2.9 Community biodiversity management fund

Promoting conservation through livelihood development in Nepal

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Promoting individual action for a collective purpose

Although small-scale farmers manage their valuable plant genetic resources (PGR), they have yet to benefit from successes in conservation and crop improvement (Bellon, 2006). The empowerment of farmers and communities seems to be a precondition for halting the rapid disappearance of local crops and varieties from farmers’ fields (Shrestha et al., 2008). Access to financial resources is one way of contributing to the economic empowerment of farmers, within the larger framework of community biodiversity management (CBM). The knowledge and skills (human capital) that can be acquired through a CBM process enhance the capacities of farming communities to improve their well-being and livelihoods. As described by Shrestha et al. (Chapter 1.3), CBM is composed of a number of components and practices that can be tailored to particular agrobiodiversity contexts. In the current chapter, we focus on the CBM component that is described as the ‘establishment of a CBM fund’. This component aims to sustain collective action in conservation and facilitates the payment of conservation services in the interest of the collective, and of society as a whole (Sthapit et al., 2008b).

The initial design and operational modalities of the CBM fund

We developed the concept of the CBM fund in 2003 in the context of the agrobiodiversity project, which is described in more detail by Subedi et al. (Chapter 1.2). We experimented with the design of the concept in two of the CBM sites of Local Initiatives for Biodiversity, Research and Development (LI-BIRD), the villages of Kachorwa (in Bara district) and Begnas (in Kaski district). Since then, we have replicated it as a mechanism for matching conservation and livelihood development in more than 21 villages in the country (Table 2.9.1).

Its operational modality is similar to other rural microfinancial schemes. It has its own salient features, such as operating guidelines that address biodiversity management. Community members are responsible for all decision-making, and for developing guidelines to ensure that they reflect local priorities and needs. In designing the CBM fund we have made sure that it promotes local biodiversity-based, small-scale enterprises, and explores ways to establish links with the conservation of rare and
threatened PGR. We learned that a basic prerequisite for its success is that the farmers’ group, or community-based organization (CBO) that is responsible for its implementation has shown itself to be mature and stable, and has a proven record of working in agrobiodiversity management. Other CBM components, from raising awareness and understanding diversity to developing institutional modalities, will ensure that CBM capabilities have been consolidated in the community. Shrestha et al. (Chapter 1.3) provide a more detailed overview of the CBM process with its components. The fund can then further drive and sustain an endogenous CBM process. We learned that it brings people together for collective action in contributing to two noble causes: the on-farm management of PGR and improvement of farmers’ livelihoods.

Within the formal administrative structure of Nepal, we have established the CBM fund at the level of the Village Development Committee (VDC; the smallest unit of administration in Nepal). The fund is managed by an executive committee that represents all the wards (lower level, local administration), known as the Village level Biodiversity Conservation and Development Committee (VBCDC). Every household associated with the VBCDC is eligible to apply for loans from the CBM fund, though priority is given to households that match specific criteria for poor and marginalized households. The CBM fund is used as a basket fund. Funds received from different sources can be collected and, through its proper mechanisms, can benefit individual households. It further facilitates the implementation of collective conservation actions.

**Livelihood improvement**

The CBM fund is available for all members of the CBO. The fund does not require collateral to provide loans, but a recommendation from the executive committee is necessary. The loans are accessible because of their low interest rate (<12% per annum), which is lower than the rates of formal and informal financial service providers. We have developed protocols to ensure that priority is given to providing loans to poor and marginalized CBO members. The fund aims to promote their engagement in income-generating activities with small businesses. The protocol includes a participatory exercise in which we rank potential beneficiary members on their socio-economic well-being. We use a number of indicators: the amount of family...
income, duration of food sufficiency based on their own production, amount of fixed property, and livelihood strategies in general.

We analysed loan distribution data in different project sites from 2005 to 2009. We found that 50% of loan recipients were from a resource-poor category, 63% were female and 66% were members from groups such as Dalits, Janjati, Madhesi and Muslims (Table 2.9.2). These results indicate that the CBM funds provided were successful in promoting social inclusion within the project sites.

**Payment of conservation services**

Once the fund has been created, the CBOs are able to provide loans according to the agreed guidelines. Those include the commitment to grow at least one rare local variety identified in the community biodiversity register, or from the community seed bank (CSB). Farmers’ groups in Kachorwa have been able to reduce the costs for the regeneration and multiplication of local varieties to about US$10 per local variety per year (Shrestha et al., 2011). Each year, farmers’ groups in the Western Terai area finance diversity blocks of between five and fifteen local varieties of one crop species. In this way, the farmers’ attention and curiosity concerning these local varieties is increased. Such investments have resulted in the cultivation of varieties that were previously at risk of disappearance by an increasing number of households.

Similarly, the CBM fund in Begnas has been able to provide loans to its members for raising livestock on condition that they plant 30 saplings of local fodder tree species. One of the conditions attached to loans for farmers’ groups located around Rupa Lake is that they take care of wetland biodiversity, including the maintenance of habitats of wild rice, local fish, birds and white lotus. Such conditions have created a conscious balance between conservation and income generation. Through the management of the CBM fund and their respective conditions for loans, communities are strengthened in promoting individuals to assume responsibilities in collective conservation efforts. Through their organization they are able to mobilize local financial, human, institutional and social capital in the management of natural and biological capital. The CBM fund has evolved into a system for payment of agrobiodiversity conservation services similar to carbon credits.

**Sustaining local institutions**

Among the reasons for their collapse was their dependency on the external organizations for acquiring resources. Communities often lack the necessary skills and knowledge to mobilize financial assets needed for community development. A more controversial but often valid perspective is that it is not in the interests of many development agencies and their donors to create such capacities as it would move them out of the development business.

The CBM fund is a mechanism from which local institutions can generate regular income in the form of interest, with which they are able to continue their basic conservation and livelihood development work when externally financed projects have been phased out. For instance, Jaivikshrot Sanrachhan Abhiyan in Begnas, and the Agriculture Development and Conservation Society in Kachorwa, have been able to
### Table 2.9.2 Summary of direct beneficiaries of the CBM fund in LI-BIRD’s project sites, September 2005–2009

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of sites</th>
<th>Total no. of beneficiaries</th>
<th>No. of beneficiaries by gender</th>
<th>No. of beneficiaries by socio-economic category</th>
<th>No. of fund beneficiaries by ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>♂</td>
<td>♂</td>
<td>Rich</td>
</tr>
<tr>
<td>2005</td>
<td>2</td>
<td>62</td>
<td>50</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>2006</td>
<td>3</td>
<td>271</td>
<td>186</td>
<td>85</td>
<td>45</td>
</tr>
<tr>
<td>2007</td>
<td>6</td>
<td>336</td>
<td>207</td>
<td>129</td>
<td>35</td>
</tr>
<tr>
<td>2008</td>
<td>7</td>
<td>531</td>
<td>332</td>
<td>199</td>
<td>59</td>
</tr>
<tr>
<td>2009</td>
<td>9</td>
<td>577</td>
<td>347</td>
<td>230</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Total number</td>
<td>1777</td>
<td>1122</td>
<td>655</td>
<td>189</td>
</tr>
<tr>
<td></td>
<td>Total frequency</td>
<td>100%</td>
<td>63%</td>
<td>37%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Based on CBM fund establishment and mobilization records of local institutions in LI-BIRD project sites (2010).

D, Dalit; J, Janjati; OM, other Madheshi; BC, Brahmin Chhetri; M/O, Muslim and others.
mobilize more than US$12 000 and US$8000 respectively. Both organizations have their own staff and run programmes from income-generating activities. They do not need external financial support to run their regular CBM activities.

Benefit-sharing of genetic resources

The international regime on access and benefit-sharing (ABS) states that local communities and indigenous people are the true custodians of genetic resources and associated traditional knowledge (ATK). They have the rights to make decisions on various aspects of genetic resources management, including the rights to define access to genetic resources and claim an equitable share of the benefits arising from their use. Many national governments, including Nepal, have not yet developed a legal, administrative or organizational framework for implementing ABS (Paudel et al., 2010). Nevertheless, the CBM fund emerges as a community-based mechanism for the implementation of ABS. Moreover, as a practice, it is compatible with the conservation and sustainable use of biodiversity, which is an objective that is associated with ABS. The CBM fund mechanisms contribute to benefit-sharing, as well as to conservation and livelihood development. The results in Nepal are an inspiration for other countries and development organizations.

Lessons learned

The establishment of a CBM fund is an important component for contributing to the sustainability of CBM. It enhances the empowerment of farming communities in their organization; and strengthens their collective capacity to define and invest in their conservation and livelihood development agenda. Within the context of conservation, the fund creates a local incentive structure that supports the on-farm management of rare and valuable PGR, facilitates livelihood development and contributes to the social inclusion of poor households. The allocation of resources by the CBM fund, as developed in 21 villages in Nepal, motivates communities to take collective responsibility in the management of agrobiodiversity. The fund creates a platform for discussing various issues related to farming, marketing, social equality and even family matters of the associated members, thereby contributing to social cohesion. Governments and donors may wish to support local communities in establishing CBM funds as a strategy to reach poor people and also as an instrument for mobilizing local financial capital for the on-farm management of PGR. We learned that it is crucial that CBM fund guidelines are formulated in a participatory manner within each specific context, to ensure that poor and marginalized people are the major beneficiaries. To avoid the possibility of misappropriation of funds that could create conflict among the community members, we also learned that it is essential to invest in human resources for the effective implementation of transparent account-keeping systems, with proper check and balance measures. Another challenge with the CBM fund is to make appropriate arrangements for scaling-up within institutional and legislative frameworks at national and lower levels, which will further allow out-scaling to cover wider geographical areas.