

*INCREASING EQUITY AND THE LIVELIHOODS OF THE FOREST DEPENDENT POOR  
THROUGH ADAPTIVE COLLABORATIVE APPROACHES:  
EXPERIENCES FROM A NON-TIMBER FOREST PRODUCT NETWORK ENTERPRISE IN  
EASTERN NEPAL*

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**ABSTRACT:**

*This paper examines the performance of the ACM based planning process for increasing benefits to poorest of the poor households in eastern hills of Nepal. This research is part of on-going CIFOR led project funded by IDRC during March 2004 to September 2005. Ten Community Forest User Groups (CFUGs, with rights over some two thousand hectares of Community Forests and more than 1000 member households, were federated into network in one of the project districts. The network has rights over some two thousand hectares of Community Forests with more than 1000 member households. Of the total members, 40% women, 20% poorest of the poor, 20% village traders and 20% other general members are included in the general assembly. These members elected 9 member committee including 3 women. Four sub-groups (common interest network groups) have been formed within the network based on the type of NTFP available in their Community Forests.*

*The study reveals that attitude of chiefs, elites and CFUG leaders seems to have changed towards providing benefits to poor, and have attempted a wide variety of forest management initiatives. In many CFUGs with strong leadership have attempted to preserve valuable Non-Timber Forest Product (NTFP) species such as *Nardostachys grandiflora* and *Asparagus racemosus*. The forest management system has changed from protection oriented (restricted use) to use right system of NTFP resources for the poor. The poor and marginalized groups of people including women have received an increased share of benefits from use of NTFP resources in all of the CFUG sites of the network. Of the total households, five percent of the poorest of the poor households are being provided with NTFP collection license and the necessary revolving funds to invest share in their network enterprise. The Livelihood Forestry Program funded by DFID and the World Conservation Union have created revolving funds of rupees 200,000 for these poorest of the poor households. These households get benefits in four ways (1) have access to employment opportunities (work as NTFP collectors) (2) They get share dividend based on their shareholding (3) They will receive a dividend based on their CFUG shareholding and (4) They receive productivity bonuses and wages while working in the NTFP processing company. With these provisions, small common interest network group consisting of only women member of Allo products has been able to increase profit margin from sale of Allo clothes. The bargaining power of poor collectors has increased in the marketing chain. Nonetheless there is still a fear and uncertainty of how above mentioned benefits will be equitably distributed in long run among different groups of people involved in NTFP network in future as the competition for access to common property resource (CPR) would be increasing.*

**Keywords:** Community Forestry, Adaptive Collaborative Management, livelihoods, Equity, Nepal.

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## INTRODUCTION

### *Community Forestry in Nepal and the Adaptive Collaborative Management Research Project*

Community forests in Nepal are vital to both local livelihoods and environmental sustainability (McDougall *et al.*, 2002; Pandit, 2003). Yet, despite the success of the Nepali Community Forestry (CF) programme in terms of formally handing over rights to over 14257 forest user groups (CFUGs) (FECOFUN, 2006), to date it has not yet generated the anticipated returns for communities, and has been criticized in terms of equity in control over, and distribution of, the associated costs and benefits (McDougall *et al.*, Kanel and Pokhrel, 2002; Pokhrel *et al.*, 2004; Pandit *et al.*, 2005). Actors at all levels have identified a need for strategies that can add value to CF processes and relationships so that equity and livelihoods benefits for the forest dependent poor can be enhanced (Kanel and Pokhrel, 2002; McDougall *et al.*, 2002).

In order to generate insights into these issues, CIFOR and its partners New ERA, Forest Action and others have been engaged in participatory action research on an 'Adaptive Collaborative Management' (ACM) approach to community forestry since 1999. The first research phase, which was undertaken in collaboration with the Ministry of Forests and Soil Conservation and funded by the Asian Development Bank was completed in 2002. The second phase, which is funded by the International Development Research Centre, began in 2004 and will continue to 2007. This current project phase is entitled "Improving Livelihoods and Equity in Community Forestry in Nepal: The Role of Adaptive Collaborative Management".

The earlier phase of the research identified several patterns of governance and management underlying the equity and livelihood issues at both the Community Forest User Group (CFUG) and the meso (*i.e.*, village to district) levels. The CFUG level issues identified included: decision-making processes and structures that reinforce the pattern of elite domination and the marginalization of women, low caste and low income users; linear, 'blueprint', and/or *ad hoc* planning processes; weak communication and information flow; and, passive and/or narrowly focused management (*e.g.*, subsistence timber and fuelwood orientation). The meso level trends included weak relationships and low levels of shared learning amongst CFUGs, between CFUGs and with the local governance bodies (Village Development Committee and District Development Committee), and between CFUGs and other supporting agencies such as the District Forest Office (DFO), District Agriculture Development Office (DADO) and non-governmental organizations (NGOs). All the above have been compounded by limited learning-oriented monitoring practices at all levels (McDougall *et al.*, 2002; New ERA report, 2002).

The research project – which we refer to here as the "ACM Research Project" – is undertaking participatory action research at the local and meso levels to explore the possibility of innovation in local and meso management and governance as a means of adding value to community forestry. Specifically, based on the premise that complex systems require flexible, learning-oriented and inclusive management and governance systems (Anderson, 2001; Capra 2002, Prabhu *et al.*, 2002; Colfer, 2005; Wollenberg, 2005), the project has been working with local facilitators, CFUGs, and meso level actors, to apply what we refer to as an "adaptive collaborative approach" to community forestry. This has focused on the local facilitators catalyzing and facilitating processes and structures that are inclusive and social learning-oriented at the CFUG and meso levels, and the research teams tracking the processes and outcomes. This paper highlights the research experience and lessons to

date from the use of this adaptive collaborative approach by a non-timber forest product network called the Tinjure Hattisar CFUG network in Sankhuwasabha District in the eastern middle hills of Nepal. We explore the processes and structures used by the network in applying this approach, as well as the emerging implications on equity and for the livelihoods of the members of the network. It specifically highlights some of the complex challenges faced, and strategies used, by the network and its partners in involving the poorer users in the NTFP enterprise, and in developing and enhancing viable livelihood strategies especially of socially and economically marginalized forest users.

### ***Livelihoods, Equity, and an Adaptive Collaborative Management Approach***

The notion of 'livelihoods' and 'equity' have increasingly come to the forefront in natural resource management and development discourse from the local to the global level (UNDP, 2004; Colfer, 2005). A 'livelihood' can be understood as including the "capabilities, assets and activities required for a means of living" (Warner, 2006). Assets in this context include human and social assets, such as knowledge, health, and social relations, as well as financial, natural and physical capital. As Warner (2006) notes, a *range* of assets is needed to enable desired livelihood outcomes. She also stresses that the *sustainability* of livelihoods is important if poverty reduction is to be maintained over time. This sustainability involves livelihoods: being resilient in the face of shocks and stresses; maintaining or enhancing assets and capabilities in the present and future without dependence on 'unsustainable' support from outside sources; and not undermining the base of natural assets nor other peoples' livelihoods (Carney, 1998 in Warner 2006; Ashby and Carney, 1999 in Warner 2006).

In all societies, some people exercise more control than others over decision-making at various levels and in terms of access to assets. Weaker groups' interests are often ignored, excluded, represented ineffectively, overridden or negotiated away (Wollenberg *et al.*, 2005). Furthermore, the access of poor and socially marginalized people to some assets tend to be limited (Warner, 2006). This has a significant effect on livelihoods of the poor versus wealthier groups, because individuals or households with more assets tend to have a greater range of options as well as more ability to adjust the emphasis in their livelihood strategy (Warner, 2006). We have found the imbalance in power and access to assets to be present in community forestry, as local elite often tend to control the decision-making of community forestry user groups, and costs and benefits are often distributed unequally. This power imbalance relates to, and is typically reinforced by, socio-economic, cultural, and institutional factors. Equity, on the other hand, refers to social justice, and a political or social situation of process in which people, particularly the poorest of the poor and the socially marginalized, have fair access to assets and decision making (UNDP, 2004, Ojha, 2005, Wollenberg *et al.*, 2005). In an equitable society, suggests Ojha (2004), "people can develop their full potential and lead productive and creative lives in accord with their needs and interests....(and) participate in the life of the community".

Development efforts in the past in Nepal and elsewhere were often focused on the re-orientation of economics, polity or infrastructure for better livelihood outcomes (UNDP, 2004). In recent years, research and experience has led to a shift in focus towards the need for *governance* to be strengthened at all levels as a means of fostering equity and livelihood sustainability, especially for the poorest of the poor (McDougall *et al.*, 2004; Ojha, 2004; UNDP, 2001; UNDP, 2004). Consistent with this, there have been efforts from NGOs and development agents, including bilateral agencies such as the Livelihoods and Forestry Project of DFID to open up existing power structures to marginalized and alienated groups, notably the poor, indigenous people, and women, so that both their 'voices' and their livelihoods will

be strengthened. In our research we have explored how shifts in community forests governance towards more an “adaptive collaborative approach” influences equity and livelihoods. The essence of an “adaptive collaborative approach” is that stakeholders consciously use shared or ‘social’<sup>1</sup> learning as the basis for on-going decision-making and planning. In Box 1 we further define and outline the main elements of such an approach.

Box 1. Main Elements of an Adaptive Collaborative Approach to Community Forest Governance and Management

***What is an ACM approach: Definitions and Key Elements?***

Adaptation, like evolution, is a natural process. An adaptive collaborative management approach to community forestry is a way of engaging in management and governance so that this adaptiveness is intentionally strengthened and enhanced, and the groups involved have the capacity to adapt more efficiently and appropriately to the pressures of rapid change and complexity that confront them. The essence of an ACM approach to community forestry is that stakeholders consciously use shared or ‘social’ learning as the basis for on-going decision-making and planning. This type of learning emphasizes the shared and applied nature of learning rather than the building or transfer of individual knowledge or skills (e.g., with traditional technical ‘training’ being the classical example of the latter). One example of this would be the use of joint monitoring of changes in a CF’s natural and institutional system and in its livelihood and forest outcomes as the basis for planning. An ACM approach is also rooted in efforts for effective relations amongst stakeholders, including communication, equitable access to decision-making and benefits, negotiation, conflict management, and collective actions as appropriate. This includes forming effective linkages and learning feedback loops within levels (CFUG, District, National) as well as across or between levels.

Adaptive collaborative management is a flexible approach to planning and decision-making that fits inside the CFM framework. It can be applied from the decision-making and planning of a single activity such as income generation or silviculture, to annual or longer term local CF plans, up to and including the national level policy development process.

We have broken the concept down further into **elements of ACM** that can serve as ‘guideposts’ for practice:

- 1. All relevant stakeholders are involved in decision-making and negotiation, and have the ‘space’ and capacity to make themselves heard;*
- 2. Stakeholders effectively communicate and transfer knowledge and skills (in multiple directions);*
- 3. Stakeholders implement actions together, as appropriate;*
- 4. Stakeholders seek to effectively manage conflict;*
- 5. Shared intentional (i.e., ‘social’) learning and ‘experimentation’ is consciously applied as the basis for refinements in CFM<sup>1</sup>;*
- 6. Planning and decision-making includes attention to relationships within and between human and natural systems;*
- 7. Planning and decision-making clearly reflects links to the stakeholders’ ‘desired future’, and takes into account past trends and uncertainties.*

(This box is an excerpt from McDougall, 2003)

## **NETWORK ORIGINS and RENEWAL**

The Tinjure Hattisar CFUG network was established in January 2003 through the initiative of the involved CFUGs, The East Foundation (TEF) and the DFID-funded Livelihoods and Forestry Project (LFP) that operates as a bilateral support institution in the district. All together, 10 CFUGs federated into this sub-range post level network, which involves two Village Development Committee areas. The CFUGs are: Pathivara; Tinjure Hattisar; Kalika; Okhre; Aahaltar;) Ahale; Lamalung; Jawale; Sanu Patal; and Siddhi deurali. The main driving forces for establishing this network were the need for CFUG-CFUG mutual support to market their NTFPs and to control outside contractors<sup>4</sup>. The CFUG members also saw the network as an opportunity to increase access to CF services from NGOs and GOs including DFO. The more than 1000 member households of the network have rights over some two thousand hectares of Community Forests. These CFUGs are close to Basantapur road-head markets, from where most NTFPs of SSB and Terathum are marketed.

A FECOFUN network had previously been formed in the area involving 35 CFUGs but it was not able to operate largely because of the Maoist conflict situation. In response to this, the Livelihoods and Forestry Project, and the non-governmental organization, TEF organized and facilitated a multi-stakeholder planning meeting for a revised RPCC process. Members of the CFUGs suggested that bringing the network 'closer to home', i.e. at a lower/smaller geographic level, such as the sub-range post level would be more functional. .

By August 2004, when the ACM research project began its field work in the area and met with network members, the network (in its 10 CFUG, sub-range post level form), had been in operation for one and half years. And yet, at that time, network members and involved LFP and TEF staff expressed that the network was not moving towards the achievement of its goals. They suggested the reasons for this included that: the network lacked responsiveness to the differing availability of NTFPs in the different CFUGs: the network committee was representative largely of the elite (including that only one woman was involved at that level); they lacked a business plan; and the lack of understanding and skill in collaboration and shared learning. As such, the ACM research project, the network, and TEF and LFP began a collaborative 'renewal' of the network focused on applying an adaptive collaborative management approach at the network level (see Box 1).

To build the facilitation and leadership for this network renewal, a local staff member of TEF and the Pathivara CFUG secretary took part in the research project's ACM facilitation training from Jan 28 to Feb 2, 2005. These two then returned back to the network and began to act as facilitators and catalysts of the ACM approach in the network. We refer to them hereafter in this paper as "the ACM research team members". Members of the network were also exposed to the ACM approach through the use of this approach at the CFUG level in Pathivara CFUG. This CFUG's positive experience generated interest on the part of members of neighboring CFUGs (who were members of the network) in it.

One important building block of this network renewal was a three day network workshop organized in April 2005 by the two ACM facilitators with support from New ERA. This workshop provided an opportunity for 24 representatives of 8 of the network CFUGs to learn

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<sup>4</sup> Outside contractors are those people, usually residing either at the road head or wholesale markets in Terai, who do not own the resources but catalyse NTFP resource extraction through their link with local people and traders in Terai and India. They usually hire local people to harvest NTFPs from forests.

more about an ACM approach and what it could mean for the network. In this workshop, participants assessed the degree to which their network was adaptive and collaborative (see Box 2), investigated the risk and challenges that the network was facing, and drew on these explorations to develop future plans. After this workshop, the participants returned back their home and shared with the respective CFUG committees and *tole* (*i.e.*, hamlet) groups about what they learned in the workshop. This also motivated the network members to continue planning, action and reflection. As the network members integrated this new approach into their governance, at the request of the network and TEF and LFP the ACM research team members offered backstopping in facilitation, and brainstormed with the network members about ideas for enhancing network outcomes through social learning, inclusive planning processes and equity. A milestone – and guidepost - for the network that emerged from this was that the network members drew on their reflections and discussions to develop a network constitution and action plan.

#### Box 2: Network Workshop Assessment of its own Adaptiveness and Collaborativeness

During the Network workshop on the ACM approach in April 2005, participants devoted almost a full day time in exploring ACM elements, and criteria and indicators for them, and assessing these elements in the context of their network. The elements they used related to: (1) vision (goals and objectives of the network; (2) mechanisms for effective communication; (3) mechanism for conflict resolution; (4) levels of participation; (5) equity in decision making and access to resources; (6) reflection and learning; (7) collaborative action; and (8) dealing with uncertainties and risk. Of the 8 elements of ACM assessed, the participants rated the level of all elements at only 20% success, except three elements (goals and objectives, mechanism of communication and level of participation), which they rated as 40%.

As a part of the network's self-reflection and planning process, they decided that in order to achieve their goals, they would need to develop a formal mechanism for selling their NTFPs. The network members recognized their need for more knowledge about NTFP marketing options at this stage and thus planned and carried out an exposure trip to other parts of the country. The exposure trip team visited the Leutibhedi NTFP processing cooperative Limited, the Dhankuta, Private woodlot association in Dhanusa, the Praja NTFP cooperative in Chitwan, the Nepal Agroforestry Seed Cooperative Limited (NAFSCOL) and some NTFP enterprises registered with district small cottage industry in Dolakha. (See Box 3 for more information on the differences between these types of mechanisms).

#### Box 3. Types of institutions for NTFP marketing

Basically, there are four types of institutions for obtaining legal approval to sell NTFPs in Nepal. These are:

- 1. CFUG enterprise:** Individual CFUGs, leasehold groups or other community groups managing forests as common property resource and producing, selling and distributing forest products. They are registered with DFO.
- 2. CF/LF network:** Two or more CFUGs or LFGs working together for the collective production and marketing of forest products.
- 3. Cooperatives:** Formal or informal networks of individual or groups registered with District Cooperative Office under Cooperative Society Act 1996 collecting, processing and trading NTFPs.
- 4. Private limited companies or enterprise:** These are corporate entities usually registered as per company legislation with the Department of Industry (DoI) under Company Act 1997. The enterprise registered with the District Cottage and Small Scale Industry Office (DCSIO) are also private institution but they are called private enterprise (locally called *Udhog*).

When the visit was over, the trip team members returned back to their communities and carried out joint reflection about the possible institutions. Based on their learning, the network decided to opt for registration as an enterprise with the District Cottage and Small Scale Industry Office (DCSIO), which it did in March 2006. The network has prepared its rules and regulations, including constitution, based on the requirement of the private company, but it is still waiting for registration with the DoI. In order to sell the NTFPs from this network, each of the network CFUGs has revised its own operational plans and obtained approval from the District Forest Office. In addition, in their Operational Plans, all the CFUGs have identified the 'poorest of the poor' households by considering all social, economical and political criteria.

It is anticipated that the start up costs and operating costs will be borne by the management partners: a private sector consortium of local traders, CFUG network members and poor collectors of the NTFPs. The TEF and LFP have supported 50% of start-up costs as grant to construct structure and building of the processing plant. Additionally, LFP and TEF staff have been providing support to the company in the institutional set-up to ensure pro-poor involvement and for technical aspect of product processing, to match national and international standards.

LFP and TEF, in collaboration with New ERA, are also providing support to this network in the facilitation of various activities that help to integrate an ACM approach, such as self-assessment workshops, awareness-raising workshops and forest management training for the network members. They have also been helping to facilitate the general assemblies and in formulating the network's annual plans.

### **TOWARDS A MORE ADAPTIVE AND COLLABORATIVE APPROACH: CHANGES IN NETWORK GOALS AND PROCESSES**

#### ***Network Goals***

As noted above, the Tinjure Hattisar network was created *initially* with two fundamental goals in mind:

- (1) marketing of their NTFPs
- (2) increasing collaboration between CFUGs to increase mutual support for NTFP marketing.

Following the espousing of the adaptive collaborative approach (and specifically, following the two local facilitators participation in the ACM training), the network members changed the goals. The network developed institutional goals and objectives through the writing of a constitution and network plan for the first time. The new overall goal of the network is to improve livelihoods of CFUG members, particularly the poorest of the poor and enhance equity regarding the poor and marginalized groups through social learning and enhanced collaboration in community forestry. The network has also developed specific objectives to achieve the above goal. The objectives are to:

- Increase the 'space' of women and marginalized groups in decision-making and planning;
- Increase the access of poor and marginalized users in trainings and sharing workshops;
- Enhance social learning through the support of CFUGs forming *tole* committee and meetings;
- Provide NTFP collection permits to poorest of the poor in the respective CFUGs; and

- Carry out self-monitoring in each CFUG and *tole* committee

### ***Network Structure and Processes***

Prior to its applying the ACM approach, the network used to organize meetings every three months with the facilitation support of TEF staff and under financial support of LFP. The network used to communicate with their member CFUG in the two VDC areas through letters with the collaboration of TEF. Every CFUG within the network had to send a representative for the meeting, thus making a total of 10. In this group of representatives, there was only one woman member. In terms of process, the representatives of the participating CFUGs had to present their activities, planning and budget in that meeting (similar to what they had done in the Range post coordination committee prior to the formation of this network). Although the major goal of the meetings was to share information, problems and progress of the FUGs, several structural and process factors led to this goal not being effectively achieved. One factor was that many of the CFUG representatives themselves did not know in detail what was going on in their own CFUGs, which hindered any real joint sharing. Furthermore, the participants had to come from distant places and some used to arrive on time and some did not. They were always in a hurry to finish their presentation and return home without listening to the presentations of other CFUG representatives. They also did not share their learning in their CFUG, which they gained from the network meeting. In short, there was a very low level of social learning and collaboration among the different CFUGs of the network.

The network structure and processes changed with the initiation of the ACM-based planning process. Central to an adaptive collaborative approach is the notion that processes need to include mechanisms that create space for marginalized stakeholders to participate effectively. Typically, in CF the unequal power relations and capacities can keep marginalized users such as the poor, women and low caste people out of decision-making processes, away from information flow, and minimize their access to options and benefits. At the CFUG level for example, a typical FUG may rely on a committee or a general assembly for its main decision-making. The committee is often largely made of up men and local elite, while the general assembly offers only a ‘free competition’ form of participation (McDougall *et al.*, 2004). When decision-making takes place in the General Assembly, effective (i.e., influential) participation requires a certain amount of influential public speaking in Nepali and confidence on the part of the participant – assets which may be lacking for marginalized users. Thus part of the creation of effective space and opportunities for marginalized users in the network, required the network to develop mechanisms of structure and process that were inclusive and had built in ‘levers’ for input and influence by and benefits of the marginalized groups. The two main ‘levers’ that we highlight here are the re-structuring of the network and the re-orientation towards more pro-poor inclusion and benefits.

#### *i) Network re-constituted to be more inclusive and action-oriented:*

In September 2004, the network reconstituted its structure by forming a general body of 50 members. For this general body of the network, each CFUG selected 5 members as representatives, of which at least 2 were women and one was a marginalized (i.e., low caste or ‘*dalit*’) member. Of the total members, 40% women, 20% ‘poorest of the poor’, 20% traders and 20% other general members are included in this body. These members elect 9 individuals, including 3 women, as the network committee.

The formation of a general body enables several things to occur, including:



- more participation of more members on an on-going basis – including that participation of women and poor is built in constitutionally;
- more direct control by CFUG members (including women and poor) over who goes to network meetings;
- the representative is more knowledgeable about the CFUG (that person is typically elected because they have some knowledge of the CFUG);
- role of representative is taken more seriously and thus the person arrives more informed and prepared to contribute;
- there is an expectation/mechanism for the representative to report back to the general body of the concerned CFUG.

Furthermore, the network formed four sub-groups or common interest NTFP groups based on the type of NTFP available in their community forests. These groups are: (1) Lokta (*Daphne bholua*) and Argeli (*Edgeworthia gardneri*) group (2) Allo (*Girardiana diversifolia*) group (3) Malingo/small bamboo (*Arundinaria intermedia*) group and (4) Lauth Salla (*Taxus baccata*) and other medicinal plant groups (Table 1).

**Table 1: Common interest NTFP groups within Network**

Common interest group	Use	Name of CFUG
1. Lokta ( <i>Daphne bholua</i> ) and Argeli ( <i>Edgeworthia gardneri</i> ) group	Hand made paper	Tinjure Hattisar, Pathivara and Kalika
2. Allo ( <i>Girardiana diversifolia</i> ) group	Different types of clothes (Coat, muffler, bags, handkerchiefs)	Lamalung, Aahaltar, Sanu Patal, Aahale and Okhre,
3. Malingo/small bamboo ( <i>Arundinaria intermedia</i> ) group	bamboo handicrafts such as basket, racks, rain shields, dust bin, furniture etc)	Lamalung, Tinjure, Pathivara, Jaywale
4. Lauth Salla ( <i>Taxus baccata</i> ) and other medicinal plant	Medicine for different purposes such as <i>T. Baccata</i> leaves are used for cancer treatment and <i>S. chirayita</i> is used for fever.	Aahaltar, Sihdhadeurali, Tinjure, Pathivara, Sanupatal, Aahale, Kalika, Jaywale

Source: Network Resource assessment in April 2005

Each of the four NTFP groups has planned to train some of its poorest CFUG members in NTFP enterprise development. After training, these members will work in their respective CFUG as NTFP collectors. The 'lokta' group has developed a business plan, has trained 12 members of the 'poorest of the poor' members, and they are now involved in collection and ready to begin the hand made paper factory. The 'allo' group is slightly different from the other 3 groups in that it includes and is rooted in a pre-existing Allo women's group from Okhre CFUG. This women's 'allo' group was registered four years ago (2002) with DCSIO, has a business plan and is already functional. The 'malingo/small bamboo group' has not yet developed its business plan and also has not done training for the PoP members. However, some people have the knowledge and skill to make bamboo handicrafts such as racks, furniture and baskets (Table 1). They are traditionally selling these handicrafts to local markets. This group is planning to become an organized group to sell these products. The 'Lauth Salla' group has developed a business plan for the collection and processing (local processing) of *Taxus baccata* leaves and *Swertia* plant for sale for medicinal uses.

In terms of collection and processing, the ‘Lokta’, ‘Malingo/small bamboo’, and ‘Lauth Salla’ groups all will use Deurali Bhanjyang as the network’s central collection center. Deurali Bhanjyang is located in Tamaphok VDC-9 (a market niche of SSB), near to Basantapur bazaar of Terathum district. The ‘allo’ group, will build on the pre-existing women’s allo group by continuing to use the women’s group processing factory at Okhre CFUG.

After the formation of these four NTFP groups, each CFUG organized *tole* level meetings and assessed the availability and supply of commercial NTFP resources in their respective forests (Table 2). The staff person of TEF who was trained in the ACM approach facilitated this assessment in all the CFUGs. Of the 10 CFUGs, Pathivara CFUG (which is also undertaking participatory action research about applying the ACM approach at the CFUG level as a part of this ACM research project) is richest in the availability of *Daphne* fiber. Notably, Kalika CFUG has the largest amount of *Girardiana diversifolia* bark, and Tinjure CFUG has the largest number of small bamboo clumps.

**Table 2: Estimates of allowable cut and supply of commercial NTFPs (in Kg)**

Name of CF	Lokta	Argeli	Allo	Malingo*	Lauth-salla	Chiraito	Majitho	Alainchi
Lamalung	500	-	1000	1600	-	-	-	-
Aahaltar	100	-	500	-	100	-	-	-
Sidhadeurali	500	-	-	-	4000	510	-	-
Tinjure	900			50000	5000	-	-	-
Pathivara	5000	-	-	12000	500	-	-	-
Sanupatal	-	-	100	-	-	-	400	2000
Aahale	-	500	215	-	-	-	200	200
Okhre	1000	800	1000	-	-	-	-	-
Kalika	500	60000	-	-	-	450	-	-
Jaywale	150	-	-	2000	-	500	-	-
<b>Total</b>	<b>8650</b>	<b>61300</b>	<b>2815</b>	<b>65600</b>	<b>9600</b>	<b>1460</b>	<b>600</b>	<b>2200</b>

\* Bundle of small bamboo clump (One bundle = 50 clumps)

In terms of implications of these structural changes, the development of NTFP groups in the network creates action-oriented working groups that enable more efficient progress towards NTFP enterprise development than a large mixed interest group. The *tole* level NTFP assessments help to engage CFUG members, and draw on their knowledge and interests for enterprise development

ii) *Planning for inclusion of the poor in benefit sharing:*

Following the assessment of NTFP resources, the ACM facilitators helped each CFUG to organize social well-being ranking in each of the *toles* of each CFUG. Of the total 1,346 households in the 10 CFUG areas, fifty ‘poorest of the poor’ households were identified based on criteria<sup>5</sup> developed by the network itself (Annex 1-list of POP households). Each of

<sup>5</sup> Criteria for POP selection: Work on daily wages for twelve months to survive, Shortage of food for 3 to 6 months, Mostly lower caste people although some high caste people also fall in this category, Very few (mostly children) are literate, Small house roofed with the mixture of thatch grass and forest tree leaves also used as

the CFUGs organized a general assembly meeting to discuss the ranking and the NTFP network enterprise and decided to give NTFP collection permits to these poorest of the poor households. As a result, to date 12 households (from 3 CFUGs- Kalika, Tinjure Hattisar and Pathivara) are supplying raw *Daphne* fibers to the network's main marketing center in Deurali Bhanjyang in connection with the Lokta group. The "allo" group has appointed 16 women in its factory, of which 4 are from the poorest of the poor households. Of the total 50 POP households, only 16 have started working in the network enterprise. The rest 34 will start working in the enterprise as soon as other two groups start operating their business in near future. As noted above, the 'malingo/small bamboo' and 'lauth salla' groups are in start up mode and aim to provide collection opportunities for the poorest of the poor once they begin operation. The company personnel in Deurali, who have responsibility for marketing and business administration, sell the processed products either to Terai wholesaler or to Kathmandu..

Furthermore, the general body of the network decided to allocate shares to different stakeholders including the poorest of the poor. Based on the decision, the CFUGs<sup>6</sup>, who are the main suppliers of the raw materials, have the largest share – forty five (45) percent. This is followed by the local traders, who bring market skills to run the enterprise, with twenty five (25) percent. The poorest of the poor group members were previously the most excluded from community forest decision making and opportunities, but now have representation in the network committee and are the engine of the enterprise in that they are the collectors. They hold twenty (20) percent of the shares. The general members of the network have ten (10) percent of the shares in the enterprise, and they support it in terms of decision-making and electing the committee. One obstacle to the development of ownership of the enterprise by the poorest of the poor was that these members lacked the financial resources to buy shares. Box 4 describes how this challenge was addressed through the creation of a revolving fund with a low interest rate (3% per annum) specifically for these low income households.

Through the above processes, the poorer members of the CFUGs get or will get benefits from the NTFP network enterprise in four ways:

- (1) They get employment opportunities to work in their CF as NTFP collectors;
- (2) They get a share dividend based on their NTFP enterprise shareholding;
- (3) They will receive a dividend based on their CFUG shareholding; and
- (4) They will also receive productivity bonus

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animal shed, Less than 5 *ropanis* (0.25 hectares) of land, Mostly of poor quality *bari* (unirrigated) land, Land less, Keep few livestock almost all belonging to rich/ medium class people raising on tenancy, Insufficient land and livestock to meet their needs, Less choice on the source of income, Household members must work for others on daily wages throughout the year, Some them are work in aboard as a laborer taking loan from rich/ medium people, Very few trees on private lands and must depend on community and government (non-FUG) forests for forest products.

<sup>6</sup> CFUGs will act as "individuals" in the enterprise in their shareholder role. The income generated from the shareholding in the enterprise will be deposited in the CFUG fund and utilized as per the decision of the CFUG. All CFUGs of the network have a plan to utilize these funds in community development activities such as roads, drinking water tap construction, or school roofing.

***Box 4: The poorest of the poor households are able to put share in the NTFP enterprise***

*In a series of meetings held at the Network office, in Okhre, the network members were confronted with a major obstacle to including the 'poorest of the poor' households as shareholders in the enterprise: they did not have sufficient funds to buy shares. In one of the meetings, in which LFP staff and the ACM research project team leader of New ERA participated, the group decided to request that LFP and NORMs (an NGO supported by IUCN) create a 'revolving fund' for these poorest households. The matter was brought to the notice of IUCN and LFP in Kathmandu.*

*In response to the request, NORMS (funded by IUCN) provided Rs. 100,000 for a revolving funds for poorest of the poor households. LFP provided an additional 100,000 rupees for the same fund. Using this fund, the poorest of the poor members have been able to invest in the enterprise. In fact, as planned by the enterprise general body, now 20% of the shares belong to members considered by the network's own criteria to be 'poorest of the poor' users. The network charges nominal interest rate (3% per annum) to the revolving funds borrowed by POP.*

*iii) Processes include more shared learning*

Since the adoption of an ACM approach in the network, the network processes – and those of the participating CFUGs – have begun to reflect more shared learning within and between CFUGs. For example, as the basis for the 'poorest of the poor' household selection process, the network committee and network general members catalysed 'well-being ranking' in their respective CFUGs. Between April to June 2005, each of the CFUGs held several *tole* level meetings and a general assembly, and ultimately identified fifty 'poorest of the poor' households'. But, in a meeting of network members in August 2005, it was learned that many of the elite in the CFUGs were not happy with the decision to prioritize these households for NTFP collection. Leaders of some of the CFUGs, particularly from Kalika and Tinjure Hattisar CFUGs, were reluctant to provide benefits to the 'poorest of the poor' households. Typically, when a particular NTFP was harvested from a community forest, all CFUG member households were allowed to collect the product equally or, in some cases, dominant members could influence the group decision in their favour and collect more. This system – of equality rather than equity (or of more for dominant members) - created a serious problem in access to NTFPs for the poorest of the poor, who have fewer of their own forest and other resources to fall back on. This matter was discussed in various reflective meetings, including in Pathivara CFUG, which was using an ACM approach at the CFUG level as a part of the ACM research project. The secretary of the Pathivara CFUG, who participated in the ACM facilitator training held in Dhankuta, took a lead sharing his learning from that workshop about ACM processes and about equity with the leaders of Kalika and Tinjure Hattisar CFUGs. With the collaboration of the TEF facilitator, the Pathivara secretary visited both of these CFUGs and organized self-monitoring workshops with them that were similar to the ACM-based self-monitoring workshop held in Pathivara CFUG as a part of their CFUG level ACM approach. In these, the FUG members and leaders developed criteria and indicators relating to their overall CFUG visions, assessed their progress and weaknesses, and considered their strategies to achieve their vision. Through these processes, the leaders of Kalika and Tinjure Hattisar appeared to become more motivated to involve the 'poorest of the poor' households as main actors – and beneficiaries - in the NTFP enterprise. In a September 2005 network meeting, all members unanimously decided to implement the plan - which had

been developed half a year earlier - to prioritize the poorest of the poor households in the enterprise. Furthermore, both CFUGs have now implemented a self-monitoring process as part of their CFUG planning.

A second example of the adaptive collaborative approach in action at the network level is that the network included a focus on the 'uncertainties' in their planning process. Prior to their involvement in the ACM project, the members of the network rarely explored the risks and uncertainties inherent in their community forestry and network plans. They did not know where, for example to sell their forest products, nor know about market competition nor pricing. As they began to use an adaptive collaborative approach, members of the network have started dealing with the uncertainties and risk of their proposed activities, including analyzing possible solutions. Specifically, the network held a three day planning meeting in the Okhre CFUG office, which included identification of, and plans to address, the risk and challenges inherent in running their NTFP enterprise. The risks and strategies are discussed in the following sub-section.

#### NTFP Enterprise Risks/Challenges and Strategies as Identified by the Network

Some risks or challenges and possible solutions relating to the NTFP network enterprise, as identified by the network, are summarized here:

#### ***Registration of network is a complicated process and involves the risk of choosing an inappropriate type of enterprise:***

The network addressed this by:

- considering a range of different options to register their network for NTFP marketing. The network sent some members on an exposure trip to assess the feasibility of registering their network and the various options. The team visited an NTFP Cooperative in Bhedetar of Dhankuta, a private wood lot association in Dhanusa, a Seed cooperative in Kathmandu and NTFP production and processing company in Dolakha districts. They shared the learning from the visit of these enterprises to the network members, and based on their reflection, they unanimously agreed to register their network with company.
- forming a committee which drafted the constitution for the network
- held general assembly meetings in each of the ten network members CFUGs and in the network to discuss and finalise the constitution and plans.

Outcome:

The network has been registered with the District Cottage Industry office and is waiting ready to affiliate with the Department of Industry as a private company.

#### ***The risk of not maintaining a regular supply of raw materials for the factory:***

The network addressed this challenge by:

- discussing this challenge in the general assembly of each of the CFUGs and amending each of the community forest Operational Plans by indicating the allowable cuts of each NTFP selected for marketing with consideration of the following points:
  - Forest management operations are carried out to encourage the efficient use of multiple forest products and services, and to ensure economic viability and a wide range of environmental and social benefits
  - The network ensures that the investments necessary to maintain the ecological productivity of the forest, such as plantation activities, are carried out
  - The rate of harvest of NTFPs shall not exceed levels which is indicated in the Operational plan

***Challenges in securing the funds to run the enterprise:***

The network discussed this challenge and decided to:

- Harvest NTFPs based on the operational plans and sell them to road-head or regional traders via network enterprise;
- Sell seedlings prepared in the CF nursery;
- Create revolving funds for construction of NTFP enterprise office and/or factory
- Explore funding support from LFP and IUCN; fifty to sixty percent of the fund for construction of the network building was committed by TEF.
- Use the shareholder investments as agreed (35% the CFUGs, 25% from village traders, 20% from poorest of the poor members and 10% from general users)
- Encourage linkage with DDC, VDC and DFO for services and funds
- Maintain transparency of network accounts and records

***Involving the poorest of the poor households in the NTFP enterprise is a great challenge for the network:***

This was a challenge for several reasons, including lack of understanding of who exactly were the ‘poorest of the poor’ in the CFUGs, cultural barriers/biases against their inclusion and prioritization, time and resource limitations of the poorest households.

The network undertook the following processes to involve the ‘poorest of the poor’ households in the enterprise:

- Identifying the ‘poorest of the poor’ households in all 10 CFUGs through the development of criteria and carrying out well-being ranking The poorest of the poor households within, or adjacent to, the forest management area will be given opportunities for employment, training and other services in each CFUG and through the network
- Requesting (successfully) to some outside organizations to provide revolving funds to enable the poorest of the poor to invest as shareholders in the enterprise
- Providing NTFP collection licenses to the ‘poorest of the poor’ members in each network member CFUG, as provisioned in the Operational Plans, so that these households can supply the NTFPs to the enterprise
- Giving priority to poorest of the poor households to work in the community forests as wage laborers
- Requesting VDC and DDC support for revolving funds for other Income generating activities

***Local traders will compete against the enterprise as they have their own business:***

The following strategies were made to cope with this challenge:

- Facilitate the market information survey led by CFUG network
- Prepare a business plan to compete with outside traders
- Encourage local traders to be the shareholder members of the network
- Investigate appropriate marketing institutions at regional or national level to sell the selected NTFPs
- Get agreements signed with the marketing institution
- Request other stakeholders such as DDC, VDC and local and international NGOs to provide support to the enterprise
- Welcome new shareholders into the enterprise

***Conflict may arise between members in the process of seeking employment in the enterprise:***

The network adopted the following processes in relation to employment:

- Make an advertisement for the required positions
- Find persons with managerial and technical skills to run the enterprise within the network area
- Give priority to poorest of the poor households in employment
- Make explicit rules regarding compensation based on service provided by individual members
- Provide training as needed before appointing any person for the work
- The network policies and practices should ensure equity in treatment of employees in terms of hiring, advancement, dismissal, remuneration and employment related social security

***Risk of market rates decline for the NTFPs?***

In general and specifically if market prices decline, the enterprise should:

- Promote multiple products
- Prepare products that can be sold at local level like *doka* and *dala* (bamboo baskets)
- Put the products in the storage house if available
- Emphasis must be laid on quality rather than quantity

***Increased competition to common property resources***

The network members expressed that because of poverty and small land-holding, and outside contractors' invasion, the competition for the resources has increased over time. To overcome this challenge, the participants envisioned the following points.

- hold regular collaborative an shared learning and reflection meeting between and among stakeholders
- create revolving funds for poorest of the poor
- Provide employment opportunities to poor members of the CFUG

## **REFLECTIONS ON THE OUTCOMES OF THE ACM-BASED APPROACH AT THE NETWORK LEVEL**

In this section we highlight six main outcomes that have been emerging from the shift in network process and structure towards an adaptive collaborative approach. These are: (1) *More effective communication*; (2) *The development of an effective and accepted conflict management mechanism*; (3) *Increased participation and representation of women, poor and marginalized members in the network*; (4) *Increased equity in access to resource-related opportunities and benefits*; (5) *Increasing livelihood benefits*; and (6) *Increased collaboration between different stakeholders*.

***1) More effective communication***

The communication amongst network members – both between individuals and between CFUGs – has improved as they implement the communication mechanisms that they developed during the three day network workshop. Members of the network communicate regularly regarding issues related to resource use and network activities. Information is exchanged via the committee members represented from respective CFUG. The communication (and shared learning) between CFUGs is also better than it was previously because the CFUG representatives are typically better informed about these CFUGs than was the case previously. The members of the network can access to information at any time they

want at the network office, Okhre. The fact that the network has undertaken effective planning for joint initiatives is evidence of the success of their communication.

### *2) The development of the network as a space for conflict management*

Prior to the integration of the ACM approach in the network, the network had not acted effectively as a forum for conflict management. However, during this ACM research project period, the boundary conflict between Pathivara CFUG and Kalika CFUG was resolved through the initiative of TEF and network members. TEF in collaboration with network members facilitated a forest land demarcation survey and a forest inventory in both community forests (Pathivara and Kalika). Both CFUGs participated in these events and based on these new measurements, each of the CFUGs agreed to and revised their Operational Plans.

### *3) Increased participation and representation of women, poor and marginalized members in network decision-making*

With the ACM-based revisions to structure and process, all network members now have more opportunity to participate in decision making and planning processes (general meetings, self-monitoring exercises, monthly meetings, sub-group meetings, network committee formation etc.). As noted in the earlier section, the re-structuring of the network to include a general body as well as an elected committee means that there is more participation of more members of the participating CFUGs on an on-going basis. This also means more direct control by CFUG members (including women and poor) over who goes to network meetings because they elect the network general body members, who in turn elect the committee members. Additionally, the possibility of participation of women and the poor is built in constitutionally through the pre-allocated percentage of seats in the general body reserved for them 40% are women and 20% are marginalized members.

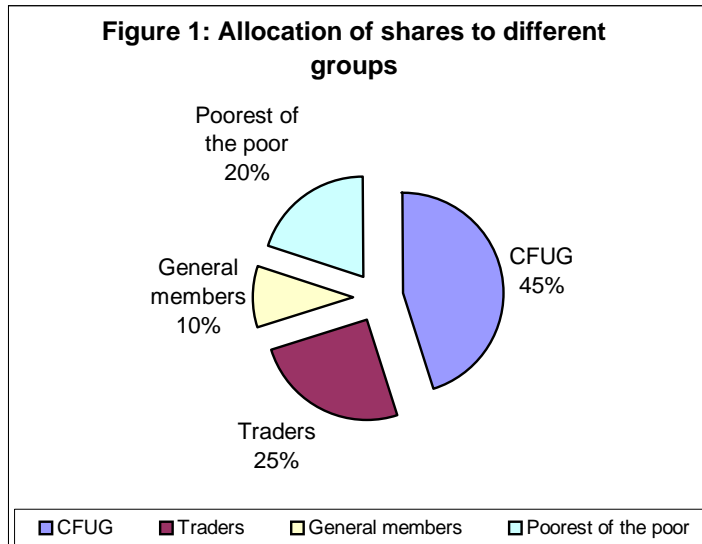
At the same time, these mechanisms have not been able to create a totally effective space for the participation of women, the poor and socially marginalized members of the network. As is often the case, these groups still participate less fully than the more dominant groups, thus the network still needs to seek strategies to address this remaining imbalance.

### *4) Increased equity in access to resource related opportunities and benefits*

The most significant change in opportunities since the shift to an ACM approach relates to the formation of the network sub-groups and the NTFP enterprise. Specifically, in terms of employment opportunities, the network Constitution has a provision for employment for poor and marginalized users. In the network enterprise the 'poorest of the poor' are given priority to work in their respective community forests for NTFP collection. At this point in time, 12 of the poorest of the poor households have begun *Daphne* bark collection. Furthermore, the 'Allo' group, as well as the 'Lokta' group's hand made paper factory are providing some employment opportunities to the poor members (4 POP out of 16 members from Okhre CFUG are working in the "allo" factory)

In terms of opportunities for ownership and benefits from the network enterprise, as noted above, of the total shares (1,000,000), the poorest of the poor users are allocated at least 20%. As illustrated in Figure 1, the rest of the shares are divided amongst the CFUGs (committed to purchase 45%), traders (25%), and general users (10%).





In terms of opportunities for capacity development, a considerable number of marginalized users and women (25%) are represented in the Network committee and thus have the opportunity to develop their leadership skills. The committee members and other network members have also had increasing opportunities to develop their knowledge and skills relating to NTFPs and CF governance through the increasing number of network related workshops and events, such as the NTFP enterprise exposure tour and the network’s ACM approach workshop.

*5) Increasing livelihood benefits*

The livelihood benefits of users in the network have been increasing in a number of ways. One main way is through the employment opportunity offered to the ‘poorest of the poor’ families. Specifically, the poorest of the poor households have been given priority to collect NTFPs from their respective CF as wage laborers for the network enterprise. To date, twelve of the poorest users have been given collection permits for *Daphne* (Lokta) bark. A revolving fund was established to enable them to buy shares (so that they are shareholders as well as be wage laborers), and they will gradually pay back the revolving funds through the money earned from wage labor. Fifty percent of the earnings are taken directly by the laborers, and the other fifty is deposited in the revolving funds until it is re-paid.

A second aspect of increasing livelihood benefits is the increase in profitability of the enterprise. So far, the Allo group is the only one fully underway, so we look to it to learn about the potential influence of the change in enterprise approach on benefits. (As the other groups start to sell their materials, we will assess and compare these as well). The profit margin of the 'Allo' cloth has increased significantly in the 2004 – 2005 period, moving from 15% to 28% (Table 3). Members of the group attribute this to a number of things including the exploration and addressing of uncertainties that was part of the ACM approach. Box 5 further details the change in the group’s processes and profits.

**Table 3: Profit margin from sale of ‘Allo’ cloth**

Year of sale	Total income	Total expenditure	Discounted benefits at 10%	Discounted costs at 10%	Profit margin	Profit margin %
Year 2001	10220	8833	9291	8030	1261	14
Year 2002	37185	34101	30730	28181	2549	8
Year 2003	69049	56740	51877	42629	9248	18
Year 2004	75519	64310	51579	43924	7656	15
Year 2005	91673	65985	56920	40970	15950	28
<b>Total</b>	<b>283646</b>	<b>229969</b>	<b>200396</b>	<b>163734</b>	<b>36663</b>	<b>19</b>

**Box 5: Livelihood benefits of ‘Allo’ processors increased through ACM based learning**

*The women’s sub-group of Okhre CFUG (one of the NTFP network member CFUGs) started an Allo and cotton weaving enterprise in 2001 with support from CARITAS, an NGO funded by JICA and the Nepal UK Community Forestry Project funded by DFID. In 2002, LFP continued to provide support to this group, including in the form of training in Allo cloth weaving, record keeping and financial management. Of the total 88 households in Okhre CFUG, sixteen women members were involved in this Allo weaving enterprise. The enterprise was registered with district cottage small-scale industry office in 1998. In the first two years, the profit margin was very low as the group members were not very organized and their alliance with traders and other stakeholders outside the CFUG was not yet developed and their bargaining power was weak. In the third year, the profit margin increased to 18 percent. In the fourth year, the profit margin percentage declined slightly. The reason for this decline of margin also applies the same factors of the previous year. Furthermore, the members did not have up to date market information, and they thus sold their products at low price.*

*The group members realized the weakness of their approach when they did an uncertainty and risk assessment exercise in the Adaptive Collaborative Management Workshop in August, 2004. Immediately after the workshop, the network decided to send some of the members of this group on an exposure visit outside the district. These women visited some NTFP enterprises in regional cities, in Kathmandu, and Jiri enterprise of Dolakha district in December, 2004. This visit provided them with ideas about NTFP enterprise management and information about the market price of Allo cloth and other NTFPs. Furthermore, now the group has established linkages with regional traders in Biratnagar and Kathmandu. The local traders, who used to buy the product locally in the past, are becoming part of the Allo enterprise team. With this learning, the group increased their bargaining power and collaborative capacity, which helped to increase the profit margin percentages from 15 to 28% in the 5<sup>th</sup> year of operations (as outlined in Table 3 of this paper).*

We also anticipate that as all the enterprise groups get underway, members of the network, including the poorest of the poor, will see livelihood benefits in the following ways:

- Dividends from enterprise shares to shareholders;
- Productivity bonuses to shareholders; and
- CFUG share dividend/benefits.

*6) Increased collaborative action of network members and other stakeholders*

Through the use of the ACM approach, there appears to be a trend of increasing collaboration and agreements between members of the network and other stakeholders. For example, through a joint effort of the network members, they renovated foot trail from Basantapur to Pathivara CFUG. Also, the staff of TEF and facilitators have invested more time in the network since the adoption of the ACM approach (which is a time cost to them, but a benefit to the network and an illustration of collaboration).

## **EMERGING LESSONS REGARDING CHALLENGES IN NETWORK ENTERPRISE DEVELOPMENT**

Lessons to date suggest that the use of an adaptive collaborative approach by a network enterprise - based on a partnership amongst CFUGs, local traders, general users of CFUGs and the poorest of the poor households - may generate innovative opportunities for sustainable livelihood development. At the same time, the risks and challenges, as noted in the earlier section, may be high because this model is a new one with plenty of uncertainties. In this study, to date, some of the main issues and challenges that we have noted include:

- The development of an enterprise involves the need for: the presence of a market and knowledge/understanding of that market; effective financial and management systems (for business governance); sufficient production (with quantity and quality assurance); and trust among partners.
- Involving the poorest of the poor households in the enterprise development is challenging because these households do not have the funds to invest (buy shares) in the enterprise, they usually lack business skills, and possibly because of socio-cultural biases that keep them marginalized from mainstream community initiatives. Some of these challenges can be addressed with facilitative and financial support from outside agencies, including through facilitative visioning and reflection processes that explore equity issues. In the Tinjure Hattisar case, LFP and IUCN have committed to support the network, and have created revolving funds for the poorest households to buy shares. The facilitators trained in the ACM approach (from TEF and within the network) have been working to address the power issues, although these are slow moving and difficult to resolve.
- Relatedly, the context in Nepal is a challenging one in terms of power differences, even amongst members of the same CFUG. In the study so far, we have observed that some elite CFUG/network members, particularly those from high caste families, are not willing to share power with lower caste groups. They are also reluctant to give benefits to the pro-poor families. The main network strategies that have been effective in addressing this to date are shared and collaborative learning and reflective meetings with the trained ACM facilitators. But, even with these strategies, more progress needs to be made on this issue.
- Building trust among members of the network is a challenging task. In this case for example, some people in the community already have vested interests in NTFPs. For instance, one local trader of the Okhre CFUG had already started a handmade paper processing plant in the village. As such, a community-based enterprise of the same product would be in direct competition with his business. In this case, as this CFUG is part of the *Lokta-argeli* (paper products) enterprise group, it has been extremely difficult to undertake collective action in that area. For the most part, traders in such positions have initially been quite reticent to support the network enterprise and so the network members and facilitators have tried to address their concerns through active

dialogue with them. Motivated by the discussions, traders have also joined in the network enterprise, purchasing 25% of the shares.

- Over harvesting of NTFPs has been the practice in the network CF areas, as the contractors from within and outside of the CFUG membership are involved in collection and trade. Every year, all accessible *Daphne bholua*, *Girardiana diversifolia*, and *Taxus baccata* are harvested without regard for the CFUG management plan. It is extremely difficult to control the collection by such contractors because they have strong linkages with some local community members, particularly with the local traders. This problem is more serious in government forest than in CF.
- Government support to CFUGs, through initiatives such as the District Forest Office 'Redbook' target program, stopped because of security issues related to the Maoist conflict. In their stead, however, NGOs and civil society organizations are becoming active and involved in providing support to CFUGs. For instance, TEF has been able to provide facilitation (such as conducting forest inventory) support to the CFUGs since they are a locally-based NGO and are able to work despite the security situation.
- Despite the success of the network to date, there remains a lack of confidence of some members of the network in their ability to run the enterprise in a smooth manner and lead the organization. To meet this challenge, these network members have requested that the researchers, facilitators and LFP organize additional exposure visits to observe other enterprises in action and hold inter-community/network meetings with others who are applying an ACM approach.

## CONCLUSION

Our research experience to date indicates that an ACM approach can contribute to a network enterprise's ability to enhance livelihoods, particularly in generating, and increasing access to, employment opportunities for the poorest of the poor member households. It has also contributed to the development of opportunities for the poorest of the poor to become significant shareholders in the enterprise. Further to this, it appears that the ACM approach can provide a basis for effective enterprise operation and generation of livelihood benefits for the poor. In fact it appears to have contributed to a noticeable increase in profits in one enterprise group run largely by poor women. Additionally, the learning-based approach appears to catalyse a shift in attitude of members and especially leadership towards the inclusion of, and support for, the poorest of the poor members households. These leaders, in turn, can initiate actions for change at both network and CFUG level.

The ACM facilitators connected to Tinjure Hattisar network enterprise have been able to catalyze an ACM approach in multiple CFUGs and are able to help make effective links between the CFUGs, the network and other stakeholders in the area. This has influenced the provision of services (such as the creation of a revolving fund for the poorest households), expanded knowledge and enabled inter-CFUG conflict to be managed within the network. The level of communication has also improved between CFUGs and the network

Despite such benefits, there have been, and in some cases still are, some challenges in the enterprise development such inadequate market information, risks of unsustainable product supply, and imbalances in the internal power structure. There is still some fear and uncertainty of how future benefits will be equitably distributed in long run among different groups of people involved in NTFP network enterprise as competition for access to the

common property forest resource will be increasing. Taking these into consideration, the enterprise will need to maintain effective communication between its members of the network, resolve conflicts as and when they arise, maintain and enhance equity in access to resources and decision-making, and involve its members from every sector of society in the collaborative action and learning. This will not be an easy task, but experiences so far indicate that it will be a worthwhile venture in terms of sustainable livelihood development.

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