

**A comprehensive report on community based forest enterprises (CBFE) in Nepal funded by APFNet**

May, 2013

**Demonstration of Sustainable Forest Management with Community Participation in Nepal**

**Federation of Community Forestry Users Nepal (FECOFUN)**



## **EXECUTIVE SUMMARY**

Master plan for forestry sector 1998 a pioneer policy framework for forestry sector of Nepal has highlighted the development of wood-based industries as the primary forestry development programme. Forest sector policy 2000 has main objective to contribute to the growth of local and national economies and thereby to improve the quality of life of the people by managing land and forest resources, developing forest-based industries, and by creating opportunities for income generation and employment. The Government's Tenth Five-Year Plan and Poverty Reduction Strategy Paper (PRSP) have targeted the reduction poverty in Nepal from 38 to 30 percent by the year 2007.

In line with the government policy and plan, FECOFUN started the Project "Demonstration of Sustainable Forest Management with Community Participation in Nepal" with the financial support from APFNet with the aim to improve the livelihood of forest dependent people through promotion of forest enterprises and creation of green jobs. During the project period project supported in enterprise development activities in the form of enhancing technical knowledge on resource identification, developing marketing linkages and providing seed money to start up the process. Project identified 10 potential community-based forest enterprises that would ultimately benefit the poor and the marginalized forest users. These community based forest enterprises are managed and operated by community forestry users groups under the technical assistance from other partners. These forest based enterprise are balancing the social, economic and environmental factors of forest management from the beginning, has already started showing a good indication of social, economic and conservation results on the community level. Enterprises have become a good source of income for poor and medium users that can support poverty alleviation among rural people. Till now 87 people are working in these enterprises as regular employees and about 4311 persons are working as part time workers. Some the enterprises have started sharing benefit to the investors for example, the Community Sawmill in Dolakha gained NRs 2 lakh benefit from the saw mill and distributed to poor during the one year period.

Community-based forest enterprises (CBFE) in Nepal exist in various modalities, which can be described according to geographic isolation, eco-region, ownership and management structure, product types, linkages to sources of raw materials (for example wild crafted vs cultivated), technological development, target markets, and seasonality of operations. There are four legal options available for enterprise registration in Nepal: sole proprietorship (single owner), private limited (1-50 shareholders), public limited (at least 51 shareholders) and cooperative (at least 25 members).

## **ACKNOWLEDGEMENTS**

The Project “Demonstration of Sustainable Forest Management with Community Participation in Nepal” implemented by FECOFUN with the financial support from APFNet with the aim to improve the livelihood of forest dependent people through promotion of forest enterprises and creation of green jobs. The project firstly likes to acknowledge APFNet for its financial support to implement the project. During the project period project supported in enterprise development activities in the form of enhancing technical knowledge on resource identification, developing marketing linkages and providing seed money to start up the process. FECOFUN as an implementing agency played a vital role in all the process of establishing enterprises.

This process has been greatly supported by IDS Nepal and HBTL in the forms of value chain analysis, feasibility study and business plan preparation. Government line agencies as well as district forest offices deserve the vote of thanks for their positive role in registration and completing official procedures for establishing the forest based enterprise in community forestry. A lot of thanks goes to the community forestry users who participated in different activities and devoted their valuable time in this process, without their help this wouldn't have been achieved.

## ABBREVIATION

APFNet	Asia Pacific Network for Sustainable Forest Management and Rehabilitation
CBFEs	Community Based Forest Enterprises
CF	Community Forestry
CFUGs	Community forestry users groups
CPMU	Central Level Project Management Unit
DDC	District Development Committee
DFO	District Forest Office
DoF	Department of Forest
FECOFUN	Federation of Community Forestry Users Nepal
FOP	Forest Operational Plan
GG	Good Governance
GoN	Government of Nepal
LRP	Local Resource Person
NGO	Non-Government Organization
NTFPs	Non-Timber Forest Products
PGA	Participatory Governance Assessment
PHPA	Public Hearing and Public Auditing
SFM	Sustainable Forest Management
VDC	Village Development committee

# Table of contents

1. Goal of the enterprises establishment
2. Selection of Enterprises
3. Model of enterprise development
4. Establishment of forest based enterprises and green job creation
5. Conclusion
6. Annexes

Annex 1: Organizational framework and Management system of enterprises

Annex 2: Summary of project contribution and employment generation

Annex 3: A list of Forestry Policies on CBFE

Annex 4: A list of Forestry legal document on CBFE

## **Introduction**

Community based forest enterprises (CBFE) in Nepal have been worthwhile in supporting rural livelihoods. But, many of these enterprises are informal and unregulated, and therefore are unable to take the opportunities available through linkages to proper marketing channels. They are also constrained by a lack of value addition, technology and product supply capacity, poor quality of products as well as by the absence of a conducive policy and legal framework.

Informal enterprises are generally initiated by individual or family to earn money by means of their traditional craft skills. On the other hand formal enterprises are either initiated by Non-Governmental Organizations (NGO) or government agencies as income generating programs for poor families and the marginalized groups. Some formal enterprises are also self-initiated by the rural communities themselves. Those enterprises are often supported by government agencies and NGOs with trainings and also by the allocation of funds. But still business counseling and market linkages are not considered and environment-impact considerations are neglected. Since micro-enterprises are very small and family-based, they are generally operated from home. This can have an adverse impact on the home environment, depending on the enterprise. Since this impact is originated at home, it is rarely documented.

Despite these limitations, micro-enterprises tend to be more profitable entities due to the non-valuation of family labor and reduced overhead. In this regards, micro-enterprises are one of the most feasible options to create employment opportunities and consequently to reduce the rural poverty.

A large number of small enterprises are situated in the informal sector. These enterprises are not regulated under the various Industrial Acts of Nepal, although they are generating significant income and local employment and are often ignored by the government in providing support. Future interventions will require detailed assessments of this sector. Majority of forest-based enterprises in hills and Himalaya regions (for example: Dolakha, Bajhang and Humla) are operated informally by CFUGs. Only a few were wood-based enterprises such as timber depots and small furniture enterprises. Other enterprises such as Non Timber Forest Products (NTFP) collection and processing, beekeeping, Allo and Hemp processing and bio-briquette production were more abundant. These enterprises were commonly found in small villages, operated locally, and contributed significantly to rural employment and livelihood support. In terai districts (for example in Banke), wood-based enterprises such as private sawmills, veneer producing plants, resin processing plants, timber and fuel wood depots, and NTFP wholesaling firms are run by private entrepreneurs. Some CFUG are involved in community cultivation of medicinal and aromatic plants. They have established community distillation units which are registered by the District Cottage Industry. In addition, medicinal and aromatic plants such as Kurilo, Tulsi, Mentha, Citronella, Chamomile, French basil and Palmarosa are cultivated on community forest lease land in community level and also individually.

Community-based forest enterprises (CBFE) exist in various modalities, which can be described according to geographic isolation, eco-region, ownership and management structure, product types, linkages to sources of raw materials (for example wild crafted vs cultivated), technological

development, target markets, and seasonality of operations. There are four legal options available for enterprise registration in Nepal: sole proprietorship (single owner), private limited (1-50 shareholders), public limited (at least 51 shareholders) and cooperative (at least 25 members).

Master plan for forestry sector 1998 a pioneer policy framework for forestry sector of Nepal has highlighted the development of wood-based industries as the primary forestry development programme. Forest sector policy 2000 has main objective to contribute to the growth of local and national economies and thereby to improve the quality of life of the people by managing land and forest resources, developing forest-based industries, and by creating opportunities for income generation and employment. The Government's Tenth Five-Year Plan and Poverty Reduction Strategy Paper (PRSP) have targeted the reduction poverty in Nepal from 38 to 30 percent by the year 2007. In line with the overall objective of the PRSP, the Forestry Sector Plan focuses on reducing deforestation, soil erosion and degradation of biodiversity as well as solving the problem of poverty and unemployment. Nepal's interim plan (2010-2013) recognizes the potential for a sustainable use of forest resource for poverty alleviation through promotion of forest-based industries and entrepreneurship and create employment opportunities. This plan aims to develop 75 forest-based industries in each district. The community forestry policy, achievements in CFs and the quantitative targets sets for enterprise development by the government indicate a favorable policy scenario for forest based enterprise development.

With this prevailing situation in Nepal the Project "Demonstration of Sustainable Forest Management with Community Participation in Nepal" was initiated to promote participatory sustainable forest management with good governance practices and enhance livelihood of forest dependent people by establishing green enterprises from locally available resources as well as to develop local human resources capable of facilitating in the process. The major objective of project was to improve the livelihood of forest dependent people through promotion of forest enterprises and creation of green jobs. With regard to this, during the project period it supported in enterprise development activities in the form of enhancing technical knowledge on resource identification, developing marketing linkages and providing seed money to start up the process. Project identified 10 potential community-based forest enterprises (a detail of each is described below) that would ultimately benefit the poor and the marginalized forest users. With the assistance of consultants, the CFUGs conducted feasibility study, value chain analysis of potential products, and developed the business plan. Based on these studies and business plan, ten enterprises have been established in different location of the country with financial assistance of the project in addition to investments by communities themselves, loan from financial institutions and other investments from private sector. A gross estimation reveals a total of USD 121,731 (exchange rate 1 USD = NPR 78) is invested by the CFUGs, Government line agencies and private sector for the enterprises beside the project investment. The total grant supported by project to CFUGs is NRs 280000 provided to 280 poor people as the Rs 10,000 share per person.

### **Goal of the enterprises establishment**

To promote participatory forest management to improve the livelihood of forest dependent poor people through creation of green jobs.

### **Objectives of the enterprises**

- To create labor oriented employment opportunities in local level.
- To improve the livelihood of forest dependent poor people through community forest based enterprise and green jobs.
- Sustainable management of raw materials needed for the forest based enterprises.
- To develop the human resources to support the sustainable forest management, livelihood improvement through Community based forest enterprises and green jobs.

### **Selection of Enterprises**

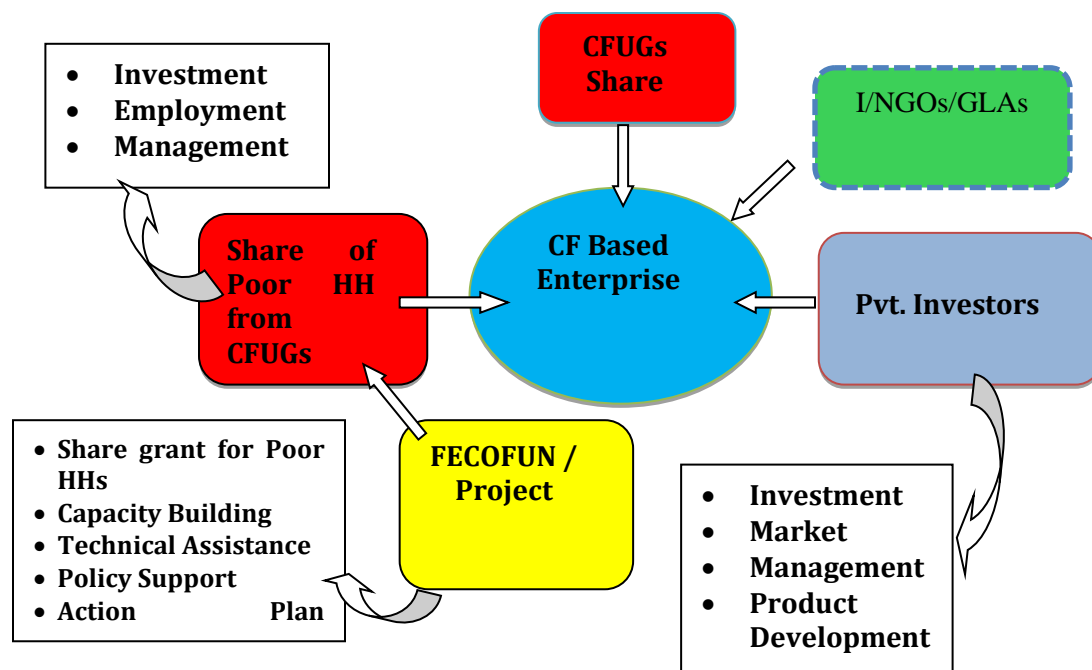
Consultation workshops were conducted in four clusters, namely Dadeldhura, Dang, Morang and Kathmandu, in December, 2010 to discuss and identify the potential enterprises according to the availability of resources and market. These regional consultations provided an opportunity for communities to voice their views on which area most needed project intervention and identified 10 potential community-based and sustainably managed forestry enterprises that would ultimately benefit the poor and the marginalized stakeholders. With the assistance of consultants, the CFUGs conducted feasibility study for enterprises establishment and value chain analysis of potential products, and developed the business plan. The specific criteria for the selection of community based forest enterprises are

- Resource sustainability
- Feasibility study report
- Value chain analysis report
- Willingness of the users to operate the enterprise
- Possible market linkages

### **Model of enterprise development**

To run any of the enterprise it needs a certain model. Enterprises supported by this project are operated in the community model, they are operated and handled by one CFUG or group of CFUGs with some sort of private investment. The general model of the selected enterprises supported by this project is **community private public (CPP)** model.





**Fig: Enterprise operating model**

### **Establishment of Forest Enterprises and Green Job Creation**

One of the major objective of this project was to improve the livelihood of forest dependent people through promotion of forest enterprises and creation of green jobs. With regard to this, during the project period it supported in enterprise development activities in the form of enhancing technical knowledge on resource identification, developing marketing linkages and providing seed money to start up the process. Consultation workshops were conducted in four different clusters to identify the potential enterprises according to the availability of resources and market. These consultations provided an opportunity to identify 10 potential community-based forest enterprises (a detail of each is described below) that would ultimately benefit the poor and the marginalized forest users. With the assistance of consultants, the CFUGs conducted feasibility study, value chain analysis of potential products, and developed the business plan. Based on these studies and business plan, ten enterprises have been established in different location of the country with financial assistance of the project in addition to investments by communities themselves, loan from financial institutions and other investments from private sector. A gross estimation reveals a total of USD 121,731 (exchange rate 1 USD = NPR 78) is invested by the CFUGs, Government line agencies and private sector for the enterprises beside the project investment. The grant supported by project to CFUGs was provided to 280 poor people as the Rs 10,000 share per person. The project provided total seed grant of Rs. 28, 00,000 to 10 enterprises, the details of the project contribution in each enterprise, operation status and employment generation is annexed in **(Annex-2)**. These forest based enterprise are balancing the social, economic and environmental factors of forest management from the beginning, has

already started showing a good indication of social, economic and conservation results on the community level. Enterprises have become a good source of income for poor and medium users that can support poverty alleviation among rural people. Till now 87 people are working in these enterprises as regular employees and about 4311 persons are working as part time workers. Some the enterprises have started sharing benefit to the investors for example, the Community Sawmill in Dolakha gained NRs 2 lakh benefit from the saw mill and distributed to poor during the one year period. Out of the ten community based forest enterprises established by the project they can be categorized mainly in to two groups

### **NTFP based CBFEs**

NTFP based CBFEs are those enterprises which are operated using non timber forest products as their raw materials. The details of the NTFP based CBFEs established by the project are as follows:

#### **a. Shree Sigas Bhumiraj Handmade Paper Enterprises, Baitadi:**

Community forest development program has improved and uplifted the status of degraded forest resulting the popularity of agro-forestry system in Baitadi district. FECOFUN had launched various right oriented program for the strict conservation and preservation of forest in earlier phase, securing the users right along with the supply of basic forest products to the user group. Due to the well managed community forest and agro-forestry there has been a surplus of non-timber forest product and timber forest product which is exported as raw materials to other district. FECOFUN has presented a concept of establishing an industry based on non-timber forest product in local level in order to raise the price of forest product and create green employment opportunities. The model VDC situated in the north-east of Baitadi and the VDC's lying near to Shree vabar on the boundary of Bajhang district are known as store house of non-timber forest product. This area is dominant by "lokta" in both government and community forest. Varieties of herbs, medicinal plants and traditionally made Nepali paper are being exported to Kathmandu as well. Temperate climate in this region favors the naturally occurring species (non-timber forest product like Jatamasi, titepati, sunpati, majito, lokta, allo, vagro satuwa, banlasun, katuki, chiraito etc in the community forests, which can be purified in local level. These non-timber forest products are sold and distributed as raw materials in Kathmandu and Nepalgunj by the local business man.

The price of raw materials seems to be very low and limited numbers of business man are benefited in limited profit. Industry related to forest product has been established by the joint effort of five CFUGs and other private organization; to benefit the forest user group, raise the price of forest product, sustainable management of forest and to create employment opportunities in local level. FECOFUN has supported and organized the focus group discussions and studied the feasibility of cottage industry. This industry is registered in development committee of small cottage industry in 2069 after the preliminary discussion in 2068 and other different processes.

The total investment from the project concerned to poor people is Rs 200,000, Rs 250,000 is of community forests and Rs 650,000 from others. The total investment of project is Rs 1,100,000.

#### **b. Saipal Allo Bhangro Uddhyog, Bajhang**

When judged against the criteria of global significance in biodiversity, abundance of commercially viable species, community's interest, remoteness among others, Bajhang scored high to qualify for APFNet enterprise-based on sustainable forest management. Situated in high mountains of the Far Western Development Region of Nepal, the district of Bajhang is surrounded by Humla and Tibet in the North, by Humla and Bajura in the East, by Darchula and Baitadi in the West, and by Doti and Baitadi in the South.

This mountain region is very remote and poor in terms of infrastructural development and the economic conditions of the people living in the area. However, it is very rich in natural resources. Non-timber forest products (NTFPs) are important resources to the district, which can play a crucial role in the economic development of the region. Bajhang has many NTFPs but very few enterprises utilize them at the local level to generate income for the poorest people of the district. The total investment from the project concerned to poor people is Rs 250,000, Rs 150,000 is of private investment, Rs 250,000 is of community forests investment and Rs 240,000 from others. The total investment of project is Rs 890,000.

Community forest development program has improved and uplifted the status of degraded forest resulting the popularity of agro-forestry system in Bajhang district. FECOFUN had launched various right oriented program for the strict conservation and preservation of forest in earlier phase, securing the users right along with the supply of basic forest products to the user group. Due to the well managed community forest and agro-forestry there has been a surplus of non-timber forest product and timber forest product which is exported as raw materials to other district. FECOFUN has presented a concept of establishing an industry based on non-timber forest product in local level in order to raise the price of forest product and create green employment opportunities.

This enterprise is registered in development committee of small scale cottage industry in 2069/4/5 after the preliminary discussion in Ashad 2068 and passing through various obstacles.

#### **c. Champadevi Bio-Briquette Enterprises, Kathmandu**

Champadevi Bio-Briquette Enterprises situated at Chalnakhel VDC of Kathmandu district. It is established by the networking of 3 community forests with the economic and technical support from FECOFUN. It represents the typical middle mountain ecological zone. The initiation of this enterprise was started from 2062 with the economic and physical support of poverty alleviation fund in individual level. Since then FECOFUN has been supporting this enterprise. Although there was high demand of dung cake, the industry was closed after one year due to some internal reasons. Later then this industry was reopened as a community forest industry by the initiation

of Bosan community forest user's group and IDS Nepal in 2066 B.S. Some technical and financial problems were aroused in 2068 B.S. Due to absence of support from IDS Nepal. APFNet in collaboration with FECOFUN has been financially supporting the community based sustainable forest management project from 2068 B.S with an objective to improve the livelihood of public and managing the industry in a sustainable way. These days this enterprise is running as a network of community forest user's group by the joint initiation of 3 community forests. Due to various obstacles this industry was registered only in 2069\2\16.

FECOFUN has in sighted to utilize the forest product by establishing an industry. Champadevi Bio-Briquette Enterprises mainly utilize the forest product to prepare and sell the vegetation cakes. 685 household from three community forest and FECOFUN investment trust are the partners of this industry. This industry is running by developing a good relation in a legal way with District cottage office, income tax and other relevant offices. Community forest has internally distributed share to all the users depending upon their investment in order to secure their investment. Users are aware about their investment and keep all those records. This industry was established by the users support. They contributed by providing land, labor and raw materials. Community Forest has also contributed cash to some extent. Cost of machineries and other expenditures were managed by FECOFUN investment trust. The total investment from the project concerned to poor people is Rs 200,000, Rs 237,700 is of community forests, whereas Rs 140,000 is of individual investors. The total investment on the enterprise is project is Rs 577,700.

#### **d. Hansposa Herbal Production Group, Sunsari**

It is situated in terai area of the Eastern Development Region of Nepal. Sunsari district have significance in biodiversity and have abundance of commercially viable species. It is very rich in natural resources. Non-timber forest products (NTFPs) are important resources to the district, which can play a crucial role in the economic development of the region. Sunsari has many NTFPs but very few enterprises utilize them at the local level to generate income for the poorest people of the district. The total investment from the project concerned to poor people is Rs 50,000 and Rs 200,000 is of community forests. The total investment of project is Rs 250,000.

Community forest development program has improved and uplifted the status of degraded forest resulting the popularity of agro-forestry system in Sunsari district. FECOFUN had launched various right oriented programs for the strict conservation and preservation of forest in earlier phase, securing the users right along with the supply of basic forest products to the user group. Due to the well managed community forest and agro-forestry there has been a surplus of non-timber forest product and timber forest product which is exported as raw materials to other district. FECOFUN has presented a concept of establishing an industry based on non-timber forest product in local level in order to raise the price of forest product and create green employment opportunities.

#### **e. Sundar Chautari Bamboo Goods Production, Morang**

Morang district lies in Terai part of the eastern development region of Nepal. Community forest development program has improved and uplifted the status of degraded forest resulting the popularity of agro-forestry system in Morang district. FECOFUN has presented a concept of establishing an industry based on non-timber forest product in local level in order to raise the price of forest product and create green employment opportunities.

Enterprises related to forest product has been established by the joint effort of five CFUGs and other private organization; to benefit the forest user group, raise the price of forest product, sustainable management of forest and to create employment opportunities in local level. FECOFUN has supported and organized the focus group discussions and studied the feasibility of small cottage industry. The total investment from the project concerned to poor people is Rs 200,000 and Rs 1, 87,000 is of community forests. The total investment of project is Rs 3, 87,000.

#### **f. Dhungharka Multipurpose Nursery, Kavre**

This nursery is located in Kavre district, a part of Bagmati zone of Nepal. The total investment from the project concerned to poor people is Rs 200,000 the investment from community forestry user groups is Rs 356,040 and Rs 267,030 is of private investment. The total investment of project is Rs 823,070. The main purpose of this multipurpose nursery is to produce the leaves of the lauth Salla (*Taxus baccata*) and supply it to the processing company to produce (TAXOL) which is medicinally used for curing the cancer.

### **Wood based CBFEs**

Wood based CBFEs are those in which the primary raw material for production is timber or wood. The objective of to establish the these enterprises is to enhance the capability of local users group, maintain good governance, sustainable forest management and conserve the biodiversity along with the development of industries based on forest to improve the livelihood of poor people dependent on forest. FECOFUN with support from APFNet has initiated community based sustainable forest management program. These CBFEs are generally sawmills types. They are described below:

#### **a. Gobardiha Community Wood and Furniture Enterprises, Dang**

This Enterprise is registered in accordance with the company act in office of the company registration by the joint investment of community forest users group of ward number one to six of Gobardiha VDC and 37 individual investor from that group. The total investment from the project concerned to poor people is Rs 400,000, Rs 1,050,000 is of community forests, where as Rs 740,000 is of individual investors. The total investment of project is Rs 2,190,000.

#### **b. Reugha Community Forest Saw Mill and Furniture Enterprises, Rolpa**

This Enterprise is registered in office of small scale cottage industry Liwang, Rolpa by the joint investment of Reugha community forest users group, 16 individual investor from that group and the project itself. The total investment from the project concerned to poor people is Rs 400,000, Rs 457,758 is of community forests, where as Rs 343,318 is of individual investors. The total investment of project is Rs 1,201,076.

**c. Kamalamai Community Cooperative Saw Mill, Sindhuli**

This Enterprise is registered in office of small scale cottage industry Sindhuli by the joint investment of five community forest users group and the project itself. The total investment from the project concerned to poor people is Rs 400,000 and the remaining Rs 2,671,500 is of community forests investment. The total investment of project is Rs 3,071,500.

**d. Mahakali Wood Processing Enterprises, Dolakha**

This Enterprise is registered in office of small scale cottage industry Dolakha by the joint investment of seven community forest users group, individual investors from that group and the project itself. The total investment from the project concerned to poor people is Rs 300,000, Rs 800,000 is of private investment and the remaining Rs 1,35,000 is of community forests. The total investment of project is Rs 1,235,000.

The regions where these above saw mills are established are fertile area for the productivity of timber. Thousand cubic feet (cft) of timber seems to be exported out of terai region without purification. Due to lack of manpower the breaking down cost of timber for household purpose is expensive. In this condition if the local people are able to establish and run a saw mill, there can be an opportunities of employment and local poor people could get employed, even the timber required for the household purpose would be access in cheap price.

**Conclusion**

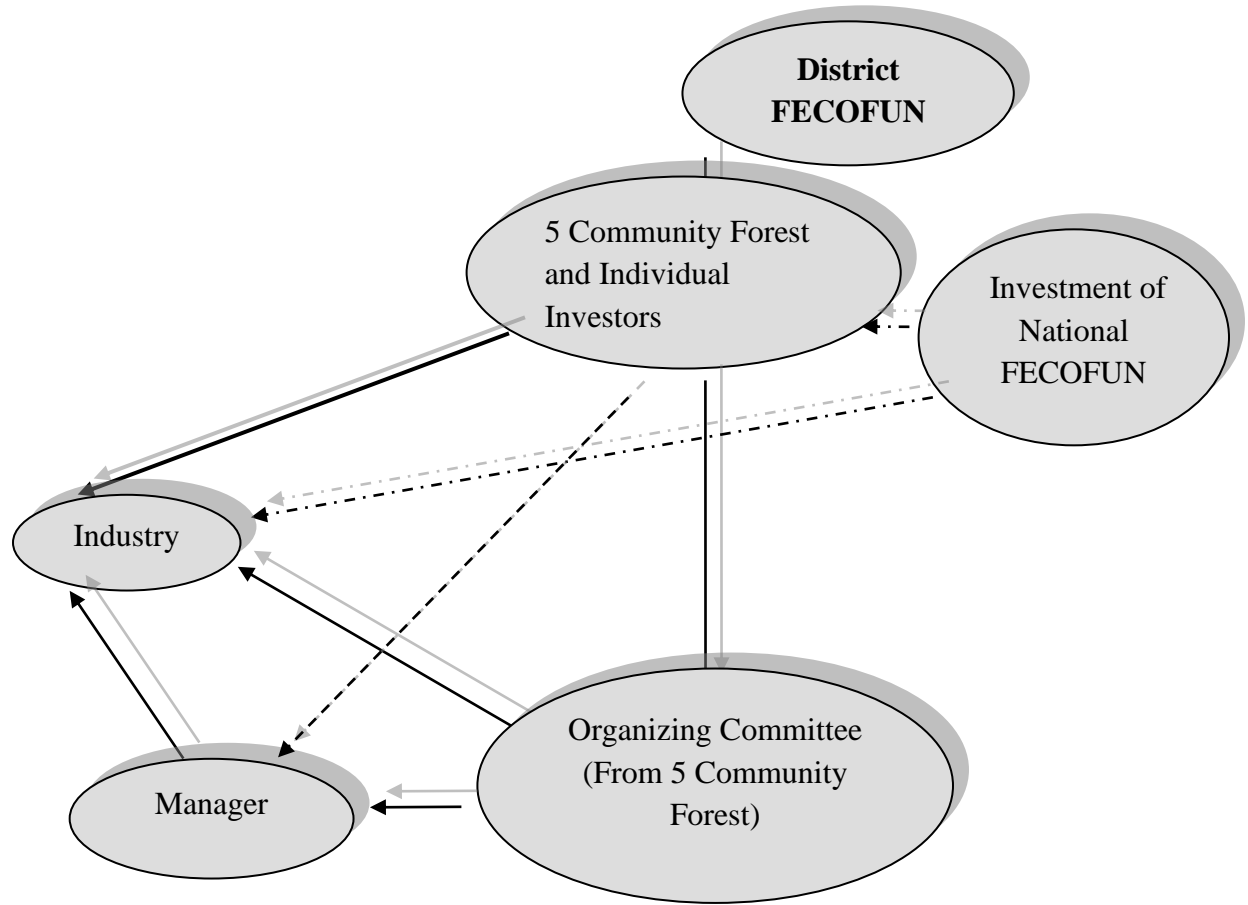
These community based forest enterprises are balancing the social, economic and environmental factors from the beginning has already started showing a good indication of social, economic and conservation results on the ground. Enterprise is a good source of income for poor and medium farmers that can support poverty alleviation among rural people. Enterprises operate at the local level to meet the requirement of local people. Forest based enterprises in Nepal have the potential to create economic opportunities- income and employment- at local and national level. CBFEs contribute not only to the economy, but also strengthen the conservation of natural resources and biodiversity. They can be triggered by facilitating service delivery in some crucial aspects such as marketing, resource management, technology development and conducive policies. Local groups or individuals have the capacity to learn how to manage the various dimensions of enterprise activities. Several modality options allow for emergence in different contexts and for different goals to be focused. Market demand, marketing information, channels

and marketing infrastructure together constitute marketing outlets that determine the successful operation of FEs. Community characteristics that influence the operation and growth of a SMFE include leadership, local institutions, entrepreneurship culture, economic objectives of the entrepreneurs, and others. Policy factors have crucial effects on FEs success. Implementation, distortion and rapid change in the policy environment has created added risks to enterprises, and in many cases severely impacted on the managerial, financial, economic, and ecological aspects of the enterprise operation.

Community based forest enterprises have several positive impacts on the local economy, social equity and natural resource base. This study found an increase in income for entrepreneurs, not only as individual income but also in the form of savings in community funds of CFUGs. Men and women in the community have obtained employment opportunities as part-time or full-time jobs in enterprise management, raw material collection, processing and marketing. Creation of such opportunities at the local level has indicated a potential to reduce poverty. They have benefited collectors and CFUG members, including the poor, the disadvantaged and women. Depending on the institutional context that the enterprise is bestowed with, the poor and women have been involved and have benefited from the enterprise significantly. Emergence and growth of SMFEs sometimes bypass local traders who may be affected adversely, but they still have an opportunity to be part of the enterprise itself. Forest based enterprises can also contribute to natural resource conservation in a number of ways. As entrepreneurs became aware of the value of natural resources in their livelihoods and developed a sense of ownership, they have improved resource management plans, institutionalized sustainable harvesting practices and paid for the resource conservation activities.

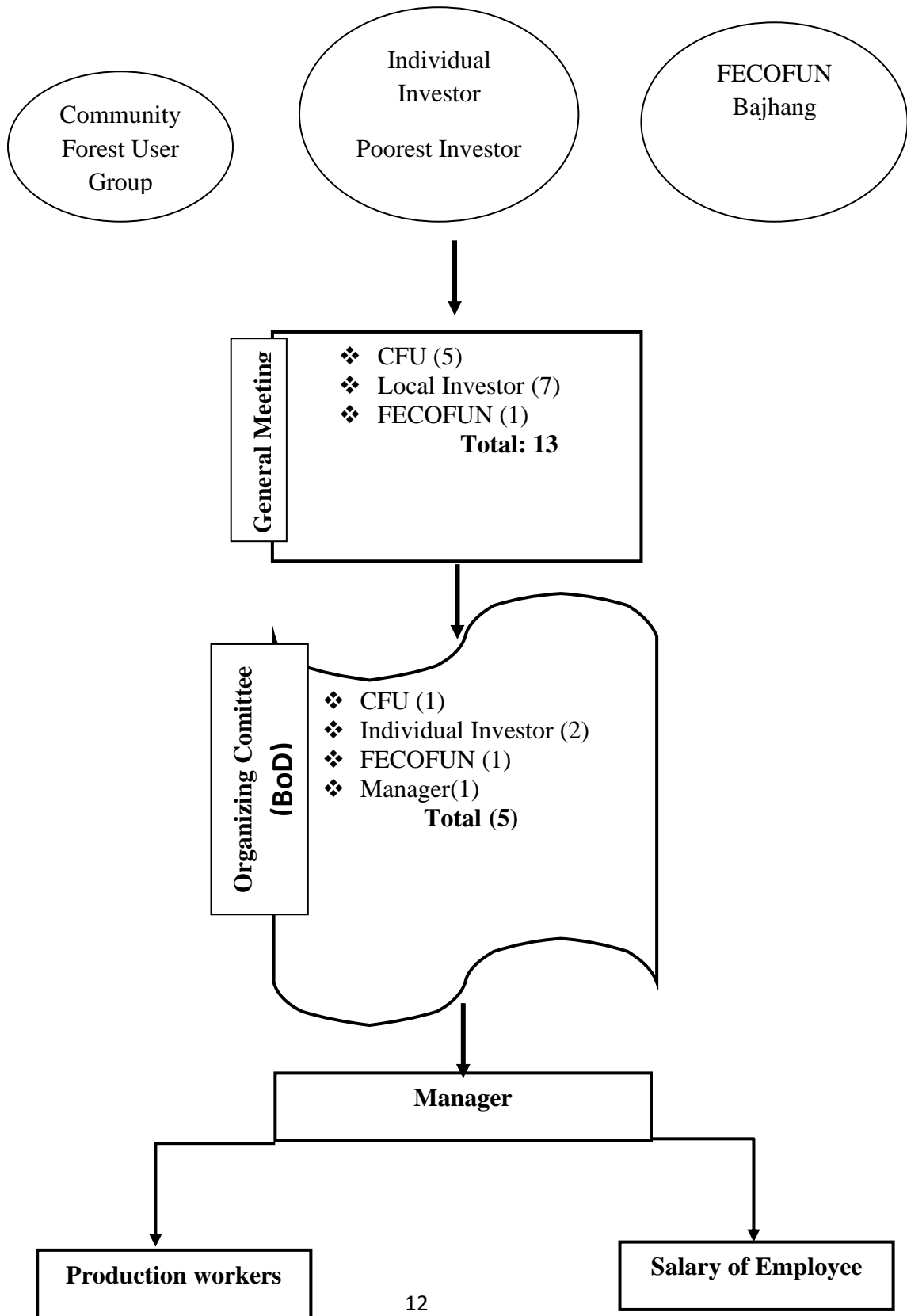
**Annex 1: Organizational framework and Management system of enterprises**

**A) Shree Sigas Bhumiraj Handmade Paper Enterprises, Baitadi**

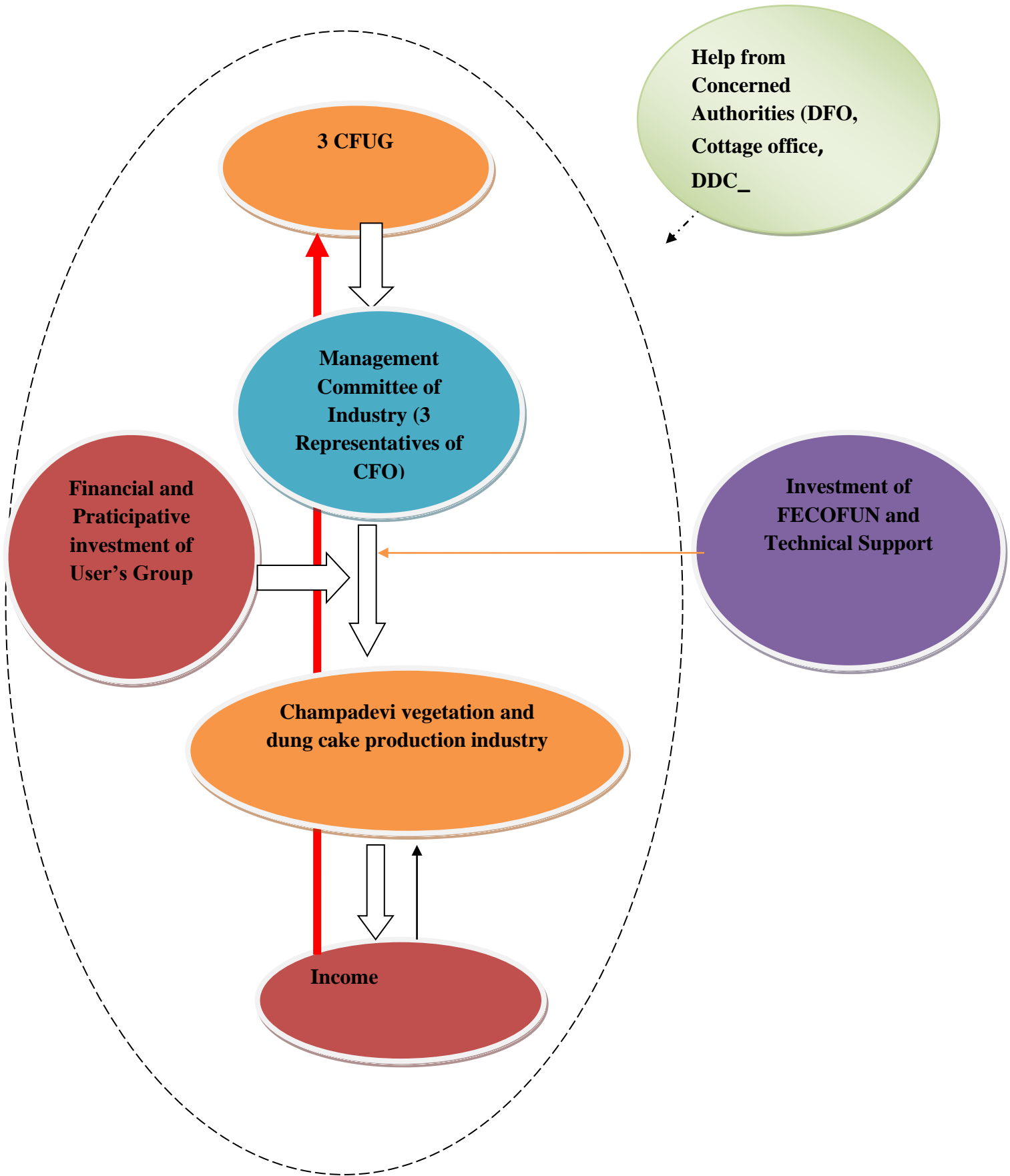




**B) Saipal Allo Bhangro Uddhyog, Bajhang**

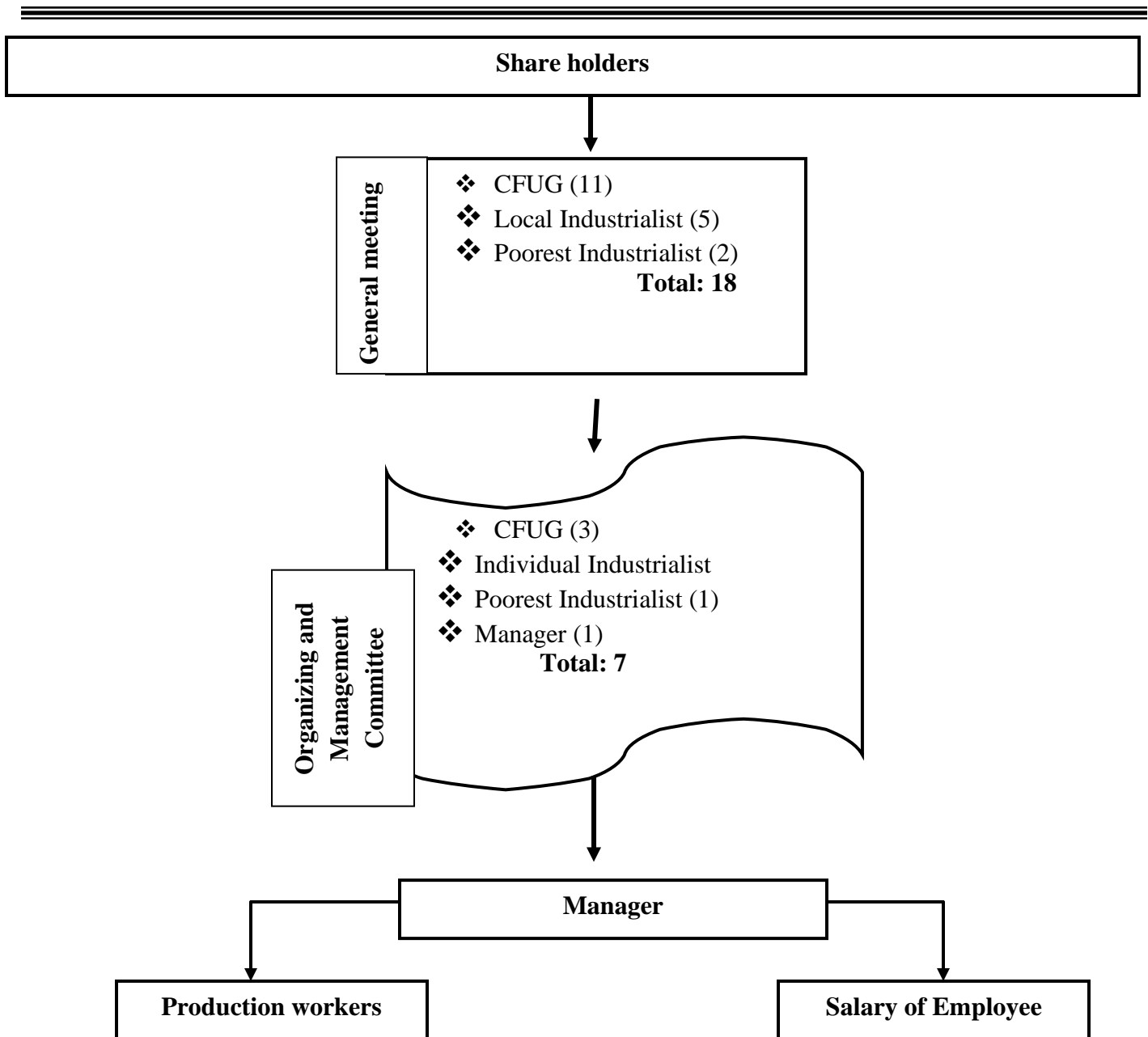


**C) Champadevi Bio-Briquette Enterprises, Kathmandu**

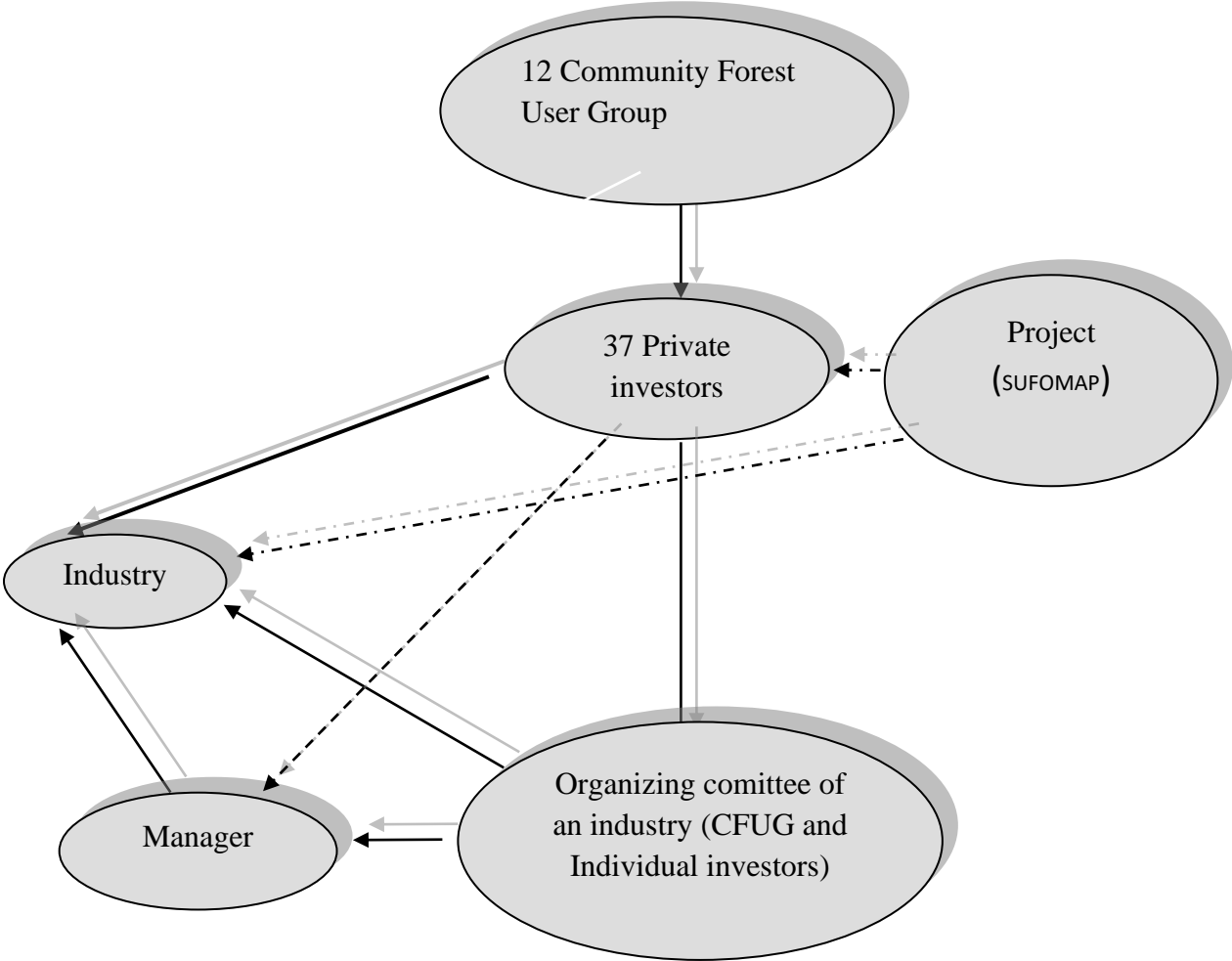


**D) Reugha Community Forest Saw Mill and Furniture Enterprises, Rolpa**

Community  
Forest User  
Group



**E) Gobardiha Community Wood and Furniture Enterprises, Dang**



### Annex 3: A list of Forestry Policies and their implications on CBFE

Year	Policy /Legislation	Effect of Policy/ Legislation
1957	Private Forest Nationalization Act	<ul style="list-style-type: none"> <li>• Indiscriminate cuttings of forest</li> <li>• Conversion of private forest into farm land in the Terai</li> </ul>
1961	Forest Act	<ul style="list-style-type: none"> <li>• Forest Categorization</li> <li>• Forestry officials empowered</li> </ul>
1967	Forest protection act	<ul style="list-style-type: none"> <li>• Judicial power to forestry officials</li> <li>• Law enforcement power reinforced</li> </ul>
1976	National forestry plan	<ul style="list-style-type: none"> <li>• Recognition of people participation in forest management</li> <li>• Concept of village panchayat forest</li> </ul>
1977	Amendment in forest act	<ul style="list-style-type: none"> <li>• Provision of panchayat forest and panchayat protected forest</li> </ul>
1978	PF and PPF rules	<ul style="list-style-type: none"> <li>• Handing over national forest to village panchayat</li> </ul>
1982	Decentralization act	<ul style="list-style-type: none"> <li>• Authority to district and village panchayat</li> <li>• Promotion of users committee concept</li> </ul>
1987	Revision of PF and PPF rules	<ul style="list-style-type: none"> <li>• Provision of users committees for forest management</li> </ul>
1989	Master plan for forestry sector	<ul style="list-style-type: none"> <li>• Incorporated the concept of CFUG</li> <li>• Priority given to community forestry</li> </ul>
1993	Forest act including amendment	<ul style="list-style-type: none"> <li>• Users as managers of forest</li> <li>• CFUG empowered for forest management</li> </ul>
1995	Forest rules	<ul style="list-style-type: none"> <li>• Process of community forestry detailed</li> <li>• Initiation of community based forest enterprises with different models.</li> </ul>
1999	Revision of forest act	<ul style="list-style-type: none"> <li>• Control mechanism brought for violation of</li> <li>• Provision for spending 25 percent in forestry activities</li> </ul>
2000	Forest sector policy	<ul style="list-style-type: none"> <li>• Initiated enterprises under facilitation of NGOs and advocacy of FECOFUN</li> <li>• Degraded and scattered forest areas in Terai and inner Terai can be managed as community forests</li> </ul>
2004	Herbs and NTFPs development policy	<ul style="list-style-type: none"> <li>• Clearly mentions that forest based industries are the means for rural development, poverty reduction and sustainable resource management.</li> </ul>
2010	Interim plan 2010-2013	<ul style="list-style-type: none"> <li>• Promotion of forest-based industries and entrepreneurship and create employment opportunities.</li> </ul>

#### **Annex 4: A list of Forestry legal document on CBFE**

1. National park and wildlife conservation Act, 1973
2. National conservation strategy , 1987
3. Nepal biodiversity strategy 2002
4. Wetland policy 2003
5. EIA guideline for forestry sector, 1995
6. Forest Act, 1993
7. Plants protection Act, 1972
8. Water resource Act, 1992
9. Interim plan 2010-2013
10. Local-self-governance Act, 1998
11. Procedural guide line for the sale of forest products, 2004
12. Herbs and NTFPs development policy, 2004
13. Forestry sector policy, 2000