



ANSAB

Asia Network for Sustainable Agriculture and Bioresources

ANNUAL REPORT 2006

*Rich Biodiversity and
Prosperous
Communities*

F o r e w o r d



ANSAB continues to progress in its mission even under the difficult times that the country of Nepal has been facing. Our dedicated staffs have confidently undertaken their tasks without hesitation and the results are most encouraging. We have been able witness positive impacts on the lives of over 65,000 rural people, facilitating their efforts to gain control and make good economic use of their natural resources replacing the grip of poverty with a brighter and more optimistic future.

Many challenges lie ahead. The security situation is improving but still remains tenuous, there are yet many households and regions that we have still to reach, and we need to find ways to scale up our successes in order to reach greater numbers of rural households. I am, however, confident that we are up to the job and that ANSAB will continue to successfully meet each and every challenge.

A handwritten signature in black ink, appearing to read 'John Croucher'.

John W. Croucher, PhD
Chairperson
ANSAB

Addressing Global Challenges with Local Actions: *Climate Change, Poverty and Governance*

As another year is complete the time has come to evaluate how we did in terms of making and keeping our commitments in achieving and contributing to our goal of rich biodiversity and prosperous communities. At ANSAB, we measure specific outcomes of our programs in terms of monetary benefits to primary producers and collectors, degree of economic participation in the value chain, and forest area under improved management.

In 2006, our interventions resulted in a total of 65,351 rural women and men realizing US \$5.54 million in additional monetary benefits through 502 economic entities that are producing, processing and marketing natural products. The economic incentive based biodiversity conservation program has brought 86,584 hectare of forests and meadows under improved community management. In addition to the goods for subsistence and cash, these community managed forests are providing valuable ecosystem services, which we have started to evaluate and are finding options of payment of these services. Some of these forests are recognized with Forest Stewardship Council (FSC) certification award meeting the environmental and socio-economic standards of sustainability. ANSAB introduced, and successfully piloted, FSC certification in Nepal and now the Federation of Community Forestry Users, Nepal (FECOFUN), which represents over 14,000 FUGs managing about 20% Nepal's forest, has received FSC forest management group certification. Through value chain development approach ANSAB promoted business development services provisions to achieve sustainable growth and long term impact. It has increased and expanded market information access of local producers and traders which has resulted in increased bargaining power and realization of higher prices for their products. These interventions have helped rural producers create linkage and improve their relationship with buyers.

Our networking, research and coordinating efforts have served the stakeholders involved in NTFPs, medicinal plants, community forestry, ecosystem services, biodiversity monitoring and related policy issues by providing new knowledge, ideas, advices and forums to share their experiences and common issues. The outcomes in improving carbon sequestration and other environmental conditions and income to the rural poor show the way local action can contribute to address the global challenges of climate change, the increasing gap between the rich and poor and poor governance.



Though we went through a difficult and often time dangerous situation last year, we achieved the results through our creatively designed programs to generate new and additional values and benefits to rural communities and promote conservation and good governance. The approach we took and actions of our highly talented, committed and hardworking staff made this possible.

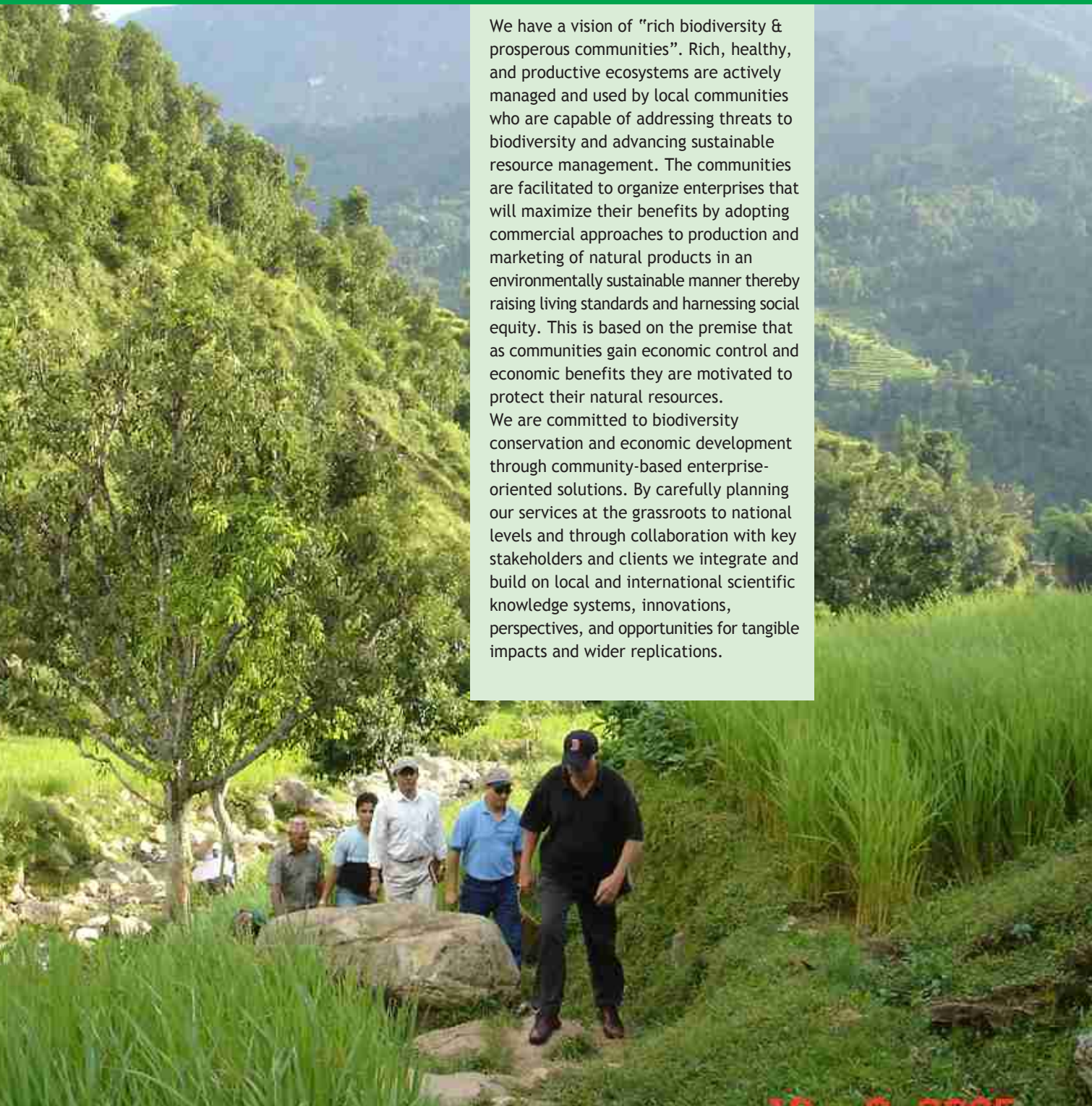
The ANSAB program performance, outcomes and learning in 2006 as well as projects and financial statement are presented in the following pages. We hope you will find our experience and learning - some ideas, process, approach and program - useful and replicable. We look upon this report as one of our ways of showing accountability to our stakeholders and we would like to get your feedbacks and suggestions to further improve our performance. I express my gratitude to our Board Members for their inspirations and guidance as well as direct involvement in some initiatives and program development. Finally, I express my heartfelt thanks to all donors and partners, without which it would be impossible to do and achieve all this. I hope you all enjoy it reading.

Bhishma P. Subedi, PhD
Executive Director
ANSAB

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Executive Director
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Vision and Mission

We have a vision of "rich biodiversity & prosperous communities". Rich, healthy, and productive ecosystems are actively managed and used by local communities who are capable of addressing threats to biodiversity and advancing sustainable resource management. The communities are facilitated to organize enterprises that will maximize their benefits by adopting commercial approaches to production and marketing of natural products in an environmentally sustainable manner thereby raising living standards and harnessing social equity. This is based on the premise that as communities gain economic control and economic benefits they are motivated to protect their natural resources. We are committed to biodiversity conservation and economic development through community-based enterprise-oriented solutions. By carefully planning our services at the grassroots to national levels and through collaboration with key stakeholders and clients we integrate and build on local and international scientific knowledge systems, innovations, perspectives, and opportunities for tangible impacts and wider replications.





Programs and Approaches

Our major program areas include Natural Resources; Economic Development; Policy, Research and Networking; and Capacity Building and Services. Under these programs, the following are the major activities:

NATURAL RESOURCES: Community based forest management, smallholder farmer and group based farming, NTFP management, high value crop production, ecosystem services, biodiversity conservation, resources assessment and sustainable harvesting, participatory biological monitoring, participatory action research, tools and techniques for NRM, forests/organic certification, institution building and good governance

ECONOMIC DEVELOPMENT: Enterprise planning and development, enterprise management and governance, sub-sector/value chain analysis and development (natural products and other forest products, high value crops and agro-based industries, dairy and livestock, eco-tourism), marketing information system, business development services, sub-sector BDS market development, NTFPs management and marketing, appropriate technologies, micro-credit and financial services

POLICY, NETWORKING and RESEARCH: Policy studies and facilitation, Nepal NTFP Network (NNN) coordination, federations building and network development, private public alliance, and research on enterprise and natural resources.

CAPACITY BUILDING AND SERVICES:

Through its Resource Center, ANSAB develops the following specific products/services and extends these services to various clients nationally and internationally: training and capacity building, program design and planning, research, studies, and marketing (online database, market study, market strategies and linkages development and marketing information).

ANSAB abides by the following guiding principles and approaches while planning, implementing, monitoring and evaluating the program activities.

- ANSAB integrates societal objectives of resource conservation and economic growth of communities.
- Programs are broadly based on coordination and collaboration across relevant stakeholders.
- At all levels of program implementation, ANSAB positions itself to have facilitative roles.
- ANSAB continually adapts and builds on the experience and learning of its own and of others.
- ANSAB programs promote equity and good governance and are inclusive of the concerns of gender, poor and disadvantaged groups from design to implementation.
- ANSAB emphasizes sustainability aspects in terms of institutional development, capacity building, and program impact.
- ANSAB promotes best practices and models to create meaningful impact



Program impacts

ANSAB has developed an impact tracking system (ITS) with which the results of all ANSAB's projects within Nepal are measured using a standard set of indicators. ITS allows comparison and aggregation across projects, geographical regions, target groups and program areas. While it is not possible to track all outcomes and impacts, we measure

specific outcomes of our programs in terms of monetary benefit, economic participants, forest area under improved management and institutions building. In 2006, a total of 65,351 economic participants were able to generate US \$5.54 million in total monetary benefits, and 86,584 ha forest area were brought under improved management.

Economic Development

In 2006, our programs generated US \$5.54 million in total monetary benefits (TMB) to over 65,351 rural poor households in the most disadvantaged parts of Nepal. As shown in the Figure 1 and 2, both TMB and economic participants are increasing. The figures noted are annual, not cumulative. A total of 502 enterprises were developed and strengthened in 2006. These enterprises are involved in production, value addition, marketing at national and some at

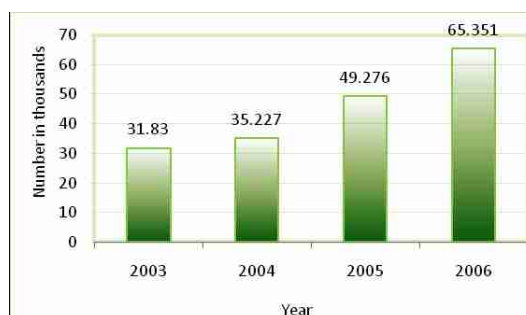


Fig 2: Total economic participants of ANSAB interventions in Nepal

international level. More than 80% of the total monetary benefit were generated in production and marketing of NTFPs/high value crops and local value addition activities in the villages. The breakdown of economic participants and monetary benefits by enterprise types is given in Table 1.

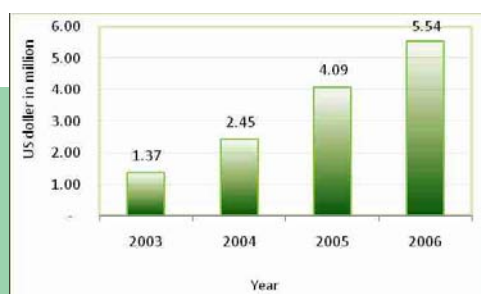


Fig 1: Annual total monetary benefits generated from ANSAB interventions in Nepal

(The economic participants above include program beneficiaries that have documented incomes and cash savings, gained employment, established and expanded businesses through increased production, productivity and value. The total monetary benefit (TMB) is the amount of increased income and cash savings to enterprises and small producers and natural products gatherers. The TMB captures what economic impacts have been generated as a direct output of the program interventions).

Table 1. Economic participants and total monetary benefits by enterprise types in 2006

Function	Enterprises (Number)	Total Economic Participants (individual)	Economic Participants (HHs)	Monetary Benefit (US \$)
Cultivation, wild crafting and marketing Co-op	460	30329	16940	4,119,424
Local value addition	39	34,322	11,757	567,601
National manufacturing and marketing	3	700	350	850,393
Grand Total	502	65,351	29,047	5,537,418

This was possible through micro- and small-enterprises and their increased capacity in production, value addition, networking, trade linkages, marketing information, and business development services. The positioning of “community-produced products” in international markets, though forest management and organic certification, responsible business practices, product design and quality, has drawn interest of new international buyers and have drawn these enterprises into rewarding and appropriate value chains that have responsible market actors.

In 2006, ANSAB’s enterprise efforts focused on development of micro and small enterprises (household level enterprising activities including commercial farming) that are parts of a larger value chain. ANSAB facilitated entrepreneurs to develop horizontal linkages to achieve economies of scale and better coordination in purchasing/acquiring services and inputs and selling their products. Different types of enterprises were facilitated in multiple sub-sectors so that potential entrepreneurs

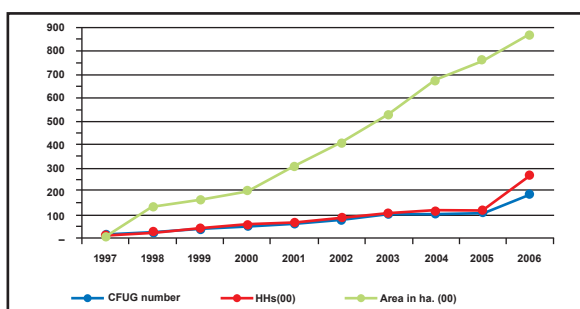
could find a number of options to choose from to match with their interest, capability and skills, risk profile, and their own vision and aspirations. ANSAB further strengthened these local enterprises by integrating marketing system and increased access to marketing information, promoting enterprise development funds and access to other financial services, establishing commercially viable links with business development service providers, strengthening the supply chains and promoting market and business linkages. Environmental, equity and governance aspects were of primary concern while promoting such enterprise activities. In addition to this, our programs have created economic benefits to clients beyond our program areas through our networks, partner organizations, program design and capacity building, marketing information, and contribution to enabling policy environment and through the ripple effect of developing conducive market environment for poor communities.



Conservation



By the end of 2006, our interventions have brought 86,584 ha of forests and meadows under improved community management benefiting 26,558 households with forest products (both for subsistence and commercial purposes) and ecosystem services. This year, ANSAB worked with 12 districts FECOFUN (Federation of Community Forestry Users, Nepal) chapters and 186 community forests users groups directly to expand “on the ground” conservation activities in 74 new CFUGs including Parbat district.



Management systems and practices adapted by CFUGs have resulted in the following conservation outcomes: improvement in regeneration and sustainable harvesting practices leading to improved forest condition; reduction in shifting cultivation, encroachment and poaching; delineation of high conservation value forest; identification and management planning for conservation of rare, threatened and endangered species. The forests managed by CFUGs are found to have strong prospects on improving ecosystem services, especially carbon sequestration and watershed services. The major activities implemented in 2006 include CFUGs gap

analysis, participatory resources assessment and threats analysis, sustainable harvesting, strengthening institutional capacity of CFUGs, forests management planning, revision and monitoring, as well as technical assistance extended to improve good governance of the groups.

In an effort to enhance knowledge and skills and promote sustainable forest management and biodiversity conservation, we produced and disseminated poster of 6 commercially viable NTFPs and developed sustainable harvesting guidelines of 26 commercial NTFPs species. With our assistance, some CFUGs in Dolakha and Bajhang are maintaining community biodiversity register while we are making continuous efforts to sensitize local communities and other stakeholders to promote enterprise-oriented community forest management.



Marketing Information Services

ANSAB MIS (Marketing Information Services) program has been receiving continuous appreciation from a large number of stakeholders including Nepal NTFP Network (NNN), the Government of Nepal, Herbs and NTFP Coordination Committee (HNCC), FECOFUN, NEHHPA, SBTG, JABAN, CCIs, civil societies and projects. Addressing the need of wider stakeholders, ANSAB is delivering a range of information packages and services to local collectors, producers, traders and relevant stakeholders. This service includes price information bulletins of 41 NTFPs and HVCs, trade bulletins, management guidelines for 36 major NTFPs and HVCs, Lahara: a quarterly community newsletter, online information and database, 12 posters for the major NTFPs and HVCs, and traders directory (includes contact details of 860 traders and companies dealing in NTFPs and HVCs in Nepal).

The services are being provided through 9 district and 2 regional and national MIS centers in strategic locations across the country using various means including print and electronic media, web and email, market promotional activities. The MIS services has assisted traders, community based enterprises and district and national level companies to participate in a total of 18 exhibitions, trade fairs, and trade visits (7 international, 6 national and 5 regional). Based on the

sustainability study and market demand to continue MIS interventions, ANSAB has developed a resource center concept.

MIS Evaluation

External evaluation experts from MART, India carried out an independent evaluation of ANSAB MIS project and have attributed a list of achievements and impact to ANSAB's MIS. As assessed, the MIS efforts have resulted in increased and expanded marketing information access of local collectors and traders, increased bargaining power of traders and local collectors with realization of higher prices for their products, improved relationship with traders and producers, sustainable linkages between producers and markets, appropriate technology and marketing strategy, and institutionalized MIS centers. Besides the program has resulted in

- substantial raise in the income level of collectors and producers,
- access of grassroots production to higher premium markets
- movement of communities from subsistence level to enterprise level,
- strong vertical coordination, and increased standard of packaging and communication skills,
- linkages with international markets, international standard certification, policy revision and conceptualization of Resource Center from center to district.



Pilot Study on Ecosystem Services: a Milestone for Bigger Interventions in Nepal and India Himalaya

Realizing the need of valuation and role of payment of ecosystem services of mountain forests in terms of conservation and local livelihoods ANSAB carried out a pilot study during 2005-06 in Nepal and Uttaranchal India with assistance from IDRC. The pilot initiative consolidated and generated new knowledge in the field of ecosystem services from scientific and policy perspectives. With this research initiative, we identified important ecosystem services of mountain forests in Nepal and Uttaranchal India, their providers and receivers; assessed value of recreational services and forest carbon; made a survey of studies, efforts, mechanisms and practices on payment of ecosystem services around the world; and facilitated to raise awareness among key stakeholders in Nepal and India. As reflected by concerned stakeholders at various forums and interactions, this exploratory study serves as a milestone for bigger interventions in the future. We found that the market-based mechanisms that involve ecosystem services are still in their initial stage of development. However, in a few thousand sites across the world, political institutions and market mechanisms for ecosystem service conservation are being developed. An example is the Costa Rica watershed conservation. This context to Nepal and India, this is an important and relevant

example and that shows the path ahead. Experiences of different parts of the world indicate that market-based payments have a great prospect, particularly in developing countries where poverty is still a major issue, and conservation is vital.

Our study shows that forests managed by local communities both in Uttaranchal and Nepal can sequester carbon and improve flow of watershed and other services in addition to meeting their needs of subsistence living. Some of the forest user groups including those certified by FSC (Forest Stewardship Council) are even found to be capable of meeting Gold Standards. Similarly, the Himalayan forests are found to be providing recreational services to local, regional and international communities. This study shows that the value derived from foreign and domestic tourists in the Himalayan forests is to the tune of US \$48 to US \$102 and US \$3.8 to US \$4.5 per hectare respectively. The findings can be useful to the governments and other stakeholders of both the countries in terms of designing and planning participatory conservation initiatives; strategizing buffer zone management approaches; and identifying roles and developing revenue sharing mechanisms among local communities, governments, and other stakeholders.



Forest Certification for Sustainability and Market Promotion of Nepali NTFPs





In 2006, ANSAB's continuing efforts in certification resulted in 8 companies selling 24 types of forests products in international markets including USA and EU; and audits of 21 FUGs of Bajhang and Dolakha comprising 14,086 ha of forests area through Rainforest Alliance. In addition to this, coordination activities with networks, donors and stakeholders for strengthening certification outcomes were carried out which led to encouraging and concrete results. ANSAB facilitated and coordinated to set up the National Working Group (NWG) - a national level group working to promote forests certification to bring certification agenda at national level. ANSAB supported NWG to generate funds through various projects in designing and testing their standards. ANSAB along with Nepal Forester's Association developed policy and statutes for national standards of forest products management including timber and non-timber products. ANSAB organized meetings to expand certification program so that conservation, income generation and responsible business practice could result in social, economic and environmental sustainability. Private Public

Alliance, coordinated by ANSAB, carried out a number of collaborative activities including market promotion and linkages for hand made paper and essential oils.

ANSAB has a plan of bringing greater number of potential CFUGs under the group certification pool. A number of organizations including NSCFP and CECI have appreciated the idea and shared their plan to build on this initiative. ANSAB has received demands for its services on forest certification from regional level organizations including WWF and SNV Laos and we plan to continually work to strengthen good forest management measures that are critical to fulfill certification requirements.





ANSAB TEAM

ANSAB BOARD OF DIRECTORS

Dr. John W. Croucher
Chairperson (economist)
Prof Dr. S.P. Singh
Vice-chairperson (environmental scientist)
Dr. H. P. Gunasena,
Secretary (agricultural scientist)
Mr. Kedar P. Prajapati
Treasurer (forester)
Dr. M. Gul Hossain
Member (agricultural scientist)
Mr. Ganesh Kumar KC
Ex-Officio Member (Secretary, Ministry of
Agriculture and Cooperatives)
Dr. Bhishma P. Subedi
Ex-Officio Member (Executive Director,
ANSAB)

ANSAB has a team of 48 staff members in the field of enterprise development, business development services, natural resource management, community forestry, sociology, economics, marketing, biodiversity research, biological and socio-economic monitoring, policy analysis and research, and finance and accounting. ANSAB works with a network of partner

ANSAB STAFF MEMBERS

CENTRAL STAFF

Dr. Bhishma P. Subedi, *Executive Director*
Mr. Surya B. Binayee, *Program Manager*
Mr. Indu B. Sapkota, *Senior NRM Manager*
Mr. Bharat Rai, *Organization Development Manager*
Mr. Ram Hari Subedi, *Senior Enterprise Manager*
Mr. Tika Ram Pantha, *Admin/Finance Manager*
Mr. Ram P. Acharya, *Resource Center Manager*
Mr. Sushil Gyawali, *Asst. Enterprise Manager*
Ms. Shova Adhikari, *Monitoring and Evaluation Officer*
Ms. Sony Baral, *Forestry Officer*
Mr. Durga Datta Regmi, *Forestry Officer*

Ms. Pratibha Bangdel, *Associate Admin Officer*
Ms. Samasthi Manandhar, *Associate Finance Officer*
Ms. Anjana Nepal, *Assistant Information Officer*
Ms. Anupa Adhikari, *Executive Secretary*
Mr. Pawan Subedi, *IT Expert*
Mr. Khem Raj Sharma, *Legal Consultant*

FIELD STAFF

Mr. Puspa Lal Ghimire, *District Manager*
Mr. Dinesh Dhakal, *NTFP BDS Expert*
Mr. Binod Kumar Sharma, *Wagle, High Value Crop Expert*
Mr. Basudev Neupane, *District Admin/Finance Assistant*
Mr. Basu Aryal, *NTFP Enterprise Facilitator*
Deepak Kafle, *Business Development Officer*



organizations, universities and research institutions, government and non-government organizations and business associations in Nepal, India, Srilanka, Lao PDR and USA. ANSAB's Nepal NTFP Network (NNN), which has over 300 professionals and over 50 organizations as members, promotes policy development, research and coordination in NTFP and forestry sector. Through coordination, ANSAB draws

expertise from leading national and international private companies, public agencies, policy forums and networks, and non profits for specialized services such as product design and development, international marketing and forests management certification. In addition, it works closely with a number of reputed consultants in specialized areas.

Rita Rai (Shrestha), Sr. Business Development Officer
 Anita Shrestha, Agri-Enterprise Facilitator
 Pashupati Subedi, NTFP Enterprise Facilitator
 Arjun Shrestha, Agri-Enterprise Facilitator
 Upendra Kuikel, NTFP Enterprise Facilitator
 Bal Krishna Neupane, Asst. Enterprise Facilitator
 Dhan Bdr. Kathayat, District Manager
 Gopal P. Sharma, Business Development Officer
 Krishna Pantha, District Admin/Finance Assistant
 Chuda R. Giri, Agri-Enterprise Facilitator
 Lila Kumari Thapa, NTFP Enterprise Facilitator
 Jagadishwory Shahi, Agri-Enterprise Facilitator

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 Govinda Baral, NTFP Enterprise Facilitator
 Shambhu Baraili, Agri-Enterprise Facilitator
 Arjun Sapkota, Agri-Enterprise Facilitator
 Tek Raj Gyawali, Business Development Officer
 Nabaraj Panta, Enterprise Development Officer
 Chandika Amgain, Community Enterprise Facilitator
 Bishnu Luitel, Community Enterprise Facilitator
 Surya Bdr. Khadka, Community Enterprise Facilitator
 Khem Raj Bhattarai, Consultant

Networking and Multistakeholders Coordination

ANSAB works with a network of partner organizations, Universities, and NGOs in Nepal, India, Sri Lanka, Bhutan, South Africa and USA, Lao PDR and has gained local and international reputations as an innovative leader in the field of biodiversity conservation and enterprise development.

ANSAB is continuously contributing to Herbs and NTFP Coordination Committee (HNCC) as advisors in Herbs and NTFP development policy and its implementation; and for transferring policy into programs and practices. In Nepal, ANSAB has recommended activities and solutions to the Government of Nepal, through HNCC, in establishing herbs center, identification of priority species, and planning of NTFP promotional activities.

ANSAB represents International/Non Governmental Organizations in Nepal in the committee at HNCC chaired by the Minister for Forests and Soil Conservation. Through ANSAB's coordination and its network (NNN) Government of Nepal has made rules, regulations, amendments, royalty revisions, and withdrawal on bans and restrictions on various NTFPs and its governing policies. ANSAB is the engine behind NNN which brings together around 300 professionals and 50 organizations to bring out collective synergy

for conservation and poverty alleviation based activities. Furthermore, NNN forum has now become a platform to discuss on major policy issues including the implementation of Herbs and NTFP development policy, forest certification, market information services, strengthening CFUGs and NTFP management, building Nepal's sustainable NTFP brand, and formulation of NTFP development strategy. Public Private Alliance (PPA), coordinated by ANSAB, promoted sustainable forests management, NTFPs promotion, trade and marketing. Production and promotion of Nepali non-timber forests products to international market including USA, UK, India; and forest certification are part of the Alliance success. The Alliance brings together certifying agency, a range of Nepali companies, networks, government and non-governmental organizations, donors, U.S. based product buyers and designers.

ANSAB is trying to attract concerned partners into this Alliance and has adopted a partnership approach playing a key role in building and coordinating networks and alliances. As a result, ANSAB has been requested to share its experiences and provide support to launch similar projects by many organizations within Nepal and from neighboring countries.



Capacity Building of Local Communities

Summary of Events and level of participation

Districts	No.	Participants Male	Female	DAG	Total
Banke	223	2083	1700	1682	3783
Bardia	60	1171	774	825	1945
Surkhet	62	1488	1706	882	3194
Kailali	466	3189	2177	3442	5366
Syangja	391	2828	2283	387	5111
Dolpa	25	305	149	38	454
Darchula	4	246	398	144	644
Bajhang	79	2342	729	-	3071
Dolakha	78	944	516	-	1460
Grand Total	1388	14596	10432	7400	25028

In order to build the capacity of local communities on cultivation, production and marketing of NTFP for conservation of biodiversity and to generate economic incentives ANSAB has carried out a total of 1,388 events including training, workshop, interaction, meeting, and exhibitions at local to national level participated by a total of 25,028 men and women. The trainings include: enterprise oriented CF management, sustainable harvesting of NTFPs, biodiversity monitoring and registration, enterprise development planning for forest and agricultural crop, NTFPs and products market exploration and linkages development, nursery

and cultivation techniques, pre and post harvesting of herbs and agricultural crops. Taking into account the communities' and stakeholder's role and need of their capacity to contribute to the goal of conservation and poverty reduction, ANSAB has established resource center that provides demand-based training and capacity building services. Building upon enterprise development and conservation efforts, a number of workshops, seminars and conferences were organized at local, national, international level. ANSAB has been adopting and scaling-up capacity building programs as a cross-cutting theme to effective program implementation since 1992.

Sub-group-a promising model for addressing poverty and conservation need

There are 19 different sub-groups in Dolakha and Bajhang districts who are managing 25 different forest products for commercial purposes. 451 community members of 9 CFUGs are under such networks. The groups have focused their efforts in enterprise planning and development and CFUG is facilitating them to manage enterprise development fund. They have operational policy of their groups, business plan for targeted species and group policy for members and executive members. The 9 CFUGs have also allocated some patches of forestland to these groups for development, management and utilization. Actual decentralization of power within the CFUG has encouraged special group to take more responsibilities for development, management and protection of community forests. In addition to special groups' intensive care to own forest patches, which were under heavy pressure of utilization; these members area are now taking active part in community forest activities. Till now, these groups have planted more than 350,000 argeli seedlings, fodder and grasses in the allocated forest patches and managed themselves. Due to the successful cases of this CFUG micro enterprise (sub-groups), District Forest Office allocated funds to its continuity and replication in the whole district. Sub-groups for micro enterprise development and management are ANSAB's new idea implemented since 2004 and has been successful in bringing forest based people together for their benefits.



Ecosystem Services Receives Priority





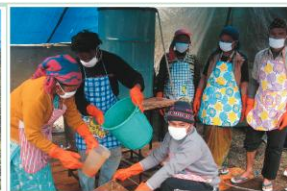
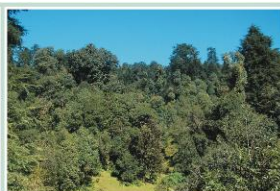
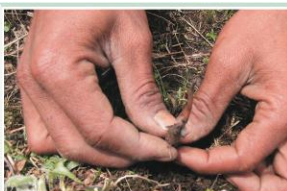
Experts, scientists and development workers from Nepal and India, contributing to mountain forests management, discussed and explored the scope of valuation and options for the payment of ecosystem services of mountain forests to local communities, at a regional workshop. ANSAB held this workshop on August 22-23, 2006 at Indian National Science Academy (INSA), at New Delhi. Besides, national level policy makers, distinguished conservationists from IDRC, USAID, Ford Foundation, scientists and development workers discussed, shared and

updated the existing practices and options for getting payment of ecosystem services around the world. They also identified possible mechanisms and policy instruments applicable to Nepal and India.

Most of the participants expressed their commitment to move the PES (Payment for Ecosystem Services) initiatives ahead, and agreed to work together. They also recommended that ANSAB should continue coordinating PES initiatives and program development involving all relevant stakeholders at regional level.

Depots for resource conservation and income

Timber harvesting through contractors was one of the major problems rooted in Dolakha and Bajhang districts. Breach of legal binding resulted in overharvesting, immature harvesting and unsystematic harvesting. ANSAB thought to resolve the problem through developing CFUG enterprise to manage production, harvesting, distribution and sales of forest products from the community forests. When the CFUGs based timber enterprise was established, its management system collected the demand for timber in the villages and local market, identified the timber supply capacity of their CFUG and appropriate tree for harvesting, managed timber harvesting and sawing operations, and sold the products in the villages as well as in the local market. Among those CFUGs facilitated for Depot enterprise: Bhittheripakha, Boldesetidevi, Dhandesinghdevi and Suspa CFUG in Dolakha and of Bajhang became successful to complete this process. Up to now, the timber enterprise managed harvesting and sawing operations and sold 8906 cuft. of timber in the village and local market, more than 200 individuals from the CFUGs were involved in the timber business, and a total of Rs. 953,956 revenue was earned in this period in Dolakha; and in Bajhang. Similarly 2 Community Firewood depots have been developed at Jiri and Suspa. The Firewood depot enterprises collected demand of firewood, prepared business plans and established stores and the enterprises are in the mode of sustainability. Due to the successful cases of this Depot concept, other CFUGs also initiated depot excluding service from contractors.



Project Portfolio

Business Development Services-Marketing, Production and Services (BDS-MaPS)

Funded by USAID Nepal and implemented by a consortium of national and international development agencies such as International Development Enterprise (IDE), ANSAB, Winrock International, Lotus Opportunities and WWF, the BDS-MaPS project (2003-2007) is being implemented in remote and rural districts of Nepal such as Dolpa, Banke, Surkhet, Kailali, Bardiya, Syanga and Darchula. The project aims to provide better market access on NTFPs and high value crops through improved market based BDS approach in the areas of cultivation, harvesting, trade and enterprise development. The project has a special emphasis on women entrepreneurs and access to finance.

Advancing Community Forestry for Sustainable Enterprises in Nepal

Funded by Ford Foundation (2004-2007), the project is being implemented in Dolakha and Bajhang with an overall goal of advancing community forestry for sustainable enterprises, improved livelihoods and community development.

Marketing Information System (MIS) Program for NTFPs in Nepal

Funded by ICCO and SNV (2004-2006), the MIS project is being implemented in Dolpa, Banke, Kailali, Surkhet, Syanga, Bardia, Darchula, Panchthar, Taplejung, Ilam, Jumla and Mugu districts in Nepal. The project is aimed at improving the marketing information access to local collectors and traders in Nepal in order to promote NTFP-based enterprises and ensure fair and equitable share of the local communities from the trade of NTFPs.

Valuation of Ecosystem Services of Himalaya Mountains Forests for Conservation through Capacity Building and Policy Interventions

Funded by IDRC (2005-2006), and implemented in India and Nepal as a pilot study, the project aimed to facilitate the conservation of forest through assessing ecosystem services (ESs) of the mountain forests, educating, sensitizing and interacting with the decision makers at policy level, and developing options for the payment of ecosystem services.





FRAME Study

Funded by USAID through IRG and EWV (2005-2006) and being implemented in Jumla and Dolakha Districts in Nepal, the project aimed to help NRM practitioners and decision makers to make greater use of the existing body of knowledge and ideas on successful and promising NRM experiences.

Local initiatives for conservation of biodiversity and threatened economic species in Nepal Himalaya

Funded by Manfred-Hermesen-Stiftung (Oct 2006 - Sep 2007), the project is being implemented in Parbat district of Nepal. The project has an objective to build on the existing knowledge base, practices and experiences, and work with community forestry organizations to promote conservation of endangered species, especially Lokta of Himalayan forests of Nepal through piloting, action research, technical assistance and capacity building of local communities and stakeholders for natural resource management.

Capacity Building in Resource Mobilization (CB-RM) in Asia

Funded by IDRC (Mar 2006 -Jan 2007), the project aims to develop Resource Mobilization strategy for long-term sustainability and effectiveness of ANSAB programs and to build RM capacity of the ANSAB Board and staff members.



ANSAB's Recents Publications and Documentary Films



12 posters for the major NTFPs and HVCs

ANSAB has developed 12 posters of major NTFPs and HVCs that provide information on collection method, cultivation and propagation, processing storage, market and use.

MIS Trade Bulletin

ANSAB regularly publishes NTFP trade bulletin that comprises information on NTFP trade news and price information. This newsletter is disseminated to 189 concerned stakeholders through Email.

Production and Harvesting Guidelines

ANSAB has management guidelines of 26 species. The guidelines include introduction, availability, lifecycle, parts used, sustainable use, collection and management, harvesting, marketing information, natural habitat conservation and royalty rates of the species.



Lahara

ANSAB regularly publishes Lahara newsletter that provides articles, reports, opinions and news for forest based poor communities. The important coverage of the newsletter include market price list of major NTFPs, plant profile, photo feature, reports on NTFP processing and marketing





Linking Plant-based Enterprises and Local Communities to Biodiversity Conservation in Nepal Himalaya

The book, based on a research, identifies and analyzes linkages among biodiversity, enterprises and communities in high mountain areas of Nepal. The research has inferred strategies and approaches that can be adopted to bring favorable changes in government policies and market structure and effectively implement conservation programs.

Community Based Forest Enterprises in Nepal: Case Studies, Lessons and Implications

The publication presents findings of an assessment on present and past initiative in community based forest enterprises, supported by ANSAB in its program area. This is based on case study of 11 enterprise having different ownership modalities. It provides comprehensive analysis and furnishes key recommendations.

Online Information and Database

ANSAB has an online database of market information that regularly updates the price information of major NTFPs and HVCs. This is an information service and provides information on different agricultural and forest based products, their use, contacts of natural resource based entrepreneurs, service providers, support organizations, technology and other input suppliers.

Trader's Directory

ANSAB has developed a Trader's Directory that includes contact details of 860 traders and companies dealing in NTFPs and HVCs in Nepal.

Documentary films

In Search of Yarshagumba, a Trans-Himalayan Journey

This documentary film depicts a relationship between management of rich biodiversity, its sustainable use and income generation to the poor people. The documentary also depicts how people in remote and rural districts of Northern Nepal make their livelihoods in search of the elusive Yarshagumba continuously losing life and limb in the process.





A case of Malika Handmade Paper, Bajhang

This documentary film presents how communities of forest user groups have changed their concept towards livelihood generation and biodiversity conservation after the establishment of a forest-based enterprise. It is an informative documentary highlighting the struggle of forest users and small entrepreneurs in Nepal.



Forest Certification: Step towards Sustainability

The documentary film presents the forest certification initiatives, implementation and implication in Nepal. It explicitly demonstrates the potential of social, environmental and economic balance through certification process. It's an important source of first-hand knowledge on certification initiatives in Nepal providing a glimpse of constraints and opportunities in this sector.



Rara Mugu Soap Enterprise

The documentary film depicts how poor rural communities of Mugu have benefited economically from the Mugu Soap enterprise, and also through the conservation and management of their resources. It is a strong documentary capturing the experience of ANSAB in rural enterprise development.

NTPF Policy and Marketing

The policy hurdles borne by NTFP collectors and traders are explicitly depicted in this documentary film. The film gives obvious reasons of the need of changing policy for NTFP for the benefit of the rural poor people.



Financial Statement

Balance Sheet as on December 31, 2006

NRs. 70.70 = US\$ 1

Figures in Rupees		
	Current Year	Previous Year
Non-Current Assets:		
Fixed Assests (at cost less depreciation)	2,237,373	2,959,005
Advance for Capital Expenditure	3,326,179	3,326,179
Investment in CBEs as Seed Capital	500,000	1,531,333
	6,063,552	7,816,517
Current Assets:		
Cash and Cash Equivalents	17,595,645	20,437,688
Accounts Receivable from Donors	1,789,870	3,066,720
Advances Recoverable in Cash or Kind	686,122	1,787,236
Less: Current Liabilities and Provisions	(8,405,956)	(7,468,947)
	11,665,681	17,822,697
Total Assets	17,729,232	25,639,214
Represented by:		
Restricted Fund	4,136,350	14,073,492
Sustainability Fund	10,000,000	7,000,000
Seed Capital Revolving Fund	725,000	1,556,333
General Fund	1,532,855	1,643,770
Capital Reserve Fund	1,335,027	1,365,619
Total Funds	17,729,232	25,639,214

Income and Expenditure Statement

for the year ended December 31, 2006

Figures in Rupees		
	Current Year	Previous Year
Income		
Income from Donors for Projects	35,209,068	46,862,292
Grants-in-aid	939,357	3,139,646
Miscellaneous Income	2,508,795	4,152,531
Total Income	38,657,220	54,154,469
Expenditure		
Direct Project Expenditure	30,524,113	40,697,336
Research and Development Cost	350,083	3,129,986
General and Overhead Cost	4,852,358	6,311,966
Provision for Doubtful Payback	41,581	1,394,730
Total Expenditure	35,768,135	51,534,018
Surplus	2,889,085	2,620,451

ANSAB Donors and Partners in 2006

DONORS

United States Agency for International Development (**USAID**)
The Ford Foundation (**FF**)
International Development Research Center (**IDRC**)
EnterpriseWorks Vita (**EWV**)
Food and Agriculture Organization (**FAO**)

Interchurch Organization for Development Cooperation (**ICCO**)
The Netherlands Development Organization (**SNV**)
International Resources Group (**IRG**)
World Resources Institute (**WRI**)
Manfred-Hermesen-Stiftung (**MHS**) Bremen

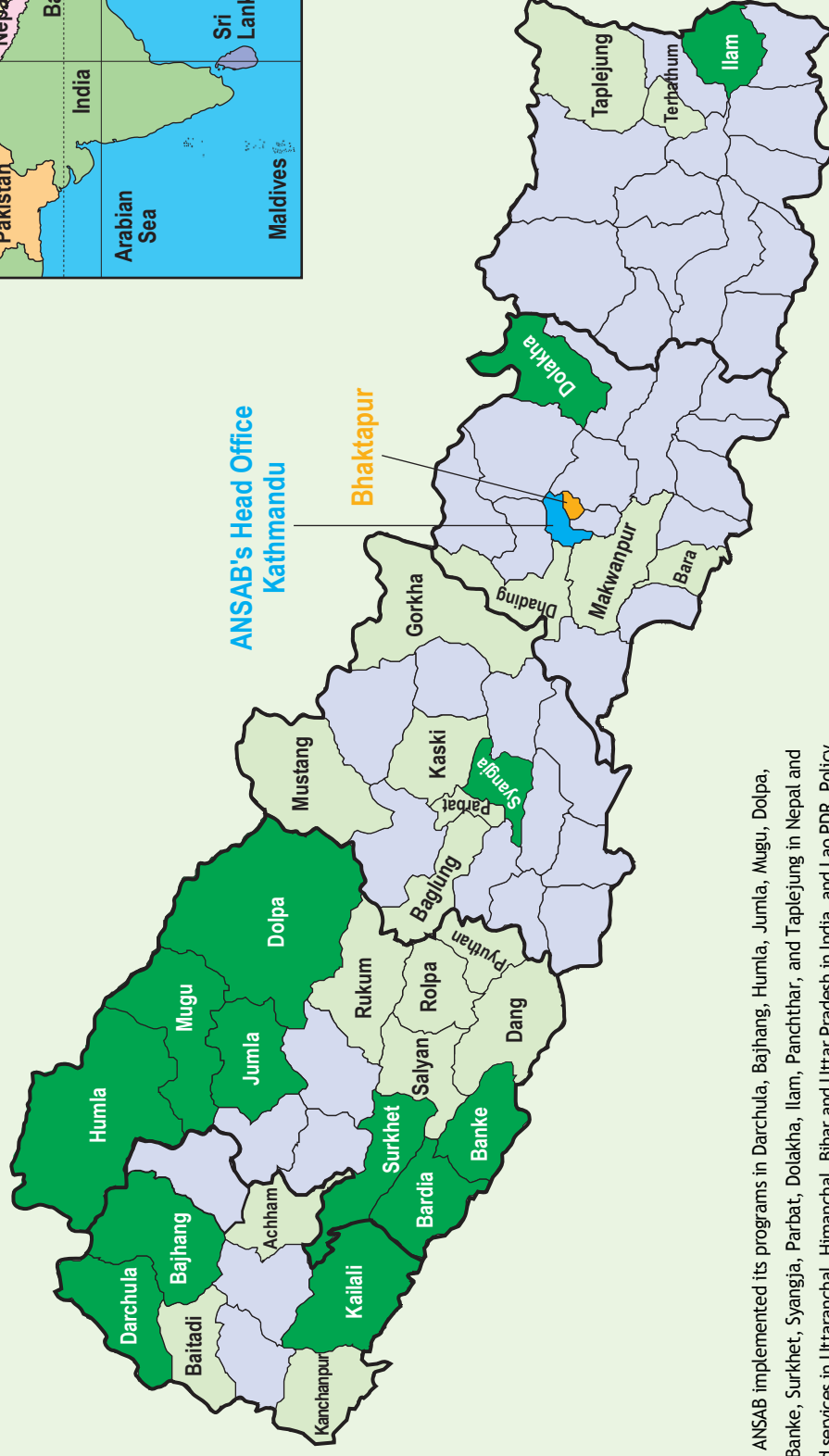
Partners

The World Conservation Union (**IUCN**)
Livelihood and Forestry Program, of UK Department for International Development (**LFP**)
Swiss Agency for Development and Cooperation (**SDC**)
International Centre for Integrated Mountain Development (**ICIMOD**)
Enterprise, Environment and Social Impact Consulting (**E2SIC**)
Appropriate Technology India (**ATI**)
Yale University, School of Forestry and Environmental Studies, USA
International Development Enterprise (**IDE**)
Winrock International (**WI**)
Worldwide Fund for Nature (**WWF**)
Wageningen University, Netherlands
Alternative Herbal Industries, Nepal (**AHI**)
AVEDA, USA
Virginia Tech University, USA
Tribhuvan University, Institute of Forestry, Nepal
Nepal Herbs and Herbal Products Association (**NEHHPA**)
Jadibuti Association of Nepal (**JABAN**)
Principia College, USA
Department of Plant Resources, Nepal (**DPR**)
Dolpa Sarbangin Bikas Samaj, Dolpa, Nepal
ECARDS Dolakha, Nepal
Environment Conservation and Development Forum, Taplejung, Nepal
Federation of Community Forestry Users, Nepal (**FECOFUN**)
Forum for Natural Products Conservation and Utilization, Dolakha, Nepal
Gorkha Ayurved Company, Nepal (**GAC**)
Herbs and NTFP Coordination Committee, Nepal (**HNCC**)
Himalayan Bio-Trade Private Limited, Nepal (**HBTL**)

Himali Jadibuti Sarokar Samuha Nepal (**HJSS**)
Humla Conservation Development Association, Humla, Nepal
Ilam Chamber of Commerce and Industry, Nepal (**ICCI**)
Federation of Nepal Chamber of Commerce and Industry (**FNCCI**)
Practical Action (**PA**)
Kumaun University, India
Garhwal University, India
Lotus Opportunities, Nepal
Malika Handmade Paper Limited (**MHPL**)
Ministry of Agriculture and Cooperative, Nepal (**MoAC**)
Ministry of Forests and Soil Conservation, Nepal (**MFSC**)
Nepal NTFP Network (**NNN**)
Panchthar Chamber of Commerce and Industry, Nepal (**PCCI**)
Rainforest Alliance, USA (**RA**)
Rural Community Development Center, Mugu, Nepal (**RCDC**)
Rural Development Group Program, Jumla, Nepal
Social Development Center, Bajhang, Nepal (**STC**)
Socio-Economic and Ethno-political Research and Training Consultancy, Nepal (**SEEPOR**)
Taplejung Chamber of Commerce and Industry, Nepal (**TCCI**)
Sustainable Bio-trade Group Nepal (**SBTG**)
Humla Oil Pvt. Ltd. Humla
Agro Enterprise Centre, Nepal
Dabur Nepal
GTZ PSP
Male International
Natural Products Industry (**NPI**)
CECI SAHAKARYA
Gorkha Exim
Herbs Production and Processing Company Ltd (**HPPCL**)



ANSAB Geographic Area of Coverage



In 2006, ANSAB implemented its programs in Darchula, Bajhang, Bajura, Mugu, Dolpa, Kailali, Banke, Surkhet, Syangja, Parbat, Dolakha, Ilam, Panchthar, and Taplejung in Nepal and provided services in Uttaranchal, Himanchal, Bihar and Uttar Pradesh in India, and Lao PDR. Policy, research, networking, advisory and information services extended throughout Nepal and program development, planning and advisory services were provided to India, Bhutan and Lao PDR

Sub-group-a promising model for addressing poverty and conservation need

During the baseline study conducted in 2004 of the Ford Foundation project, ANSAB identified various groups of local communities who were highly dependant on harvesting and collection of forest product for their livelihood. The study revealed that extreme poverty and their proximity to the forest area were the major reasons behind their high dependence on and excessive utilization of forest resources without considering sustainability or conservation. There are 22 such CFUG sub-groups in Dolakha districts managing 25 different forest products for commercial utilization comprising 511 community members who were mostly poor from 9 CFUGs. In the past, CFUGs have always categorized these sub groups as those responsible for “un”-sustainable operations in the forests. Further analysis revealed that these often criticized sub-groups were neither involved in CFUGs for making forest management decision, nor did the group have enough ownership towards CFUGs to motivate them for conservation and management of the forest resources. ANSAB project staffs and CFUGs leaders jointly assessed the situation and developed an innovative empowerment mechanism for the sub-groups. Under the new strategy, the sub-groups were provided an area within the community forest near their settlements and at the same time capacity building exercises were conducted to help them design management plan for their area. Since the sub-groups members are generally poor involved in subsistence type livelihood activities, their management plan had a strong focus on income generating activities to make it effective, impactful and to increase their interest on management and conservation of forest. The next sets of activities were focused on enterprise planning and development such as potato cultivation, poultry, or bamboo products to demonstrate to the sub-groups the effectiveness of such micro-enterprise to address their needs, to show the use of effective planning for

sustainability of natural resources and bio-diversity conservation and provide livelihood generating activities that went beyond subsistence to economic growth and poverty reduction. As with most poor groups, ANSAB realized that access to finance for enterprise development and growth was limited, which prompted the project partners (ANSAB and CFUGs) to initiate an enterprise development fund for the groups leading to small scale saving and credit program within each sub-groups.

At the end of the project, an operational policy was development based on an agreement between CFUG, DFO and the sub-groups which has become the guiding document for these groups. The impact of decentralization of power within the CFUGs has encouraged these groups to take more responsibilities for management and conservation of community forests, especially within their areas which has led to the development of business plan for certain species, increased care of land and active participation in community forest activities. The sub-groups in Dolakha have managed to collect NRs. 376,321 (equivalent to USD 5,800) in their funds and these groups are currently growing more than 350,000 seedlings of “Argeli” (*Edgeworthia gardnerii*), various types of fodder and grasses in their areas and have realized incomes from the sales of “Argeli” stems. These sub-groups have provided 762 enterprise loans of Rs. 847,838 (equivalent to USD 13,000) as of 2006 where the recovery rate is more than 90%. In order to replicate this model and to continue the success of the existing ones, District Forest Office (DFO) has further allocated funds to continue and expand sub-group development in the district starting from 2006.

Depots for resource conservation and income

In most rural hilly districts in Nepal, there is a traditional practice of auctioning timber harvesting from CFUGs every year. Although this is a long standing practice and has resulted in revenue collection for the CFUGs, there is a worrying trend of unsustainable harvesting leading to a loss of bio-diversity and large scale destruction of productive timber especially acute in Dolakha district. Close inspection of this practice in Dolakha reveals that contractors, who are awarded the harvesting rights from CFUGs, usually practice logging methods that are unethical, breach the contract and disregard the interest of the local communities and only focus on increasing their timber harvesting yield. This results in overharvesting, immature harvesting and unsystematic harvesting which is further exacerbated by lack of community initiatives to stop these destructive practices year after year. These unscrupulous contractors use labors hired from outside of the CFUG who are not concerned about the haphazard harvesting and the benefits from such operations, mainly profit from sales and labor wages usually end up outside the local communities resulting in loss of economic opportunities for the CFUG.

Witnessing the large scale destruction of bio-diversity and the loss of opportunities for the local communities, ANSAB worked with CFUGs to resolve these issues by developing CFUG timber and firewood depot to manage the production, harvesting, distribution and sales of forest products from the community forests through this project. The new model utilizes two functional units with each CFUGs: the CFUGs timber depots manage harvesting and marketing of timber from community forests while a committee selected by CFUG manages the enterprise operation at the grassroots level. The development of a timber depot within a CFUG is not complicated and at most requires a manager to be appointed to

coordinate harvesting and marketing of the timber and daily supervision. ANSAB program supported depots to develop business plans, enhance enterprise capacity and offered other technical assistance to operate the business effectively and efficiently. Depots were trained to collect the demand for timber in villages and local markets, to identify the timber supply capacity of their CFUGs and appropriate tree for harvesting, manage timber harvesting and sawing operations, and sell the products to the end market adding yet another revenue model for the CFUGs. This local ownership has not only resulted in increased economic activities within the communities but also a realization of the impact of bio-diversity conservation and its direct link to their livelihoods. Within this project, 4 CFUGs each in Dolakha and Bajhang have initiated the program and till date this timber enterprise has managed sell 8,906 cft. (cubic feet) of timber. Furthermore, more than 200 individuals from the CFUGs were involved in this enterprise making NRs. 953,956 (equivalent to USD 14,700) in revenue. Following the success of this model, 2 similar Community Firewood depots have been developed at Jiri and Suspa VDCs of Dolakha. These timber and firewood depots have shown positive impact on sustainable harvesting of timber and firewood from community forest and although the program is new and has yet to reach scale, it has already received many requests from CFUGs for technical assistance to develop timber and firewood depot in collaboration with the District Forest Office and other forestry programs making it a self-replicating model.

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