



**THE ROLE OF
ALTERNATIVE INCOME GENERATION (AIG) ACTIVITIES IN
NISHORGO'S STRATEGY FOR
CONSERVATION OF PROTECTED AREAS (PAS)**

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Prepared for
Nishorgo Support Project

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With Partners : CODEC, NACOM & RDRS



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I. Context: Nishorgo's Overall Objective

As per the Nishorgo Support Project "Project Proforma (PP)", the overall objective of the Project is to "conserve biodiversity within targeted Protected Areas (PAs)". Conservation and improved management of PAs is intended to increase productivity of those resources, with multiplier effects benefiting the landscapes in which PAs are found. Economic benefits for the poor and ultra-poor should be positive as a result of Project interventions. The Project design assumes that conservation that does not take account of the local poor is destined to fail in the long run, because the antagonism of those large numbers of poor is assumed to contribute to continued illegal harvesting of resources from the core PA zones. Thus, the Nishorgo Support Project is to pursue a strategy for biodiversity conservation that must, in order to be sustainable, ensure that the poor or ultra poor receive offsetting benefits from resource conservation and stimulate complementary economic activities in the landscapes surrounding the PAs.

II. Altering Incentives for Conservation: A Range of Programmatic Options

The Project's options for altering behavioral incentives within the landscape are varied, and are noted below:

Exhibit 1: Potential Causes of Behavioral Change, and Related Project Activities

Stimulus to Behavioral Change	Current Project Activities
Direct patrolling and protection of core zone PA, with risk of capture and fine or court cases applied by FD	Patrols have been organized at most PAs, with either direct payment or future payment to be made to patrol members.
Power of the FD to lift or withdraw existing court cases	Project is working with FD to have them lift cases against those formerly accused. FD has expressed willingness to use this authority to build closer partnerships, although no cases have yet been lifted. Project will continue to work with FD staff to modify use of their police powers at PA level.
Strengthening of social pressure against resource extraction from the PA	Project is strengthening Councils/Committees by inclusion of broad representation of local stakeholders, while giving them a perceived sense of ownership of the PA. It is assumed that this social pressure can help as a disincentive to extractive behavior. Also at social level, Project is working with youth groups, supported by Bangladesh Scouts, to engage children in child-to-child approach to behavioral change.
Direct provision of replacement income for those ultra poor whose access to the PA resource is cut off.	Project is working to obtain 50% retention of entry fees for the Committee. These resources would be used to some degree for direct support to low income households. Project is targeting special offset income generation options to these ultra poor. (See remainder of this paper for more details.)
Perception of the PA as an	Project is working to put in place conditions for growth in

"engine of local economic growth". As and when the PA is seen as an aid to growth in the local economy, this could serve as an incentive to conservation.	local economy linked to conservation. A range of activities are being pursued here. (See remainder of this document.)
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The remainder of this document will look only at the two income-related incentives for changed behavior in the landscape. It should not be forgotten during this analysis that enforcement mechanisms (patrolling, court cases, fines, etc.) as well as social pressures are also important stimulants to changed behavior within the landscape.

III. Overview of the Population within Nishorgo's Five Pilot Site Landscapes

Present estimates from various sources indicate that the total population within the five pilot site landscapes of the Nishorgo Support Project is just over quarter of a million inhabitants. Of these, roughly 90% are considered to be poor or ultra poor.

Exhibit 2: Summary of Population at Nishorgo Landscapes

Site	# people in the landscape	# poor or ultra poor	Notes
Lawachara National Park	30,000	85-90%	The ~4,700 households are in 27 villages, of which 12 are in the immediate vicinity of the PA.
Satchari National Park	18,000	85-90%	Includes 19 villages, of which 7 are in immediate vicinity of PA.
Rema-Kalenga Wildlife Sanctuary	24,000	90%	Includes 36 villages, of which 10 are in immediate vicinity of the PA.
Chunati WS	47,000	90%	Includes 7,780 households in Chunati Range alone.
Teknaf Game Reserve	152,557	90%	Includes total of 143 villages, of which 70 are in immediate juxtaposition to PA, and ~30,000 are Rohingya Refugees.
Total	271,557		

The total size of the poor or ultra poor population is thus extremely large. Were the Project to allocate its entire budget to address this huge population, the impact would be negligible.

Moreover, in many of these PA landscapes, the population includes recent migrants from other areas of the country, seeking economic opportunities not available in their place of origin. This is true, for example, for the eastern side of the Lawachara National Park, where migrants from have arrived over the past twenty years. It is also true for the Rohingya migrants in and around the Teknaf Reserve and the western side of the Chunati Sanctuary. In fact, this migratory characteristic presents a challenge to the social cohesion process as much as the economic livelihoods process of the Project.

IV. Project AIG Intervention Options in Nishorgo Landscapes

During the past 2.5 years, the Project has identified a range of options for stimulating income generation within the landscapes. These options have been generated by the JOBS/Nishorgo enterprise assessment, the review of household production options by CODEC and RDRS, proposals for microfinance by CODEC and RDRS, and the suggestions of many of those involved with the Project.

Each AIG intervention can be categorized and understood against the following five criteria:

- *Strength of feedback link to conservation:* Some activities (e.g., poultry rearing) may have minimal direct feedback link to conservation. While the new poultry farmer may stop going to the forest for fuel wood or logs, this linkage is not a certain one. The AIG from eco-guiding, on the contrary, depends entirely on conservation. If the forest is gone, so are the AIG opportunities for the EcoGuides or Eco Lodges.
- *Institutional potential of the Co-Management Committee to allocate or influence access to the AIG:* As the co-management process gets under way, the Committee will have some measure of control over determination of some of the AIG activities, and little to no determination over who gets benefits from other activities. It is important to understand this distinction. Where possible, it can be helpful to ensure that there is some sort of institutional linkage between the Committee and the AIG beneficiary. If that beneficiary should begin to act in a way not in keeping with the conservation of the core, then the Committee would have some sort of means to curtail the AIG benefits to that person.
- *Timing of visible economic impact:* Some AIG activities take longer to generate revenue than others. The social forestry activities, under the traditional model, allow for limited offtake in years 4 and 7, before clear felling in year 10. Poultry AIG, by contrast, can generate income in the first year of implementation.
- *Time required for sustained economic market growth:* Stimulation of a certain number of AIG in the landscape does not ensure that the acceptance and replication of that AIG will become self-sustaining in the landscape in the near term. Some markets linkages and incentives take longer to develop than others, but may in the long run generate continued AIG growth. Development of the medicinal plant AIG will take 3-4 years to develop, but is likely to provide sustained and beneficial impacts for conservation after that. Elephant ride enterprises are likely to take hold quite quickly.
- *Likelihood of sustained AIG replication within the landscape:* Are the conditions such at site level the particular direct AIG intervention is likely also to stimulate secondary replication.

Based on these five criteria, Nishorgo's candidate AIGs can be assessed as shown in the Exhibit below.

Exhibit 3: Summary of Nishorgo Options for AIG Activities, Scored by Five Criteria

	AIG activity area	Strength of feedback link to conservation	Institutional control of the Co-Mgmt Committee	Time required before visible impact	Likelihood of replication	Time required for sustained economic replication
1	Beef cow fattening	Weak	Weak	Short-term	Small	N/A
2	Poultry rearing	Weak	Weak	Short-term	Small	N/A
3	Milk cow fattening	Weak	Weak	Short-term	Small	N/A
4	Nursery production	Strong	Weak	Short-term	Medium	Medium
5	Improved stoves	Strong	Weak	Short-term	Medium	Medium
6	Nature tourism eco lodge	Strong	Medium	Medium-term	Strong	Medium-term
7	Eco Guiding	Strong	Strong	Short-term	Strong	Medium-term
8	Service enterprises in the PA	Strong	Strong	Short-term	Strong	Medium-term
9	Elephant rides	Strong	Strong	Medium-term	Strong	Medium-term
10	Tribal cloths	Strong	Medium ¹	Short-term	Strong	Medium-term
11	Date/palm leaf baskets	Medium	Medium	Medium-term	Medium	Long-term
12	Social forestry -- poles/logs	Strong	Strong	Medium-term	Strong	Medium-term
13	Social forestry -- fuel wood	Strong	Strong	Medium-term	Strong	Medium-term
14	Social forestry -- medicinal plants	Strong	Strong	Long-term	Medium	Long-term
15	Direct payments for conservation	Strong	Strong	Short-term	Strong	Medium-term
16	Access to capital: NGO	Weak	Weak	Short-term	N/A	N/A

¹ Nishorgo labeling is actively being pursued first for tribal cloth and then for eco-lodges. Labeling is an important means not only of raising product value in the marketplace, but also of ensuring that there is some institutional linkage between the market agent and the conservation performance of his/her actions.

	AIG activity area	Strength of feedback link to conservation	Institutional control of the Co-Mgmt Committee	Time required before visible impact	Likelihood of replication	Time required for sustained economic replication
	microfinance					
17	Access to capital: Committee led microfinance	Strong	Strong	Long-term	N/A	N/A
18	Access to capital linkages to existing MFIs	Small	Small	Medium-term	N/A	N/A
19	Access to capital: matching grants	Medium	Medium	Short-term	N/A	N/A

Note:

- Short-term defined as within 1 year
- Medium term defined as $1 < x \text{ years} < 3 \text{ years}$
- Long-term defined as greater than 3 years
- Strength: weak, medium, strong
- Control: weak, medium, strong
- Time required: short-term, medium-term, long-term
- Likelihood of replication: small, moderate, significant

This presentation provides the basis upon which we apply our AIG Guidelines, which we review below. Before we do so, however, it is important to address the capital access issue in particular.

V. Facilitating Access to Capital within Nishorgo Landscapes: Review of Options, with Special Attention to Partner NGO-led Microfinance

The thousands of poor and ultra poor households within Nishorgo landscapes are generally considered to have only limited access to formal capital markets. As has been shown by Bangladesh's successful NGOs, many poor individuals can make productive use of capital when access is provided, and can take part in banking microfinance systems, with important benefits to economic growth and livelihood improvements.

In the Nishorgo areas, access to capital is indeed an important consideration. During the implementation process over the past two years, it has been raised or suggested on numerous occasions that Nishorgo focus its efforts on the partner NGO-led microfinance, meaning microfinance to be managed by our implementing partners. It has been proposed by our NGO partners themselves, as well as by observers or evaluators of the Project, that this may

be the most optimal means of providing access to capital within the rural landscapes in which our PAs are found.

In this small section, we will review some of the issues associated capital access via microfinance had it been implemented by our NGO partners. We will then discuss briefly our other options for assisting our poor landscape stakeholders to get access to capital.

Dangers in Asking the Same Institution to do Both Microfinance and Social Mobilization

There is inherent contradiction between interventions focused on social empowerment through awareness building and motivation and another focused on micro-finance. The former demands a more inter-personal communication concentrating on providing psycho-social support to target participants. The latter on the other hand, is based on the principles of give and take, often treating the beneficiaries harshly if they fail to conform to established norms and discipline. The blending of the two paradigms is likely to be counter productive particularly if the primary focus of the project (as in the case of Nishorgo) is to change the mindset of the community people through awareness building and motivational campaigns.

Once an NGO focuses on microfinance, its abiding concern revolves around getting new borrowers, disbursing more funds and collecting repayments regularly. Many of those NGOs in Bangladesh that began providing social empowerment agenda initially have dropped that agenda once they entered the microfinance business area. In other cases, NGOs have had to distinctly separate the staff and divisions involved with microfinance from those involved with social empowerment and mobilization activities. The two areas are not compatible.

In Nishorgo's experience during the first and into the second year of implementation, our NGOs assumed that they would be directly providing microfinance. We observed their preparations to that end, including formation of groups. In fact, we observed also then that it was extremely difficult to get our NGOs to change their way of doing business from this focus on microfinance preparations to one focused on the broader mobilization approach.

Inappropriateness of Microfinance Alone for Ultra Poor

Where households and individuals at the margin are receiving income via fuel or logs from the PAs, Nishorgo must work to provide an offset that will leave those households no worse off, and preferably better of than they were before the Project began.

It has been our observation that those going into the forests for wood or doing day labor as loggers for wealthier commercial merchants, are in most cases members of the group of ultra poor. These ultra poor, often surviving hand to mouth, have neither the minimal capital access nor economic stability to be good candidates for microfinance. It is for this reason that BRAC's newly designed "Ultra-Poor Programme" does not provide microfinance to the ultra poor, but rather provides them with grants. BRAC provides a grant plus a stipend to help the poor acquire an asset base. After a time, with improved livelihoods and stability, they may become candidates for regular microfinance. In fact, the purpose of the NSP grant program is precisely to provide that initial base to the ultra poor dependents on the PA resource, and then later link them with existing financial institutions so that they can rise above their existing socio-economic situation.

Risks to PA Resource from Inability to Repay Loans

It is already commonly stated at Nishorgo PA sites that some of the logging in side the PAs is done by recipients of BRAC, ASA or other MFI loans who cannot repay, and are forced to take advantage of the most easily accessible resource, the timber. Extension of an NGO-led microfinance program at Nishorgo sites may have the same negative impacts on PA conservation if a program is expanded beyond current levels.

Partner NGO Staff Costs for Implementing Microfinance

Pursuing a microfinance approach as part of the Nishorgo approach would have (and would have had) considerable implications for staff costs of the Project. Assume that one Field Organizer (Nishorgo's lowest level field personnel) can meet with two Groups per day, and that each Group has an average of 20 members, and that the FO would meet with each Group once per week (the standard NGO approach). Under these assumptions, a single FO working only on Group microfinance, would only be able to reach out and directly impact 240 people. Nishorgo has four FOs at Lawachara, so at this rate of outreach, if our FOs were to do nothing other than microfinance, they would not directly reach even a thousand adults within the entire landscape, and they would have virtually no time left for other social mobilization activities.

This is not a hypothetical concern. In fact, the Nishorgo team in Dhaka realized gradually in 2004 that this planned labor allocation of our NGOs to microfinance risked curtailing our ability to do serious social mobilization outside of AIG work under microfinance.

Length of Time Required to Transfer Microfinance to Local Institutions

The amount of time required to build up local institutions to take over microfinance operations from partner NGOs presents two separate problems for Nishorgo's approach.

First, USAID regulations require that microfinance to be used in USAID projects must be transferred out of the hands of the contractor (in this case the IRG Team) and into the hands of local partners before the Project is ended. As the Nishorgo team looked at the NGO-led microfinance option in the 2004 and 2005 period, it seemed unlikely that the NGOs would be able to build up the local groups to take over complete operations of the microfinance activities before the Project end date of May 2008. Contractually, we did not have the option of arguing that we would transfer microfinance at the rate that Caritas has done under MACH, since our contract did not go out that far.

But of equal importance is the implications of the costs of a project led microfinance program for the likelihood of replicability of the entire Nishorgo co-management approach. It has taken Caritas seven years to build and then transfer microfinance to local partners. During the future replication efforts of the FD to other Protected Areas, it is unthinkable that the GOB (as the likely future financier of Nishorgo's expansion) would ever give local NGOs seven years in which to do any activities at all, much less microfinance.

Government Distrust of and Meddling with Microfinance

Perhaps no issue stimulates greater antagonism between the Government and NGOs than the issue of microfinance. Nishorgo is a Government approved and integrated program, and we

saw increasingly over the past two years that a microfinance program led by our team would cause us to be caught in a direct conflict between the interests of our partner NGOs and the interests of the Government.

In fact, this antagonism got us in 2005 into a situation in which the Minister, in a Project review meeting that took place while Nishorgo was still considering microfinance, stated that he would not accept any interest rate over 8%. At this same time, both CODEC and RDRS were of the opinion that any interest rate under 10% percent was neither sustainable nor feasible for the NGOs or the ultimate community beneficiaries.

The history of the Forestry Sector Project (FSP) has made this antagonism on microfinance even more clear, as the Government has for years argued with implementing FSP NGOs about what an acceptable rate of interest should be, and of how much the NGOs would benefit from the microfinance resources made available to them.

Criteria for Microfinance Beneficiary Selection versus Criteria for Conservation Beneficiary Selection

When NGOs form groups with the end of implementing a microfinance program, a number of criteria are applied in the selection process. Groups should be very poor, they should have a minimum level of social cohesiveness, they should have some ability to repay, etc.

These microfinance-oriented group identification criteria, however, may not be compatible with group selection criteria for conservation related activities.

Nishorgo's efforts have been to identify those extremely poor that are depending on the PA for their livelihoods. Initially, our NGOs began to form groups with the traditional microfinance criteria in mind. Later, we began to refocus them towards identifying those ultra poor that were directly dependent on the PA resource. At the time, this meant an entirely different way of identifying groups. Groups are now being identified not by the traditional NGO criteria for microfinance, but rather because the group members are known ultra poor who are depending on the forest, and whose involvement would assist in conserving the forest.

Opportunities for Leveraging Microfinance from Existing Local Microfinance Institutions (MFIs)

At each of the Nishorgo sites, no less than four MFIs are already present with full scale operations. At each site, this includes BRAC, ASA and Grameen, with a host of more local NGOs also providing the service. Our initial meetings with ASA and BRAC (Huda and DeCosse in October 2005) have made it clear that they are interested in providing credit to worthy beneficiaries in our zones. Subsequent discussions have led to the involvement of BRAC, ASA, Grameen and other NGOs in the upcoming Srimongal Co-Management week, the leading objective of which is precisely to demonstrate to leading MFIs that investment in resource conservation and poverty reduction is a viable and advantageous investment at PA and wetland sites.

Provision of AIG Opportunities in Areas with Large and Mobile Populations

One of the important challenges to AIG extension and strategy in Nishorgo areas is the nearly limitless number of poor and ultra poor present in these areas. In fact, where the populations are both poor and highly mobile in search of AIG opportunities (as in the Nishorgo sites and many other rural areas of the country), provision of AIG to even large numbers of beneficiaries does not preclude the possibility of others arriving to take their place in resource extraction. So even if and when we are successful in providing alternatives to resource users via AIG, we must expect that others will try and come in to take the resources after the first group stops. It is this fact that makes a patrolling and enforcement element of the program essential addition to the AIG component.

Discussion and Implications

On the basis of these concerns and issues, Nishorgo has opted not to pursue an NGO-partner led microfinance strategy as the means of providing capital access to poor and ultra poor resource extractors within the landscape.

Rather, we have opted instead with a multi-pronged approach including the following:

- Provision of small matching grants to poor and ultra poor resource extractors as an offset to the marginal loss of forest consumption
- Preparation of poor and ultra poor grant recipients for later receipt of microfinance from either a Committee-led revolving fund or from other existing MFIs already operating within the landscape.
- Leveraging of existing MFIs to provide microfinance to high potential small and medium sized enterprise (SME) opportunities in the landscape. These are likely to begin with eco lodges and tribal cloth activities, as well as service provision for tourists within the PA area.
- Focus of our Nishorgo NGO efforts on social mobilization activities along with provision of matching grants to the poor and ultra poor resource extracting households.

The combination and balancing of these approaches for providing capital access has been due in good measure to consideration of the expected costs of replication of the Nishorgo model to other sites. It is worth in that regard considering what those costs would be.

VI. Elements in the Expected Cost of Replicating the Nishorgo Model at Other PA Sites

The assumed model for Nishorgo is that the pilot co-management effort will work at the initial five sites, providing convincing evidence to the Government that the approach is feasible, and that GOB financing would be appropriate to extend the model to other sites. In light of that expected outcome, it is worth considering what those costs of replication would be. To do so, we consider how they would change from the pilot phase to the GOB-

replication phase. We believe that reflection on the costs and management approach likely during replication has implications for what we do during the pilot phase.

In this replication process, it is assumed that the FD local staff will be the leaders of the entire process. Although NGOs may be involved to support the FD, leadership would come directly from the FD. This is significant in considering how the replication would be likely to occur. Early in this Nishorgo pilot phase, the FD involvement was only minimal at field level. They did not understand what the project was doing, and in many cases they did not accept the approach. This complacency will change during the replication phase, as the FD realizes that the co-management approach and the focus on conservation areas can in fact help to raise both their esteem in the eyes of communities and their social standing.

It is also increasingly likely that ACF-level officers will be designated to directly lead the replication of Nishorgo at other sites. This was not the case during this pilot period, where Range Officers have consistently appealed for daily decisions to DFOs, making day to day management all but impossible at PA level. As the project has progressed, more and more involvement of ACFs is observed. And this will continue to increase during the replication phase.

Direct FD involvement is not the only element of the approach likely to change during the replication phase. It is also likely that the GOB as financing body is not likely to provide the same level of funding for the same things as the USAID pilot period. For example, the Government will in general not spend resources as freely as USAID on both domestic or expatriate technical assistance. This applies as much to the type of technical team found in Dhaka now as it does to the NGO teams found in the field. Generally, a relatively greater emphasis will be on physical infrastructure than it is on technical or social input.

Finally, the Government is likely to take a least cost approach to the entire process of the replication. They are likely to focus their efforts on the conservation process rather than a broad scale poverty reduction or rural development process. They will work to reduce AIG opportunities only to those that are absolutely necessary.

And the Government is most certainly not likely to support any sort of NGO-led microfinance effort in support of PA conservation.

These likely developments in the future replication phase have important consequences for the AIG approach that should be pursued in the pilot period. If the AIG approach developed as part of the pilot is both alien to the FD and not appropriate to the Government, then it is not likely to be replicated in the later years.

The Nishorgo team is very sensitive to the fact that the GOB is not likely to give NGOs funding to do the sorts of broad scale AIG development that might be done on other projects, or that might be more akin to a rural development approach. In light of that, we believe that we should take a number of steps in the pilot period:

- Reduce our directly implemented AIG activities to the minimum necessary to achieve conservation goals (allowing that secondary AIG options will arise through sound PA management)

- Do not pursue partner-NGO led microfinance as a part of project implementation. Rather, have partner NGOs focus on stimulation of changed economic behavior amongst key and priority resource extractors.
- Focus AIG efforts wherever possible on areas where the Committee can feasibly have some say over the continued commitment of beneficiaries to conservation.

VII. Nishorgo's Guidelines for Alternative Income Generation (AIG) Activities

In light of the considerations raised here, Nishorgo's approach to AIG is screened against the following guidelines.

Guideline #1 -- Ownership is the Starting Point to a Successful AIG Program

In recent weeks, Co-Management Councils have been made official by a GO signed by the Minister. Soon, they are likely to have access to PA entry fees. They are officially included in the Nishorgo PP and in other policy documents. Co-management is not going away.

As a result, the Committees and Councils now in gestation are realizing increasingly that they are becoming owners of the PAs next to where they live. This perceived sense of ownership is the basis and requirement for the overall Nishorgo strategy for conservation, and also for the AIG component.

The perceived sense of ownership by the diverse web of stakeholders included or represented in the Council provides the "us" that defines who should benefit from AIG opportunities linked to the PA. Slowly but gradually, a community identity will develop around the PA, and that community will become a potential AIG beneficiary group for whatever become available under the PA. When there is culling to be done in the PA as per the management plan, the Committee will provide those people. When there is patrolling to be done, the beneficiaries will be identified and selected from amongst this Committee of "owners". Those that are able to benefit from direct AIG opportunities (as opposed to secondary opportunities) will come from this ownership group.

More importantly, the perception will develop amongst this group that they need to protect the resource from outsiders that may want to destroy it. And this sense of ownership and perceived potential benefits will be one of the keys to Nishorgo's replication and permanence.

Guideline #2 -- Distinguish between Directly Provided AIG Opportunities and Secondary AIG Opportunities

Under Nishorgo, we are thinking carefully about how our direct provision of AIG opportunities will lead to secondary opportunities that are created by the independent actions of market forces themselves. We are working to use direct AIG provision in many cases to stimulate growth of a sector or business line. This is true for example for Eco Lodges and Elephant enterprise. We believe that by rapidly stimulating growth in these two business areas through either training and/or grants, we will make it clear that further opportunities exist that will be replicated without our direct support.

Guideline #3 -- Place Priority on AIG Opportunities that Have a Direct Backward Economic and Institutional Linkage to Conservation

Many AIG opportunities are good for the low income recipients, but may be only marginally beneficial, or not beneficial, to the PA itself. We cannot take the risk in supporting extensive AIG opportunities in areas that do not have direct backward linkages to conservation.

It has often been recommended, for example, that we should support plantations of medicinal plants in the areas around the PAs. CIFOR's research, however, has shown that NTFP cultivation and plantations in and around PAs have in many cases been profitable enough to cause production expansion within PAs themselves. At Nishorgo, we will limit ourselves to focus on products where linkages to conservation area clear and beneficial. So, we will pursue medicinal plants, but we will do it on Reserve Forest lands for which the FD holds a signed PBSA with beneficiaries. This kind of institutional linkage is essential for ensuring the backward linkage.

We are pursuing "Nishorgo labeling" for this same reason of strengthening backward linkages to conservation. Tribal cloth producers will be eligible for a "Certified Nishorgo-friendly" label, which makes it clear to buyers that the product was produced by people supporting conservation at a PA. Similarly, Eco Lodges in the vicinity of the PA will be eligible for the same label. These label renewal process will be overseen by the Committees, perhaps with involvement of an independent authorizing body such as the Arannayk Foundation. (See further information in the "Nishorgo Conservation Partnership" documents and brochures.) Labeling provides another important institutional and economic backward linkage to conservation.

Guideline #4 -- Recall that We Need Not Offset the Full Income of Former Resource Extractors, but Rather their Income at the Margin

The man who yesterday was collecting fuel wood from Satchuri for sale in Teliapara may today have lost that marginal income. As a result, he has very likely shifted to a next best economic option, perhaps offering his services for day labor, or doing other work. While not likely to be as remunerative as collection of "free" goods from the forest, he is nevertheless likely to have a fall back option. When we calculate how much we need to offer people to discontinue use of the forest, we should consider the opportunity cost lost from the forest rather than the total value of what had been collected.

Guideline #5 -- Do Not Try and Master Too Many AIG Opportunities, as Each AIG is Complex Unto Itself

It is true that the number of Nishorgo AIG opportunities is not many. We have done this intentionally, however. While we want to provide choices for beneficiaries at site level, we must also be aware that we will not succeed if we take on too much. Also, we must be aware that the FD during the replication phase will not be able to master too many different AIG. So, we will need to pick our AIG and support them carefully.

Guideline #6 -- Push the Co-Management Committee to Make Strategic AIG Choices with the FD, Rather than Making them Ourselves

It is easier and faster if we decide what AIG to support, how to support it, and then decide on how to implement. But for the purposes of sustainability, this would be a mistake. Rather, we are working to give increasingly responsibility to the Committees to lead AIG efforts. The Committees, in consultation with the FD and with our Nishorgo technical team, are increasingly deciding who will benefit from AIG and what AIG they will receive. This implies that the Project will go more slowly than expected, but it will be more lasting as a resource allocation strategy,

Guideline #7 -- When Supporting Short-term AIG with Weak Conservation Backward Linkages, Do So Only as Necessary to Raise Awareness and Meet Needs of the Ultra Poor

In fact, we are supporting a number of AIG activities that have only marginal linkages to conservation. These include the cow fattening and pig rearing activities, among others. We are doing them, however, precisely because they achieve two important objectives for us. First, they meet the needs of a number of poor and ultra poor households that have until recently been depending on the PA resources. They have also provided important short-term impacts within the landscape that have helped to raise the awareness of the overall Nishorgo effort.

Guideline #8 -- Facilitate and Enhance Value Chains Rather than Supplanting Them

It is tempting to get into business opportunities associated with the PAs. Whether engaging in tribal cloths or nature tourism, however, we are working to link interested private enterprises and entrepreneurs together to their own interest rather than supplanting those markets ourselves. We will not buy and sell tribal cloths, but will rather work to raise quality and make market linkages for producers that raise the likelihood of increased sales and earnings. The Nishorgo labeling will be one of many tools to support that process.

VIII. Summary of Nishorgo's Priority AIG

The full range of AIG supporting activities considered at present by Nishorgo are shown in the Exhibit at the end of this document. In addition to the specific activities listed, we are also supporting a range of training activities.

We are at present pursuing all of these AIG activities except numbers 11 (date/palm leaf basket production for export) and 16 (partner NGO-led microfinance). Although recommended by JOBS, we have decided not to support the date/palm leaf basket production because of the long-time lag to make it sustainable, and because of the medium-strength backward linkage to conservation.

IX. Conclusions

The Nishorgo Support Project believes the strategy is a viable one for reaching the Contract Component 2 targets for AIG outreach and impact by the end of the Project. We believe that our approach implies a slower startup of directly financed AIG activities at first but that this will lead to greater replication and secondary impacts in the out years.

It is worth making one final note on Nishorgo. It may appear to some that we "started late" with AIG. But in fact that is not an appropriate characterization, for a number of reasons. First, if we had allowed the NGOs to do AIG from the beginning (which they were extremely interested to do) it would have changed the focus of our entire Project from one of social mobilization to one of rural development. It would have diverted the attention of both the NGOs, the FD and the local participants to issues relating to AIG (who got how much and when) rather than the more strategic issues of who should be involved and how governance would take place).

Second, if we had led with extensive AIG, we would have had no green light from the Government to work at field level on such activities. The FD would have questioned (rightly) on what basis we were operating at the field level. (Recall that our target areas are national Parks and PAs, which are strictly and explicitly the property of the FD.

Third, as a result of this operational distance from the FD, our selected beneficiaries from AIG would have had almost nothing to do with the PA and its conservation. Sure they have been poor people from the landscape, but the sorts of economic or institutional backward linkages to conservation would have been nil.

Fourth, asking the NGO teams to do this work from the beginning would have made it harder still for them to return to the hard business of social mobilization. They have a strong preference for doing AIG in place of the mobilization work, and that preference would have been still harder to rein in.

So, in our opinion, Nishorgo is not "late" in starting AIG. Rather, we have sequenced our efforts in such a way that we first put in place social acceptance from the local areas and from the FD, and now we are targeting AIG opportunities in a local context much more capable of taking advantage of them in a sustainable way. The local mechanisms are now in place to identify AIG opportunities that are directly linked to conservation, and thus more relevant for the Project.

Indeed it is true that the approach we have taken does not make for as many places to visibly see "lives being changed" and "new money being earned" by local participants. But our principal objective is to establish and test a model to conserve biodiversity that benefits the local poor and stimulates landscape level economic growth. This model is to be developed in such a way that it can be replicated by the Government of Bangladesh using their own internal systems, without the necessity of continued donor funding. Viewed in this light, we believe that the Forest Department must be capable of leading this effort at PA level. We do not believe that large scale AIG programs using microfinance are either feasible or cost effective means to ensure that replication. On the contrary, the sound management of the PA resources will on its own generate ample opportunities for creating income.