



# The Livelihood Improvement Programme of MSFP

ACHIEVEMENTS, LEARNINGS AND THE WAY FORWARD

THE MULTY STAKEHOLDER FORESTRY PROGRAMME  
KATHMANDU  
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# Abbreviations

AFEC/s	Agriculture Forestry and Environment Committee/s
BISEP-ST	Biodiversity Sector Programme for Siwaliks and Terai
CFMG	Collaborative Forest Management Guidelines
CFUG/s	Community Forest Users Group/s
DAG	Disadvantaged Group
DDCs	District Development Committees
DFID UK	Department for International Development, United Kingdom
DFO/s	District Forest Officer/s
DFSCC	District Forest Sector Coordination Committee
EC	Everest Club (Dailekh)
ECARDS	Environment, Culture, Agriculture, Research and Development Society -Nepal
GoF	Government of Finland
GoN	Government of Nepal
hh/s	household/s
HRDC	Hilly Region Development Campaign (Jajarkot)
IA/s	Implementing Agency/s
IGA/s	Income Generating Activity/s
LFG/s	Local Forestry Group/s
LFP	Livelihood and Forestry Programme (DFID funded)
LGCDP	Local Governance and Community Development Programme
LHFP	Leasehold Forestry Programme (previously funded by GoF)
LiBIRD	Local Initiative for Biodiversity, Research and Development
LIP	Livelihood Improvement Plan

LIPO/s	Local Implementing Partner Organization/s
MDO	Malika Development Organisation (Achham)
MoFSC	Ministry of Forests and Soil Conservation
MSFP	Multi Stakeholder Forestry Programme
NGO/s	Non-Government Organization/s
NSCFP	Nepal Swiss Community Forestry Programme (SDC funded)
OMS	Outcome Monitoring Summary
PCR	Programme Completion Report
PLMG/s	Public Land Management Group/s
RIMS	Resource Identification and Management Society – Nepal
RRN	Rural Reconstruction Nepal
RuDeC	Rural Development Centre - Nepal (Achham)
SAADA-Nepal	Social Awareness and Development Academy (Kalikot)
SAEWCC	Sustainable Agriculture, Environment & Water Source Conservation Centre (Dailekh)
SDC	Swiss Agency for Development and Cooperation
SDC	Social Development Centre Nepal (Bajhang)
SFMG	Scientific Forest Management Guideline
VDC/s	Village Development Council/s

# EXECUTIVE SUMMARY

The Multi Stakeholder Forestry Programme (MSFP), led by the Government of Nepal (GoN) and funded by the SDC, DFID and the GoF (Finland), was designed building on the learnings and good practices of the Nepal Swiss Community Forestry Programme, the Livelihoods and Forestry Programme and the Leasehold Forestry Programme.

This report describes the MSFP's livelihood improvement support programme, part of the Programme's outcome 3, which has taken a systematic targeting approach to reach the poor and disadvantaged households, based on the single wellbeing ranking of the Local Governance and Community Development Programme (LGDCP) where available; in other cases, the local forestry groups (LFGs) own wellbeing ranking was used. Livelihood improvement plans (LIPs) were then prepared, and financial, technical and social mobilization support was provided through the LFGs.

Livelihood-focused interventions were designed to ensure that rural communities, specifically the poor, disadvantaged and climate vulnerable households, directly benefitted from local forest management and other Programme initiatives.

Key achievements of the livelihood programme include the reaching of 79,468 disadvantaged, poor and women-headed households who have been directly benefitted by financial skill training and technical support. Results are visible in a) the decreased interest rate applied to loans by LFGs from 30% to 6% - this is a direct contribution of MSFP through enforcement of MSFPs 'How to Note' procedural guideline on LIP and the social mobilization support from the implementing agencies (IAs) and their local partners; and b) in household income which has increased in some cases by more than 5 times the amount of the livelihood support.

Areas of strength and a few good practices have been identified and documented in this paper – for example, the additional resource mobilization from the LFGs for livelihood improvement of poor and disadvantaged group hhs in a range from 5% to 35% of annual LFG income which is very positive

in terms of the sustainability of the programme. Other good practices of the MSFP livelihood programme include the self-monitoring by the monitoring committees which were formed by the LFGs, the public audits, the engagement of multi-stakeholder bodies, for example the AFECs and the DFSCCs, during LIP fund disbursement, and periodic progress monitoring.

The likelihood of the livelihood support programme being sustainable is positive as social mobilization has been successful, and the LFG committees are now much more aware of the need to support the poor and disadvantaged. In addition, a revolving fund mechanism is now in place in many cases at LFG level, as too is the possibility for additional fund generation through loans payable with lower interest on the principle amount. The increased capacity and exposure of LFG members to new markets and new skills through the income generating activities has been observed, and the evolution of some individuals into small entrepreneurs and trainers is also encouraging. In addition, the enhanced capacity of some of the LFGs to leverage external funds is also making a significant contribution to ensuring the sustainability of the livelihood improvement programme for poverty alleviation.

Pro-poor provisions in public land and community forestry guidelines and directives, for example “matching” fund and land allocations for the poor and landless LFG members for forest-based income generation, need to be scaled up and institutionalized through forestry regulations, to ensure equitable benefits from forests for women, the poor and the disadvantaged. Through the MSFP initiatives, pro-active social mobilization focusing on opportunity and empowerment, combined with sustainable forest management principles, has been shown to diversify livelihood options and assist in contributing to poverty reduction as well as the involvement of the marginalized in forest management.

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# 1

## BACKGROUND

The Multi Stakeholder Forestry Programme (MSFP) programme builds on the learnings and good practices of the Government of Nepal's Nepal Swiss Community Forestry Programme (NSCFP, SDC) and the Livelihoods and Forestry Programme (LFP, DFID- UK) as well as the Leasehold Forestry Programme (LHFP, the Government of Finland), all which were undertaken under the Ministry of Forests and Soil Conservation (MoFSC).

All these programmes promoted pro-poor and livelihood initiatives in relation to the community, leasehold, and public land forestry initiatives, and took a proactive approach to reaching the poor and disadvantaged households.

This was especially evident in the later project phases of LFP and NSCFP during which time the programmes were reoriented from an emphasis on improved community management of forests to poverty reduction and the livelihoods of the poor and excluded. Both the NSCFP and the LFP programmes were operating in highly conflict-affected districts. The main contributing factors for this strategic reorientation towards the poor and disadvantaged appear to have been the GoN's and donor governments' enhanced focus on poverty, equity, livelihoods and job creation during the decade long civil conflict as well as the post-conflict period when the context changed toward peace building, reconstruction and rehabilitation.

# 2

## THE MSFP CONTEXT

MSFP, which commenced in January 2012, closed on 15 July 2016 after four years during which the programme was delivered in 43 districts – see Figure 1; during the last two years, progress was somewhat affected by the two earthquakes and subsequent aftershocks in April and May 2015, as well as the political disturbances and the border blockades towards the end of 2015. 23 of the 43 working districts were core districts, while thematic programme districts totaled 20. The Programme was delivered through both national and local implementing agencies (IAs<sup>1</sup>, and the Local Implementing Partner Organizations - LIPOs), and through the District Forest Offices (DFOs).

### **MSFP's Goal, Purpose and Outcomes**

The Goal: improved livelihoods and resilience of poor households and disadvantaged groups in Nepal.

The Purpose: Nepal's forestry sector contributes to inclusive economic growth and tackles poverty reduction and climate change.

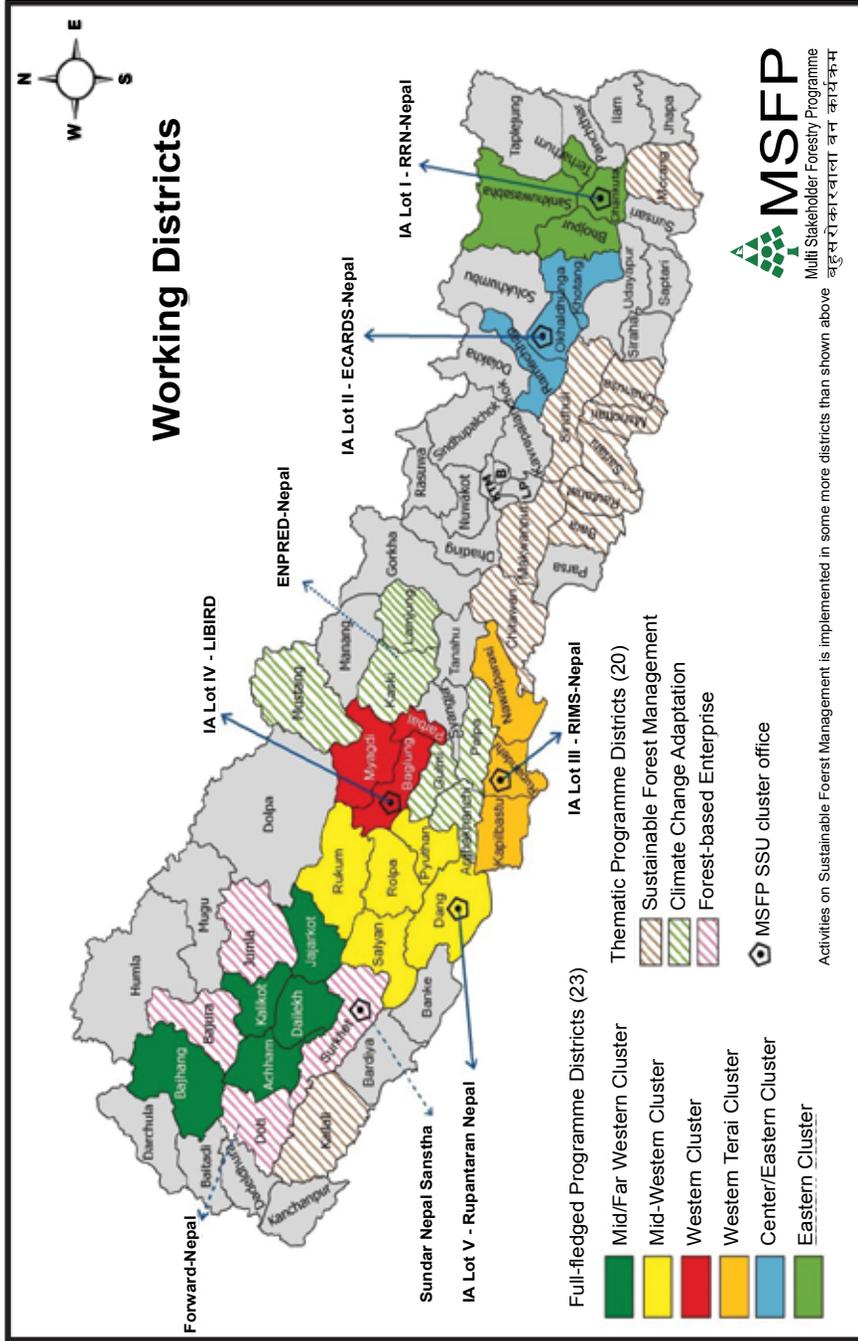
The programme delivered the purpose through four interrelated Outcomes:

1. Government and non-state actors<sup>2</sup> jointly and effectively implementing inclusive forest sector strategies, policies and plans.
2. Private sector (farmers, entrepreneurs, and financial institutions) increase job creating investment in the forestry sector.
3. Rural communities – especially poor, disadvantaged and climate vulnerable people and households - benefit from local forest management and other investments.
4. Forest and trees sustainably managed by government, communities and private sector and climate resilient.

1. *The main implementing partners for the livelihood improvement programme were: RRN, ECARDS, RIMS, LIBIRD, RUPANTARAN; and the LIPOs: SADA, MDO, RUDEC, HRDC, EVEREST CLUB, SAEWEC, SDC.*

2. *'Non-state actors' comprises civil society, NGOs, communities and the private sector.*

Figure 1: MSFP Working Districts



This paper reviews the livelihood improvement programme which formed a focal element of Outcome 3.

MSFP continued to build on the good practices of LFP and NSCFP especially in pro-poor targeting for livelihood improvement and the social mobilization approach. Other good practices from the previous programmes were also continued in MSFP – for example, public land forestry in the Terai region, and community forest land allocation in the hills for income generating activities (IGAs) and livelihood improvement.

Under Outcome 3, the livelihood improvement programme has been implemented in the 23 core programme districts in intensively supported VDCs, and directly targets and benefits the poor, disadvantaged and climate vulnerable households.

The major stakeholders of the forestry sector including the Government of Nepal (GoN) and non-state actors remained actively engaged in the MSFP programme throughout the implementation period. The multi-stakeholder steering approach has been functioning well and become a successful practice at all levels, from national level to local level via the AFECs.

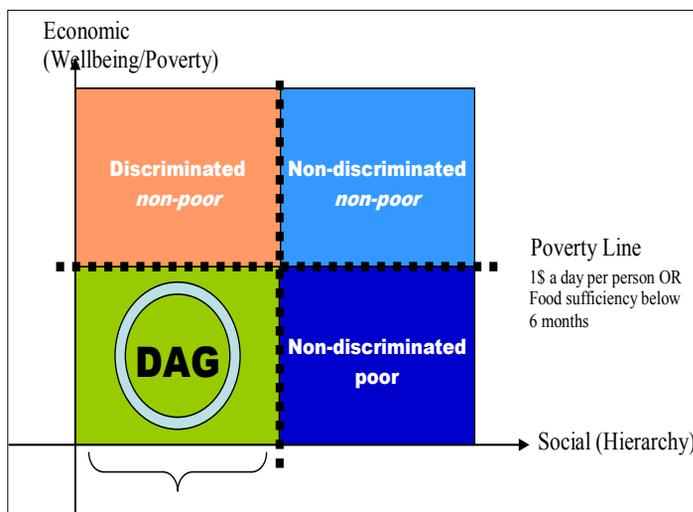
# 3

## THE MSFP LIVELIHOOD IMPROVEMENT PROGRAMME - APPROACHES AND IMPLEMENTATION PROCESS

### 3.1 Identifying the Disadvantaged

There is an increasing realisation by the GoN and its development partners that individuals and households have different capabilities to participate and benefit from development interventions.

Figure 2 Defining the Disadvantaged Groups



Unless targeted support is provided to the most poor and disadvantaged households and barriers to inclusion are removed, the outcomes of development interventions cannot be equitable.

It is therefore necessary to first define, and then identify the most disadvantaged, and then reach them with livelihood options and opportunities. In MSFP, the disadvantaged are defined as ‘economically poor individuals and households that also suffer from social discrimination based on gender, caste/ethnic identity’ – see Figure 2.

For identifying the disadvantaged, MSFP employed the following three tools:-

- a) mapping to identify locations with a high concentration of the disadvantaged - using information from the Local Governance and Community Development Programme (LGCDP) DAG mapping data, undertaken at the VDC level;
- b) well-being ranking to identify poor and discriminated households in the user groups of MSFP - using information from both the LGCDP well-being ranking and the LFG well-being ranking (LFGs are required by the Community Forest Development Guidelines to undertake this, and it needs to be included in the OP);
- c) fund flow analysis for resource targeting to the disadvantaged and women - using budget planning information from IAs and LIPOs.

The socially disadvantaged and economically poor families are those who are categorized in ranks “Gha” and “Ga” in the above LFG wellbeing ranking; this ranking was then validated further with the DAG mapping and wellbeing of the LGCDP.

### **3.2 The Preparation of the Livelihood Improvement Plans (LIPs)**

The MSFP livelihood improvement programme was guided by the principle that the individuals who receive funds through a loan for IGAs should be able to earn enough by the end of the loan period, which is normally 12 months up to 2 years, to return the seed money and continue his or her business through earnings generated from the selected activity.

The beneficiaries of the programme were members of the CFUGs<sup>3</sup> with which the Programme worked through its IAs.

The LIPs for individuals from each selected member household (hh) are prepared with the assistance of the social mobilizers and field facilitators of the LIPOs who also gave assistance and guidance to individuals and hhs for the selected income generating activity.

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3. The term Local Forestry Group (LFG) is also used – an LFG is defined as a community-based forestry group formed at local level under various forest and public land management modalities like community forest, collaborative forest, leasehold forest and public land forest. The term CFUG relates specifically to a community forestry user group.

### 3.3 Fund Disbursement through the Local Forestry Groups

Two types of agreement are then prepared:

- a) one between the LFG and the identified recipients of the livelihood grants, and –
- b) once all the plans of that LFG are prepared, an agreement is made between the LFG, the beneficiary household and the MSFP fund provider (the relevant national NGO or the DFO, or a LIPO) in relation to the funds to be provided.

On the basis of these agreements, funds are deposited by the NGO or DFO, into the bank account of the LFG, which then provides the recipient hh with the agreed funds.

### 3.4 Monitoring and Public Auditing

The LFGs with support from the social mobilizers are encouraged to form a monitoring committee from group members to guide and oversee the utilization of the provided livelihood improvement funds, and monitor the IGAs. In addition, in all MSFP programme districts, it is mandatory for the partner LFGs to conduct public audits of their on-going and completed activities to ensure transparency and accountability. This practice was largely institutionalized amongst 70% of the partner LFGs supported by MSFP.

# 4

## KEY INTERVENTIONS IN THE LIVELIHOOD IMPROVEMENT PROGRAMME

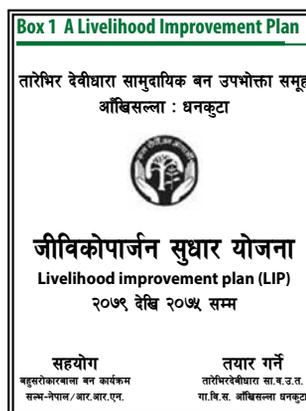
As shown in Figure 3 below there are 5 key interventions in the livelihood improvement programme which is further elaborated below.

Figure 3: Key Interventions in the MSFP Livelihood Improvement Programme

- ▶ Preparation of Livelihood Improvement Plan
- ▶ Provision of Grant to LFGs for LIP Support
- ▶ Provision of Skill and Technical Training
- ▶ Establishment of Revolving Fund and Matching Fund
- ▶ Community Forest and Public Land Allocation

### 4.1 Intervention 1: Preparation of Livelihood Improvement Plans

Framework guidelines for the preparation of the livelihood improvement plans, based on MSFP “How to Notes” guidelines, were prepared by the implementing agencies for preparation of the user group LIPs – see Box 1 for an example of a LIP from the Dhankuta cluster. These guidelines considerably helped the LFGs for formulating the hh level livelihood plans. The LIPs are usually prepared for 5 years, whereas the IGA support within the LIP is usually for 1 to 2 years, before re-payment needs to be made to the CFUG.



### 4.2 Intervention 2: Provision of Grant to LFGs for LIP Support

After the 1 year no-cost extension phase for MSFP was granted in March 2015 by the MoFSC and the development partners, a change in the livelihood

programme approach was made. Considering a) the positive evidence of programme benefits reaching and impacting the intended beneficiaries, the poor, women and disadvantaged households, b) the popular nature of the programme, by communities, the IAs and the DFOs, and c) the need for a more realistic funding ceiling - it was decided by MSFP to increase the minimum LIP support from NRs 4,000 to NRs.15,000 per hh.

Once all LIPs were completed for a particular group, and agreements signed, funds were transferred to the bank account of the LFG. LIP areas of support, as selected by the beneficiary poor and disadvantaged hhs, fell into five categories:

- a) vegetable farming,
- b) livestock rearing – mainly goats and pigs,
- c) NTFPs - mainly broom grass, black cardamom (Alaichi) and chiraito cultivation,
- d) skill-based livelihood support - eg. bamboo and wood handicraft making, allo thread weaving, and furniture making;
- e) others – eg. bee-keeping and mushroom cultivation.

### **4.3 Intervention 3: Provision of Skill and Technical Training**

Regular facilitation support to LFGs for the livelihood improvement programme through dedicated social mobilizers in 490 VDCs of the 23 core districts was an important intervention of the programme. The facilitation support included arranging and establishing linkages with skill training institutes and individuals, technical linkages and support through District and VDC-based government line agencies; these GoN agencies included the district forestry, agriculture and the cottage and small industries offices, as well as the Ward Citizen Fora, the AFECs, VDCs and DDCs (local government), local cooperatives, and market and financial institutions.

### **4.4 Intervention 4: Establishment of Revolving and “Matching” Fund Mechanisms**

As explained in the MSFP LIP guidelines, the LIP grant support provided to the LFGs through the MSFP IAs, GoN and other local partners, establishes the “revolving fund” maintained by many of the LFGs; these funds are usually provided as a low interest loan to the beneficiary households for funding the

LIP activities. When the loans are re-paid to the LFG, the funds are then available for a further loan to other members of the LFG.

“Matching funds” are defined as contributions for funding LIPs from the more resource-rich LFGs who have income from sale of forest products, membership fees, fines, and/or resources mobilized as an autonomous registered local entity from the VDC, DDC, local, national, or international NGO, or an external donor. It is stipulated in the MoFSC Community Forest Development Guidelines, that these “matching funds” (35% of LFG annual income) are provided by each LFG for pro-poor support; MSFP has strongly encouraged this GoN policy, through the IAs, the LIPOs and their social mobilizers. Specifically, these Guidelines state that of LFG income, 35% should be used for pro-poor development, and 25% for forest development of the local forest.

#### **4.5 Intervention 5: Community Forest and Public Land Allocation**

Continuing the good initiations of the previous programmes, LFP and NSCFP, MSFP has also promoted livelihood improvement through utilization of public lands and riverbanks. These areas were planted with fast growing timber and non-timber species – such as fodder trees and fruit trees – which would allow the public land management groups to utilize the products in years to come.

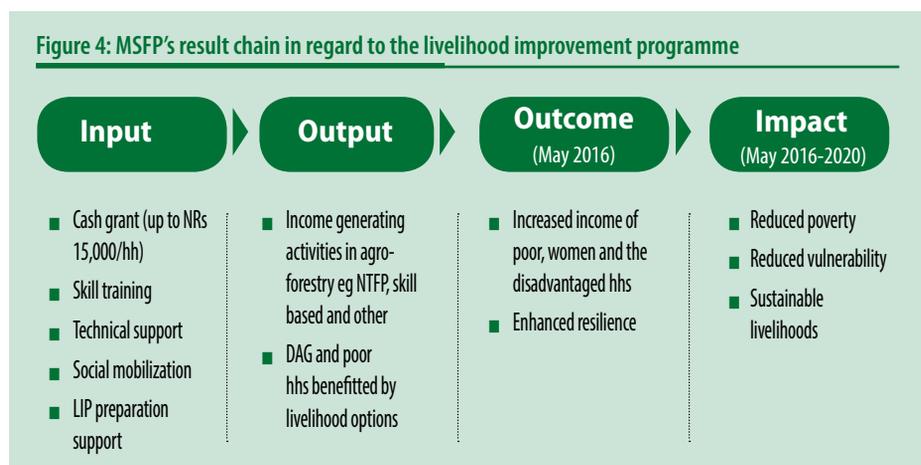
Other income generating activities – such as fish ponds for fish farming, vegetable farming, fruit farming (eg. water melons) – were initiated along the river banks during the post-monsoon and winter season, especially in the western terai.

These activities have had a significant impact on the poor and disadvantaged beneficiaries through increasing their access to forest, public and cultivable land and the ensuing products, and thus increasing their household incomes. In the mid-hills, where there is less public land than in the terai, MSFP has continued the practice of allocating small areas of community forest land specifically for landless women and men to cultivate cardamom, broom grass, chiraito and other NTFPs.

# 5

## ACHIEVEMENTS AND OUTCOMES

As programme implementation was only started from 2013 March onwards, most of the livelihood improvement interventions are currently visible at the stage of output, although some of the outcomes are also becoming visible as described in Figure 4.



Through the livelihood improvement programme, MSFP has achieved some solid results and achievements in a relatively short period of time, elaborated in the following sections, and summarized in Box 2.

### 5.1 Increased Access to Finance and Livelihood Options by the Marginalized

100% of funds provided through the MSFP livelihood improvement programme have reached the poor, 83% the disadvantaged, 25% Dalits and 71% women. Direct LIP grant support between March 2013 and July 2016, when field implementation ceased, has reached to a total of 79,468 hhs (PCR OMS: 2016), through the MSFP NGO implementing partners and the DFOs.

Over the 3 years of effective implementation, LIP support amounted to NRs. 9,750 per hh on average, and ranged from NRs. 4,500/hh in the first phase (2013 to 2014) to NRs.15,000 during the cost extension phase, post March 2015. Direct programme investment to the disadvantaged, poor and women-headed hhs through the DFOs and IAs totals NRs. 721,129,500 (NRs.72.11 crore, NRs 721 million).

The programme has provided women, the poor and the disadvantaged with significant cash inputs to fund a small livelihood improvement enterprise without any collateral and nominal interest, at their doorstep through the LFGs. Many beneficiaries have witnessed a significant improvement in income over a short space of time, as demonstrated by the case studies in the following pages. Obtaining such an input of seed funds for livelihood activities was not previously possible as such poor hhs had to rely on local money lenders who charged very high rates of interest.

In addition to the provision of funds, MSFP and its partner IAs also provided additional empowerment through skill training and facilitation support, in order to enhance the impact of the provided LIP funds.

As at July 2016, 7,087 (9%) of the fund beneficiaries had also received skill-based training in areas as diverse as mushroom farming, bamboo and wood based handicrafts, allo fabric weaving, NTFP cultivation and processing, and furniture making.

Due to skill training in new and non-traditional livelihoods, women and the socially disadvantaged groups (eg. Dalits and ethnic groups) are able to venture into new areas of skill-based livelihood; this has clearly resulted in enhanced empowerment and self-reliance, such as in the case of Sunita Tharu from Kapilvastu district who was supported with skill training in furniture making, see Case Study 1.

#### **Box 2 Key Achievements of the MSFP Livelihoods Improvement Programme**

- Increased access to livelihood options for 79,468 DAG & 100% poor hhs, 72% women
- Decreased interest rate from up to 30% to 6%
- Increased leverage of “matching funds” from the 1,911 LFGs
- Empowerment through skill training benefitted 7,087 persons out of which 50% are women
- Increased access to public land and forests by 24,885 hh
- Increased income, improved wellbeing – more than 5 fold in a year

## 5.2 Decreased Interest Rate and Increased “Matching Fund”

As an outcome of social mobilization, facilitation and continuous orientation on interest rate provisions, as documented in MSFP’s ‘How to Note’ on livelihood improvement guideline, a significant achievement was observed. The guideline recommends that there should either be no interest charged on the LIP funds to group members, or if it is necessary, the interest rate should not exceed 6%. Interest rates on the LIP funds have, in almost all cases, been decreased to 5 or 6% compared to the earlier very high rates charged by LFGs, which commonly ranged from 15% up to 30%.

An additional outcome of the regular facilitation and social mobilization

### CASE STUDY 1

#### Sunita Tharu - Breaking the Stereotype



▲ Ms. Sunita Tharu, received technical skill development training in furniture making - at work in her new job (22 January 2016)

“I was almost helpless as I had no opportunity of income generation nor had I any technical skills to start any sort of business on my own. Whenever I approached people for a job, they would readily turn down my request with degrading remarks like “what can a Tharu girl like you do for me” - Sunita on 22 January 2016.

MSFP, through its implementing partner RIMS, provided technical support to the Madhuban Community Forest User Group in Banganga Municipality. In early

2015, RIMS and the CFUG identified potential candidates from the group for technical skill development training in carpentry, and selected Sunita Tharu as a candidate. Sunita successfully completed the 180 hours of carpentry training, which was held at the Butwal Technical Institute from 29 September to 8 November 2015.

Soon after completing the course, MSFP, through RIMS, provided Sunita with the required tools for carpentry worth NRs. 15,000, and she soon started working as an assistant carpenter at a local carpentry workshop in Banganga Municipality. She earns NRs 9000/- per month which has been a great source of support to her family.

“I now have a regular source of income working as an assistant carpenter and its really improved our family living condition. I can now afford to meet my family’s needs and I plan on continuing my unfinished high school education next year”. Sunita is now planning to register her own enterprise at the Cottage and Small Industry Office, and obtain a license so she can start her own business in the near future.

support is that many LFGs have begun allocating at least 5%, and up to 35% of the groups' income to poor and disadvantaged members as their contribution to livelihood improvement - as stipulated in the Community Forest Development Guidelines.

As at July 2016, a total of 1,911 LFGs (PCR,OMS 2016) have allocated 35% of funds to the poor and disadvantaged members. Although exact data on the LFG "matching fund" collected is not available, there is qualitative information from reliable sources that fund allocation is becoming an increasing trend. Figure 5 provides an example of the leveraging of funds from the LFGs in the three districts of MSFP's Baglung Cluster. 20 CFUGs in Baglung, Myagdi and Parbat Districts have contributed NRs. 3,825,000 (NRs. 3.825 million) to the disadvantaged. This amounts to 5% of MSFP direct LIP funding, which averages to NRs. 191,250 per CFUG. If each of 3,990<sup>4</sup> LFGs in MSFP's core working VDCs (23 Districts), have contributed funds even at 5% of the MSFP funding, total LFG contributions would amount to over NRs. 763 million which is a very significant sum for supporting the poor and disadvantaged.

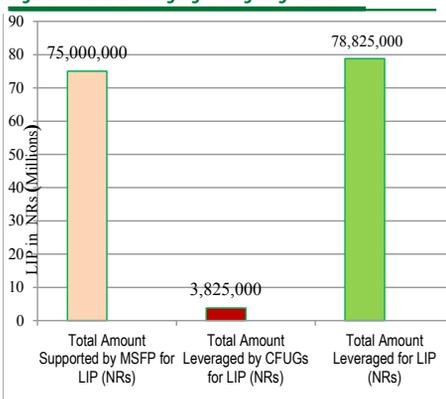
## CASE STUDY 2

### The Wife and Husband Team Making Money from Bees

Honey farmer Nirmala, from Surkhet, received training in modern beekeeping in early 2015 through MSFP's implementing partner Sundar Nepal. She learnt how to use modern hives and was able to produce 12 kg of honey in her first season, which she sold at the rate of NRs 500/- per kg. In addition, her husband, Tek Bahadur Tarung, is now engaged in making the bee hive boxes which he is able to sell within their own and nearby communities. The cost of each beehive box that he makes is NRs. 3,500/-. Within a year Tek Bdr was able to sell 17 beehive boxes and earned NRs. 59,500/-.



Figure 5 Fund Leveraging in Baglung cluster



4. 24 districts were supported insensitively-figure calculated Palpa district, which was not one of the core districts.

Although it is clear that this is only the beginning of a trend, this is a real legacy and a direct outcome of effective social mobilization and facilitation support from MSFP and its implementing partners.

### 5.3 Increased Access to Forest Products and Forest Land for the Marginalized

Due to the MSFP livelihood interventions, women, the poor, the disadvantaged and the landless have greater access to forest land and forest products in both the southern part of the Terai within public land, and through the community forest lands in the mid-hills. As a result, livelihoods options have been diversified for these marginalised groups.

In addition, improved management of public lands in the Terai has contributed to rehabilitation of degraded land, which has increased productivity and also, in some cases, begin to enhance the livelihoods of the poor.

As at July 2016, a total of 164 public land management (PLM) groups, comprising poor, landless and disadvantaged households, had been formed in 3 districts (Rupandehi, Kapilvastu and Nawalparasi) through efforts of the MSFP implementation partner RIMS – see Table 1. As a result, some 569 ha of previously barren public land is undergoing rehabilitation in these 3 districts through tree plantations which are managed by 8,755 hhs group members. These rehabilitated public land areas have provided several income generating opportunities to the groups – these include fish farming, vegetable farming, fodder for goats and cattle, and firewood collection and sale.

**Table 1 Public Land Management Groups Established by MSFP in the Terai District**

District	Number	Area (ha)	Households
Rupandehi	43	94.84	4023
Kapilvastu	56	204.27	1533
Nawalparasi	65	297	3219
Total	164	596.11	8775

### 5.4 Increased Income, Improved Wellbeing

Early results of the livelihood improvement programme have emerged over the last 12 months of MSFP. Various cases have been both witnessed and reported in relation to increasing household incomes through the Programme's



▲ *Pabitra Nepali, Rolpa*

### CASE STUDY 3

#### Pig Rearing Earns a Lakh

Pabitra Nepali, a member of the Lamputali CFUG from Mayur Pani village, in Budhagaon, Rolpa District, says: “my dreams came true when I started rearing pigs”. Her pig, which she bought in

2015, with MSFP-Rupantaran support of NRs.5000 and a contribution from the CFUG of NRs.3000, gave birth three times, each birth comprising 12 to 14 piglets, a total of 36 piglets in just over a year. She took good care of them all, and sold 33 piglets at NRs 3,000/piglet, earning her a total of NRs. 99,000. She no longer has to go in search of labouring work as she now has her own business.

Now her neighbours, unwilling to give her help previously, come to her asking for loan and treat her with respect. She says, “I want to suggest to those who are living a difficult life like I used to, that we can sprout golden saplings in our own backyard if we shed a few drops of sweat”.

livelihood improvement initiatives and small cash grants for small enterprise establishment.

These small enterprises have been based on, for example, goat raising, pig raising, tomato farming, mushroom farming, amriso (broom grass) and black cardamom cultivation. Reports have also been received of household incomes increasing fivefold in one season from NRs. 20,000 up to NRs. 100,000. Some examples of the success of the livelihood improvement programme are provided in the case studies.



### CASE STUDY 4

#### Black Cardamom Cultivation in Khotang

Dhaniram (Niran) Rai of Ratanchha VDC Ward 8, in Khotang District: “I want to make alainchi (cardamom) cultivation my full time job. I am aiming to produce about 10 mani (400 kg) of alainchi annually after five years which will provide earnings of about NRs 1 million rupees even at the current market price”

◀ *Dhaniram Rai, (7 November, 2015)*



▲ *Kaushila BK, Baglung*

#### CASE STUDY 5

### Tomato Farming in Baglung District

Mrs Kaushila BK, a member of the Amritbuti Rokale CFUG, Bhimpokhara VDC-9, Baglung was supported with NRs. 15000/- by MSFP through LiBird to improve her livelihood. Previously, she used to cultivate crops such as maize and millet from which she only earned between NRs. 600 and 800 each year from her 0.5 ropani of land. In 2014, she used her grant to purchase materials for 2 polyhouse tunnels for producing tomatoes – from the 0.5 ropani, she now produces 4 quintals of tomatoes (400 kg) each year, and sells it at NRs. 50 per kg, earning her an average of NRs. 20,000/- in one season. She uses her new income on basic needs, her children's education, medicine and she has even been able to clear her old debts.

“In future, I plan to construct another 3 to 5 tunnels and cultivate off-season vegetables along with my husband after he comes back to Nepal from overseas. I also have an ambition to upgrade my educational level and complete my studies up to class 10 and pass the School Leaving Certificate exam; this will open up new windows of opportunity for myself and my family”.



▲ *Patiram, happy with his goats, 25 December, 2015*

#### CASE STUDY 6

### Goat Raising in Nawalparsi

Mr. Patiram Chaudhary is breaking a stereotype. In 2014, he was provided with NRs. 7,000/-, as a loan for 1 year, by his Bhartaha CFUG as part of the MSFP livelihood improvement programme implemented by RIMS/ HICODEF. His plan was focused on goat rearing - he bought two mother goats which began his goat rearing business. With strong dedication and commitment, he bred the goats, and made his first income by the end of 2014 through selling 4 goats (2 male and 2 females), earning himself NRs. 18,000/-.

He had no problem in paying back his loan on time, and the remainder was very useful in meeting his family's needs. After a few more months, he again sold 4 goats (in early 2015) which also earned him another NRs. 18000/-. He then continued raising a further 3 mother goats and 2 baby goats.

With this regular income, he is much happier these days, and in 2015, he was able to begin to send their 3 children (2 daughters and 1 son) to school. He regularly participates in the CFUG meetings, and his new goat business now allows him to speak up, with confidence.

## CASE STUDY 7

### A Women's Mushroom Production Group in the Dhankuta Cluster

The Ghelpe Patanwa Community Forest User Group began implementing the livelihood improvement plan, with the financial and technical support from MSFP through RRN in 2015. As a result, eight women began the Ghelpe Patanwa Agro Firm for mushroom production from 2015, based on a loan of NRs 1,20,000/-, received from the CFUG at 0% interest, to be paid back in 2 years.



▲ *Samjhana Rai watering the mushrooms*

They were also provided with a one day orientation and a one day exposure visit through MSFP before starting the mushroom business. Each woman had also collected NRs 2,000/- as an individual loan, and they invested a total of NRs 1,56,000/- in the construction of two shade houses, the purchasing of mushroom seed and other necessary materials for mushroom farming. They leased 0.5 ropani of land for the mushroom farm from a Mr Harka Bahadur Rai for 2 years at an annual rent of NRs 1500/-.

In their first season, they produced and sold some 450 kg of mushroom and earned NRs. 85,000/- and the daily lives of the eight women began to be transformed. No one in the community, not even the women themselves, had believed they would have such success so quickly. "Before starting the mushroom farming, no one wanted to borrow money from the CFUG because they did not believe they would be able to repay it. Now, after our success, all are demanding support from the CFUG!" - Radhika Neupane, Coordinator of the mushroom group.

"Now, I am very happy and am able to run my house with the earnings I have made from the mushrooms. I am feeling so relieved – we borrowed all that money, but will be able to pay it off, and now that we have a good business which earns good money, I have no need to look for other employment!" - Manakumari Rai, member of the mushroom group.

After starting the mushroom farming group, the leadership style and confidence of all the women improved, as did their self-esteem. They now speak with confidence in a group situation, and there is no shyness or hesitation anymore – and they speak with a strong voice during the meetings of the community forest users group.

**Future Dreams:** the Ghelpe Patanwa Agro Firm is now planning to harvest mushrooms 3 times a year, so as to ensure a year round income. This increase in production will require a further investment of NRs. 15,00,000/- (fifteen lakh) which the group will raise from mushroom sales and other sources. "We will pay back the loan to the CFUG within two years, are planning for more intensive marketing in order to ensure we get the best price for our mushrooms, and one thing is for sure - we will never close this business!" – *Radhika, the Coordinator.*

# 6

## STRENGTHS AND GOOD PRACTICES

- a) Institutionalizing the targeting approach was a key strength and ensured that MSFP's livelihood improvement programme reached women, the poor and the disadvantaged.
- b) The systematic collection and periodic monitoring of disaggregated data in relation to gender, caste, ethnicity and poverty ensured that the programme benefits reached the intended beneficiary households and individuals – this was an important foundation of the programme in particular and of MSFP as a whole.
- c) The livelihood improvement programme was well integrated with government guidelines and practice, and operationalized the pro-poor provisions of MoFSC policy – viz. the Community Forest Development Guidelines, the Leasehold Forestry Guidelines, and the GoN-MoFSC Gender and Social Inclusion Strategy. The programme became a key activity for the social mobilizers of the MSFP partners, and this ensured that government policy, pro-poor and social equity principles were considerably understood and adopted by the collaborating LFGs, and in rural communities as a whole.
- d) The leverage and mobilization of additional resources for livelihood improvement through the LFGs allocating their own funds or through contributions from other organizations and institutions – for example, AFECs, VDCs, national and local NGOs and grass root CBOs – assists in reinforcing sustainability. The fact that funds totalling between 5% and 35% of the Programme funds for livelihood promotion across the 6 MSFP clusters have been mobilized from sources other than MSFP is a most encouraging aspect of the programme – revealing that, on the basis of actions speak louder than words, local support for the upliftment of the poor and disadvantaged is more than just lip service.
- e) The local committees formed for monitoring the LIP revolving funds in each of the CFUGs has functioned well in most cases - this was only

possible through substantial and time-consuming inputs from the social mobilizers, but is considered to be well worthwhile.

- f) Where self-monitoring practices were adopted by the LFGs, as recommended by the guidelines, it was more likely that the vision and goal, as documented in individual or household plans, were realized; this should be encouraged in future such programmes as it was good practice in terms of effective implementation and sustainability of the plan.
- g) Public audits of the LFG programme activities is another good practice and helps to ensure that funds are properly channelled and utilized by the user groups and recipient households for the intended livelihood improvement activity, as outlined in the plans.
- h) Multi stakeholder engagement in livelihood improvement fund disbursement, and periodic joint monitoring, was very important for ensuring accountability and transparency of the funds channelled to the forest user group level. Those involved in the disbursement and the monitoring included representatives of the DDC, the DFOs, the VDCs and AFECs, other user groups, and the WCF.

# 7

## KEY MESSAGES AND LEARNINGS

- a) Due to the targeting approach, these LIP interventions have been most effective in reaching the poor, women and DAGs.
- b) The programmes designed and implemented by local institutions, such as the LFGs, are more effective in improving the livelihoods of beneficiaries than programmes designed from the centre, due to an increase in the level of ownership and responsibility
- c) Combining household level livelihood improvement programmes and institutional support from community user groups optimizes the likelihood of beneficial impacts of the livelihood activities undertaken.
- d) Offering multiple and customized livelihood options, and matching these with the specific needs and interests of the households and individuals, increase the commitment and likelihood of success and impact.
- e) Where livelihood improvement support has been provided, monitoring of the benefits and impacts at the household level is a big task and needs a substantial budget and a very considerable time investment and data expertise – this was not foreseen or envisaged at the design phase of the programme.
- f) In the area of skill development and technology support, the NGO implementation partners input was not very effective – this may have been due to lack of assigned staff, thin spread of the programme over a wide area, and the lack of process orientation. Skill development and technology support for all beneficiaries - whether it be for goat rearing, polytunnel cultivation, mushroom production or carpentry - should be an integral part of livelihood improvement support, and this of course has budget implications.
- g) In the final period of the Programme, during the extension period, the NGOs and the Government had different funding modalities in terms of this programme, despite both receiving funds from MSFP. The

NGOs provided a greater investment per household than the DFOs for livelihood programme support – NRs15,000/hh as against NRs 4,000/hh respectively. This caused confusion, and in some instances conflicts within the communities, and is a failure of guidance and stipulation from MSFP management, both the SSU and the PCO.

- h) Pro-poor initiatives within public land was begun by previous forestry programmes - such as the SNV/ GoN supported BISEP-ST and the DFID/GoN supported LFP; this was continued by MSFP, but still lacked legal charter due to the absence of clear, comprehensive and secure tenure rights in these public lands. This has created a sense of uncertainty within the public land management groups (PLMGs) in relation to resource utilization rights. There is an urgent need that public land and community forest land allocation and use within pro-poor initiatives are institutionalized within the Forest Act and Regulations. Progress was made toward this in 2016, but continued efforts are essential to ensure that the PLMGs can have legal rights to both use of, and the products from these public lands.
- i) Multi-Stakeholder engagement (eg. by the DFSCC, the VDCs and AFECs, and the DFOs), in the livelihood improvement programme has increased the awareness of, and accountability towards the poor, women and the disadvantaged.

# 8

## OPPORTUNITIES AND THE WAY FORWARD

- a) The importance of engaged and committed social mobilizers should not be underestimated in future similar programmes – awareness raising of social equity issues, social empowerment of both individuals and groups, combined with sustainable forest management principles diversify livelihood opportunities and provide sustainable livelihood improvement which leads to poverty reduction.
- b) Facilitation support and monitoring of the livelihood improvement funds by the government offices at district and local level (eg. the DFSCC, the DFOs and RDs, and the VDCs and AFECs) encourages the belief that the very significant revolving fund generated at the LFG level will continue to be optimally used for livelihood improvement of the marginalized groups.
- c) With the revolving fund mechanism in place in many LFGs, the principal of supporting the poor being well understood and supported by the majority and the possibility of additional fund generation with interest on the principle loan, the outlook for sustainability and future of a local form of livelihood support to the disadvantaged is positive. Future projects and local GoN officials need to focus on ensuring that revolving funds are maintained and LFG contributions are strongly encouraged.
- d) Other factors which point to a potentially bright future for livelihood support at the user group level are the increased capacity of the groups and individuals to generate an improved income through training and acquiring new skills, the enhanced exposure to new markets, as well as improved capacity and experience in leveraging funds from external sources.
- e) LFGs are a registered and legal entity, and are now able to establish linkages with new programmes in forestry, livelihoods and climate change for the sustaining and up-scaling of small income generating activities and micro-enterprises, for both employment and community-wide job creation.
- f) Orienting and training beneficiary households on book keeping, record

keeping of investments, costs, expenses and earnings from their selected small scale enterprise is an essential focus of any future government or project support; this will enable the beneficiaries to analyse costs and benefits of their chosen income generating activity, and to make sensible and correct decisions when considering enhanced efficiency and upscaling.

- g) The need to regularise public auditing of the LFGs, with a special focus on livelihood support and the status of the revolving fund, is also essential for increased visibility and accountability; this is best undertaken with members of the VDC and AFEC present, and if possible a representative of the DFO or DDC.
- h) Mobilization and institutionalization of the LFG monitoring committees for scrutinizing the livelihood funding, and the health of the activities by group members needs also to be ensured in future livelihood programmes to enhance understanding of problems and pitfalls, as well as the transparency on the proper utilization of the committed funds for the intended households.
- i) Integration of the individual livelihood improvement plans into the VDC plans is important in order to encourage the leveraging of resources from VDC funds for the coming fiscal year. It is therefore important that members of the LFGs, responsible for the livelihood promotion programmes, attend the Ward Citizen Forum meetings, as well as the Integrated Planning Committee meetings at VDC level and the VDC Council meetings. There is an important opportunity here to capitalize on those parts of the VDC grants and budgets that are reserved for supporting women and the disadvantaged, in the fields of agriculture, forestry and the environment.
- j) Community forest land allocation for livelihood improvement of poor and landless members is a provision that is already included in the revised Community Forestry Development Guideline of the Department of Forests – this has great potential to open up new avenues for further intervention in this area, as do the new initiatives concerning the rules and regulations for the use of public land.
- k) Recent developments at a consultative workshop in 2016 on the drafting of a directive on public land management by the MoFSC includes a model for agro-forestry initiatives – this is an excellent opportunity for further institutionalization of pro-poor involvement in public land management, and the scaling up of land allocation for women and other marginalized groups in public land as well as community forestry areas.

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