

A Guide to Establishing a Community Biodiversity Management Fund for Enhancing Agricultural Biodiversity Conservation and Rural Livelihoods



Pitambar Shrestha¹, Sajal Sthapit¹, Indra Paudel¹, Shreeram Subedi¹, Abishkar Subedi^{1,2} and Bhuwon Sthapit³



Photo: ADCS, Kachorwa, Bara

Introduction

The enormous contribution of agricultural biodiversity for global food security has been widely recognized. In the 1990s, as a consequence of the Convention on Biological Diversity (CBD), research and development, organizations related to agricultural biodiversity began to focus their work on agro-ecosystems, traditional farming practices, local innovations and traditional knowledge. Many of them came up with a variety of tools, approaches and methodologies for the conservation and sustainable use of agricultural biodiversity in their original habitats or on farm. However, farming communities and formal and informal organizations are still confronted with many challenges to halting the disappearance of genetic resources and associated traditional knowledge, and to improving peoples' livelihoods through conservation and use of crop genetic resources.

Community-based Biodiversity Management (CBM) is a community-driven participatory approach that empowers farmers and communities to organize themselves and to develop strategies and plans that support on farm management of agricultural biodiversity (Sthapit *et al.*, 2008). Empowerment is a driving force to motivate rural people for conservation efforts and in sustaining the community-based processes. Access to financial resources is a means to empower rural farmers and build local capacity of rural institutions to respond the needs of the community. Therefore, the establishment of a community managed fund is an integral part of the CBM

process that promotes both on farm management of crop genetic resources and improves peoples' livelihoods through the mobilization of local social as well as financial capital. This approach is also emerging as a mechanism to the fair and equitable distribution of monetary benefits realized from the commercial use of genetic resources and associated traditional knowledge (Paudel *et al.*, 2010). Experiences have shown that establishing a CBM fund has increased community participation in agricultural biodiversity management as it provides incentives to the farmers, especially to the low income members, ethnic minorities and woman, for being involved in conservation activities. It provides easy access to financial resources to start small enterprises, such as rearing of livestock, as a means of generating cash income. However, the CBM fund is not just another form of microcredit but has its own distinct features. For example, a loan is used only for production purposes, the fund user has to grow rare and threatened local crop varieties and the fund management decision is made by community members themselves based on their own guidelines, which to some extent might differ from one village to another. This paper describes the process of establishing a CBM fund as a mechanism linked to the conservation and use of agricultural biodiversity, as well as lessons learned from previous experiences.

¹Local Initiatives for Biodiversity, Research and Development (LI-BIRD)

^{1,2} Currently in Wageningen UR, CDI, The Netherlands

³Biodiversity International



Sukalal Rajbanshi of Shivagunj 2, Jhapa used the CBM fund to buy a local and an improved breeding bull. By using his two bulls' insemination services he earns over Rs. 4000 a month.

Photo: Purna Paudel/LI-BIRD

Why do we need a CBM fund?

Farming communities and their institutions can be empowered if they can be involved in self-directed decision making about their own lives and resources. This is possible if they have easy access to financial resources. An important aspect of CBM is to mobilize local financial, human and social capital in order to manage or capitalize on natural capital (here agricultural biodiversity) for enhancing livelihood options. This can be done through establishing a CBM fund. The main purpose of the CBM fund is to promote collective actions for on farm conservation of agricultural biodiversity and to enhance rural livelihoods through creating a mechanism that provides easy access to financial resources. Furthermore, the CBM fund also serves as regular financial resource generation mechanism to sustain the processes initiated by local institutions or to ensure financial sustainability.

The benefits of a CBM fund in an on farm agricultural biodiversity management programme can manifest in many ways. It can i) mobilize local financial resources, ii) build trust between community members and support organizations, iii) increase cohesiveness among community members for CBM, iv) simultaneously support agricultural biodiversity conservation and peoples livelihoods, v) facilitate an equitable sharing of benefits and vi) generate internal resources for farmers' groups/community-based organizations (CBOs) for institutional sustainability after project completion.

How to establish a CBM fund?

Any type of farmers' group or community-based organization working in the field of agricultural biodiversity management can establish a CBM fund. The group or organization should use the following community led process while establishing a CBM fund.

Step 1: Agreement on the concept and implementation modality

Understanding the CBM fund is the first and foremost step to establishing a CBM fund. Each and every member of the group should know or have the opportunity to discuss the need and benefit of such a fund, the process of establishment and mobilization, the governing mechanism and roles and contribution of members individually and collectively. The meeting facilitator can make a presentation, facilitate discussion and share success stories from the past by organizing a meeting of each group separately (if there are many groups working on CBM in the same community) or jointly. After discussion and agreement, the meeting should form a committee for the development of a CBM fund management guideline within an agreed upon time frame. The number of members in such a committee could be three to five. The committee can use the guidelines already developed by other groups as a reference so that they will not need to start from the beginning. Exposure visits can also be organized for farmers' groups and CBO members where a CBM fund has



Chhyangra is a rare local rice variety adapted to swampy lands. Dilliram Tharu of Agyouli 8, Nawalparasi, a user of CBM fund, grows this variety as part of his commitment.

Photo: Indra Paudel/LI-BIRD

been successfully managed, in order to demonstrate how a CBM fund links agricultural biodiversity conservation on farm with enhancing farming community members' livelihoods.

Step 2: Development and finalization of CBM fund management guideline

The responsibility for drafting the CBM fund management guidelines should be given to a CBM fund guidelines drafting committee formed in step 1. The guidelines should contain at least the following basic components:

- A preamble mentioning the overall need and goal of the CBM fund in that particular community.
- Definition of terminologies used in the document.
- Objectives of the guideline.
- The basis of fund generation and a description of its mobilization process.
- The process for prioritizing the poorer members of the group in accessing the fund and linking conservation of agricultural biodiversity with income generating activities.
- Description of the fund approval process, rate of interest, time by which loans should be paid back, clauses for penalties in the case of defaulting and
- Necessary forms and formats in the last part of the guideline.

The CBM fund guideline drafting committee should circulate their draft to each member of the group and seek comments and suggestions or have a discussion with group members. After receiving and incorporating comments and feedback, the committee should organize a general meeting representing all groups for discussion and joint approval. Disagreement (if any) on the draft by any members or groups should be discussed in the meeting. It is also necessary to print necessary forms immediately after approval of the guideline.



Bandhiya Devi Chaudhary of Gadariya 1, Kailali used the CBM fund to rear pig for generating income.
Photo: Pitambar Shrestha/LI-BIRD

Step 3: Raising the CBM fund

Once the guideline is ready, responsible members can start their work as per the guideline. It is very important to raise funds from the community first (at least 25% of the total anticipated amount) and then use this as leverage while asking for support from the government, non-government organizations and other parties. It is essential to assure supporting organizations (funding agencies) that the fund will be spent for the conservation of agricultural biodiversity and income generation for poor people based on the fund mobilization guideline. A copy of the guideline should be shared with the supporting organizations. It is also necessary to conduct all financial transactions through formal financial institutions (banks or financial institutions) with proper record keeping. Where possible, it is important to transparently share the annual audited reports with group members and supporting organizations to gain their trust in the CBM fund operations.

The CBM fund users of Rupa lake, Kaski have set aside habitat for wild rice.
Photo: Krishna Lamsal/LI-BIRD





Members of CBM fund management committee of ADCS, Kachorwa/Bara conducting monitoring of CBM fund activity.
 Photo: ADCS, Kachorwa, Bara

Step 4: Mobilization of the CBM fund

Mobilization of CBM funds includes several activities:

- Making an announcement of the availability of loans and the selection criteria (e.g., giving priority to resource poor members) to group members
- Receiving submissions of fund request letters mentioning proposed income generation activities or small enterprise and conservation plans
- Evaluation of applications by the CBM fund management committee for approval or rejection
- Disbursing requested loan by cash or check.

The member receiving a loan from the fund has to initiate an income generating activity and conservation activities as proposed in the application within a month of receiving the loan. The fund management committee should conduct monitoring visits at least two times during the period of the loan to ensure that the conservation and income generation activities are happening as per the plan mentioned in the application form and guideline and members will return the amount on or before the due date. It is also necessary to suspend access to the fund to the whole group if any member of that group fails to return the amount in time. Feeling responsible for the whole group rather than oneself has been found to be a greater motivating factor for members to comply with paying back their loans.

Step 5: Internal and social auditing of fund accountability

Internal as well as social auditing of fund accountability should be performed as a regular activity at the end of each year. For social auditing, it is necessary to invite all members of the groups associated with the CBM programme, representatives from governmental and non-governmental organizations working in the area and local political leaders. It is necessary for financial transparency as well as to create public awareness about the importance of the CBM fund for the conservation and sustainable use

of crop genetic resources and to increase the income of poor people. Details of the progress made during the year, income generated by the members from the loan, allocation of interest, conservation of landraces etc. should be shared in social auditing.

How does the CBM fund work?

CBM funds are created to drive the CBM process to improve the livelihoods of local people alongside increased social responsibility for the conservation of traditional varieties and associated knowledge. The CBM fund brings together local people for collective actions to conserve crop genetic resources on farm and to improve farmers' livelihoods. The CBM fund creates a synergy between these two noble causes. The loan is provided mainly for small businesses, value addition and marketing of agricultural products, rearing of livestock and vegetable cultivation. Because of the small amount of the fund, people get less than their required amount of financing and hence normally put their own money on it to initiate the business activity. As per the norms of the guideline, the priority is



Red Amaranthus was about to disappear. By invoking the conservation commitment from CBM fund users, now it is becoming common at Gadariya, Kailali.

Photo: Pitambar Shrestha/LI-BIRD

given to poorer members of the group to access the fund. The other important rule that should be followed by the user of the fund is that the user has to grow at least one rare landrace from the community seed bank or other source. However, the community can make their own conservation plan based on their priority in their locality. The CBM fund management committee conducts the monitoring visit to ensure the fund is being utilized as per the proposal of the members and that they are growing the rare landraces in the proper way. Besides these, the CBM fund creates a platform to discuss various issues related to farming, marketing and even family matters of the associated members. This is a community owned and managed fund that generates additional income and can sustain itself. The total amount of interest can be divided into 3 parts, which is usually 50% for CBM fund, 25% for the respective group's fund and 25% for the administrative cost of the fund management committee.

The impact of CBM fund

The concept of CBM funding evolved in 2004 and was implemented in two sites of Nepal, viz., Kachorwa village in Bara district and Begnas in Kaski district. In the case of Kachorwa village, the CBM fund was established with USD 1000 including the community's contribution of USD 350. In the first year, 25 members benefited from this fund while in 2010, the CBM fund has increased to over USD 7500, providing loans to more than 100 members in a year. The condition for accessing the CBM fund, to grow at least one crop landrace from the community seed bank, has reduced the cost to the community seed bank for the regeneration and multiplication of seeds. Small farmers had been facing difficulties to get loans from public and commercial financial institutions because they usually lack collateral. Now they are getting loans from this fund and investing in income generation activities of their choice. About 50% of the loan recipients are from the resource poor



A user of CBM fund from Gadariya 1, Kailai is conserving a local cow pea variety.
Photo: Pitambar Shrestha/LI-BIRD

category and nearly two-thirds are women (Table 1). When the CBM fund was initiated by a farmers' organization called Agriculture Development and Conservation Society (ADCS) in Kachorwa, Bara, many community members, especially women who were not in the group formed new women's groups and requested to be involved in the CBM fund. This has contributed to the number of women's groups in Kachorwa tripling from three to nine. A considerable number of members from disadvantaged ethnic groups, like *Dalit*, are also accessing the fund.

The CBM fund is emerging as a sustainable internal resource generation mechanism for farmer groups and community-based organizations. It is also emerging as a mechanism for the equitable sharing of benefits that may arise from the use of genetic resources or any other common property by outsiders. This approach has been replicated to more than 21 cases in many districts in Nepal and the amount of the CBM fund has crossed one hundred thousand US dollars.

By invoking the conservation commitment from CBM fund users, Kalo Nuniya is being grown by at least 50 households now in Shivagunj, Jhapa.
Photo: Purna Paudel/LI-BIRD



Table 1: Summary of direct beneficiaries of the CBM fund in a few projects sites of LI-BIRD

Year	No. of sites	Total no. of users	No. of fund users by gender		No. of fund users by socioeconomic category			No. of fund users by ethnicity			
			Female	Male	Rich	Medium	Poor	D	J	OM	BC
2005	2	62	50	12	6	30	26	9	9	21	22
2006	3	271	186	85	45	120	106	24	82	47	109
2007	6	336	207	129	35	155	146	17	167	57	92
2008	7	531	332	199	59	197	275	73	186	74	190
2009	9	577	347	230	44	196	337	50	236	78	198
Total	9	1777	1122 (63)	655 (37)	189 (11)	698 (39)	890 (50)	173 (10)	680 (38)	277 (16)	611 (34)

Note: Figure in parenthesis indicates the percentage. D= Dalit, J=Janajati, OM=Other Madheshi, BC=Brahmin/Chhetri (Source: records from farmers' groups)

Lessons learned

There are a number of good lessons that can be learned from the mobilization of CBM funds in different communities. The establishment of a CBM fund can be used as a good practice for empowering local people to organize and invest in the local agenda, to provide incentives to support on farm conservation of rare and valuable crop genetic resources and to contribute to the livelihoods of resource poor farmers. The amount of the CBM fund, where it has been established, is increasing year by year with the interest added and support from other organizations. The mobilization of a CBM fund has enhanced effective community participation in agricultural biodiversity management, thereby increasing interaction between community members for collective community work. From these experiences, it can be concluded that this could be an approach to reach poor people. It is also instrumental in mobilizing local financial capital for the management of crop genetic resources and enhancing social capital. The development of inclusive guidelines, effective implementation and a transparent account keeping system are crucial while implementing a CBM fund. Collective action and social harmony in the community are other attributes developed primarily due to members' participation in the CBM funding mechanism and activities.

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For more information:

Local Initiatives for Biodiversity, Research and Development (LI-BIRD)

P.O. Box 324, Gairapatan, Pokhara, Nepal
 Tel (977-61) 526834, 535357
 Fax (977-61) 539956
 E-mail info@libird.org
 Web www.libird.org