

# Community-based forest enterprises in Nepal: An analysis of their role in increasing income benefits to the poor

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## Abstract

This paper examines the effective practices and constraints of community-based forest management enterprises (CBFEs) in Nepal in providing income benefits to the poor. The tenure reform clarity and strengthening of tenure rights at community level through various CBFM programs in Nepal in the last few decades has enhanced opportunities for the rural people to benefit from forest-based enterprises. However, a key concern as these programs have advanced over the years has been whether the poor benefit from them given their high dependence on the forests. To examine this question, 28 CBFE from Nepal's mid-hills and mountain districts were selected purposively from among forest user groups (FUGs) engaged in income-generating activities, varying in their size of membership, use of forest products and stage of growth. These CBFEs have been broadly categorised into FUGs, networks, cooperatives and companies. The contribution from enterprises to the household economy was found to be greatest from companies, followed by cooperatives and then networks. The effective practices of the CBFEs in increasing income benefits were found to include representation of the poor and marginalized groups in executive committees in the FUGs-based enterprises, targeted employment of the poorest in the collection of non-timber forest products and in processing units in networks, and enabling the poor to own share capital in cooperatives and companies. The common constraint across all these categories was found to be lack of adequate capital to sustain the enterprises without external support. The specific constraints were small membership and land size among FUGs, lack of legal recognition of networks, lack of management skills and member discipline for cooperatives, and lack of raw materials and marketing capacity for companies. The paper also discusses: the importance of further policy support to formalize forest user groups into networks, cooperatives and private companies; value addition to forest products; and capacity building for CBFEs, government line agencies and business services providers.

Keywords Non-timber forest products Á Forest user groups Á Community forestry Á Leasehold forestry

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