUGs (who were members of the network) in it. Moreover, as part of the network's self-reflection and planning process, it decided that in order to achieve its goals, it would need to develop a formal mechanism for selling its NWFPs. The network members recognized their need for more knowledge about NWFP marketing options at this stage and thus planned and carried out an exposure trip to other parts of the country. The exposure trip team visited the Leutibhedi NWFP-processing cooperative, the Dhankuta private woodlot association in Dhanusa, the Praja NWFP cooperative in Chitwan, the Nepal Agroforestry Seed Cooperative Limited (NAFSCOL), and some NWFP enterprises registered with district small cottage industry in Dolakha. During the exposure trip, participants had the opportunity to learn about different enterprise modalities for marketing their NWFPs (Pandit et al. 2006). These include:

- *CFUG enterprise*: Individual CFUGs, leasehold groups, or other community groups managing forests as common property resource and producing, selling, and distributing forest products. They are registered with the DFO
- *Community forestry/leasehold forestry network*: Two or more CFUGs or leasehold FUGs working together for the collective production and marketing of forest products
- *Cooperatives*: Formal or informal networks of individual or groups registered with the District Cooperative Office under the Cooperative Society Act 1996 that collect, process, and trade NWFPs
- *Private–public partnership companies or enterprise*: These are corporate entities usually registered in line with company legislation with the Department of Industry (DOI) under the Company Act 1997. The enterprises registered with the District Cottage and Small Scale Industry Office (DCSIO) are also private institutions but they are called private enterprise (locally called *Udhog*)

After the visit, the team members returned to their communities and carried out joint reflection about the different institutions. Based on what they had learned, the network decided to opt for registration as an enterprise with the DCSIO, which it did in March 2006. The network prepared its rules and regulations, including constitution, based on the requirements of the private company, but it is still waiting for registration with the DOI. In order to sell the NWFPs from this network, each of the network CFUGs has revised its own operational plans and obtained approval from the DFO. In addition, in their Operational Plans, all the CFUGs have identified the poorest households by considering all social, economic, and political criteria.

The fourth and fifth training events were devoted to building business development capacity among the network members. During the fourth training event, the participants assessed the level of risk and uncertainties of their enterprise. This training formed an important milestone in the wider initiative of “ACM for community-based enterprise development,” engaging with a significant number of people from the network (Table 1). This event proved to be an exciting movement for the ACM initiative as it provided the impetus to step back and reflect on issues, and to then move forward with renewed energy and dynamism for the network enterprise. The fifth training event was mainly organized to develop a business plan for the main NWFPs that are available locally. During this training, participants prepared business plans for five NWFPs and their retailable items: (1) Daphne hand-made paper, (2) Nettle cloth making, (3) Rhododendron flower juice making, (4) raw *Swertia chirayita* plant processing, and (5) raw *Asparagus racemosus* root processing.

## **Leveraging Poor People’s Access and Rights to and Benefits from the Tinjure CFUG Network**

In order to increase leverage of poor people's access and rights to and benefits from community-based enterprise, the network changed its goals, objectives, structures, and process, and planned for inclusion of poor members in the enterprise as shareholders.

### **Network Goals and Objectives**

As noted in the earlier section, the Tinjure Hattisar network was created *initially* with two fundamental goals in mind: (1) marketing of its NWFPs and (2) increasing collaboration between CFUGs to increase mutual support for NWFP marketing.

Following the implementation of the ACM approach, the network members changed the goals. The network developed institutional goals and objectives through the writing of a constitution and network plan for the first time. The new overall goal of the network is to improve the livelihoods of CFUG members, particularly the poorest of the poor (hereafter referred to as the “disadvantaged”) and enhance equity for poor and marginalized groups through social learning and enhanced collaboration in community forestry. The network also developed specific objectives to achieve the above goal. The objectives were to:

- Increase the “space” of women and marginalized groups in decision making and planning
- Increase the access of poor and marginalized users to training and workshops
- Enhance social learning through the support of CFUGs forming *tole* committees and meetings
- Provide NWFP collection permits to the disadvantaged in CFUGs
- Carry out self-monitoring in each CFUG and *tole* committee

## Network Structure

The network reconstituted its structure to be more inclusive and action-oriented. After the first ACM training and network workshops were completed, the network reconstituted its structure by including 50 members in the General Assembly (GA) two times. In September 2004, the network members formed 50 GA members representing five members each from 10 CFUGs, at least two of whom were women and one was a disadvantaged member. Of the total members, 40% (women), 20% (disadvantaged), 20% (traders), and 20% (other general members) were included in this body. These members elected nine individuals, including three women, as the network committee.

At the latter stage of the project, the network members realized that there was less representation of women and disadvantaged members in the GA, and therefore it was reconstituted. This new structure also included 50 GA members but membership of women and disadvantaged households increased significantly. In this structure, 22 members were nominated by 10 CFUGs, 12 by local entrepreneurs, 11 by disadvantaged households, and 5 from general members (Table 2). Of the total members, 48% (24 out of 50) were women, 22% (11 out of 50) were disadvantaged, 24% were traders, and 6% were other general members.

**Table 2: Share Ownership and Membership in the General Assembly**

Shareholders	Share Allocation (%)	Members in GA			Amount (NRs)
		Male	Female	Total	
CFUG	45	13	9	22	450,000.00
Local Traders	25	7	5	12	250,000.00
The Disadvantaged	20	3	8	11	200,000.00
General Members	10	3	2	5	100,000.00
<b>Total</b>	<b>100</b>	<b>26</b>	<b>24</b>	<b>50</b>	<b>1,000,000.00</b>

Source: Records of the minutes, 2006

The formation of a general body enables several things to occur, including (excerpt from Pandit et al. 2006):

- More participation of more members on an ongoing basis—including that the participation of women and the disadvantaged is built in constitutionally
- More direct control by CFUG members (including women and the disadvantaged) over who goes to network meetings
- The representative is more knowledgeable about the CFUG (that person is typically elected because she/he has some knowledge of the CFUG)
- The role of the representative is taken more seriously and thus the person arrives more informed and prepared to contribute
- There is an expectation/mechanism for the representative to report back to the general body of the concerned CFUG

In the second restructuring, GA members elected 11 individuals, including five women, as the network committee (Table 3). The representation of the disadvantaged also increased from one to three.

**Table 3: Representation in the Executive Committee (EC)**

Shareholders	Members in the EC		
	Male	Female	Total
CFUG	3	2	5
Local Traders	1	1	2
Disadvantaged	1	2	3
General Members	1	-	1
<b>Total</b>	<b>6</b>	<b>5</b>	<b>11</b>

Furthermore, the network formed four subgroups or common interest NWFP groups based on the type of NWFP available in their community forests: (1) the *Lokta* (*Daphne bholua*) and *Argeli* (*Edgeworthia gardneri*) Group; (2) the *Allo* (*Girardiana diversifolia*) Group; (3) the *Malingo/Small Bamboo* (*Arundinaria intermedia*) Group; and (4) the *Lauth Salla* (*Taxus baccata*) and Other Medicinal Plants Group (Table 4).

**Table 4: Common NWFP Subgroups within the Network**

Subgroup	Use	Name of CFUG
1. <i>Lokta</i> ( <i>Daphne bholua</i> ) and <i>Argeli</i> ( <i>Edgeworthia gardneri</i> )	Hand-made paper	Tinjure Hattisar, Pathivara, and Kalika
2. <i>Allo</i> ( <i>Girardiana diversifolia</i> )	Different types of clothes (coats, mufflers), bags, handkerchiefs	Lamalung, Aahaltar, Sanu Patal, Aahale, and Okhre,
3. <i>Malingo/Small Bamboo</i> ( <i>Arundinaria intermedia</i> )	Bamboo handicrafts such as baskets, racks, rainshields, dustbins, furniture etc.	Lamalung, Tinjure, Pathivara, and Jaywale
4. <i>Lauth Salla</i> ( <i>Taxus baccata</i> ) and Other Medicinal Plants Including <i>Rhododendron</i>	Medicine for different purposes— <i>T. baccata</i> leaves are used for cancer treatment and <i>S. chirayita</i> is used for fever	Aahaltar, Sihdha Deurali, Tinjure, Pathivara, Sanupatal, Aahale, Kalika, and Jaywale

Source: Pandit et al. (2006).

## Network Processes

Prior to applying the ACM approach, the network used to organize meetings every three months with facilitation support from TEF staff and financial support from the LFP (Pandit et al. 2006). The network used to communicate with its member CFUGs in the two VDC areas through letters with the collaboration of TEF. Every CFUG within the network had to send a representative for the meeting, thus making a total of 10 in attendance. In this group of representatives, there was only one woman (Pandit et al. 2006). The representatives had to present their activities, planning, and budget at the meeting (similar to what they had done in the range postcoordination committee prior to the formation of this network). Although the major goal of the meetings was to share information, problems, and progress, several structural and process factors prohibited effective achievement. One factor was that many of the CFUG representatives did not know in detail what was going on in their own CFUGs, which hindered information sharing (New ERA 2004). Furthermore, the participants had to come from remote locations—some would arrive on time and some would not. They were always in a hurry to finish their presentation and return home without listening to the presentations of other CFUG representatives. They also did not share acquired knowledge from the network meeting in their CFUGs. In short, there was a very low level of social learning and collaboration among the different CFUGs of the network. The transformed network process is presented in Box 1.

### **Box 1: Network Process Change after ACM-based Planning**

The network processes changed with the initiation of the ACM-based planning process. Central to an adaptive collaborative approach is the notion that processes need to include mechanisms that create space for marginalized stakeholders to participate effectively. Typically in community forestry unequal power relations and capacities can keep marginalized users such as the poor, women, and low caste people out of decision-making processes, away from information flow, and minimize their access to options and benefits. At the CFUG level for example, a typical CFUG may rely on a committee or a general assembly for its main decision making. The committee is often largely made up of men and local elite, while the general assembly offers only a “free competition” form of participation (Pandit et al. 2006 quoted from McDougall et al. 2004). When decision making takes place in the general assembly, effective (i.e. influential) participation requires a certain amount of influential public speaking in Nepali and confidence on the part of the participant—assets which may be lacking for marginalized users. Thus part of the creation of effective space and opportunities for marginalized users in the network required the network to develop mechanisms of structure and process that were inclusive and had built in “levers” for input and influence by and benefits for the marginalized groups (Pandit et al. 2006). The two main levers as indicated in Tables 2 and 3 are the restructuring of the network and the reorientation towards more inclusion and benefits for the poor and women.

Source: Background report, 2004.

## **NWFP Collection from Community Forests**

Each of the four NWFP subgroups (Table 4) trained some of its poorest CFUG members in NWFP enterprise development. After training, these members worked in their respective CFUGs as NWFP collectors. The *Lokta* Group developed a business plan, trained 12 disadvantaged members who were involved in *lotka* collection, and started a hand-made paper factory. The *Allo* Group is slightly different from the other three groups in that it includes and is rooted in a preexisting women’s *Allo* Group from Okhre CFUG. This women’s *Allo* Group was registered four years ago (2002) with the DCSIO, has a business plan, and is already functional. The *Malingo*/Small Bamboo Group has not yet developed its business plan and also has not conducted training for disadvantaged members. However, some people know how to make bamboo handicrafts such as racks, furniture, and baskets. They are traditionally selling these handicrafts to local markets. This group is planning to become an organized group to sell these products. The *Lauth Salla* Group has developed a business plan for the collection and processing (local) of *Taxus baccata* leaves, Rhododendron flower juice, and *Swertia* plants for sale for medicinal uses.

In terms of collection and processing, the *Lokta*, *Malingo*/Small Bamboo, and *Lauth Salla* groups have all used Deurali Bhanjyang as the network’s central collection center. Deurali Bhanjyang is located in Tamaphok VDC-9 (a market niche of Sankhuwasaba District), near Basantapur bazaar of Terathum District. The *Allo* Group will build on the preexisting women’s *Allo* Group by continuing to use its processing factory at Okhre CFUG. After the formation of these four NWFP groups, each CFUG organized *tole*-level meetings and assessed the availability and supply of commercial NWFP resources in their respective forests. A staff member of TEF who was trained in the ACM approach facilitated this assessment in all the CFUGs.

In terms of implications of these structural changes, the development of small NWFP subgroups in the network created action-oriented working groups that enabled more efficient progress towards NWFP enterprise development than a large mixed interest group. The *tole*-

level NWFP assessments helped to engage CFUG members, and drew on their knowledge and interests in enterprise development.

## **Planning for Inclusion of the Disadvantaged in Benefit Sharing**

Following the assessment of NWFP resources, the ACM facilitators helped each CFUG to organize social well-being ranking in each of the *toles* of each CFUG. Of the 1,346 households in the 10 CFUG areas, 50 disadvantaged households were identified based on criteria<sup>8</sup> developed by the network itself. Each of the CFUGs organized a general assembly meeting to discuss the ranking and the NWFP network enterprise and decided to give NWFP collection permits to these disadvantaged households. The 12 poorest households from three CFUGs—Kalika, Tinjure Hattisar, and Pathivara were involved in supplying raw Daphne fibers to the network's main marketing center. The *Allo* Group appointed 16 women in its factory, of which four were from disadvantaged households. The rest of the poorest households were involved in *Swertia* collection and Rhododendron flower collection and juice making. The company has appointed one disadvantaged household member as manager of the enterprise at Deurali, who is responsible for marketing and business administration and selling the processed products either to Terai wholesalers, or to Kathmandu. There are two other regular support staff appointed by the company. Besides, 34 disadvantaged members are working in the factory on a seasonal basis.

As discussed above, the General Assembly of the network decided to allocate shares to different stakeholders including the disadvantaged. Based on the decision, the CFUGs,<sup>9</sup> who are the main suppliers of the raw materials, have the largest share—45% (Table 2). This is followed by the local traders, who bring market skills to run the enterprise, at 25%. The disadvantaged group members were previously the most excluded from community forest decision making and opportunities, but now have representation in the network committee and are the engine of the enterprise in that they are the collectors. They hold 20% of the shares. The general members of the network have 10% of the shares, and they support it in terms of decision making and electing the committee. One obstacle to the development of ownership of the enterprise by the disadvantaged was that these members lacked the financial resources to buy shares. Box 2 describes how this challenge was addressed through the creation of a revolving fund with a low interest rate (3% per annum) specifically for these low income households.

Through the above processes, the poorer members of the CFUGs get or will get benefits from the NWFP network enterprise in four ways:

- 1) They get employment opportunities to work in their community forests as NWFP collectors

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<sup>8</sup> *Criteria for disadvantaged household selection:* Work on daily wages for 12 months to survive; shortage of food for three to six months; mostly lower caste people although some high caste people also fall into this category; very few (mostly children) are literate; small houses roofed with a mixture of thatch grass and tree leaves, also used as an animal shed; less than 5 *ropanis* (0.25 hectares) of land, mostly of poor quality *bari* (unirrigated) land; landless; keep few livestock, almost all belonging to rich/middle-class people, raised on tenancy; insufficient land and livestock to meet their needs; less choice on the source of income; household members must work for others on daily wages throughout the year; some work abroad as laborers, taking loans from rich/middle-class people; very few trees on private land and must depend on community and Government (nonFUG) forests for forest products.

<sup>9</sup> CFUGs will act as “individuals” in the enterprise in their shareholder role. The income generated from the shareholding in the enterprise will be deposited in the CFUG fund and utilized according to the decision of the CFUG. All network CFUGs have a plan to utilize these funds in community development activities such as roads, drinking water tap construction, or school roofing.

- 2) They get a share dividend based on their NWFP enterprise shareholding
- 3) They receive a dividend based on their CFUG shareholding
- 4) They will also receive a productivity bonus

### **Box 2: Poorest Households Access Shares in the NWFP Enterprise**

In a series of meetings held at the network office, the network members were confronted with a major obstacle to including the “poorest of the poor” households as shareholders in the enterprise: they did not have sufficient funds to buy shares. At a meeting in which LFP staff and the ACM research project team leader of New ERA participated, the group decided to request that LFP and NORMS (an NGO supported by IUCN) create a revolving fund for these households. The matter was brought to the notice of IUCN and the LFP in Kathmandu.

In response to the request, NORMS (funded by IUCN) provided NRs100,000 for the revolving fund. The LFP provided an additional NRs60,000 and New ERA provided NRs40,000, making a total of NRs200,000 (i.e. 20% of the total share amount). Using this fund, the poorest of the poor members have been able to invest in the enterprise. In fact, as planned by the enterprise’s general body, now 20% of the shares belong to members considered by the network’s own criteria to be poorest of the poor users. The network charges a nominal interest rate (3% per annum) on the revolving funds borrowed by the poor.

Source: Revised and adapted from Pandit et al. (2006)

Box 3 relates how the network process became reflective and helped to secure poor people's rights and benefits from the enterprise.

### **Box 3: Shared Network Processes Developed Consensus among CFUG Members, Increasing Benefits to Poor Members**

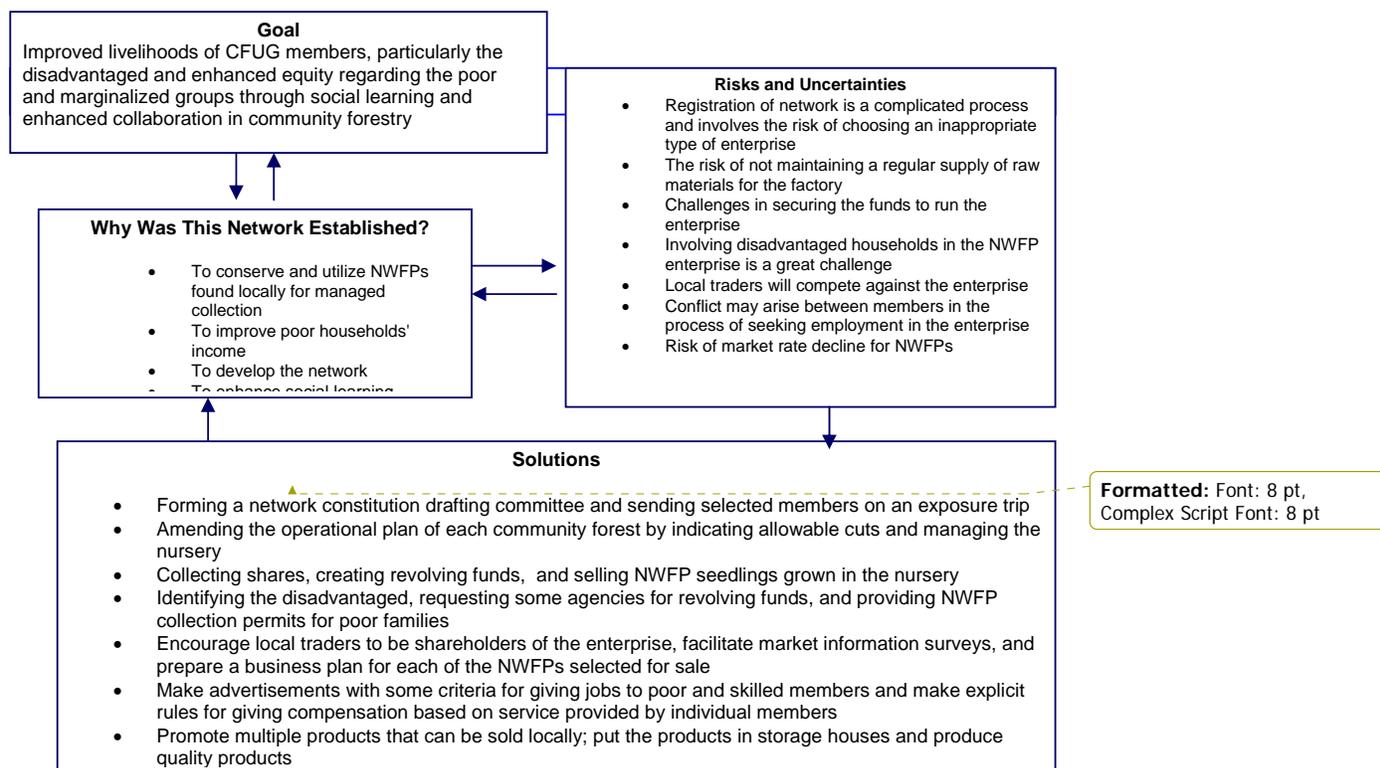
Since the ACM approach was initiated in the network, the participating CFUGs members have begun to reflect more on shared learning within and between CFUGs (New ERA 2007). They have facilitated well-being ranking in their respective CFUGs. Between April and June 2005, each of the CFUGs held several *tole* level meetings and a general assembly, and ultimately identified 50 extremely poor households. However at a meeting of network members in August 2005, many of the elite in the CFUGs were not happy with the decision to prioritize these households for NWFP collection. Leaders of some of the CFUGs, particularly from Kalika and Tinjure Hattisar CFUGs, were reluctant to provide benefits to the poorest of the poor. Typically, when a particular NWFP was harvested from a community forest, all CFUG member households were allowed to collect the product equally or, in some cases, dominant members could influence the group decision in their favor and collect more. This system—of equality rather than equity (or of more for dominant members)—created a serious problem in access to NWFPs for the poorest of the poor, who have less of their own forest and other resources to fall back on. This matter was discussed at various meetings, including in Pathivara CFUG, which was using an ACM approach at the CFUG level. The secretary of the Pathivara CFUG who participated in the ACM facilitator training held in Dhankuta, shared his learning from the workshop about ACM processes and about equity with the leaders of Kalika and Tinjure Hattisar CFUGs. With the collaboration of the TEF facilitator, the Pathivara secretary visited both of these CFUGs and organized self-monitoring workshops with them as part of their CFUG-level ACM approach. In these workshops, the CFUG members and leaders developed criteria and indicators relating to their overall CFUG visions, assessed their progress and weaknesses, and considered their strategies to achieve their vision. Through these processes, the leaders of Kalika and Tinjure Hattisar CFUGs appeared to become more motivated to involve the poorest of the poor as main actors and beneficiaries in the NWFP enterprise. In a September 2005 network meeting, all members unanimously decided to implement the plan—which had been developed half a year earlier—to prioritize the poorest of the poor in the enterprise.

Source: Revised and adapted from Pandit et al. (2006).

## NWFP Enterprise Risks, Challenges, and Strategies as Identified by the Network

A second example of the ACM approach in action at the network level is that the network included a focus on the uncertainties in their planning process. Prior to their involvement in the ACM project, the members of the network rarely explored the risks and uncertainties inherent in their community forestry and network plans. They did not know where, for example, to sell their forest products, or about market competition, or pricing. As they began to use the ACM approach, members of the network started dealing with the uncertainties and risks of their proposed activities, including analyzing possible solutions. The network held a three-day planning meeting in the Okhre CFUG office, which included identification of, and plans to address, the risks and challenges inherent in running their NWFP enterprise. The example of the Tinjure hand-made paper enterprise is given in Figure 1.

**Figure 1: Risk and Uncertainty Analysis of the Tinjure Hand-made Paper Enterprise**



## **Outcomes of the Application of the ACM-based Approach at the Network Level**

In this section six main outcomes that have been emerging from the shift in network process and structure towards an ACM approach are discussed. These are: (1) more effective communication; (2) the development of an effective and accepted conflict management mechanism; (3) increased participation and representation of women, poor, and marginalized members in the network; (4) increased equity in access to resource-related opportunities and benefits; (5) increasing livelihood benefits; and (6) increased collaboration between different stakeholders. The outcomes have been taken mainly from Pandit et al. (2006).

*More effective communication:* The communication amongst network members—both between individuals and between CFUGs—has improved as they implement the communication mechanisms that they developed during the three-day network workshop. Members of the network communicate regularly regarding issues related to resource use and network activities. Information is exchanged via the committee representatives from respective CFUGs. The communication (and shared learning) between CFUGs is also better than it was previously because the CFUG representatives are typically better informed about the CFUGs than previously. The members of the network can access information at any time they want at the network office in Deurali Bhanjyang. The fact that the network has undertaken effective planning for joint initiatives is evidence of the success of its communication.

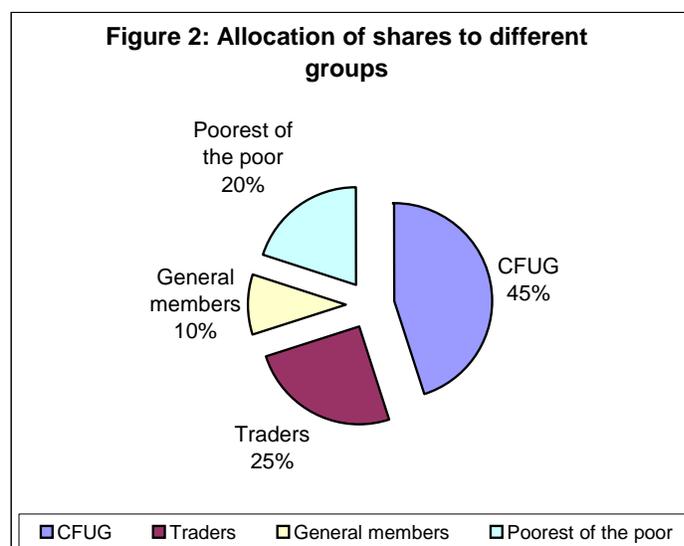
*The development of the network as an instrument for conflict management:* Prior to the integration of the ACM approach in the network, the network had not acted effectively as a forum for conflict management. However, during the ACM research project period, the boundary conflict between Pathivara CFUG and Kalika CFUG was resolved through the initiative of TEF and network members. TEF in collaboration with network members facilitated a forest land demarcation survey and a forest inventory in both community forests (Pathivara and Kalika). Both CFUGs participated in these events and based on these new measurements, each of the CFUGs agreed to and revised their Operational Plans.

*Increased participation and representation of women, poor, and marginalized members in network decision making:* With the ACM-based revisions to structure and process, all network members now have more opportunity to participate in decision making and planning processes (general meetings, self-monitoring exercises, monthly meetings, subgroup meetings, network committee formation etc.). As noted in the earlier section, the restructuring of the network to include a General Assembly (GA) as well as an elected committee means that there is more participation of more members of the participating CFUGs on an ongoing basis. For instance, prior to ACM, there was only one woman and one disadvantaged and marginalized member on the network Executive Committee (EC). Immediately after ACM intervention, three women were represented in the EC. At the latter part of the ACM project, almost 50% representation of women was found in both the EC and GA. Similarly, more than 20% of the disadvantaged members were included in the EC and GA. This also means more direct control by CFUG members (including women and the disadvantaged) over who attends network meetings because they elect the network GA members, who in turn elect the committee members (Pandit et al. 2006).

At the same time, these mechanisms have not been able to create a totally effective instrument for the participation of women, the disadvantaged, and socially marginalized members of the network. As is often the case, these groups still participate less fully than the more dominant groups, thus the network still needs to seek strategies to address this imbalance.

*Increased equity in access to resource-related opportunities and benefits:* The most significant change in opportunities since the shift to an ACM approach relates to the formation of the network subgroups and the NWFP enterprise. Specifically, in terms of employment opportunities, the network Constitution has a provision for employment of disadvantaged and marginalized users. In the network enterprise the disadvantaged are given priority to work in their respective community forests for NWFP collection. A total of 12 disadvantaged households were involved in Daphne bark collection, 16 women including four disadvantaged people were involved in the *Allo* Group and nettle cloth weaving. The remaining 34 disadvantaged people are involved in other NWFP collection and processing (such as *Rhododendron* flower juice making, *Swertia* plant processing).

In terms of opportunities for ownership and benefits from the network enterprise, as noted above, of the total shares (1,000,000), the disadvantaged users are allocated at least 20%. As illustrated in Figure 2, the rest of the shares are divided amongst the CFUGs (committed to purchase 45%), traders (25%), and general users (10%).



In terms of opportunities for capacity development, a considerable number of marginalized users (20%) and women (48%) are represented in the network committee and thus have the opportunity to develop their leadership skills. The committee members and other network members have also had increasing opportunities to develop their knowledge and skills relating to NWFPs and community forest governance through the increasing number of network-related workshops and events, such as the NWFP enterprise exposure tour and the network's ACM approach workshop.

*Increasing access to livelihood benefits:* The livelihood benefits of users in the network have been increasing in a number of ways. One main way is through the employment opportunity offered to the disadvantaged families. Specifically, the disadvantaged households have been given priority to collect NWFPs from their respective community forests as wage laborers for the network enterprise. A revolving fund was established to enable them to buy shares (so that they are shareholders as well as wage laborers), and they will gradually pay back the revolving fund through the money earned from wage labor. Fifty percent of the earnings are taken directly by the laborers, and the other 50 is deposited in the revolving fund until it is repaid.

## Value-added Products and Profitability

A second aspect of increasing poor people's benefits from CBE is to increase the profitability of the enterprise through value addition. In order to achieve this goal, the Tinjure NWFP network enterprise identified three NWFPs (Daphne hand-made paper, nettle cloth, and Rhododendron flower juice) for value addition. The enterprise produces these products in its factory and sells locally. This activity has increased profitability. The profitability is highest for hand-made paper followed by nettle cloth and Rhododendron flower juice (Table 5). The network is continuously striving to increase its products' value. In this connection, the network enterprise members participated in an international trade fair/exhibition held in Kathmandu at the end of the project period and demonstrated these three products including other raw NWFPs (*Swertia chirayita* plants, *Asparagus racemosus* roots) in the trade show. Because of its dynamism, this network has been able to make an agreement with Himalayan Bio-trade, a national trading company located in Kathmandu. The process adopted by the network has encouraged all network members, including poor households, to further invest in the enterprise.

**Table 5: Profitability Analysis of Value-added Products**

Trading Level	Types of NWFPs		
	<i>Daphne</i> Bark	Nettle Fiber	Rhododendron Flowers
<b>Collectors</b>			
Sale Price	40	32	4.5
Collection Costs	16.67	13.33	2
Processing (Cleaning)	13.33	10	1
Transportation Cost	6.67	6.67	1
Packaging (Jute Bag/Rope)	0.17	0.17	0.1
Total Costs (NRs/kg)	36.83	30.17	4.1
<b>Profitability (%)</b>	<b>8.6</b>	<b>6.08</b>	<b>9.76</b>
<b>Tinjure Factory</b>	<b>Hand-made Paper</b>	<b>Nettle Cloth</b>	<b>Flower Juice</b>
Sale Price	140	375	17.5
Purchase Price	40	32	4.5
Royalty and Tax	4	4	2
Storage Loss	8	3.84	1
Labor Costs	6.25	5	3.33
Chemicals and/or Sugar	30	250	5
Total Costs	88.25	294.84	15.83
<b>Profitability (%)</b>	<b>58.64</b>	<b>27.19</b>	<b>10.53</b>

Source: Sale record of the Tinjure Network, 2006.

Profitability % = Sale price—total costs/total costs\*100

Collection cost = Daily wage—kg of product harvested: moisture loss (%)

Transportation cost = Number of days spent/total amount collected

Daily wage rate in NRs

Further analysis was made of the income received from nettle cloth over five years (2001–2005). The profit margin of nettle cloth increased significantly in the 2004–2005 period, moving from 15% to 28% (Table 6). Members of the group attribute this to a number of things including the exploration and addressing of uncertainties that were part of the ACM approach. Box 4 further details the change in the group's processes and profits.

**Table 6: Profit Margin from Sale of *Allo* Cloth**

Year of Sale	Total Income	Total Expenditure	Discounted Benefits at 10%	Discounted Costs at 10%	Profit Margin	Profit Margin %
2001	10,220	8,833	9,291	8,030	1,261	14
2002	37,185	34,101	30,730	28,181	2,549	8
2003	69,049	56,740	51,877	42,629	9,248	18
2004	75,519	64,310	51,579	43,924	7,656	15
2005	91,673	65,985	56,920	40,970	15,950	28
<b>Total</b>	<b>283,646</b>	<b>229,969</b>	<b>200,396</b>	<b>163,734</b>	<b>36,663</b>	<b>19</b>

We also anticipate that as all the enterprise groups get underway, members of the network, including the disadvantaged, will receive benefits in the following ways:

- Dividends from enterprise shares to shareholders
- Productivity bonuses to shareholders
- CFUG share dividend/benefits

#### **Box 4: Livelihood Benefits of *Allo* Processors Increased through ACM-based Learning**

The women's subgroup of Okhre CFUG started an *allo*- (nettle) and cotton-weaving enterprise in 2001 with support from CARITAS, an NGO funded by JICA and the Nepal UK Community Forestry Project funded by DFID. In 2002, LFP continued to provide support to this group, including training in nettle cloth weaving, record keeping, and financial management. Of the 88 households in Okhre CFUG, 16 women members were involved in this nettle-weaving enterprise. The enterprise was registered with the District Cottage Small-scale Industry Office in 1998. In the first two years, the profit margin was very low as the group members were not very organized and their alliance with traders and other stakeholders outside the CFUG was not yet developed; moreover their bargaining power was weak. In the third year, the profit margin increased to 18%. In the fourth year, the profit margin percentage declined slightly because of the same problems encountered in the previous year. Furthermore, the members did not have up-to-date market information and thus sold their products at low prices.

The group members realized the weakness of their approach when they did an uncertainty and risk assessment exercise in the Adaptive Collaborative Management Workshop in August, 2004. Immediately after the workshop, the network decided to send some of the members of this group on an exposure visit outside the district. These women visited some NWFP enterprises in regional cities, in Kathmandu, and Jiri enterprise in Dolakha District in December 2004. This visit provided them with ideas about NWFP enterprise management and information about the market price of *allo* cloth and other NWFPs. Furthermore, the group has now established linkages with regional traders in Biratnagar and Kathmandu. The local traders, who used to buy the products locally in the past, are becoming part of the nettle enterprise team. With this knowledge, the group has increased its bargaining power and collaborative capacity, which has helped to increase profit margin percentages from 15 to 28% in the fifth year of operations.

*Increased collaborative action of network members and other stakeholders:* Through the use of the ACM approach, there appears to be a trend of increasing collaboration and agreements between members of the network and other stakeholders. For example, through a joint effort of the network's members, they renovated a foot trail from Basantapur to Pathivara CFUG. Also, the staff of TEF and facilitators have invested more time in the network since the adoption of the ACM approach (which is a time cost to them, but a benefit to the network and an illustration of collaboration). As explained above, the network signed a contract with one

of the national traders, Himalaya Bio-trade, Kathmandu to sell NWFPs produced by the network enterprise. Besides, the network was able to participate in an international trade exhibition held in Kathmandu during May 2007. This has also enhanced collaboration between the network and national and regional traders.

## **Emerging Lessons Regarding Challenges in Network Development**

Lessons to date suggest that the use of an ACM approach by a network enterprise—based on a public–private partnership model (i.e. partnership among CFUGs, local traders, general users of CFUGs, and disadvantaged households) may generate innovative opportunities for leveraging poor people's access, rights to, and benefits from the community-based NWFP enterprises. This has also been evidenced in studies elsewhere in Nepal (Pokhrel et al. 2005). However, the conditions that favor effective commercialization of pro-poor NWFP enterprises are not fully met. Belcher et al. (2004) argued that the process of NWFP commercialization may sometimes have anti-poor biases. This needs full attention by the development practitioners. At the same time, the risks and challenges, as pointed out by Pandit et al. (2006) may be high because this model is new with plenty of uncertainties. Some of the main issues and challenges that we have noted include:

- The development of a NWFP enterprise needs a sufficiently attractive market, knowledge/understanding of that market; the value of the products; secure land/resource tenure; effective financial and management systems (for business governance); sufficient production (with quantity and quality assurance); and trust among partners
- Involving disadvantaged households in the enterprise's development is challenging because these households do not have the funds to invest (buy shares) in the enterprise, they usually lack business skills, and possibly because of socio-cultural biases that keep them marginalized from mainstream community initiatives. Some of these challenges can be addressed with facilitative and financial support from outside agencies, including through facilitative envisioning and reflection processes that explore equity issues. In the Tinjure Hattisar case, several external stakeholders (such as LFP, the World Conservation Union, and New ERA) have provided support to the network creating revolving funds for the poorest households to buy shares. The facilitators trained in the ACM approach (from TEF and within the network) have been working to address power issues, although this has been slow and difficult to resolve
- Investment in community-based NWFP enterprises could be a good place to start to help to improve capacity and to gain better access and rights of poor users to resources. However, if alternative businesses exist, people would choose other activities over NWFPs
- The context in Nepal is a challenging one in terms of power differences, even amongst members of the same CFUG. In the study so far, we have observed that some elite CFUG/network members, particularly those from high caste families, are not willing to share power with lower caste groups. This is illustrated by the fact that no-one in the Tinjure EC comes from a lower caste. However, the existing population of lower caste is very low compared to other castes. The elite are also reluctant to give benefits to poor families. The main network strategies that have been effective in addressing this to date are shared and collaborative learning and reflective meetings

with trained ACM facilitators. But, even with these strategies, more progress needs to be made on this issue

- Building trust among members of the network is a challenging task. In this case for example, some people in the community already have vested interests in NWFPs. For instance, one local trader of the Okhre CFUG had already started a hand-made paper processing plant in the village. As such, a community-based enterprise of the same product would be in direct competition with his business. In this case, as this CFUG is part of the Daphne (paper products) enterprise group, it has been extremely difficult to undertake collective action in this area. For the most part, traders in such positions have initially been quite reticent to support the network enterprise and so the network members and facilitators have tried to address their concerns through active dialogue with them. Motivated by the discussions, traders have also joined in the network enterprise, purchasing 25% of the shares
- Overharvesting of NWFPs has been the practice in the network community forest areas, as the contractors from within and outside CFUG membership are involved in collection and trade. Every year, all accessible *Daphne bholua*, *Girardiana diversifolia*, and *Taxus baccata* plants are harvested without regard for the CFUG management plan. It is extremely difficult to control the collection by such contractors because they have strong linkages with some local community members, particularly with local traders. This problem is more serious in Government forest than in community forest
- Government support to CFUGs, through initiatives such as the DFO Redbook target program, stopped because of security issues related to the Maoist insurgency. In their stead, however, NGOs and civil society organizations are becoming active and involved in providing support to CFUGs. For instance, TEF has been able to provide facilitation (such as conducting forest inventory) support to the CFUGs because they are a locally-based NGOs and are able to work despite the security situation
- The development of this public-private partnership enterprise is constrained by many other factors including poverty, insufficient human resources for business services, insufficient productive capital, weak institutions, and the generally weak bargaining power of local people

## **Conclusion**

In an effort to develop a community-based NWFP enterprise, an ACM approach is appropriate and can contribute to increasing poor people's access to resources, particularly in generating and increasing their access to employment opportunities and to empowering them to fight for their rights. However, some of the key factors such as size and accessibility of markets, availability of alternatives such as opportunity cost of labor and of land in the area are necessary prerequisites for the business entity to operate smoothly. In addition to these factors, there have been, and in some cases still are, some challenges in enterprise development such as inadequate market information, risks of unsustainable product supply, and imbalances in the internal power structure. There is still some fear and uncertainty of how future benefits will be equitably distributed in the long run among different groups of people involved in NWFP network enterprises as competition for access to the common property forest resource will be increasing. Despite these constraints, this enterprise model has contributed to the development of opportunities for the disadvantaged to become significant shareholders in the enterprise. Further, it appears that the ACM approach can provide a basis for effective enterprise operation and generation of livelihood benefits for the poor. In fact it

appears to have contributed to a noticeable increase in profits in one enterprise group run largely by poor women. Additionally, the learning-based approach appears to catalyze a shift in attitude of members and especially leadership towards the inclusion of, and support for, disadvantaged member households. These leaders, in turn, can initiate actions for change at both network and CFUG levels.

The ACM facilitators connected to the Tinjure Hattisar network enterprise have been able to catalyze an ACM approach in many CFUGs and are able to help make effective links between the CFUGs, the network, and other stakeholders in the area. This has influenced the provision of services (such as the creation of a revolving fund for the poorest households), expanded knowledge, and enabled interCFUG conflict to be managed within the network. The level of communication has also improved between CFUGs and the network, and among other external stakeholders.

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