

# Social Responsibility in the Growing Handmade Paper Industry of Nepal

Stephen Biggs, biggs.s@gmail.com

Donald Messerschmidt, dmesserschmidt@gmail.com

The handmade paper industry in Nepal has been expanding rapidly since the early 1980s. In recent years growth has been about 15% a year and in 2003/2004 the export of handmade paper products was US\$ 4.25 million. About 70% of the paper is made from lokta and 30% from recycled cotton and other natural fibres. In Nepal the handmade paper industry declined in the 1960s as a result of cheap imports of paper from abroad. The revival of the industry began in the 1970s, as tourists started to buy handmade paper products and an export market started to open up.

The rejuvenation of the industry was helped by a collaborative project which involved the Small Farmer Development Programme (SFDP) of the Nepal Agricultural Development Bank, and a UNICEF-supported project for community development through the production of handmade paper. One of the major components of the programme was a regular guaranteed purchasing order from UNICEF for handmade cards. While the factory established under the project continues to make and export handmade paper products mainly to UNICEF, this is now less than 10% of all exports.

Handmade paper is a classic non-timber forest product made from the processed bark of the forest shrub called lokta (*Daphne bholua* and *D. papyracea*). Lokta grows between 1600m and 4000m in Nepal's forests.

There is enough evidence that the management of lokta resources is on the whole sustainable. There are several reasons for this: some of it is due to the management practices of Nepal official forest user groups, some because of the active promotion of conservation measures by the major manufacturers of handmade products, and also because of government forestry regulations. Even when over-harvested, it only takes eight years to regrow lokta from coppicing or from seed, and there are many untapped lokta reserves in the mountains.

The handmade paper industry is highly labour intensive, and much of the work provides part of the livelihoods for rural and urban women. Work groups tend to form on a neighbourhood basis for cutting lokta, portering (or the cost of transport), stove installation, and papermaking. Besides

the project in the early 1980s, there has been very little government and donor support for the industry. Rather there has been a wide range of small interventions from government agencies, NGOs, and some donors. Most of this has been outside of the scope of the earlier project. What small support there has been well directed, partly because it was given in response to local needs. For example, a range of small-scale training courses from the Department of Small and Cottage Industries, some very timely advice from the government Trade Promotion Centre, and selective inputs

Kamal Banskota



Making Nepali paper from lokta pulp.

from local NGOs such as the Asia Network for Sustainable Agriculture and Bioresources (ANSAB).

The sustained development of the industry has come about due to the social entrepreneurial skills in the private sector. This has come in two ways. First, entrepreneurs are continuously developing international markets for handmade paper products. Second, the industry is dominated by businesses and groups that have commitments to a wide range of socially responsible practices that include following fair trade and socially responsible corporate codes of conduct, accreditation by the International Forest Stewardship Council, inspections by international business accreditation schemes such as ISO, keeping within government labour laws, and commitments to community development. The industry's business organisation, the Nepal Handmade Paper Association, places social responsibility in the workplace as a high priority in its work, in addition to addressing marketing, training, resource, legal, and other normal concerns of trade business organisations.

From the perspective of good policy and development practice, what can we learn from this case study of a rapidly growing industry that appears to be sustainable from natural resources, economic, and poverty reduction perspectives?

- First is the central and long-term role of a wide and diverse range of Nepali social entrepreneurs in the industry.
- Second, the positive contributions of a range of government policies and programmes that have helped facilitate and support the growth of the industry, and its sustainable features and social responsibility. Since the rejuvenation project of the earlier 1980s, there have been no major subsidies, large development projects, or unsustainable government or donor inputs. But there has been some very selective small-scale support for key issues as they arose.



Elisabeth Kerkhoff

- Third, the earlier project, while helping to rejuvenate the industry 20 years ago, was soon overtaken by a wide range of innovative activities in the private sector, especially as regards developing international markets, and a wide range of viable and ever changing socially responsible institutional innovations. There was no scaling up of the original project.
- Fourth, networking and information exchange played a key role. The Nepal Handmade Paper Association acts as an important support and networking organisation for the industry and helps it to maintain a socially responsible culture. Other networking organisations such as the Federation of Community Forest Users (FECOFUN) and ANSAB have also been contributing to the outcomes we see today.
- Finally, the importance for development actors, to search out and understand positive conditions that are already underway in the economy, and then design with members of the industry development interventions to support these innovations.

**Sound management practices of forest user groups, conservation measures by manufacturers, and government forestry regulation all contribute to a sustainable handmade paper industry in Nepal.**