nepal

trade on the ground

Trade is a story weaving its thread around the country.

Trade's tales take you along postcard Himalayan ranges conquered by Chyangra goats on a five-day journey to pasture in Jomsom. Outpacing pilgrims and hikers, loaded packs sway across rope bridges as they push onwards to the summit.

At the Mechi border with India, trade is calling where drinks and sweets stalls clamour for attention, offering up fresh sugar-cane juice. Here, rickshaw drivers shuttle along passengers in rich-tone saris as they seal deals on mobile phones.

Trade's narrative is painted on to the multi-coloured trucks loaded with ginger roots and spices as they take on the bends in Ilam. Down below in a haze of green valleys, women weave their way to pick leaf buds at orthodox tea plantations.

In Kathmandu's stop-and-go traffic, trade's slogan is winding its way around, passing high-spirited students lost in debate. Here, money changes hands at every corner, and billboards in animated script call out a sales pitch for the latest goods.

"Nepal has taken trade as a mainstreaming area for the economic development of the country. For that purpose we are working in collaboration with line ministries like Ministry of Agriculture and Livestock."

Lal Mani Joshi, former EIF Focal Point and Secretary, Ministry of Commerce and Supplies

trade journey

Trade is helping to make investments to boost productivity reaching villages nationwide. Bringing new facilities to ginger farmers is helping to build stronger standards. Support for the pashmina sector is taking a closer look at global branding, and developing the value chain for medicinal herbs will open the door to new markets.

mapping the trade priorities

Connections on trade are coming to life in a fresh way, as associations of farmers, producers and traders join forces to add value and move up the trading ladder. A period of hard democratic transition for the country, alongside big gaps in skills and infrastructure, hasn't provided an easy backdrop. Yet the trade agenda has taken a big step forward. Trade now features in the 2011 Nepal Three Year Plan and in sector strategies for industry, tourism and agriculture. Through the EIF's focus on getting the right diagnostics in place, with support from UNDP, together with donors and agencies including DFID, Finland, IFC, ITC, Nepal's Trade Integration Strategy (NTIS) outlines 19 priority areas where trade has most potential to turn around livelihoods. The Strategy, launched by the Prime Minister, mapped out with private and public sector and civil society backing, is rallying partners' efforts.

trade snapshot

At the Gorkha Tea Estate, tasters sample the quality of the brew with sharp intakes before giving out the scores with the race for top brand status now underway.

Among Jomsom's windswept peaks, a Chyangra kid is born to the herd grazing the thorn bushes that dot the landscape – the farmers' symbol of good fortune.

Kathmandu's Kalimati market collage of producers and consumers vie for space with unloading trucks, as goods are weighed and Nepalese rupee bargaining begins.

Ginger farmers in Kolbung village move harvested ginger to underground stores layered with wooden poles and sheeting to dry before the journey to market.

At pashmina showrooms, the Nepal Pashmina Industries Association (NPIA) walk customers through how to check for quality with a trademark, sketching out designs with the biggest sales potential.

Kathmandu University's business library is a hub of activity as students search the archives to back up team presentations on innovative industry models.

At the customs offices in the Jhapa corridor, ginger traders rush in with bundles of papers to have their goods cleared and documents stamped for export.

"We are allocating budget for these activities, EIF has strong support from Government, stakeholders, private sector and development partners. With this commitment and coordination we can make all these efforts in a sustainable way."

Toya Narayan Gyawali, EIF Board Member and EIF NIU Chief and Joint Secretary, Ministry of Commerce and Supplies

As a result of the EIF's support to build the trade agenda, national budget allocations since 2010 are going to roll out NTIS activities reflecting the Government's commitment. The Action Matrix of the NTIS is being tracked to monitor progress with over 153 activities underway. NTIS products feature in the documentary series 'Arthako Arth' on honey, large cardamom, silver jewelry, medicinal herbs, handmade paper and paper products, IT and Business Process Outsourcing. Further episodes are planned, and NTIS topics will also be aired on the 'Byapar tatha Bikas' radio programme through Radio Nepal.

Another first from the NTIS was the set-up of the Nepal Business Forum while importantly, civil society has been involved from the outset, with SAWTEE a key partner in supporting the development dimension of the country's WTO accession. Using impact-focused outreach tools, the strong EIF National Implementation Unit (NIU) team has been promoting information flows through a user-friendly website, stakeholder newsletters on the EIF, articles, Action Matrix calendars, economic journalist training and discussion fora. This has raised interest and engagement nationwide, while missions abroad have helped to put Nepal's trade vision higher up the agenda at the global level. Nepal's Trade Policy Review highlights plans to establish a Trade Sector-Wide Approach (SWAp) through a task force to support the NTIS in order to better coordinate Aid for Trade (AfT) and help development partners to step up support. A planned NTIS review aims to make delivery more effective and focus on a Monitoring and Evaluation Matrix, what has been delivered to date and new areas and demands from stakeholders and help secure buy-in from lead institutions.

forging connections on trade

The EIF and partners such as STDF are helping to build technical expertise including on project management alongside English language and IT training, which has benefitted Government teams, agencies and the private sector. At the same time, trade coordination is proving to be a model of consultative and broad-based engagement with stakeholders nationwide. That's included focused group meetings with product associations related to the NTIS, such as with the Women Entrepreneurs of Nepal. There has also been training given to the Chamber of Commerce, and national trade fairs have been growing in scope and profile. Upcoming linkages with training institutions include the Kathmandu University School of Management to build the skills of the country's future entrepreneurs.

Through the EIF partnership, there is a new cross-institutional liaison in place with a wider NIU team across departments and through the National Steering Committee (NSC). The Ministry of Agriculture and Livestock has taken a lead role as joint chair with the Ministry of Commerce and Supplies. Line ministries are active in technical committees, and work plans and budgets reflect key activities. Support has gone to help agencies and committees in organizing trade-related discussions. At the NSC, project proposals with inputs from the private sector and civil society as well as research institutions have been developed, screened and approved.

The EIF has been a bridge for development partners to support AfT with a proactive EIF Donor Facilitator role, taken on by Germany, at both political and technical levels. Germany has been engaged in policy support, capacity building and monitoring of trade activities helping coordination to work better. The Nepal Trade Magazines provide an in-depth focus on NTIS sectors, in English and Nepali. The donor community now backs over half of the NTIS Action Matrix priorities. Alongside the EIF, support comes from bilateral partners (the European Union, Finland, Germany, India, DFID, China and USAID), multilateral partners (ADB and the World Bank - WB), and agencies (FAO, IFC, IMF, ITC, OIE, STDF, UNESCAP, UNIDO and WHO). Since 2011, Nepal's development partners including Germany, DFID, USAID and Finland have established a donor group on AfT to coordinate support to the NTIS, with a web-based communication platform that helps to track progress.

putting trade into action

At the project level, backing is going to smallholder farmers, many of them women with limited education. Associations are helping farmers, producers and traders to solve challenges and move forward together. The ginger project with joint STDF and EIF funding and led by FAO tackles the issue of standards and value addition to build competitiveness. The goal is to help up to 4,000 households, over 50% of them run by poor women, with a sales target of 25% growth. There'll be washing facilities set up, material on good agricultural practices, studies into regional and global markets and how to get there. Facilitating border processes and organic certification are on the cards. To date, the Nepal Ginger Producers and Traders Association (NGPTA) has seen success in removing quarantine procedures at the border, taking Government taxes off traders and lowering customs charges.

The public-private sector connection is just as strong with the EIF pashmina project led by ITC. Linking up trademarks with marketing and certification to build a quality brand that supports producers, associations and vendors along the chain. That's a lifeline for mountain herders in the poorer northern belt who will benefit from extension services and know-how. The NPIA has registered the trademark in 41 countries resulting in a 63% growth to 1.7 billion Nepalese rupees (US$17 million) globally.

The upcoming EIF medicinal herbs and aromatic plants project will be developing value chains and helping products through marketing for stronger exports. Taken together, it will help SMEs build a competitive edge, supporting even more of the 77% of people across the country whose livelihoods depend on agriculture.

forward look on trade

Nepal's trade picture is taking shape, but there's a wide bridge under construction for everyone to cross over. Getting people trained and systems to work efficiently takes sustained backing and coordination. The buy-in that starts that process is underway with EIF assistance. At the global level, Nepal's WTO LDC coordination role for 2013 is championing poor countries' prospects on trade. On the EIF Board,

Nepal is helping provide overall policy guidance and foster lessons to drive AfT delivery. Earlier activities included Nepal's hosting of an EIF regional workshop in 2010 to build knowledge and lessons learned across countries.

Nepal, as a landlinked country, has high trading costs to link to international markets. There need to be investments in infrastructure and training and access to finance, technology and laboratories with market information flows feeding into positive trading cycles. Bringing together budget cycles for Government and development partners is vital, while broadening the support base means communicating results on what each sector can do to improve livelihoods. It will also be about training on SPS and awareness-raising on other barriers to trade, building a broader export base, improving knowledge on trade from the grassroots and securing national budget commitments. Gender issues now need to be put at the heart of the trade agenda.

Trade in Nepal with the EIF is on a positive trajectory with strong levels of growth and plans to capitalize on progress to date with a Trade Sector-Wide Approach following a positive trade policy review. In this way, support for the agenda can flourish, results can be tracked and trade's full potential reached.

"The EIF has given us a platform for donor coordination – the National Steering Committee makes sure that streamlining is taking place. Communication is very important among all stakeholders. It's an important task for the Donor Facilitator to facilitate this communication."

Udo Weber, former EIF Donor Facilitator representative, Germany

trading high

making trade matter:

Trade features in the 2011 Nepal Three Year Plan and in sector strategies on industry, tourism and agriculture	The Nepal Trade Integration Strategy (NTIS) outlines 19 priority areas where trade has most potential to turn around livelihoods. 153 activities are already underway
Civil society organization SAWTEE played a key role in supporting the country's WTO accession, assisting the Government on the development dimension	Nepal was selected to champion LDCs' rights as WTO LDC Group Coordinator for 2013
Nepal is an EIF LDC Board Member promoting interests of LDCs	

support to trade:

EIF total support equals US$3,473,153	
The disbursed amount of AfT in Nepal doubled to US$173.55 million in 2011 from US$89.1 million in 2009	Over half of the NTIS's 19 products highlighted in the Action Matrix are supported by development partners including in the areas of trade facilitation, SPS and capacity development
Government support to NTIS priorities in the 2010-2011 budget included 30 million Nepalese rupees (US$300,000) for tea and coffee, cardamom, pashmina and jewellery; 50 million Nepalese rupees (US$500,000) in 2011-2012 covered ginger, cardamom, medicinal herbs and tea and coffee	

"We set up an association to facilitate dialogue and communication with Government. We have tried to bring farmers and businessmen on a common platform. And to create an environment where businessmen can sell farmers' produce in the market easily."

Narendra Kumar Khadka, President, NGPTA (Nepal Ginger Producers and Traders Association)

"Nepali Pashmina Industry is just starting to make aware the people that Chyangra goat has pashmina wool and is very precious. We are telling them to make cooperatives and we are also making cooperatives."

Pushpaman Shrestha, President, NPIA (Nepal Pashmina Industries Association)

private sector:

The Nepal Business Forum was established as part of the NTIS recommendations	With the ginger project, the public-private partnership is being strengthened with funds from the EIF (US$711,550), STDF (US$462,144), the Government (US$60,000), NGPTA (US$140,000) and the private sector (providing land for a processing plant)
In the pashmina sector, the EIF project is providing institutional support to the NPIA, building supply-side capacity and promoting marketing and brand management with funds of US$1,861,603. The Government's in-kind support is US$200,000	

building knowledge:

EIF support is backing training for the Nepal Chamber of Commerce and an export promotion programme with the Nepal Tea Planters Association	EIF assistance has helped media and economic journalist training to be rolled out. The Economic Journalists Society has 25 women out of 205 members
The EIF and partners are looking at a collaboration with Kathmandu University's Business School to develop the skills the industry needs to keep trade competitive	

"More than 77% of people live in agriculture so for the development of our nation, for trade, it should be based on agriculture for the raw material, for the other agro-processing industry."

Pradyumna Raj Pandey, Under-Secretary, Ministry of Agricultural Development

exports:

The Government has gone further to set up a testing laboratory on quality – the Nepal Bureau of Standards and Metrology (NBSM)	EIF project support is going to the area of pashmina, which has exports to more than 60 countries and, with NPIA backing, is a registered trademark in 41 countries. There is a 63% growth to current 1.7 billion Nepalese rupees (US$17 million)
There are 50,000 pashmina farmers each with between 15 and 20 goats; 1 goat can provide one to two shawls selling for US$70-75; each kg of raw fibre earns US$40	In ginger, farmers' earnings could rise from US$300 per year to US$2,000. The NGPTA was successful in streamlining regulations with the Government on taxes, at customs and in quarantine issues with India. It is providing seeds and training to farmers

agriculture:

Agriculture is the main sector employing over 77% of the population	Nepal is the fourth largest producer of ginger and the sixth largest exporter
The EIF project backing value addition in ginger is going to support 4,000 households, over 50% run by poor women, with a 25% sales growth target	

"The media should highlight how trade changes the ordinary people of LDCs, especially poor people. Without development of trade, we cannot develop our nations, that's why people should know about the importance of trade."

Deepa Devkota, Correspondent, Karobar Economic Daily

trade story

"Ginger farming has supported us to save for the future of our children. If there was a local market here members of the group could go to the market, bring money from there, and distribute the money among us." Chandra Kala Rai, President, Ginger Cooperative Female Group Ilam, Hakarte

Chandra's 25 colleagues from her women's association take a break from the day's farming business to tell jokes, then erupt into laughter. For five years, the group has been managing their collective savings to build the village's prospects. *"Our women's group produces a truckload of ginger, ginger is our main farming,"* explains Chandra, but they are limited in terms of accessing markets that will give them a better return. Storage and moving up the value chain is a challenge. Change is coming to the region. Here their deep pink shades of saris stand out on the hilltop trails that lead to the ginger fields and their future prospects. *"If only we had processing units and washing plants, we would be so happy."*

'Boarders divide, customs connect' reads the catchy slogan on display at Nepal's bridge crossing with India. Making connections is what trade is doing nationwide. Overcoming distances by plane, truck or rickshaw, trade is linking villages to global marketplaces. And it's gathering in pace in the same way as band Kutumba's popular instrumental tracks. Media stories tell of bold ambitions replacing instability and past limits. Chandra's association and others like hers are carving out their own horizon where trade benefits can be felt on the ground.

"It's very useful the partnership we have had with Government on trade policy. LDCs should learn to collaborate with civil society in protecting and promoting the interest of poor and marginalized communities and this has to be an institutionalized process."

Ratnakar Adhikari, former Chief Executive Director, SAWTEE (South Asia Watch on Trade, Economics and Environment)