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NTFPs, Institutions, and Income Genera- tion in Nepal

Lessons for Community Forestry

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Preface

Non-timber forest products (NTFPs) are becoming a significant source of income for mountain communities. There is a growing body of literature on the ecological and economic aspects of NTFP production and marketing. However, the institutional mechanisms for promoting equitable income generation from NTFPs has received less attention.

In Nepal, the expanding Community Forestry Programme is adopting innovative mechanisms to improve the livelihoods of Forest User Groups while providing incentives for sustainable resource management. NTFPs are central to this process and are gradually being incorporated into Forest User Group management plans and recognised in national policy.

The growing market for NTFPs implies an increasing need to identify how to capitalise on the potential of these resources in a sustainable and equitable manner within the community forestry setting. It is to contribute to these discussions and developments that this study examines the economic, environmental, and social benefits to NTFP collectors of four different institutional settings that use NTFPs to generate income. This study addresses some of the emerging issues of how to increase the ownership and benefits of NTFPs for the resource-dependent communities which collect them.

In 1995 ICIMOD began an internship programme for individuals interested in integrated mountain development. The author, Diji Chandrasekharan, joined ICIMOD in September 1995 as an intern, under the supervision and guidance of Anupam Bhatia, in the Participatory Natural Resource Management Programme in the Mountain Natural Resources' Division. During the internship, the author carried out field visits, interviews, and reviews of published and unpublished materials to complete this study.

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The material and information in this paper is primarily a compilation of information gathered through interviews, field trips, and work published by other researchers on non-wood forest products in Nepal. I sincerely appreciate the time and assistance given to me by the people I met while interning at ICIMOD. I am grateful to people at Appropriate Technology International, Asian Network of Small-scale Agricultural Biotechnologies, Canadian Centre for International Studies and Cooperation, Herbs Production and Processing Company Ltd., Nepal Agroforestry Foundation, Nepal Australia Community Forestry Programme, Nepal-UK Community Forestry, WEAN Cooperative, and David Edwards and Carsten Smith Olsen for having taken the time to meet with me, discuss the issues associated with NTFPs, and provide me with valuable information from their work and experience.

Abstract

As commercial markets penetrate rural areas, communities are making the transition from subsistence to cash economies. This process, as seen in many developing countries, when uncontrolled, can widen the economic disparity between the resource poor and resource wealthy, and result in environmental degradation which, in turn, increases the work load of rural communities, especially women. In the mountains of Nepal, where cultivable land is limited, the invasion of market forces is occurring at a rapid pace. This is increasing the demand on resources used for food, medicines, fuelwood, fodder, construction materials, and income for many landless and poor. The need to strengthen existing institutions to effectively protect natural resources from exploitation and promote sustainable and equitable economic development for mountain communities, is imperative.

There is increasing interest in generating income from forest resources in community forestry programmes. To do this effectively, the development approach must integrate the comparative advantages and constraints of mountain systems. Non-timber forest products, found in Nepal, present a potential means of promoting social, economic, and environmental welfare for rural communities. The increasing commercial demand for non-timber forest products promises profitable returns from collection and value-adding if the necessary institutional support is available. Similarly, the need for a healthy ecosystem to provide a sustainable harvest of non-timber forest products motivates resource conservation.

This paper documents four institutional settings using non-timber forest products to generate income. The objective is to examine the economic, environmental, and social benefits resulting from these four different approaches from the collectors' perspective. The analysis of these different approaches presents important guidelines for community forestry. The information in this paper is based on research of the literature, discussions with project coordinators, and field work.

Acronyms

ANSAB	Asian Network of Small-scale Agricultural Biotechnologies
ATI	Appropriate Technology International
BCN	Biodiversity Conservation Network
CECI	Canadian Centre for International Studies and Cooperation
CEM	Community-based Ecosystem Management
CPI	Community Participation Initiative Project
CSD	Centre for Self-Help Development
DFO	District Forest Office
DoF	Department of Forests
DPR	Department of Plant Resources
FUG	Forest User Group
HCBS	Himalaya <i>Chaya Byabasaya Samittee</i>
HCDA	Humla Conservation and Development Association
HMG/N	His Majesty's Government of Nepal
HPPCL	Herbs Production and Processing Company Limited
HOL	Humla Oil Limited
ICIMOD	International Centre for Integrated Mountain Development
IoF	Institute of Forestry
IUCN	World Conservation Union
MAPs	Medicinal and Aromatic Plants
MoFSC	Ministry of Forests and Soil Conservation
NAF	Nepal Agroforestry Foundation
NGO	Non-Government Organization
NRs	Nepalese Rupees
NTFP	Non-Timber Forest Product
SHO	Self Help Organization
VDC	Village Development Committee
WEAN	Women Entrepreneurs' Association of Nepal

Summary

Non-Timber Forest Products

In Nepal, non-timber forest products include products from forest and allied lands, excluding timber, fuelwood, and fodder. The climatic and biophysical characteristics of the mountains of Nepal make it a reservoir of diverse species of valuable non-timber forest products. Trade and use of non-timber forest products in the Himalayas can be traced back to Sanskrit legends. Locally, these products are used for domestic consumption, construction, and income by the poor and landless. Cottage and national-level industries also use non-timber forest products. Currently, medicinal and aromatic plants account for a large percentage of non-timber forest products exported from Nepal. These products are exported, primarily in raw form, to India, where they are processed before entering regional and international markets.

In the 1988 Master Plan for Forestry, proposals for developing the potential of medicinal and aromatic plants and other minor forest products were formulated. These proposals, accounting for five per cent of the budget allocated to the Master Plan, emphasise research, promoting cultivation, and value-adding. The Department of Forests is the main actor in protecting and monitoring use and trade of non-timber forest products. This department has the authority to impose bans on collection and export and to determine the royalty on non-timber forest products.

The existing avenues of trade and the national framework for non-timber forest products present few options for collectors interested in realising more product value. Improving income-generating activities using non-timber forest products is complex because of the regional variation of products and prices and constraints such as limited bargaining power, inaccessibility, limited market information, and lack of appropriate technology and institutional support. Nevertheless, as shown in the cases documented in this study, appropriate institutional mechanisms, complementing the needs of the community as well as considering their geographical and biological characteristics, can play a critical role in promoting the use of non-timber forest products for equitable economic development in mountain communities.

Institutions

The research already carried out presents mixed conclusions regarding the viability of generating income from non-timber forest products in community forestry. Currently, there are few documented cases in which forest user groups have undertaken income-generating activities involving non-timber forest products. Nevertheless, empirical evidence from income-generating activities involving informal community management systems suggests that there is a potential to develop

such activities in community forestry. These local small-scale collecting and processing units present interesting guidelines for community forestry. The four cases documented in this paper include:

1. a community based *Jadibuti* processing enterprise,
2. opportunities for increasing producers' bargaining power through appropriate market information and organization,
3. the use of agroforestry to meet demands for fuelwood, fodder, and income-generating activities from both private and community forests, and
4. private processing of aromatic plants to produce essential oils.

Analysis and Discussion

Improving the position of collectors in the existing trading chain of non-timber forest products requires institutional changes at different levels. One important change involves increased support for indigenous institutions that protect and control the use of natural resources. It is equally important to assist women, the poor, and the landless, who are the principal collectors of non-timber forest products, in organizing themselves effectively, increasing their bargaining powers, improving their collection techniques, strengthening their capacity to acquire relevant market information, improving their marketing skills, and increasing their involvement in decision-making about use of the resource.

The community-based essential oil processing plant presents an innovative, small-scale enterprise model, distributing the returns from processing to the collectors through shares held by them. The second approach shows how, without changing the existing trading chain, appropriate information and training can improve the bargaining power of collectors significantly. The third case highlights the role of agroforestry practices in community forestry and in income-generation through non-timber forest products. These cases give different benefits to collectors, as seen in the fourth case involving a private processing unit. The effectiveness of these varying institutional approaches depends on how adequately they complement the biological, social, and economic bases of the community. The matrix below summarises the principal features of the different approaches as reflected in their mission statement and accomplishments. The features presented in the matrix include those that allow communities to make the transition to a market economy in a manner that reflects their principles and gives them control of the process.

Incorporating the broad guidelines derived from these institutional mechanisms into existing institutional frameworks, such as community forestry, would help strengthen the role communities play in the transition from subsistence to cash economies. Community forestry presents a pioneering effort by HMG/N to return the rights to management and use of the forests to communities. This programme provides legal and technical support to communities officially recognised as forest user groups. The framework for establishment of user groups for the community

Features	Case 1	Case 2	Case 3	Case 4
Community-based	Yes	Yes	Yes	No
Environmentally Sustainable	Yes		Yes	
Equity				
Gender		Yes	Yes	
Increase the Bargaining Power of the Collectors		Yes	Yes	No
Increase Revenue for Collectors	Yes	Yes	Yes	No
Value Addition	Yes	No	No	Yes

Note: If the information collected did not provide a conclusive answer the cells were left blank.

forest can contribute to the development of non-timber forest products as a source of income. Non-timber forest products can make a substantial contribution to poverty alleviation and community development if there is local interest and involvement in addition to the appropriate institutional support.

Promoting income generation from non-timber forest products in an equitable manner which improves the livelihood and capabilities of the collectors is fundamental when many rural communities are dependent on these products for their incomes (Edwards 1995). Rewarding collectors motivates further protection of the resource base and allows for the transition to a market economy to occur without destroying the social and ecological foundation of the community. Achieving this requires commitment from government and non-government institutions to considering the impact on collectors when developing appropriate technology, improving marketing outlets, and formulating rules and regulations affecting community institutions and resource use.

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