

Ban Chautari

Forest Enterprise: Opportunities and Challenges in the context of Nepal

(Half day interaction)

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Introduction

Today's growing demand has been forest based enterprise for the community forestry to go in the income generation sector and enlisting the living standard of rural poor. But the debate is whether community can solely run the enterprise tackling with many hindering issues. Community forestry users group has been involved in developing forest enterprise from the very long time taking a small market as a hub for their product but if we look at the sustainability and profit mechanism there is quite certain factor that enterprise is failing day by day.

In this context, Ashmita Nepal in close collaboration with HIMAWANTI, Nepal, has organized Ban Chautari program at SapFalcha, Kathmandu on August 1, 2011 with the support from Growing Forest Partnership (GFP) to understand the existing forest enterprise status in Nepal and revealed and reflects on its challenges and opportunities. The organizing partner Ashmita Nepal and HIMAWANTI Nepal resemble a strong agenda of empowering women in the sector of natural resources.

Participants and Program Detail

There were all most 65 Participants representing enterprise related organization, forestry sector, private entity, government, researcher, activist, civil society organization. Five panelist having their expertise in different aspect of forestry and enterprise had actively participated and contributed in the interaction. Annex I and II portray the list of participants and panelist.

Objectives:

- Review and reflect the status of Forest enterprises in Nepal
- Identify the key challenges and opportunities for the development of forest enterprises in Nepal
- Build the common understanding on issues, challenges and opportunities on forest enterprise development among the key stakeholders
- Sharing the views, best practices and learning.

Activities	Presenter / Moderator
Objectives and Well Come Remarks	Ashmita Nepal
<p>Presentation and Panel Discussion on "Challenges and opportunities for the development of forest enterprises in Nepal"</p> <p>Key Presentation on Policy level opportunities and hurdles for forest based enterprise development</p> <p>Documentary show on challenges and opportunities on forest based enterprises in Nepal</p> <p>Panel Presentation: Kapil Adhikari Chairperson KASTHA BYABASAYI UDYOG MAHASANGH Ganesh Karki General Secretary FECOFUN Parbat Gurung SAFAL Uddami and Chairperson HBTL</p> <p>Prava Pokharel Chairperson(IDS) Integrated development society Nepal</p> <p>Ram Prashad Lamsal Joint Secretary Ministry of Forest and Soil conservation</p>	<p>Ghan Shyam Pandey (Moderator and facilitator)</p> <p>Dil Raj Khanal</p> <p>Ashmita Nepal and Yeti Nepal</p>
Open Discussions	
Drawing the Conclusion	
Thanks and Closing Remarks	Rama Ale Magar

Background Paper: Key Presentation

Program commenced with the background presentation by Dil Raj Khanal on Policy level opportunities and hurdles for forest based enterprise development.

(See Annex 3 for Presentation Slides), followed by documentary. The presentation highlighted prevailing status of small forest enterprise in Nepal with concern on the overwhelming issues of lack in market management, low selling price, producer doesn't have the rights of fixing price, and land tenure issues need to be tackled. Presentation pointed out that good policy is always there but we failed to receive Implementation Act. There is strong need of Law, Act, Directives and guidelines which help for smooth running of enterprise in real situation. Study shows that there is increment in the number of forest entrepreneur and enterprise and while the forest product gets decrease.

Government needs to be responsible for the enterprise sustainability and catering raw material. Presently, there are many industry based on plywood, kattha, rosin booming very good nationally and even Kathha and Rosin are exported to India. Because of the government policy, individuals are not eager in registering private forest, executing plantation activities in private area

Four major questions were focused by Mr Khanal in his presentation which includes what is the economic contribution of forest based enterprise? How far is the concept of cooperative practical and appropriate for timber business? Who is more responsible Private or government sector for development of forest based enterprise? Who will identify the network of medicinal and NTFP based cooperatives?

Presentation also put forward the concern If the end product doesn't meet the criteria and indicator of good services then consumer will not opt for that product. This applies question to

the small village enterprise, whether it will be able to maintain such set standard or not? There are so many obstacles which raise question to successful enterprise model. Rules to conduct EIA/IEE in even small threshold brings barrier when it demands same threshold for all product. There is doubt, the group of individual who solely depends on forest, will they be entrepreneur? At present condition when government is so keen in declaring most of the forest as a conservation area, the question rise from where they collect the raw materials.

Documentary: Successful Enterprises in Nepal

Documentary entitled challenges and opportunities on forest based enterprises in Nepal were taken with the motive of portraying some successful existing enterprise in different district of Nepal. The 12 minute presentation highlighted the perspectives of different concern individual involved in forest enterprise and its promotion and support. Documentary makes realize that we can develop good reliable policy but we failed to implement the reliable act to run the policy. We need good act, directives and guidelines to implement such policy. There are many booming enterprises but the Market deficient, low selling price, no rights to fix the price for the own product, issues of tenure rights, has been continuous hindering factor for the enterprise to grow in a long run.

Panelist Perspectives

Kapil Adhikari, Ganesh Karki, Parbat Gurung, Prava Pokharel Ram Prashad Lamsal were the panelist of the discussion different perspective were raised by them.

Concern was, forest when it covers almost 39.6 percent of Nepal's total doesn't bear the responsibility for the contribution of country's GDP when the agriculture sector which covers only 30 percent area has significant contribution. What can be the reason behind this? Nepal at present condition there are around 70 – 75 cooperative based on enterprise but they don't have a network.

Not only small enterprise but we can also create big forest enterprise from forest. There are many plywood industry are catering goods and services for example Kattha, Rosin exported to

India. We establish enterprise but from where we collect raw material. Government needs to be responsible for the enterprise sustainability and catering raw materials.

Because of government irrelevant policy, individual doesn't have any enthusiasm for registering private forest; they have to ponder twice for just a single plantation in their agricultural area which demands enormous process of tax for selling their timber which they grow in their own land. We have policy which is against forming industry/business from where we run timber industry if we are not allowed to take raw materials from forest. We have many law barriers, in case of community forestry forest inventory defined how much resources can be taken in a certain time but users are allowed to just below 30 percent of decided annual growth. It proves that we have facility of but no rights to use it. Issues like Monopoly contract, two way tax, and market are digging deeply in the path of good entrepreneurship.

Following the panelists perspectives, participants raised different issues regarding the enterprises opportunities and challenges. The summary of the discussion has been depicted below.

Forest product based enterprise: private or community and dilemma selecting enterprise model

When establishing forest enterprise in Community forestry, the main priority and utmost need is community forestry users group's self capacitate and secondly it has to be indicated in the CFUG constitution and operational plan. Community and private entity needs to go hand-in-hand. In many cases, community solely would not be able to cater all the market demand having low production level. The idea would be, production of raw material goes in community level and establishing central and regional market in cooperation with government and private entity. Community cannot perform all the deeds for a business, they have their own limitation. We have conservation oriented constitution and action plan, it needs to incorporated what kind of enterprise is suitable for that particular community forest. Community people could hardly

reach to the main market of the product also they are not free to sale their product in their own set price.

Discussion also lies in, whether the whole CFUG will establish enterprise or some interested group of individual will be entrepreneur taking cooperative model. If we want to go according to cooperative model, we need to advocate with government for different reliable policy and law.

While establishing forest enterprise, there are many procedures people tends to be following. In the sense they spend half of their time deciding which models to accept whether it should be registered as a company or as a cooperative or Industry. In Nepal, basically we have three different enterprise model based on three different act viz Cooperative Act, Company Act, Industrial Act. In 2064 B.S government of Nepal develop Small Enterprise Policy which revealed some assumptions in establishing enterprise, but these written assumptions merely suit in any of the above Act. In a way, we are still facing dilemma while choosing suitable model (structure) for the forest enterprise in Nepal, these undoubtedly asked for a clear policy.

Knowledge about market and resources needs to be clear; to reach a global forum small enterprise would not be effective. Enterprise focus is to meet the needs of local communities but till date, government is more interested in forest conservation rather than utilization through regulation, which has result as a declaration of many community forestry areas as conservation area.

Women's Role in Forest Enterprise

Forest enterprise always sees women as a producer. Woman can produce raw materials for the enterprise, but what they lack is proper knowledge to see their self produced raw materials. Women are never regarded as a supplier due to their ignorance towards market strategies. Women dispersed throughout the world as a worker, the role and involvement of women in the enterprise is increasing, as a laborious worker and producer but in decision making level they

lack the capacity of commercializing the product. From the past decade, Women has come a long distance, getting their voices heeded from a awareness campaign. Now women need to take a path of leadership and entrepreneurship.

We have been working for women leadership and awareness program on the different issues, but now we realize that there is a lack of women participation in the sector of income generation with the power of decision making.

Conclusion

- We have good policy but no implementation. We lack the act based on that policy, act has been merged indifferent and many cases.
- Present demand is to develop reliable act based on the existing policy.
- Enterprise and entrepreneur has been booming and increasing but the production level is decreasing whereas no export in the international arena. Now the present challenge is to make increment in the production level based on the increment of the enterprise and entrepreneur.
- One of the hindering factors for the development of enterprise is study of environment as a environmental impact assessment which is very complex and as for now, we need to give priority for this subject matter.
- Two way tax system: entrepreneur has been facing the problem of paying tax to each entity viz government, local bodies, policy etc.
- There is no ownership to the forest. When there is community rights over natural resources, communities' rights over benefits also get secured.
- Community, rural individual produce raw material and sell in the low price because they lack knowledge in the marketing sector. This demand private sector to go along with the community.
- Adult approach should replace welfare approach

- Enterprise without having forest product ownership and rights doesn't fully work. Entrepreneur needs to meet the standard and labeling for conducting good enterprise and satisfy consumer.
- Government keeps prioritizing the enterprise activity for those people who don't bear even a single piece of land. Lesson has been enterprise without ownership on their produce products and rights to the production land doesn't fully work.
- There is need of region wise collection centre. Business cannot be performed if there is no market access.
- Government in collaboration with local unit, has to play a key role in collecting and fixing relevant rate for each production from a district. Management and governance body has to be two separate entities.

Acknowledgement

It is pleasure to thank all those who made this event possible. Firstly we would like to thank all the participants who have contributed their ideas, experiences and learning throughout the interaction. Our heartfelt gratitude goes to the panelist and moderator for their invaluable opinion and remarkable facilitation. We are also indebted to GFP (Growing Forest Partnership) for providing financial support. Similarly we acknowledge our consortium partner viz. Forest Action Nepal, FECOFUN and Nepal Foresters Associations (NFA). Also our special thank goes to Himawanti Nepal for supporting in program execution.

Annexes

Annex 1: Panelist & Moderator

S.N	Name of Panelist	Affiliation
1	Prabha Pokharel	IDS Nepal
2	Parbat Gurung	HBTL
3	Ram Prasad Lamsal	Department of Forest
4	Kapil Adhikari	FENFIT
5	Ghan Shyam Pandey	GACF

Annex 2: List of Participants

S.N	Name	Organization	Contact Number
1	Dil Bahadur Khatri	Forest Action	9841308554
2	Jinita Bishwokarma	Actionaid Nepal	9841665067
3	Dipak B.K	FA	9841577884
4	Bhim P. Khadka	FECOFUN	9843013062
5	Nirmala Shrestha	TFFP Ramechhap	9841049541
6	Aarati Shrestha	Himawanti Nepal	9841855308
7	Suvas Devkota	FECOFUN Centre	9841392922
8	Bipan Bhandari	Nepal I.T.V	9841539798
9	Jog Raj Giri	FECOFUN	9841375895
10	Govinda Dahal	NFA	9751055177
11	Prem Sapkota	RAN	9841259724
12	Ananada	NRPP	9851089532
13	Dipendra Poudel	CDO	9841650539
14	Apsara Chapagain	FECOFUN	9851086515
15	Devesh Tripathi	NFA	9808347620
16	Mahendra Magar	CCDN	9851000477

17	Naya Sharma	Forest Action	9851015388
18	Narendra Rasaili	MEDEP	9851007008
19	Thakur Bhandari	FECOFUN	9841516209
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22	Bhuwan Sharma	FECOFUN, Baitadi	9741078192
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34	Sunil Chitkar		
35	Dip Raj Uprety	NEFEJ	9841167684
36	Sagun Bista	CECI	9851077227
37	Rohini Rana	Rose Nepal	9841966955
38	Tulashi Adhikari	FECOFUN	9851044712
39	Nitu Kafle	FECOFUN	9841825003
40	Bal Mukunda Ghimire	FECOFUN, Lalitpur	985114762
41	Madhu Aryal	NWC	9841887402
42	Gautam Buddha Lama	FECOFUN, Ramechhap	9744025412
43	Nabin Luitel	Radio Sagarmatha	9841418560

44	Narayan Gyawali	NACEUN	9741062270
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50	Prabha Pokharel	IDS Nepal	9841312757
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Annex 3: Presentation slides
Attached as a separate documents