

# Assessment of grant and loan assisted community forestry projects in Nepal

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This study was conducted to compare and evaluate loan-funded and grant-funded community forestry projects at two districts viz. Kavrepalanchok and Bhaktapur of Nepal through semistructured questionnaire survey.

The results showed that the grant and the loan projects were similar in terms of implementation, management, information and training, household income and vegetation cover but were different in terms of budget, manpower, technology, planning, level of living of the people, land productivity and minimisation of soil erosion. The grant project was better in terms of budget, manpower, planning and technology while the loan project was better in terms of level of living of the people, land productivity and minimisation of soil erosion.

The level of living was significantly correlated to: technology, planning, implementation, management, training and information in the grant project. On the other hand, the level of living was significantly correlated to technology and implementation but not planning, management, information and training in the loan project.

**Keywords** : Community forestry, FUG, grant and loan, Sindhupalchok, Kavrepalanchok, Nepal

The alarming depletion of Nepal's forest become a matter of urgent national and international concern during the late 1970s. People realised the downstream effects of flooding and soil erosion hastened by rapid deforestation and the indispensable role of forest resources in the livelihood of the rural population. Attention was paid to arrest this devastating trend. Encouraged by the pilot efforts in the Chautara Forest Division in Nepal and international initiatives in forestry for local community development (including social forestry projects in neighboring countries), Nepal decided to embark upon an ambitious programme of Community Forestry (CF) with the aid of the World Bank, Food and Agricultural Organisation (FAO), United Nations Development Project (UNDP), and various bilateral donor agencies (Bhattarai and Campbell, 1985). According to Manandhar (1982), the earliest known community forestry activities in Nepal started in Upallo Gerku of Nuwakot District in the late 1960s' under the aegis of Trisuli Integrated Watershed Development Project. With the termination of this project in 1970, the programme was also discontinued. It was not until mid 1970 that CF activities were started in Chautara forest division, east of Kathmandu.

Legislation to promote community forestry was

passed in 1978. Since then considerable effort has been focused on CF by the Department of Forest (DoF) through various projects assisted by bi-lateral and multi-lateral donor agencies and non-government organisations (HMGN, 1991). The community and private forestry programme aims to develop and manage forest resources through the active participation of individuals and communities to meet their basic needs (HMGN, 1988).

The master plan for the forestry sector (1988) has estimated that investment in community forestry would be 47 percent of the total forestry investment during the next two decades. In 1993 and 1995, the government has passed the new forest legislation, the Forest Act, 1993 and the Forest Regulation 1995 respectively, to accommodate the recommendations of the master plan for the forestry sector and attempted to expedite the process of handing over accessible national forests to the community.

In order to institutionalise the programme suitable organisational structures within the DoF were made. At the field level District Forest Officers (DFOs) were made the accountable for implementing agents of CF programmes.

Currently there are seventy three districts under community forestry programme in Nepal. The level

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of support for implementation differs from project to project according to the funding agencies. Most of the funding agencies are providing their assistance in the form of grants. On the other hand, assistance for the CF Development and Training Project, which covers most of the hill districts, takes the form of loans. The training component, however, runs by a Danida grant.

The foreign aid made its debut in January 1951, when the United States Government gave a gift of Rs. 22,000 to Nepal (Tiwari (1992). Since then it is increasing every year and making the people more dependent on the foreign assistance. But, at the same time, the country's economic condition is in no position to avoid it and is something that is critically needed in the developing country like Nepal (Pandey 1992 and Joshi 1993).

Since inception, the CF programme has received various sources of funding, the nature of which plays a significant role in the impact of each project. There has been no study on the comparative evaluation of the various projects supporting the CF programme. It is important to know, for the purpose of evaluation and subsequent planning, whether conditions of the beneficiaries and target communities have improved after such aids. The main objectives of the present study was therefore, to compare and evaluate loan funded and grant-funded community forestry projects in Nepal.

Specifically, the study aimed to: (1) determine whether the two projects differ in terms of the level of resource inputs, support services, and peoples' participation; (2) determine, compare and evaluate the socio-economic and biophysical impacts of the projects; and (3) determine the relationship of resource inputs, support services and peoples' participation in the two projects and their socioeconomic and biophysical impacts.

The results will help project planners and implementers in making modification in existing policies and strategies that would in turn, improve project implementation and subsequently enhance CF development in Nepal.

Likewise, it may serve as guidelines in assessing the present activities of other CF development projects in Nepal.

## Methods

The study was conducted in Dadhikot Village Development Committee (VDC) of Bhaktapur district and Daraune Pokhari, Patlekhet and Tukucha VDCs of Kavrepalanchok District in Central Development Region of Nepal. The CF

programme in Kavrepalanchok District was funded by an Australian grant. There were 126 randomly selected respondents (79 from the grant project and 47 from the loan project). Primary data were gathered through a survey using a semi-structured questionnaire. The questionnaire was pre-tested and revised accordingly before actual data gathering. Secondary information were collected from the DoF, the two District Forest Offices, and the two projects viz. Nepal-Australia Community Forestry Project (NACFP) and Community Forestry Development and Training Project (CFDTP). Informal discussions with key informants and field observation were also carried out. Relationship of the different variables studied is shown in figure.

### Independent Variables

### Dependent Variables

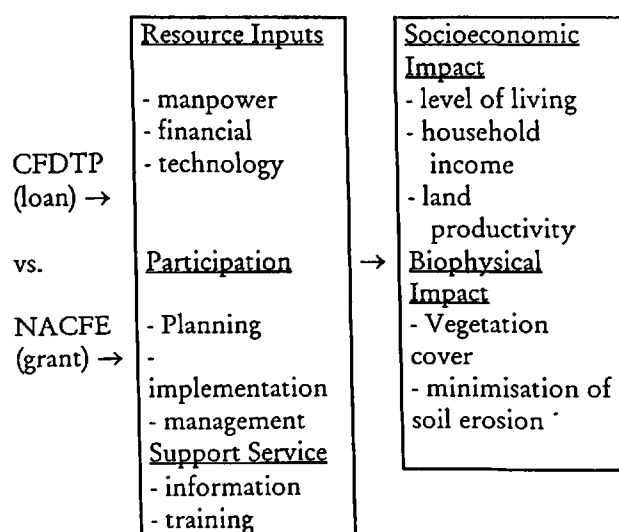


Figure: Relationship of the variables studied.

The data were analysed using descriptive statistics such as frequency, percentage, average and standard deviation and range, and inferential statistics like t-test and the Pearson correlation coefficient. In all the tests, a 0.05 level of significance was used.

## Results and discussions

The impacts on socio-economy and biophysical conditions were tested (t-test) against the independent variables such as resource inputs, level of participation and support services (Fig).

### Relationship between the grant and the loan projects in terms of independent variables

The t-test was used determine the relationship between the grant and loan project in terms of resource input (technology), participation (planning, implementation, management) and support services

(information, training). The grant and the loan projects were similar in terms of implementation, management, information and training but were different in terms of technology and planning. The grant project was better than the loan project in terms of planning and technology.

#### Relationship between the grant and the loan project in terms of dependent variables

The t-test was used to determine the relationship between the grant and the loan projects in terms of socio-economic impact (level of living, household income, land productivity) and biophysical impact (vegetation cover, minimisation of soil erosion).

The grant and the loan project were different in terms of level of living of the people, land productivity and minimisation of soil erosion. The loan project was better than the grant project in this concern.

#### Relationship between independent and dependent variables

The level of living was significantly correlated to all the independent variables: technology, planning, implementation, management, training, and information in the grant project. On the other hand, the level of living was significantly correlated to technology and implementation but not to planning management, information and training in the loan project.

Household income, land productivity and minimisation of soil erosion were not significantly correlated to any one of the dependent variables in both projects.

Vegetation cover was related to technology, implementation, management and information but not related to planning and training in the grant project. In the loan project, vegetation cover was not significantly correlated to any one of the independent variables.

### Conclusion

Based on the findings of the study, the following conclusions were drawn:

1. The grant and loan projects were different in terms of budget, manpower, technology, planning, level of living of beneficiaries, land productivity and minimisation of soil erosion, whereas both projects were similar in terms of implementation, on-going management and

benefit sharing household income and vegetation cover.

2. The grant project was better than the loan project in terms of budget, manpower, technology, planning while the reverse case was true in terms of level of living of beneficiaries, land productivity and minimisation of soil erosion.
3. The findings indicated that technology played an important role in improving the level of living of the people in both projects. Moreover, technology contributed to the improvement of vegetation cover in the grant project.
4. In the grant project, more people participated during the planning activities, such as, formation of users' group, preparation of the management plan and site selection for nursery and plantation.
5. Participation in the implementation of community forestry activities, like nursery operation, plantation, protection and implementation of the management plan had improved the level of living of the people and vegetation cover in both projects.
6. Participation in on-going management had improved the level of living of the people and vegetation cover in the grant project, while in the loan project, participation in on-going management had played an important role in the improvement of vegetation cover.
7. In the grant project, information played a significant role in the improvement of the level of living of the people and vegetation cover.
8. Most of the people had not received any type of training in both projects but in the grant project, level of living of the people improved with training.

### Implications and recommendations

Based on the findings of this research, the following implications and recommendations are made:

1. Government can start implementing locally funded CF projects with minimal budget and manpower inputs. This recommendation is based on the findings which show that budget and manpower inputs can be reduced and still accomplish the following objectives:

- improving people's living standard
  - improving land productivity, and
  - minimising soil erosion.
2. Livelihood programmes should be incorporated in CF. This recommendation is based on the findings which show that the land productivity and household income did not increase as a result of participation in the projects studied.
  3. Distance education through radio can be explored as a method of providing training and extending knowledge, skills and information about the CF programmes to the bigger population. This recommendation is based on the findings which show that most of the people did not get any training and extension materials and it is difficult to provide those materials to every individual due to the difficult access. For distance education, users' group should be provided with radio sets and the programmes should be scheduled at convenient time. These programmes should be guided and monitored by the concerned District Forest Offices. There should be discussions after the broadcast of the programme to make it more effective. A good coordination is needed between the DoF and Radio Nepal.
  4. Users' group should be made self-reliant and self-sustainable so that they can truly carry on with CF programme even after the withdrawal of foreign aid. This recommendation is based on the perception of the people which still think that the protection of CF is the responsibility of the DoF.

However, there is a need to validate these findings since the research had covered only few sites.

### Future study

1. The present study is a baseline to compare and evaluate two grant assisted and loan-assisted community forestry projects. So, there should be an in-depth socio-economic and biophysical impact study for all the community forestry projects in order to guide foreign assistance policy in CF. Focus of the study could be expanded to include NGO-assisted community forestry projects.

2. Since training was received by very few people and most of the people were eager to attend training programmes, a training need assessment should be conducted as a basis for prioritising training programmes, which can include community Organisation, skills sharing with people, grassland management, agro-forestry technology and other income generating livelihood programmes.

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