

Role of Community Forestry Users Groups in Promoting Biotrade in Nepal (Community-based Forest Enterprise)



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Outline

1. Community Forestry Users Groups
2. Mandate for enterprise and trade
3. Provisions in Operation Plan and environmental standards
4. Policy Incentives and Procedural barriers
5. Way forwards

1. Community Forestry Users Groups

- **Evolution:** from 1980's concept of decentralization
- **Legislative Framework:** Forest Act 1993 and Forest Regulation
- **legal recognition:** Autonomous legal status
- **Registered:** Around 15, 000 CFUGs
- **CF area:** Around 22% forest area of Nepal
- **HH:** 35% households are as a members
- **Objective:** Sustainable management of Forest, conservation of biodiversity and livelihood enhancement/poverty alleviation through employment/income generation

2. Mandate for enterprise and trade

- CFUG can collect and marketing of their forest products (including NTFPs) as per the provision of OP
- CFUGs can establish and operate cottage industry, company and cooperative (few limitations) – lacking data base
- Major product of community-based forest enterprise are paper, essential oil, juice, resin, MAPs and NTFPs
- Major market – domestic, India, china and overseas



3. Provisions in Operation Plan and environmental standards

- **Operation Plan:** A mandatory document for promoting biotrade,
- **Collection of NTFPs:** based on the provision of Operation Plan
- **Environmental Standards:** require to comply the provision on IEE/EIA for collection and processing of certain quantity of NTFPs.
- **Benefit Sharing:** tax, local tax for local government, internal distribution

4. Policy Incentives and Procedural barriers

Policy Incentives

- VAT exemption of NTFPs based enterprise

Procedural barriers

- Registration process – lengthy and centralize
- Collection of raw materials- extra environmental standards
- Production/processing of goods – Lack of funding/financial support
- Tax system – over burden of local tax
- Transportation/storage – non-transparent permit system
- Marketing (international) – lengthy process to obtain supportive document (letter of origin, quarantine certificate, verification from authority/lab)

5. Way forwards

- **Formulation of accessible policy – local oriented**
- **Special policy/legal provision for recognition of Micro-enterprise at local level**
- **Role of local government – facilitating in the process**
- **Financial support- low interest rate loan, seed money etc.**
- **Environmental standards – simple and reliable**
- **Support for market/export promotion**

Thank you