



Livelihood Assistance Program Case Study Draft on Firewood Project , Gilgit Baltistan

Unlike many villages in Gilgit, village Nomal has access to electricity but no access to gas which is a basic necessity in our lives today. Because of this, the villagers depend on wooden sticks, logs and gas cylinders for heating their homes and cooking food. However, due to price hikes of gas cylinders most of the villagers now depend on wood for warming their homes, cooking food and heating water. Also located at high altitude firewood is a major necessity in this village throughout the year.

Living in village Nomal in Gilgit Baltistan, Karim Khan, a forty year old wood cutter belongs to a poor family of six. With a total monthly earning of Rs. 12,500 through his occupation as a wood cutter and from his wife's pension, after including the regular monthly expenditure, the household was left with savings of only Rs. 120, making them extremely vulnerable to external shocks. This made extremely it difficult for Karim Khan to make his ends meet.

Karim Khan earns his daily income by cutting trunks and large logs into firewood by using his heavy stationary wood cutting machine. He follows the local regulation of working only four hours a day so that every household in village Nomal can use the heavy machinery. The local villagers bring their own wood to him which he cuts it into medium chunks so they can use it at home. He is unable to acquire firewood from the woods directly because he lacks the means to do so and is dependent on other villagers to bring wood for him to cut for them.

OSDI identified the gap and a Firewood Project spanning over a period of three and half months was launched under the OSDI Livelihood Assistance Program in Dec 2009. It was initiated with the goal of empowering a household and enabling them to improve their income generating ability by providing them the appropriate means and tools to help them raise their income. An interest free loan of Rs. 30,000 was provided to buy a portable wood cutting machine to chop the large logs into smaller chunks throughout the day so they can easily be used as firewood. The project was divided into six cycles with each cycle spanning over a period of 14 days. The profit from the first cycle was reinvested in buying wood for the second cycle and this process continued till the fifth cycle. Meanwhile the rising water level at Hunza Lake increased the supply of firewood since the villagers started cutting off their trees instead to prevent being washed away by floods. Therefore, Karim Khan instead of moving on to the sixth cycle purchased a planner machine to cater to the rising demand of wood for construction purposes. He bought this machine by selling the portable machine, utilizing the profit he received from the selling of the wood and borrowed a small amount from a relative. As a result a small local business venture was created at home. He used his old stationery machine to cut the wood into smaller chunks and used the surface planner to burnish the wood and sell it at much higher prices for construction purposes. Due to the increased availability of wood and limited working hours, he also hired a part time worker on daily wages to assist him in carrying out wood cutting.

Thus a small investment of Rs. 30,000 allowed Karim Khan to generate substantial revenue. By the end of the first cycle, he attained a profit of Rs, 4, 451.70 which was reinvested in the second cycle and the process continued till the fifth cycle. Karim Khan managed to make an accumulated profit of Rs. 51, 866 by the end of the fifth cycle. He not only returned the loan on time but was also more confident about using his skills for a small business venture. His monthly revenue increased from 7, 500 to between Rs. 16,000 and 18,000 approximately.

This project was a practical example for the villagers to learn from Karim and use the same technique to generate income and pull themselves out of poverty. This initiative not only enabled him to improve his own conditions but also provided employment opportunity for the villagers and created more economic activity in the village.