The recent increase in forest cover and biomass stocks in Nepal has generated interest in the establishment and operation of forest-based enterprises. In this context, a study of the value chain for forest products was conducted in two provinces of Nepal. The objective was to explore the value chain of prioritized forest products in the study areas. The study employed a mixed approach to data collection, which included a literature review, fieldwork, and secondary data sources. Later, these data were integrated with information obtained from stakeholder consultations, key informant interviews, and focus group discussions. The data were analyzed using techniques such as value chain mapping, cost-benefit analysis, material/carbon flow analysis, lifecycle cost analysis, and SWOT analysis. The key results showed that forestry practices are becoming more enterprise friendly. Timber-based enterprises focus on construction timber, furniture, and plywood, while non-timber-based enterprises prioritize Cinnamon leaves, Tiger grass, and Acacia as their primary products in the study area. The key enablers play important role in improving entrepreneurship while key strengths were innovative product development for the creation of new opportunities in the areas of product diversification.