

**Clear policies on the marketing of products from community forests are needed in Nepal to maximise the contribution of forests to sustainable development**

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**N**EPAL'S community forestry program, adopted as one of the major strategies for managing the country's forests, has made a significant contribution to the livelihoods of forest-dependent people in several parts of the country. The management of about 1 million hectares of national forest has already been handed over to about 13 000 forest-user groups.

For many years timber has been viewed as the main—if not the only—economic product derived from the forest. Recently, however, a wide range of non-timber forest products (NTFPs) have been attracting more attention from economists because of their contributions to household incomes, food security and national income (Pandit unpublished). It has become increasingly clear that the economic condition of community-forest users is heavily dependent on timber and NTFPs and their proper marketing. This last factor, marketing, is often ignored by foresters, yet it may be the key to the sustainable development of community forests.

*Unclear guidelines about marketing, limits to individual collection and trading rights, and short duration of access to the forest were all identified as major problems.*

## **Objectives and methods**

I conducted research for a masters' thesis in two watersheds of the Nawalparasi and Chitwan districts, which encompassed four handed-over community forests under four village development committees (VDCs). The general objective of the study was to analyse comparative marketing systems for timber products and NTFPs with a view to making recommendations for improving such marketing systems in the future. The specific objectives were to: i) assess the timber products and NTFPs traded from the districts and identify major market centres and their accessibility; ii) analyse the existing marketing system and marketing channels and assess opinions on the marketing of timber products and NTFPs; iii) assess price variations and analyse marketing margins for major NTFPs; iv) analyse the factors affecting the pricing of timber products and NTFPs and income from those products; and v) identify problems, constraints and potentials and suggest recommendations for strengthening the marketing of timber and NTFPs.



**Market-bound:** this load of firewood will be traded in the local market. *Photo: Bhim Nath Acharya*

Household survey was the main tool used for data collection. However, other qualitative data collection tools like reconnaissance survey, observation, key-informants' interviews, focus-group discussions and market surveys were also used.

## **Findings**

The research showed that the marketing of forest products from community forests is still in the development and learning phase. Few users participated in trading activities, which was limited to a small number of products. Most commonly, the products harvested by forest-user groups were sold to group members; the volume of individual harvesting and trading was very small. There was a significant practice of collecting and selling major medicinal and aromatic plants. Trading activities associated with timber products were focused on fuelwood, timber and some finished products (such as furniture).

The major buyers of the timber and its finished products were forest-user-group members and local people; a very limited volume of products was sold to the market and to distant consumers. Most NTFPs were sold to cooperatives and local traders; forest-user groups could only sell their products outside if the local demand was saturated, even though prices in regional markets were higher.

Forest-user groups preferred cooperative and group marketing systems. However, some collectors of NTFPs still followed an individual marketing system because they were committed to selling to local traders.

Prices tended to be higher in the regional or higher-level markets than in local markets and the marketing margin was also higher. Good market information was the most important factor for obtaining higher profit margins.

The research identified various social, economic and institutional/legal factors that were important in determining the profitability of community forestry. The most important of all were institutional—including those relating to security of access to the resource, the forest-user-group operation plan (including its approach to marketing), the harvesting and trading rules established by the forest-user groups, and the presence or absence of marketing institutions. Unclear guidelines about marketing, limits to individual collection and trading rights, and short duration of access to the forest were all identified as major problems.

The findings of this research show that there is enormous potential for the promotion of community forestry and forest-product marketing. Institutional and legal reforms would help in the realisation of such potential through an increase in the efficiency of forest-product marketing.

## Recommendations

Based on the key findings of this research, recommendations can be made to strengthen the existing marketing system and to promote an efficient approach to marketing forest products from Nepal's community-managed forests. They focus particularly on institutional/legal factors.

**Clear policies on marketing of products from community forests:** the individual sale of timber products and NTFPs is either not permitted or is permitted only on a limited scale by current policies and laws. This should be addressed.

**Marketing measures incorporated in operational plan:** the rights of users to harvest and sell forest products should be clearly specified in forest-user-group operational plans.

**Price information by proper institutional arrangement:** price information about the products being marketed has a strong influence on profit margins. Such information should be made more accessible to forest users.

**Promotion of group and cooperative marketing:** findings shows that forest users prefer a cooperative approach to marketing, particularly for NTFPs. Cooperative approaches should therefore be encouraged.

**Promotion of small-scale local processing industries:** to some extent, the local, small-scale processing of medicinal plants already takes place. This should be encouraged.

## Reference

Pandit, B. unpublished. *Prospects of promoting non timber forest products in the mountains of Nepal*. PhD dissertation submitted to Asian Institute of Technology, Thailand. 2003.

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**Priority areas:** eligible activities aim to develop human resources and professional expertise in one or more of the following areas:

- improving transparency of the international tropical timber market;

- promoting tropical timber from sustainably managed sources;
- supporting activities to secure tropical timber resources;
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