

Nepal is the first country in Asia and the fifth in the world to obtain FSC certification for these medicinal plants and non-timber forest products. The certification is also the first in the world for handmade paper.

Making the certification process a success in Nepal has been a challenging task for ANSAB and the alliance. Since certification is a new subject, it took great effort to bring awareness among relevant stakeholders. Community forest user groups (CFUGs) were strengthened and assessed. Eventually 11 CFUGs in Bajhang and Dolakha districts were brought to the pool of certification, which covered 10,500 ha of forest land and 2,754 households. Certification is part of a larger effort of the alliance to combat destruction of forest and forest communities.

Efforts of the alliance to promote responsible buying practices among industry in the West through industrial symposiums sponsored by Aveda have attracted buyers who are ready to partner with the alliance and buy FSC-certified products from Nepal. The pilot phase objectives were achieved despite civil strife in many areas in Nepal and have generated significant cash benefits to CFUG members, as well as improved the governance of FECOFUN and targeted CFUGs. In the programme's second year, the alliance's activities contributed to sales of 602,865 kg of raw and processed NTFPs with a value of Rs. 35,130,254 (about US\$ 500,000). Alliance activities have generated 1,209 direct NTFP processing and marketing jobs and benefited 5,334 households. Industry coaching has resulted in the development of a wide range of

products including pain relief oil, personal care products, herbal teas, and handmade paper in 14 enterprises. A total of 11,209 grassroots participants received technical assistance on sustainable forest management that will allow other groups to join the FECOFUN FSC certification.

The alliance enjoyed achievements that exceeded members' expectations from the positive working model developed for community forestry governance, FECOFUN's services to its CFUG members, and improved relations with the government. Before the formation of the alliance, FECOFUN did not offer services or promote enterprise development activities among its CFUG members. Neither did it have a uniform protocol for advising CFUGs on developing its operational plans and constitutions. The training from ANSAB and the FSC certification process provided a uniform protocol for advising CFUGs. FECOFUN has also noted a dramatic improvement in its relationship with the government, and they now feel more respected and able to represent the CFUG's interests.

There are over 13,000 forest user groups composed of people living in or near forests across Nepal. They include almost a third of Nepal's population and cover 25% of the country's biodiversity-rich forests. For most of these communities, medicinal plants and NTFP trade are the only means of livelihood besides subsistence agriculture. Nepal receiving this certification is groundbreaking and hopes to be a model for the rest of the world.

Successes and Issues in the Himalayan Region

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Non-timber forest products (NTFPs) are attracting increasing attention from both development planners and environmentalists in the Himalayan region because of their multiple functions and potential contributions to improving the livelihoods of rural communities. NTFP protection, regeneration, and harnessing through development of community-based enterprises can help promote sustainable resource use and conservation of mountain biodiversity while enhancing the livelihoods of marginalised mountain communities.

However, the NTFP subsector in the region is plagued by a host of issues that constrain mountain communities from adequately benefiting from its resource endowments. Mountain peoples' acute poverty, lack of clearly defined property rights and access, and lack of capacities and access to information are leading to large-scale extraction of NTFP resources for short-term benefits. While increasing market demand led extraction of mountain NTFPs are threatening many species

to extinction, poor communities are being exploited by traders and middlemen who dominate the secretive, unorganised, but well-networked NTFP trade. Also, as most high-value upland NTFPs are exported in raw or unprocessed form and in inconsistent quality, communities do not gain through value addition and receive only a meagre share of the value of the final products. Despite the large growth of the NTFP subsector, NTFP policies focused on enhancing livelihoods of mountain

communities are not adequately developed in the region.

These problems notwithstanding, a number of community-based initiatives have been implemented in the greater Himalayan area. A commonly held belief is that if people can benefit financially from enterprises that depend on nearby forests, reefs, and other natural habitats, they will take action to conserve and sustainably use these resources. The Biodiversity Conservation Network (BCN) brought together conservation and development organisations and local communities to systematically test this hypothesis across 39 conservation project sites in Asia and the Pacific. In 1995 in the Nepal Himalaya, BCN supported a community-managed Jatamansi essential oil processing enterprise, Humla Oil Pvt Limited, in Humla in remote western Nepal. Local communities and their institutions carry out processing, management, and marketing of the enterprise with support from the Asia Network for Sustainable Agriculture and Biodiversity (ANSAB) and its partners. Collectors of natural products were trained to harvest the resources in a sustainable manner and ANSAB worked with local communities to develop and implement a basic resources monitoring system. A detailed study on the enterprise showed that poor collectors boosted their annual income from collecting and selling natural products by 175% during the period 1995-1998, (www.enterpriseworksworldwide.org).

Yet another good practice in Bajhanj, Nepal, relates to the Kailash Forest User Group (KFUG). KFUG formed a company called Malika Handmade Paper Pvt Ltd. (MHPPL) supported by ANSAB in 1999 to produce hand made paper using lokta (*Daphne spp.*), a shrub

whose bark contains fibre that can be used for making paper. Forest user group members conserve lokta in the natural habitat and harvest it sustainably for resource conservation, as well as conducting research on regeneration methods for on-site and off-site conservation. Proper records are maintained and periodic meetings are organised to review progress, develop strategies, and obtain feedback. There are three management committees: a micro-enterprise management committee, an executive committee, and an audit committee, all comprising members from local communities. The enterprise manager is overall in charge of production, factory management, and inventory and dispatch of the produce. The annual turnover of the factory is NRs 294,000 (US\$ 4200) and profits during 2003 were NRs 105,000 (US\$ 1500).

The community-based forest enterprises on tasar silk by Appropriate Technology India (ATI) in the Garhwal Himalaya is another example of a successful incentive-based conservation approach to improving the livelihoods of mountain communities. Oak forests are managed through 'van panchayats' or people's forest councils. In 2004, around 750 men and women members of Chamoli Tassar Private Ltd (CTPL) established by ATI earned modest incomes of US\$ 400 per annum from cocoon rearing, spinning, and silk yarn reeling and weaving.

In Uttarakhand, India, the High Altitude Plant Physiology Research Centre's efforts to promote the cultivation of *Picrorhiza kurroa* ('Kutki'), a high value medicinal plant, differ significantly from similar attempts by other agencies. Farmers are given not only technical but comprehensive support, including assistance in marketing.

Taking a farming system's approach, the Centre provides planting material and training to farmers. More important, they have arranged a buying contract with a commercial company that commits to purchase the complete production of kutki at a guaranteed minimum price. This has been made possible through a tripartite agreement between the farmers, the company, and the Centre.

Another example of setting up appropriate marketing mechanisms comes from Uttarakhand, in India, where Jari-buti herb 'mandis', or market yards, have been set up at all divisional headquarters. The market yards have provided harvesters a fair price for their product and revenues going to farmers



Nakul Chhetri

Woman weaving cloth.

have gone up from 20-50% of the final product cost, to 65%. This has also helped in linking the unorganised and illegal NTFP trade in India to the mainstream economy.

Recently, national governments have been toying with the idea of market-based interventions for diversifying livelihood options for NTFPs and providing fair prices. In May 2004, the Royal Government of Bhutan (RGOB) delisted *Cordyceps sinensis* (commonly called, yarcha gunbu), a high value medicinal plant, from Schedule 1 of the banned species list. A committee was formed with Agriculture Marketing Services (AMS) as lead agency to market cordyceps and a basic minimum price was set of Nu 37,500 (US\$ 830) per kg. Competition among buyers brought the rates to Nu 87,000/kg (US\$ 1,930) in 2004. Communities and the participating departments of the RGOB have set certain laws and regulations for harvesting, selling, and monitoring the process, and collectors in northern Bhutan earned handsomely from cordyceps in 2004 with an estimated sale of 300-400 kg.

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These examples from the region, although not exhaustive, illustrate the inherent possibilities of NTFPs to provide livelihoods while sustainably addressing conservation imperatives through community-based enterprises with support marketing schemes. The successes have been achieved through a blend of innovations in conservation; institutional, technological, and market support; and community development, and underscore the importance of a holistic approach to the sector. They highlight the potential of decentralised resource management programmes initiated in many ICIMOD regional member countries to improve livelihoods by moving forward from subsistence to value added resource management. They also provide models of moving up the product value chain through local level processing to retaining maximum benefits at the local level. Though very little research has been carried out to ascertain the conservation aspect of natural products-based community enterprises, the outcomes of initiatives in this area so far have indicated that strong local institutions and enabling policies can provide long-term benefits and promote wise use of natural resources.

Successful community-based enterprises are facing second-generation problems in sustaining these initiatives, however. The Mountain Products Project (MPP) Phase II implemented by ICIMOD in Bhutan, India, and Nepal has examined successful enterprises based on a set of

criteria to identify constraints in the product supply chain, and to develop training programmes to address the constraints to improving the quality and efficiency of the enterprises. Discussions with stakeholders associated with the development and promotion of community-based enterprises and field observations reveal problems related to markets, product development, and improving productivity, as well as problems in participatory planning, community mobilisation, biodiversity conservation, monitoring systems and standards, and quality control. A major observation is that monitoring enterprises on natural products is a weak link in the region. A strong and participatory monitoring system is essential to sustain resource conservation, develop management plans, track and manage changes, measure performance, make strategic decisions, and overall, develop adaptive enterprises.

Despite the challenges, community-based small-scale enterprises have demonstrated the potential to create economic opportunities mobilising human and natural resources. There is a need, however, to adjust policies

governing NTFPs and associated sectors to create an environment conducive to their development and to link them with mainstream markets and the private sector. Although national policies and planning for biodiversity management takes place at the country level, biodiversity and ecological processes are not confined to national boundaries. A regional approach to tackling issues associated with conservation and marketing through, among others, increased communication and networking is essential. It is important to develop the capacities of stakeholders to enhance conservation and economic development goals. Access to information and markets is yet another area which inhibits the development of enterprises in mountain areas.

Finally, in the context of improving livelihoods and enhancing the economic security of mountain communities, NTFPs provide a unique window of opportunity whose potential has yet to be realised on a regional basis. Upscaling and replication of successful interventions from the region can strengthen the member countries' national strategies for achieving the Millennium Development Goals and can contribute to improving the livelihoods of poor mountain communities where few alternative opportunities exist.