



Building institutional capacity in the use of trade-related International Support Measures

Setting priorities in addressing institutional constraints

Findings and recommendations

NEPAL

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ACRONYMS

BPO	Business Process Outsourcing
CBA	Cost Benefit Analysis
CDP	Committee for Development Policy
DESA	Department for Economic and Social Affairs
DFQF	Duty Free Quota Free
EBA	Everything But Arms
EU	European Union
EIF	Enhanced Integrated Framework
EIF-NIU	Enhanced Integrated Framework – National Implementation Unit
FNCCI	Federation of Nepal Chambers of Commerce and Industry
GACP	Good Agriculture and Collection Practices
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
GSP	Generalised System of Preferences
ICT	Information Communication Technology
ISM	International Support Measures
ITC	International Trade Centre
LDC	Least Developed Country
NIU	National Implementation Unit
NTIS	Nepal Trade Integration Strategy
SPS	Sanitary and Phytosanitary (measures)
SAWTEE	South Asia Watch on Trade, Economics and Environment
STDF	Standards and Trade Development Facility
SWOT	Strength Weaknesses Opportunities and Threats
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TFAF	Trade Facilitation Agreement Facility
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WTO	World Trade Organization

1. INTRODUCTION

The Committee for Development Policy (CDP) Secretariat of the United Nations Department of Economic and Social Affairs (DESA) has developed a capacity building project on Removing Institutional Constraints in Utilizing Trade-Related International Support Measures (ISMs) for Least Developed Countries (LDCs). The project seeks to improve the capacity of four participating LDCs (the Gambia, Lesotho, Nepal and Uganda) in utilizing LDC-specific trade-related ISMs to enhance export growth in goods and services of priority interest to these countries.

In Nepal, the specific activities of the project include:

1. Identification of priority exports products that may benefit from ISMs.
2. Strengths, Weaknesses, Opportunities and Threats (SWOT) analyses of each selected priority export product to match exports to ISMs.
3. Private sector and public sector surveys to identify constraints to exports as well as the potential and specific institutional capacity needs for using ISMs for overcoming such constraints.
4. A Cost Benefit Analysis (CBA) to determine priority ISMs and identify interventions for the removal of institutional constraints in the use of those ISMs.

This report focuses on the findings of the project implemented in Nepal. The findings are followed by recommendations for removing institutional constraints in Nepal to using the ISMs selected through the CBA.

2. PRIORITY PRODUCT IDENTIFICATION

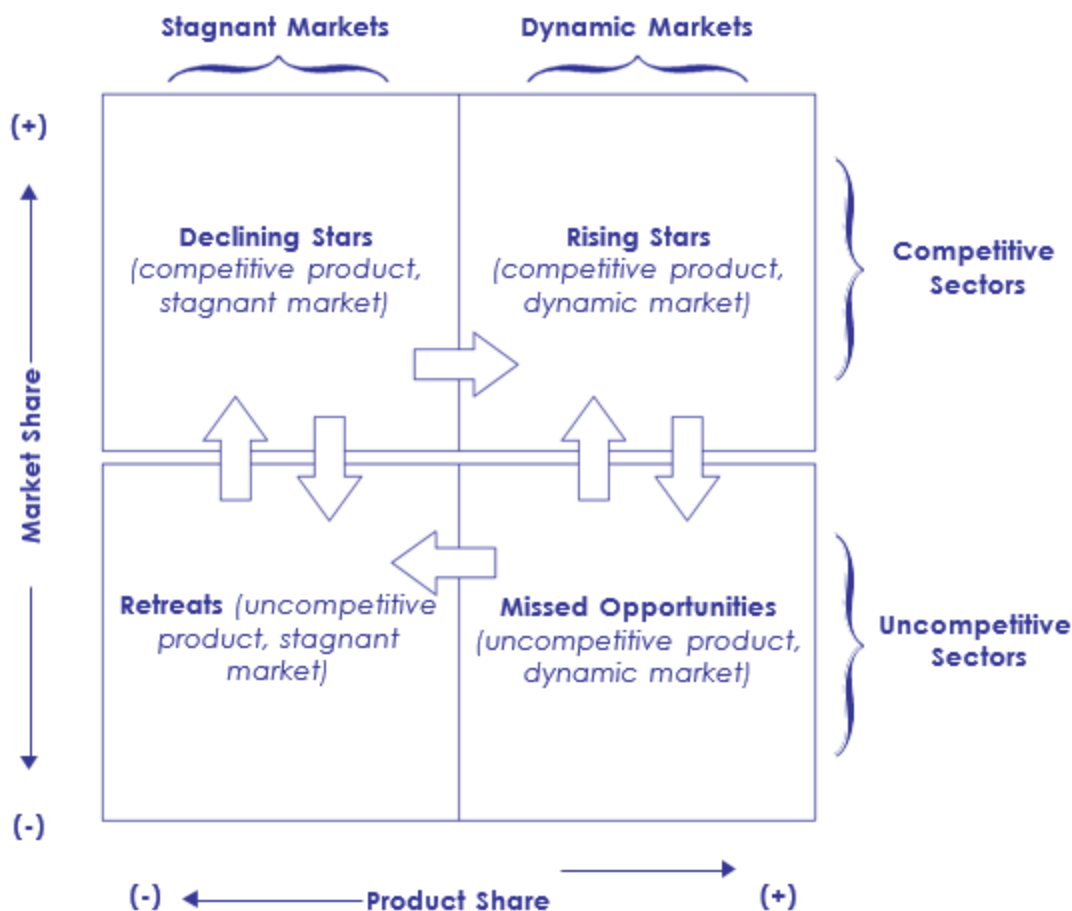
Project activities began with an analysis of Nepalese exports based on a review of the main national development plans and reports; as well as documents such as the Nepal Trade Integration Strategy (NTIS) and reports from international organizations. Data from the United Nations International Trade Centre (ITC) formed the basis of a catalogue of goods and services exported from Nepal (see annex 1).

A number of filters were applied to these products and services with the objective of narrowing down the list to products that are priority to Nepal. These filters include:

1. Three various value rankings of the products according to the export values in current US dollars. The ‘Important export sector’ included exports of over \$50 million per year; the ‘Medium export sector’ included exports between \$50 and \$1 million per year and the ‘Lower export sector’ were exports less than \$ 1 million per year.
2. A competitiveness ranking was also applied to each product using the Revealed Comparative Advantage methodology¹ resulting in a classification of products in “retreats”, “waning stars”, “missed opportunities” and “rising stars” according to growth in a product’s market share vis a vis world demand (see figure 1). “Retreats” consist of products of declining world demand in which Nepal is losing market share; “Waning Stars” include exports with a declining world demand in which Nepal is gaining market share; “Missed Opportunities” comprise products with increasing world demand in which Nepal is losing its market share; and the “Rising Stars” denote products with increasing world demand in which Nepal is gaining market share.

Figure 1. Competitiveness matrix

¹Mandeng, Ousmene Jacques, International Competitiveness and Specialization, CEPAL Review No. 45, United Nations, pp. 25-40, December 1991.



Source: Ousmène Jacques Mandeng, International competitiveness and specialization, CEPAL Review, No. 45 (December 1991), pp. 25-40, Santiago, Chile: Economic Commission for Latin America and the Caribbean.

3. Three key documents were selected as the main references, and the products within these documents prioritised. These documents included the NTIS 2010; the 2015 update; the Nepal Three Year Interim Plan 2010; and the World Trade Organization (WTO) Trade Policy Review 2012.
4. Lastly ISMs were matched to each product on a preliminary basis. These matches were made on the basis of the nature of the export and potential (not actual) constraints to the production and export of the product. This ISM matching was refined at later stages during private sector and public sector surveys to identify constraints to exports as well as the potential and specific institutional capacity needs for using ISMs and for overcoming such constraints.

The review and subsequent application of various filters resulted in a list of 52 export products and services for further analysis (see annex 7.2). In April 2015, with the participation of experts from the public sector, private sector and development partners during a National Validation Workshop, 12 select products and services were agreed

upon to be the focus of further analysis (see Annex 7.3 for a report of the Workshop). A list of current donor projects was compiled, as shown in annex 7.6, with the aim of avoiding duplication and to ensure that recommendations fitted with donor and government priorities.

CDP/ DESA conducted the first private sector surveys in July 2015, following a delay in the project due to the earthquake in April. The objective of these surveys was to determine the relevant ISMs for each sector and the various related constraints faced by the private sector in utilizing these ISMs. This survey allowed for the fine-tuning of the ISM matches and also fed into the SWOT analysis (refer to sections 3 and 4 for private-sector survey findings).

The identified priority products constituted about a quarter of total merchandise exports in 2013. All the products, except for silver jewelry, registered strong growth during the period 2011-13. These products also have high existing or potential employment generation, as shown in table 1.

Table 1: Salient features of priority products and services

Product	Share in total exports (per cent, 2013)	Average annual growth rates (per cent, 2011-13)	Major export markets*	Employment/Engagement
Carpet	8.05	13.60	United States(45.7%), Germany, United Kingdom	98,000 Full Time Equivalent (FTE)
Cardamom	5.47	43.66	India (99.9%), China, Korea	70,000 households
Garment	5.01	5.23	United States, European Union, India	Not available.
Tea	2.55	15.34	India (89.8%), Germany, Czech Republic	30,000 (FTE)
Processed leather	1.51	19.36	China (34.2%), Italy, India	50,000 FTE
Ginger	1.08	91.47	India (99.9%), United States, United Kingdom	200,000 households
Silver jewelry	0.08	-19.69	United States(54.4%), Japan, Germany	10,000 craftsmen
Coffee	0.07	39.23	Japan (27.73%), Korea, Germany	20,000 households
Medicinal herbs	0.02	26.09	China (52.7%), India, Hong Kong	147,500 FTE
Honey	0.00	45.39	United States(85.1%), Korea	53,000 households
Tourism	N.A.	11.8	India, China, United	554,000 FTE

			States	
ICT/BPO	N.A.	N.A.	North America, Europe	N.A.

Note: * Number in parenthesis indicates the share of export to the market; N.A.=Not Available,
Sources: Trade and Export Promotion Centre. www.efourcore.com.np; Nepal Rastra Bank.
Macroeconomic Statistics 2014/15; Ministry of Commerce and Supplies. *Nepal Trade Integration Strategy 2010*; MoCS, *NTIS 2015* (draft)

A second set of surveys was conducted during a mission undertaken in September 2015. These surveys focused on obtaining information from a select group of private sector respondents and public sector officials on their institutional constraints to accessing ISMs (see annex 7.4 for survey respondents). A CBA was then conducted in order to prioritize ISMs for further intervention (section 5).

The results of the CBA were presented to a steering committee comprising public and private sector representatives (see annex 7.5 for a list of participants). At this workshop comments on the SWOT analysis and recommendations were presented and discussed. At the end of the workshop, key interventions were agreed upon and an Action Plan drafted for follow-up activities (see section 3 for SWOT analysis and section 6 for recommendations).

3. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS

This section introduces the 12 products and services that were the focus of the surveys and CBA.

3.1. Carpets: The production and export of handmade carpets is an area in which Nepal has traditionally specialized. Carpet weaving is traditional in the northern mountainous villages of Nepal, although commercial carpet manufacturing started with the entry of Tibetan refugees and their carpet design in 1960s, following which Nepalese weavers mastered Tibetan techniques. Carpets, mostly traditional, hand-oven knotted rugs made of wool and silk, are now the biggest goods export, constituting more than eight per cent of total exports. Annual growth averaged 13.6 per cent from 2011 to 2013, with Germany, the United Kingdom and the United States as major export destinations.

Backward linkages are minimal given that all raw materials -- including wool, silk, aloe, banana fiber and hibiscus -- are imported from neighboring countries including China as well as New Zealand. Increased production of inputs domestically could help improve the sector's economic contribution.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Good quality and handmade, high value. - Long history of production. - Labour force skilled in carpet design. - Unique traditional artistic designs. - Strong brand image in international market 	<ul style="list-style-type: none"> - High cost of production, especially because inputs are imported. - Border barriers increase the cost of logistics for export. - Challenging business environment lengthens production times and increases production

	<p>costs.</p> <ul style="list-style-type: none"> - Low economies of scale especially due to associated lack of technology. - Labour conflicts slow production. - Labour productivity is generally low. - The existence of middlemen reduces producers' incomes from export. - Limited availability of facilities to test and certify the quality of inputs such as wool and dyes.
Opportunities	Threats
<ul style="list-style-type: none"> - Carpets exports have Duty Free Quota Free (DFQF) market access in most markets. - The General System of Preference (GSP) scheme in the main markets of Europe and the United States waive the requirement for rules of origin certificate. - The possibility exists to establish a collective mark, like Chyangra Pashmina for Pashmina, in the international market. 	<ul style="list-style-type: none"> - Japan, one of the main markets for Nepalese carpets, does not offer Nepal DFQF market access for carpets. - A shift in some markets from handmade, quality carpets to high volume, cheaper products has affected demand for Nepalese exports. - Penetration of the US and other potential markets is difficult because of the use of intermediaries in those markets. - Producers have limited market information to allow them to export directly.

3.2. Cardamom: Cardamom is one of the major agriculture exports of Nepal, constituting more than five per cent of total exports. The Eastern Development Region of the country, such as Ilam, Panchar and Taplejung districts, accounts for 94.6 per cent of production.² It has been estimated that about 70,000 households are engaged in the production of cardamom. The Food and Agriculture Organization (FAO) reports that Nepal is the fourth largest producer in the world, behind Guatemala, Indonesia and India.³ Exports, almost all to India, registered high average annual growth, of 43.6 per cent, during 2011-13.⁴ The product enters Indian markets duty free, although quarantine-related barriers exist. Cardamom is exported in dried, raw form then processed to produce tea, herbs, bakery products and spices that are highly demanded in the Middle East, where they are considered to have health properties.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Terrain (highlands), climate and soils are favorable for the production of cardamom. - Considerable land is available. - Production of cardamom is organic, leading to high demand. Currently, the product does not require Sanitary and Phytosanitary (SPS) 	<ul style="list-style-type: none"> - Drying facilities for cardamom are limited, affecting the quality of export. - Like most agricultural products cardamom production is seasonal and supply inconsistent. - A lack of proper storage facilities affects both pricing and supply.

² *The Himalayan Times*, September 5, 2015

³ FAO, <http://faostat3.fao.org>.

⁴ Trade and Export Promotion Centre. www.efourcore.com.np.

<ul style="list-style-type: none"> - certification at export. - The majority of farmers are women, meaning that women gain a high proportion of wage income. - In general the cost of production is low. 	<ul style="list-style-type: none"> - Pests, diseases and land degradation affect productivity and production. - Value-addition is limited. - Production is often on a smallholder basis, limiting economies of scale. - Particularly affected by poor transport infrastructure. - Insufficient supply of improved seeds and seedlings.
Opportunities	Threats
<ul style="list-style-type: none"> - Demand for cardamom is high, especially in Middle East markets. - Possibility of expanding production in other mountainous regions of the country. 	<ul style="list-style-type: none"> - Major price fluctuations in global markets create instability. - Access to other markets is disincentivised by the relatively easy access to India. - Non-tariff barrier (NTB) issues with Indian customs - The product is highly susceptible to pests and diseases.

3.3. Tea: Tea cultivation in Nepal began in the 1860s and the first factory was built in Ilam district of Eastern Nepal in 1878. With the establishment of Nepal Tea Development Corporation in 1966 and designation of ‘Tea Zone’ covering five districts of eastern Nepal in 1982, production increased significantly. Among smallholder farmers in the hills, orthodox/green leaf tea is produced while Crush, Tear, Curl (CTC) tea, which is the conventional method of production, is produced in the Terai plains. The product constitutes 2.55 per cent of total exports and its export has been increasing at an average annual rate of 15.3 per cent. India is the major market with about 90 per cent share in total exports, followed by the Czech Republic, Germany and the United States. A considerable proportion of tea is rebranded and re-exported from India. Products include black fermented, herbal, green, white gold and spiced.

Strengths	Weaknesses
<ul style="list-style-type: none"> - The country’s mountainous landscape and weather patterns are favorable for tea farming. - 80% of workers are women. - Government provides subsidies for fertilizers, land lease, machine and equipment which has boosted production and export. - Organic certification ensures that the tea has a readily available market especially in the United States and European markets. - Some farmers have received training in organic production; hence these smallholders are receiving higher prices. - National Tea Policy in place. 	<ul style="list-style-type: none"> - Most exports are in unprocessed form because of the lack of technology for value addition. - Some tea varieties are seasonal. - Global warming and changing climate patterns affect production. - Training of farmers and workers needs to improve to increase quality. - Laboratories and the organic certification system are not fully accredited. - Lack of brand image in international markets. - Affected by infrastructure and transport problems.
Opportunities	Threats
<ul style="list-style-type: none"> - Demand in many markets remains high, 	<ul style="list-style-type: none"> - Competition from multinationals exporting from

<p>particularly for organic tea in Europe, the Middle East and the US.</p> <ul style="list-style-type: none"> - Partnerships created with other tea producing companies in India are an opportunity for technology transfer, allowing value-addition. - The brand image can be improved in order to exploit niche markets. 	<p>India and Sri Lanka.</p> <ul style="list-style-type: none"> - India imposes a levy (not a formal tax) on the export of tea from Nepal. - Non-Tariff Barriers increase costs. - Political instability and labour unrest.
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3.4. Garments: The export-oriented readymade garment industry contributed about half of Nepal’s total exports in the 1980s and early 1990s under the Multi-Fiber Agreement, an international trade treaty which from 1974 to 2004 which imposed quotas on developing country exports of yarn, fabric and clothing to developed countries. Exports, although now much smaller, have again picked up in recent years, registering an average annual growth rate of 5.23 per cent during 2011 to 2013. In 2014/15, total exports were \$42 million⁵, 5 per cent of total exports, mostly readymade garments destined for the EU, India and the US. Additionally, some traditional garments have demand in the Asian market especially China, India and in the Middle East.

Strengths	Weaknesses
<ul style="list-style-type: none"> - High demand, especially in the United States - No quota restrictions in any market - High knowledge and skills base. 	<ul style="list-style-type: none"> - Greatly affected by labor disputes. - Low efficiency and productivity of labour. - Minimal economies of scale. - Low cotton and silk production hence 90% of raw materials imported from China, India and Vietnam - A lack of backward linkages. - Testing and certification facilities for garments are limited.
Opportunities	Threats
<ul style="list-style-type: none"> - High demand in United States and European markets for cotton and silk garments from Nepal. - High potential to diversify exports to Indian and European markets due to exemption from European rules of origin and duty free access to India. - Presentation of bill in United States Congress to provide duty-free access for selected Nepalese garments. - Potential to reduce production costs with better technology and production techniques. 	<ul style="list-style-type: none"> - Competition from African producers using preferential market access in the US market under the African Growth and Opportunity Act (AGOA). - Rules of origin requirements hinder access to certain markets such as the United States. - Limited market knowledge can hinder market access.

3.5. Processed Leather: Leather is a relatively new but fast-growing export, with exports expanding at a nominal average annual rate of 19.6 per cent from 2011 to 2013. China,

⁵ Nepal Rastra Bank, Annual Macroeconomic Statistics 2014/15.

followed by Italy and India, are the main markets. The first tanning industry was established in the mid-1960s and traditional manual tanning was gradually replaced by machine-based production, which opened up new overseas opportunities. Linkages have been calculated as being relatively high compared with other industries.⁶

Export products currently include buffalo hides and skins including wet blue (70 per cent), crust leather (20 per cent) and finished leather (10 per cent).⁷ Nepalese buffalo and goat leather is well perceived in the world market for its high quality including fine grain, uniform fiber structure, smooth feel and natural texture. The product enters most markets duty-free, quota-free.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Large raw materials base. - High employment elasticity and strong backward and forward linkages. - Ready market for raw hides, skin and semi-processed leather, especially in neighboring countries. - Well accepted in the world market due to unique grain fibre structure and texture of buffalo and goat skin. 	<ul style="list-style-type: none"> - Low availability of labour, particularly skilled. - Weak management of raw materials. The primary purpose of animal farming is for milk and meat. - No local tanning operations. - Low economies of scale. - Particularly affected by poor infrastructure, irregular energy and limited water resources. - Difficulties meeting SPS and TBT requirements limit access to major markets including the United States and Europe.
Opportunities	Threats
<ul style="list-style-type: none"> - International demand for both semi-processed and leather products is growing. - Potential for product diversification. 	<ul style="list-style-type: none"> - Competition from the footwear/ leather industry in India. - High taxes (18%) on the import of raw hides and skin.

3.6. Medical Herbs: Nepal’s significant variation in altitude, ranging from almost sea level in the south-eastern Terai to the world’s highest mountains, the Himalayas, gives the country remarkable variety in its flora resources. The Medicinal and Aromatic Plant Data base of Nepal (MAPDON) has estimated that there are 1,624 medicinal plant species, of which 100 plants are traded annually.⁸ It is estimated that 147,500 households are engaged in the collection and production of medicinal herbs, the export of which is worth approximately \$ 15 million, mostly in raw form rather than processed.⁹

Exports include Aloe Vera, para-pharmaceutical products and various ranges of herbal teas. Major markets are Singapore, Hong Kong, India and China as well as Europe. Most

⁶Raihan, S. and B.H. Khondker (2011) ‘A Social Accounting Matrix for Nepal for 2007: Methodology and Results,’ South Asian Network on Economic Modeling (SANEM), Department of Economics, University of Bangladesh

⁷ Nepal Trade Integration Strategy 2015 (draft)

⁸SAWTEE, Realizing the Export Potentials of MAPS and Essential Oils. Kathmandu, 2014.

⁹Trade and Export Promotion Centre. www.efourcore.com.np.

importing countries require adherence to World Health Organization (WHO) guidelines for sustainable collection/ cultivation such as Good Agriculture and Collection Practices (GACP) and Good Manufacturing Practices (GMP) for medicinal products.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Geographical diversity. - Most of the herbs are collected wild and thus are organic. - Many plants and herbs are endemic to Nepal or Himalayan region. - Support from development partners including GIZ and SDC. - Strong product association working on quarantine services, SPS testing and certification. 	<ul style="list-style-type: none"> - Small-scale production, hence low economies of scale. - Limited infrastructure, including storage and processing facilities. - No internationally accredited body to provide certification for exports. - Lack of value addition. - High import tax on imports like packaging materials. - A lack of transparency relating to export procedures. - Absence of policy and system to implement GACP.
Opportunities	Threats
<ul style="list-style-type: none"> - International demand for medical herbs as raw materials to pharmaceutical industries is likely to remain high or to increase. - High potential for value addition. 	<ul style="list-style-type: none"> - International SPS standards are high and restrictive. - Attaining organic certification for small-scale exporters is very expensive. - Risks of unsustainable collection of wild herbs. - Weak intellectual property regime to protect plant varieties.

3.7. Ginger: Ginger is widely grown in 64 out of 75 districts of Nepal,¹⁰ which is among the three largest producers of the product in the world.¹¹ With favourable geo-climatic conditions, more than 200,000 families are involved in production, which is exported fresh or dried.¹² India is the major export market, accounting for more than 99 per cent of exports. Although India provides duty-free market access, SPS-related requirements are the major barriers, in particular the existence of soil particles and use of preservatives. Ginger is by volume the largest spice exported by Nepal, but its share in total export value is about 1 per cent.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Weather favorable for ginger production. - Production of ginger is also organic, hence highly demanded internationally. - Possibility of trade in raw form without sophisticated processing. - Most of the ginger producing areas are well 	<ul style="list-style-type: none"> - Most ginger produced in Nepal has high fibre content and is lower quality than the south Indian product. - The laboratory is only partially accredited for testing and certification. - Dependence on the unpredictable Indian market

¹⁰Ministry of Agriculture and Cooperatives, Statistical Information on Nepalese Agriculture, 2013/14. Kathmandu

¹¹FAO, <http://faostat3.fao.org>.

¹² Nepal Trade Integration Strategy 2015 (draft)

connected with transportation system and market network.	<p>affects planning</p> <ul style="list-style-type: none"> - Difficulty in accessing services such as irrigation facilities, marketing, credit and market information. - Ginger exporters have little incentive for value addition due to the ready market for fresh ginger in India. - As with most agricultural products ginger production is seasonal, making supply inconsistent. - Use of the traditional drying method (<i>Suntho</i>) hampers quality.
Opportunities	Threats
<ul style="list-style-type: none"> - Ginger is in high demand in the Middle East and elsewhere. - Support provided by the STDF for drying ginger is soon to be launched; this facility will improve the quality of exports providing better market access internationally. - Some producers who have been able to acquire organic certification have been able to access the European and American markets. - Margins of preference in export markets are high. 	<ul style="list-style-type: none"> - India has very strict standards on pesticide residue levels. - SPS requirements beyond the Indian market are equally high, limiting access to those markets. - Volatile international demand and pricing. - China has been aggressively entering the market, risking displacement of Nepalese ginger in India by high quality cool season products from Tibet.

3.8. Coffee: The climate in 42 mid-hill districts of Nepal at altitudes of 800 to 1600 meters favours coffee production, although limited experience of production limits exports. Production remains concentrated mainly in western Nepal among small-scale farmers. Although exports experienced high volatility, average annual growth was 59.4 per cent from 2011-13, mostly to Japan, Republic of Korea and Germany.¹³ Other markets include Taiwan Province of China, the Netherlands, Switzerland and the United States. The sector requires new technology for the processing of coffee for export as well as training of farmers in SPS standards.

Nepalese coffee enters into major destination markets duty free under the respective GSP schemes but must meet stringent food safety requirements, including the level of pesticide residues, field and packaging operations and traceability.

Strengths	Weaknesses
<ul style="list-style-type: none"> - The mountain climate in Western part of the country is suitable for coffee production. - Domestically, there is an increasing interest in coffee consumption. - Labour in coffee production costs are low. - A considerable proportion of employment is for women. 	<ul style="list-style-type: none"> - Limited availability of processing equipment. - Lack of drying facilities makes it difficult to meet SPS standards. - Limited economies of scale. - Low domestic investment. - Weak infrastructure affects production and trade, especially the lack of good agricultural

¹³ Trade and Export Promotion Centre, www.efourcore.com.np.

<ul style="list-style-type: none"> - Established institutional base, e.g. Federation of Nepal Coffee Producers Association and Nepal Tea and Coffee Development and growing interest of farmers. - Organic Nepalese highland coffee is in increasing demand. 	<ul style="list-style-type: none"> roads, which limits access to small-scale farmers. - Coffee farming has been particularly affected by natural disasters such as landslides and earthquakes. - Organic certification is difficult owing to the geographic dispersal of small-scale farmers. - Limited availability of skilled workers.
Opportunities	Threats
<ul style="list-style-type: none"> - Favourable climatic conditions and high potential to grow specialty and organic coffee for international market. - Strong international demand. - Coffee companies and producers have received training assistance from Swiss farmers as well as technology transfer from Japanese clients, potentially boosting production for export. 	<ul style="list-style-type: none"> - Inconsistent international pricing. - No duty-free quota-free market access with the main market, Japan. - Nepal specializes in the production of Arabica. Increasing production and aggressive marketing of Robusta at the global level may affect the demand for Arabica.

3.9. Honey: Honey harvesting is a very old practice. For poor and vulnerable communities, even without access to land, small scale bee-keeping has made a significant contribution to livelihood security. Nepal’s abundant forest flora, diversified horticulture and crop producing farming system, geo-climatic conditions and bio-diversity are conducive to good quality, specialty honey production.¹⁴ It is estimated that more than 53,000 farmers from 2012 to 2013 produced 1,625 metric tonnes of honey. The United States is the major market with an 85 per cent share of exports.¹⁵ Nepalese honey enters most international markets duty free but faces numerous sanitary, phyto-sanitary and standards-related barriers.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Terrain available for expansion to commercial production. - Organic production attracts a higher export price. - Strong support from development partners. - Unique flavor due to climatic conditions and flora. 	<ul style="list-style-type: none"> - Poor economies of scale. - Guidelines provided by the primary association do not meet international SPS standards for honey production. - Limited value addition. The honey is exported to India where it is processed and packaged. - The certification body is not fully accredited for SPS certification. - Honey production is seasonal, therefore supply for export is often inconsistent. - Poor infrastructure, especially the lack of agricultural roads in the mountain ranges, hinders expansion.
Opportunities	Threats
<ul style="list-style-type: none"> - Organic production and fair trade practices 	<ul style="list-style-type: none"> - Competition from large-scale producers with

¹⁴ MoCS, Nepal Trade Integration Strategy: Background Report, 2010. Kathmandu.

¹⁵ Trade and Export Promotion Centre, www.efourcore.com.np.

<ul style="list-style-type: none"> - Growing consumption in and outside the country - Highlands favorable for beekeeping and potential for up to 10 times more honey production. - Given better production techniques, production should be possible throughout the year. 	<p>better economies of scale.</p> <ul style="list-style-type: none"> - Nepal is not included in list of countries authorized to export honey to the European Union.
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3.10. Silver Jewelry: Nepal’s silver handicrafts designs are centuries old and silver jewelry is one of the major handicraft exports. It is estimated that 527 firms and companies were directly involved in the silver jewelry production, employing around 10,000 craftsmen¹⁶. Several types of silver jewelry with unique and often religious or ethnic designs are exported. In recent years, exports have been declining. Total exports were US\$2 million in 2013, with the US the most important market followed by Japan and Germany. Nepal faces low or zero tariffs in its most important export markets but there are many technical, sanitary and packaging requirements.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Traditional designs unique to Nepal are in high demand internationally. - A newly established laboratory for testing of mixtures. - Craftsmen are highly skilled. - Low volume/ high skills product. - Raw materials are relatively easy to source. - Strong linkages with the tourism sector. 	<ul style="list-style-type: none"> - Slow design process and low economies of scale - Prices for raw materials are high, limiting competitiveness.
Opportunities	Threats
<ul style="list-style-type: none"> - More use could be made of duty-free, quota-free market access to Europe and the United States. - Training opportunities offered by donors have expanded the skill set to modern jewelry designs. 	<ul style="list-style-type: none"> - Requirement for certification and testing of metal mixtures increase cost of production. - No copyright protection for traditional designs, which are being copied by other countries. In practice it is difficult to register design copyrights.

3.11. Tourism: Nepal is endowed with a rich and diverse natural environment as well as numerous cultural attractions. In the years following the first Tourism Master Plan in 1972 the industry quickly became the largest foreign exchange earner after remittance earnings, a trend which has intensified in recent years. The number of tourist arrivals increased by an average annual growth rate of 11 per cent during 2011-13. Tourists, in general, visit Nepal for leisure and holiday trips (30 per cent), pilgrimages (20 per cent), trekking and mountaineering (10 per cent) and business and conference trips (six per cent)¹⁷. Despite the high potential of the sector, tourism spending was \$538 per arrival at

¹⁶ SAWTEE, Export Potentials of Silver Jewelry. Kathmandu, 2014.

¹⁷MoCS, Nepal Trade Integration Strategy: Background Report, 2010. Kathmandu.

an average of \$ 42.80 per day, which is relatively low compared with comparators such as Bhutan, which imposes a daily minimum-spending requirement on tourists.¹⁸

Strengths	Weaknesses
<ul style="list-style-type: none"> - Nepal is naturally endowed with a large and diverse natural environment. - Nepal has over 85 ethnic groups providing a diversity of culture that is attractive to tourists. - The large number of Hindu and Buddhist sites attract pilgrims. - Low costs. - Easy visa procedures. - High value training at the tertiary level for tourism, hospitality and related areas ensures that there is availability of skilled labor. 	<ul style="list-style-type: none"> - Natural disasters such as earthquakes and landslides create a negative perception of the industry. - Political instability has deterred investment and weakened outside sentiment toward the country. - Tourism is strongly seasonal. - Accommodation and facilities need to improve. - Labor conflicts hinder service delivery in all sectors. - Weak infrastructure, including airport facilities and access roads, makes access to sights and destinations difficult. - High turnover in government offices means that policies and goals are often not implemented. - The one international airport has insufficient capacity to cater for passenger growth.
Opportunities	Threats
<ul style="list-style-type: none"> - Rising outbound tourists of neighbouring countries, China and India. - Brand image in adventure tourism, eco-tourism and community based tourism. 	<ul style="list-style-type: none"> - Nepal is surrounded by China and India, both popular tourist destinations which compete for tourists as well as making access to Nepal more difficult. - Unplanned development around tourist sites.

3.12. Information Communication Technology/ Business Process Outsourcing: From the early 2000s access to information and communication technology expanded, creating opportunities for the export of Information Communication Technology (IT), Information Technology Enhanced Services (ITES) and Business Process Outsourcing (BPO) services. Consolidated statistics on exports of ITC and BPO are not available, but stakeholders claim that annual export revenue is in the range of \$ 15 to \$ 20 million, the main services being software development, data processing, call centre operations, medical prescription transcribing, map digitization and animation.¹⁹ Software is exported to other Asian countries including Indonesia, Cambodia, Bangladesh and Thailand, and Nepalese companies have established small regional offices in some of these countries, as well as in Singapore.

Strengths	Weaknesses
<ul style="list-style-type: none"> - The industry is attractive to young people, many of whom are gaining education in ICT-related 	<ul style="list-style-type: none"> - No policy for regulation of ICT sector. - Need for new legislation to promote

¹⁸MoCTCA, Nepal Tourism Statistics 2013, Kathmandu: Government of Nepal, 2014.

¹⁹SAWTEE, Diagnostic Study of Service Sub-Sectors and their Potential for Development/Expansion of Export Markets. 2013.

<p>areas, particularly in neighbouring India.</p> <ul style="list-style-type: none"> - Exports incur limited logistical costs and are well-suited to landlocked countries. - Business startup is low-cost and tends not to be capital intensive. - Production costs can be low compared to some other products and services. 	<p>technological advance.</p> <ul style="list-style-type: none"> - Electronic Transactions Act of 2006 needs to be implemented and some provisions revised to encourage growth. - Limited government support. - Many highly skilled and qualified workers emigrate to seek better opportunities outside the country. - The speed and capacity of the Internet is low and connectivity is inconsistent.
<p>Opportunities</p> <ul style="list-style-type: none"> - Cost advantages relative to China and India. - Favourable international trade regime including service waiver. - Vast pool of diaspora working on IT sector in overseas markets. 	<p>Threats</p> <ul style="list-style-type: none"> - High competition from other ICT exporting countries like China and India. - ICT is highly dynamic, requiring the need to keep up with innovation. - Increasing brain drain.

4. PRIVATE SECTOR SURVEYS

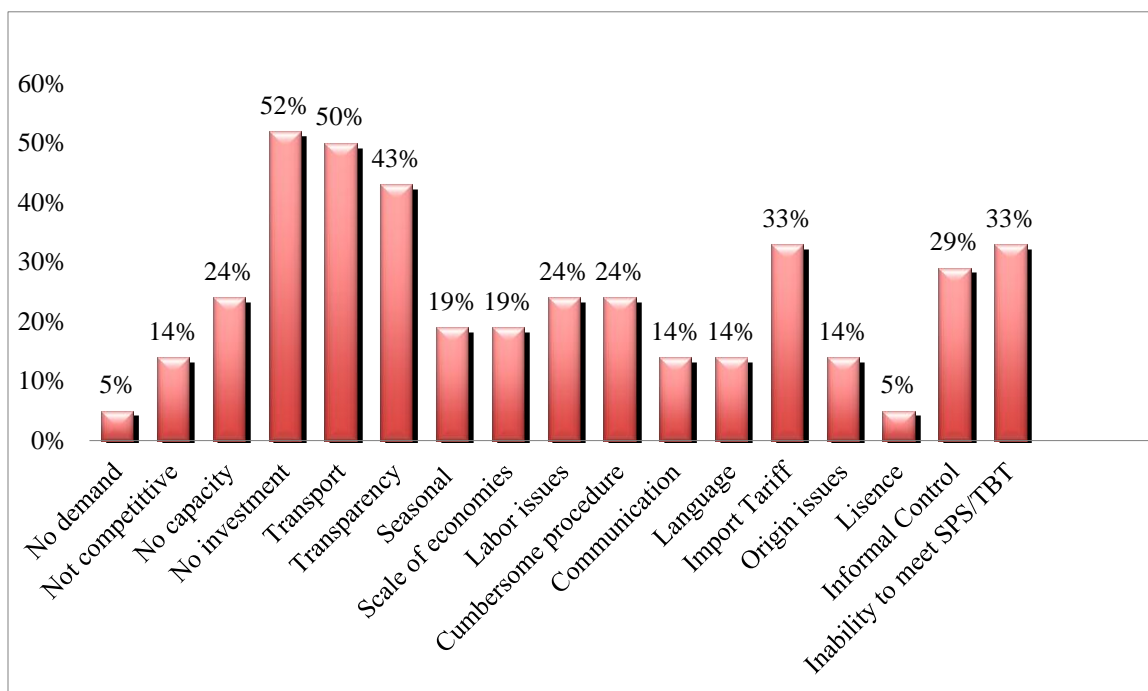
CDP/ DESA conducted the first round of private sector surveys in each of the 12 identified sectors in July 2015 to determine the relevant ISMs for each sector and the various related constraints to using these ISMs.

The surveys revealed that many traders face numerous challenges to the increase of production and export volumes. The main findings are summarized below. Respondents to the survey were asked to specify what they felt to be the main challenges to export. Insufficient investment was top of the list, with 52% of interviewees mentioning it as a challenge. This is consistent with the macroeconomic data, which show that underinvestment is one of the key binding constraints to the development of productive capacity. Gross fixed capital formation averaged 21.5% over the past decade, lower than the LDC average of 24.1% and well below the South Asian regional average of 29.0%.²⁰ Infrastructure investment is a pressing priority, whilst domestic private sector business investment needs to improve. Foreign Direct Investment has also been extremely low. Other major challenges cited in the surveys were high transportation costs and lack of transparency in procedures.

Other duties and charges and informal fees levied on some products at the border still cause problems for export expansion and diversification. Traders also said that they found it difficult to meet SPS and TBT requirements and to pay import tariffs (see figure 2).

Figure 2: Export-related challenges*

²⁰ Source: World Bank World Development Indicators



*Note: Percentage of respondents mentioning the issue as a challenge to export.

Respondents confirmed that transport is a particular problem, both by road and air. This confirms the evidence from a number of studies which indicate that limited and low quality infrastructure and the resulting high costs and low reliability have been the critical constraints to economic growth and the expansion of productive capacity in Nepal.²¹ The International Finance Corporation (IFC) Enterprise Survey, based on the survey of 482 firms, found that transportation was the fourth most important constraint for the business people in the country. The survey also found that almost 31 per cent of firms identified transportation as a major constraint, compared to 18.2 per cent for the rest of South Asia.²²

Another finding confirmed by a number of other studies is that Nepali firms find it difficult to meet import quality requirements of foreign markets and the high costs of

²¹ ADB, DFID, ILO (2009) *Nepal: critical development constraints*, Kathmandu: Asian Development Bank, Department for International Development/UKAID, and International Labour Organisation; World Bank (2012) *Road sector assessment study*, Washington D.C.: The World Bank.

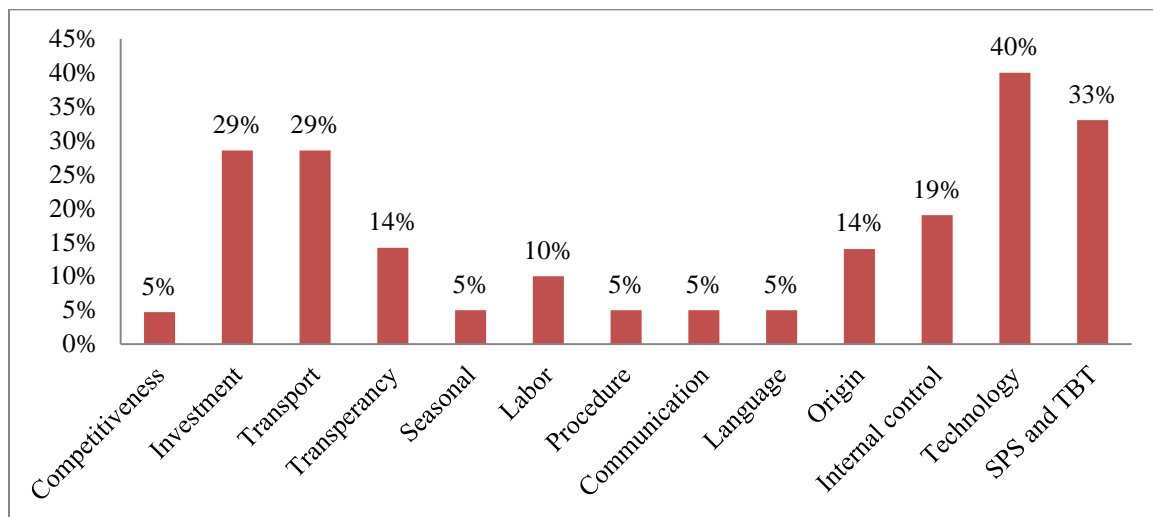
²² IFC (2013) *Enterprise surveys: Nepal*. Washington D.C.: International Finance Corporation, <http://www.enterprisesurveys.org/Data/ExploreEconomies/2013/nepal#infrastructure>

certification.²³ Most agricultural exports go to India in semi-processed form, therefore face no critical SPS standards. Of numerous medicinal and herbal products, only 19 are officially cleared for export under an agreement with India. For many products there is no official category for export, and an additional fee must be paid to export these unclassified products.

Respondents also confirmed that the availability of labour is a critical constraint to production. It is estimated that every year about 400,000 Nepalese travel abroad for work, with the migration rate increasing substantially over the last decade.²⁴ Many young people travel abroad in search of higher wages, reducing the size of the labour pool. Labour intensive industries such as silver jewelry, garments, processed leather, shoes and carpets are particularly affected.

During the surveys, respondents indicated the interventions that they deemed most useful. The majority requested technology transfer with the aim of increasing production volumes. Assistance in meeting SPS and TBT certification requirements also ranked highly, followed by access to finance and transportation facilities to lower the cost of production. Several respondents requested assistance with improving competitiveness, with responding to seasonal fluctuations and with tackling administrative requirements (see figure 3).

Figure 3: Suggested interventions aimed at increasing exports*



*Note: Percentage of respondents listing the intervention to increase export.

Producers on the whole tend to use traditional production techniques. Many seek assistance to increase the use of modern technology in order to improve productivity.

²³ Eg. ODI (2014) *Structural economic transformation in Nepal: A diagnostic study submitted to DFID Nepal*, London, Overseas Development Institute

²⁴ World Bank (2011) *Large-scale migration and remittance in Nepal: Issues, challenges and opportunities*, Washington, D.C.: World Bank.

Cardamom, for example, is dried using traditional methods, which fail to produce the appropriate colour for international standards, resulting in lower quality and prices. Ginger exporters need washing technology because the existing process is inadequate. Over the long term there is a need to address options to enhance productive capacity. Science, technology and innovation support mechanisms should be emphasized.

Many exporters are unaware of the latest SPS/TBT requirements of importing countries and demand up-to-date information regarding this matter. For example an exporter of carpets to Canada had his shipment returned because he was unaware of new packaging regulations for carpets. Small-scale farmers need SPS training, which also helps promote value addition. On the TBT side, a critical concern is the absence of fully-equipped laboratory testing and certification facilities. The cost of meeting standards is high for small scale production, limiting market access opportunities. Furthermore, TBT knowledge is limited and training is needed.

5. COST-BENEFIT ANALYSIS

Due to the budgetary constraints, it is critical that priorities are set to assist in identifying areas of intervention with the highest benefits and the lowest costs of implementation. Cost Benefit Analysis (CBA) compares the potential costs and benefits to arrive at priority interventions. Based on data obtained from the surveys, a CBA was conducted to compare the cost and benefits for potential interventions for each ISM selected.

Costs considered included the cost of training, number of people to be trained for each ISM and the time spent to ensure effective training. Other costs included infrastructure and legal fees that increase the cost of accessing the ISM. Benefits included increased trade, value addition, poverty reduction, environmental protection and employment. Respondents were asked to rank the costs and benefits accordingly for each ISM.

The surveys showed that the highest cost: benefit ratio related to interventions or capacity building for SPS followed by TBT, as shown in the following table.

Table 2. Ranking of capacity-building options (1=attractive, 4=not attractive)

Ranking	Direct cost	Indirect cost	Total cost	Trade benefit	Socio-economic benefit	Total benefit	Benefit-cost ratio
SPS	4	1	2	2	1	1	1
TBT	3	2	3	1	3	2	2
EIF	2	4	4	4	4	4	4
DFQF	1	3	1	3	2	3	3

Note: equal weights on direct cost and indirect cost; equal weights on trade benefit and socio-economic benefit.

Based on these findings, CDP/ DESA collected information on the particular problems in institutional constraints related to accessing ISMs, as well as costs and benefits associated with improved access to ISMs.

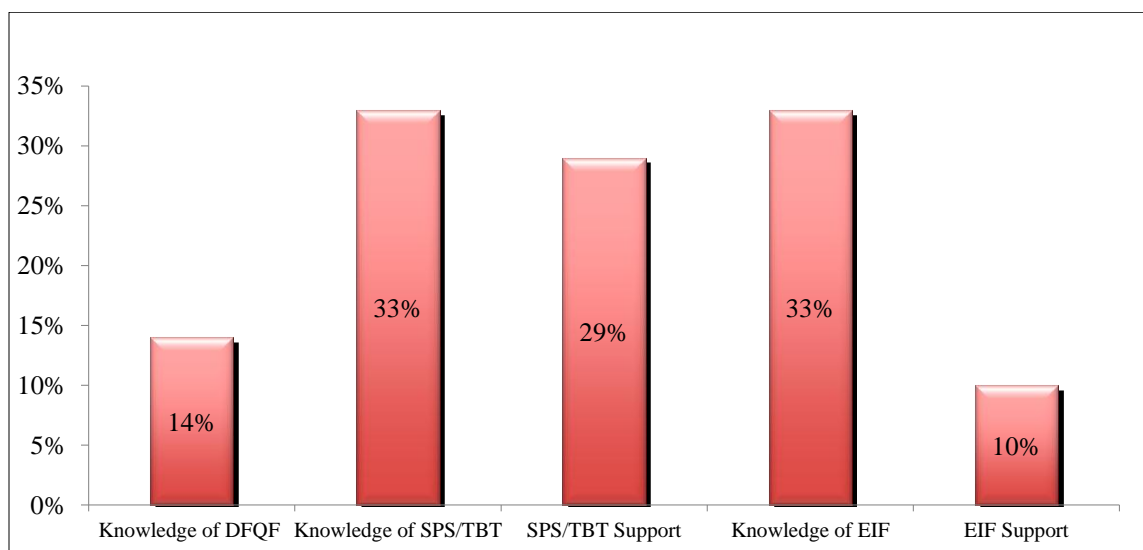
5.1 Institutional arrangements

Nepal appears to maintain somewhat more appropriate institutional arrangements than other pilot countries where the CBA was conducted, although substantial improvements can be made. About half of the private sector respondents know the government focal point corresponding to the different ISMs. This relatively low awareness may be because Nepal is a relatively new member of the WTO and has only recently implemented the requirements of accession. Depending on the individual ISM, about half of public sector respondents said that they have regular meetings with the private sector regarding possible support on SPS, TBT, EIF and DFQF issues. A majority of public sector respondents are generally aware of an official agreement with development partners to facilitate the use of ISMs, and regularly meet with development partners. The importance of regular meetings between public and private sectors, and among government entities, is well understood by public sector respondents, particularly on SPS and TBT issues.

5.2 Lack of information

As figure 4 shows, the survey revealed that the private sector lacks knowledge about ISMs and how to access them.

Figure 4: SPS, TBT, DFQF, EIF: awareness, access and support among private sector*



* Percentage of respondents aware of ISM or able to access support.

The respondents who exported agricultural products were aware of the various DFQF market access opportunities for their product; however requirements in TBT and SPS

were often too expensive to implement, limiting access to certain markets. Exporters do not always know how to meet foreign market requirements, despite DFQF access.

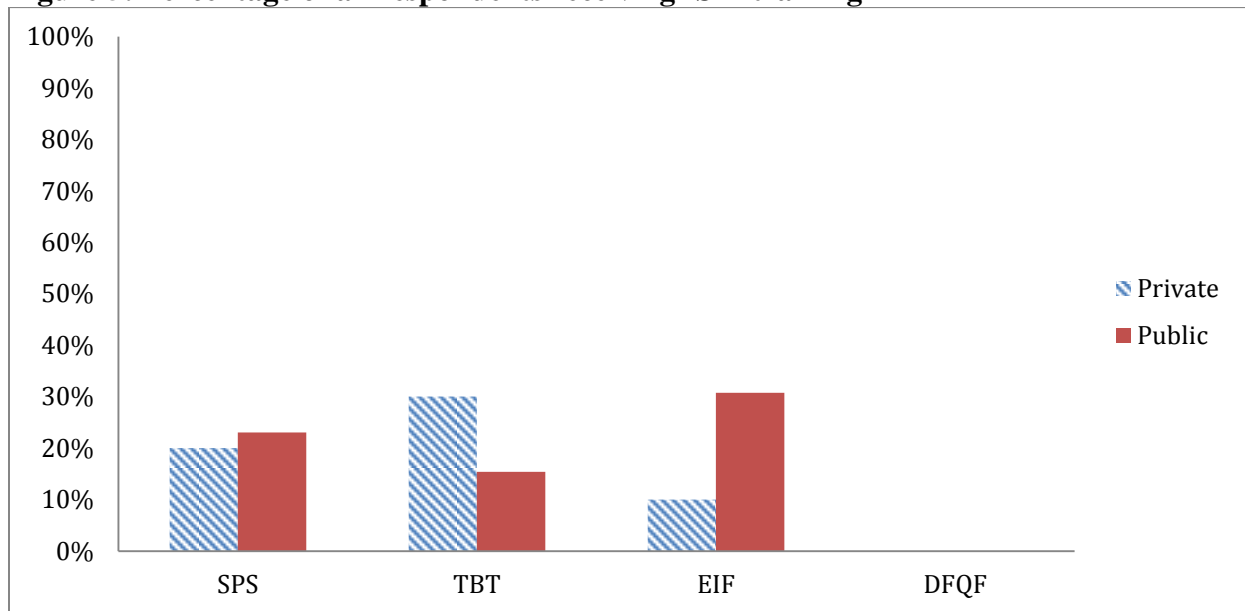
One of the most prominent findings was that exporters find it difficult to receive information about the latest SPS and TBT requirements. This observation applies to all products except ICT/BPO and tourism. SPS/TBT support was little known to respondents, and few had access to it. Some agricultural products receive SPS/TBT support from the EIF, however the surveys showed that many did not know the source of support.

TBT measures mainly affect manufactured or processed exports such as silver jewelry, tea, and garments. Improving laboratory facilities could speed the process of certification.

There was also little knowledge about the EIF and associated focal point. This may be because the EIF is established within the MoCS and companies do not distinguish between the activities of the two. Some respondents viewed the EIF as the most beneficial ISM for their exports, because it is the broadest in scope and specifically targets improvements to productive capacity.

The survey further revealed that very few exporters had a chance to learn about ISMs through relevant training. Figure 4 shows that only 20 per cent of private sector respondents received training on SPS issues, 30 per cent on TBT, and 10 per cent on the EIF, while none had a chance to learn about DFQF. Similarly, public sector respondents have not had more opportunities to receive training: 23 per cent on SPS, 15 per cent on TBT, 31 per cent on the EIF, and none on DFQF-related ISMs. Public and private sector respondents showed keen interest in learn more on the process of accessing ISMs, particularly those related to SPS and TBT issues (see figure 5).

Figure 5: Percentage of all respondents receiving ISM training



Note: calculated from private and public sector survey

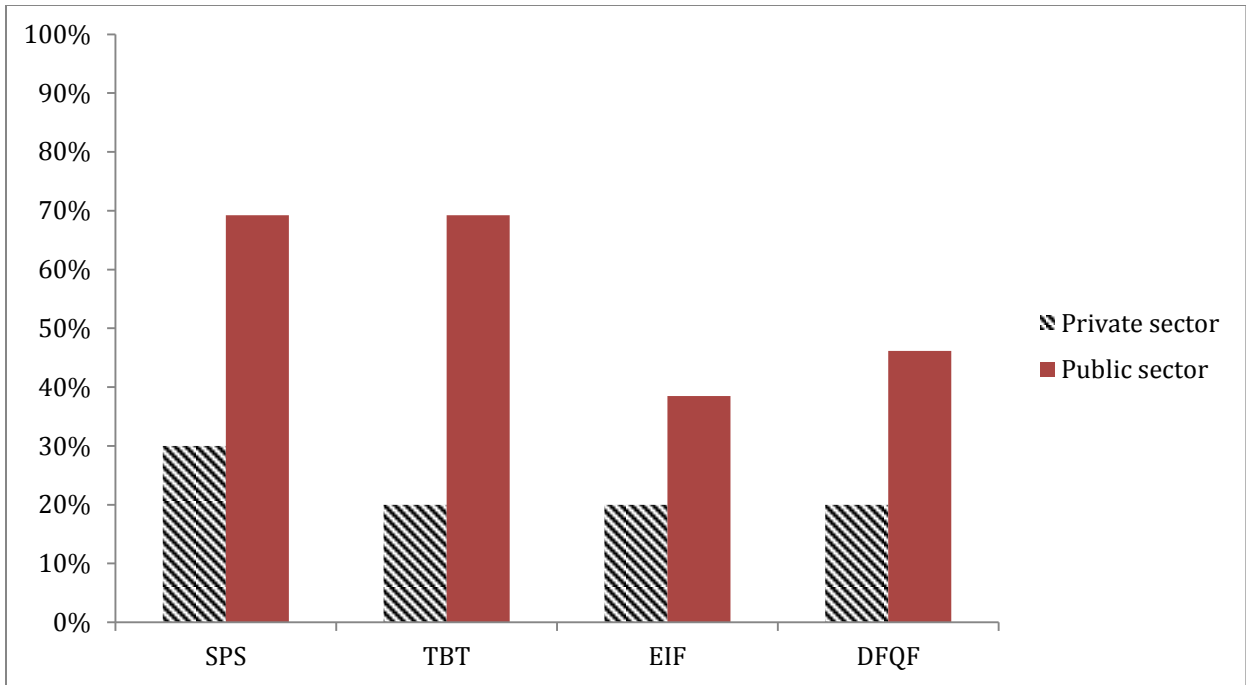
5.3 Communication challenges

The survey revealed that despite the existence of communications channels, discussions between the public and private sector did not always result in active assistance from government. Communication and coordination is transmitted through multiple channels: (i) between the private sector and the government; (ii) between government entities; and (iii) between the government and its development partners. For the trade-related ISMs under consideration (related to SPS, TBT, EIF, and DFQF), national contact points where stakeholders can request information about ISM related issues could be identified as follows:

- The SPS National Notification Authority and Enquiry Point is within the Ministry of Agricultural Development, Department of Food Technology and Quality Control;
- The TBT National Notification Authority and Enquiry Point is within the Ministry of Industry, Bureau of Standards and Metrology;
- The EIF is under the EIF NIU, under the auspices of the MoCS;
- The contact person for market access and DFQF information is within the MoCS, Trade and Export Promotion Center.

Communication failures often hinder access to support measures. About 20 or 30 per cent of private sector respondents reported that they have submitted requests for assistance in accessing the ISMs (see figure 6). For those requests, very few have received response or assistance in three months. On the other hand, between 38 and 69 per cent of public sector respondents have received requests for assistance, and between 25 and 50 per cent of public sector responded that they are currently providing assistance. This indicates that the provision of assistance by the public sector needs to reach a wider group of exporters. Private sector respondents emphasized that it is most important to receive a rapid response from authorities on requests for assistance on ISMs related SPS and TBT issues. Public sector respondents indicated that it is important to receive a quick response from development partners regarding the assistance in accessing the ISMs, particularly those related to SPS and TBT issues.

Figure 6: Per centage of respondents submitting or receiving request for assistance in accessing ISMs

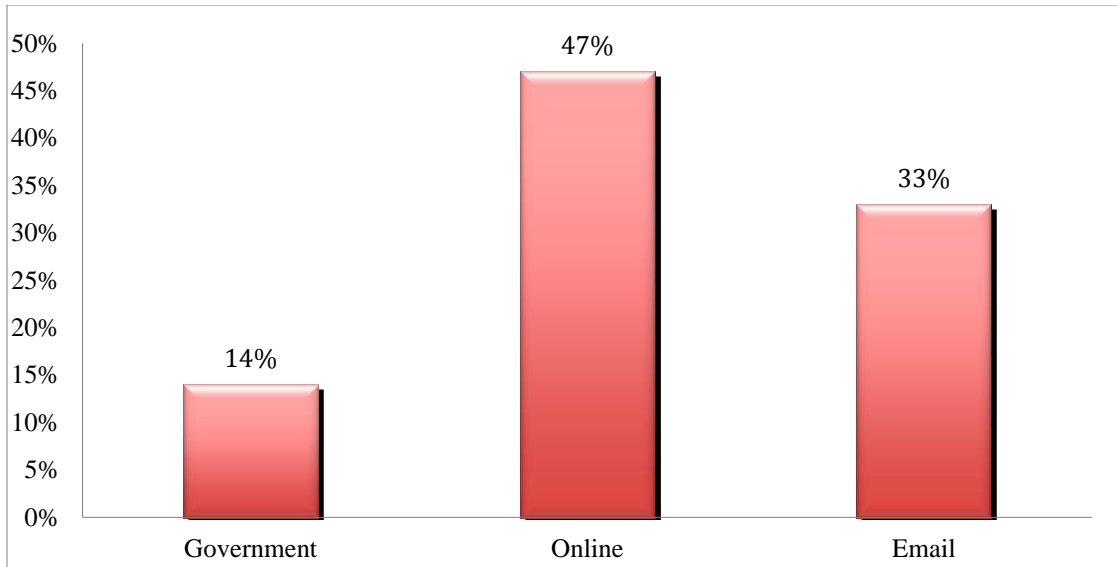


All private sector respondents interviewed in the survey indicated that it is difficult to communicate with public sector counterparts using ICT, including emails. Currently, the most effective way to discuss support measures is to make an appointment in advance in the government office, travel to the office and hand in a hard copy letter, which the exporters find very difficult and costly. Given the advanced status of ICT in Nepal, communications using the ICT between private and public sectors need to be in place.²⁵

Producers reported that their primary sources of trade-related information were by government, online and email (see figure 7). However, the government does not always respond rapidly enough to online enquiries, and there is a need to improve knowledge and awareness of ISMs among both companies and government agencies, as well as to compile overseas market information relevant to exports. Respondents requested that named focal points be assigned to relevant actions in government agencies in order to improve access for individual businesses, not only associations.

Figure 7: Trade-related information sources for stakeholders

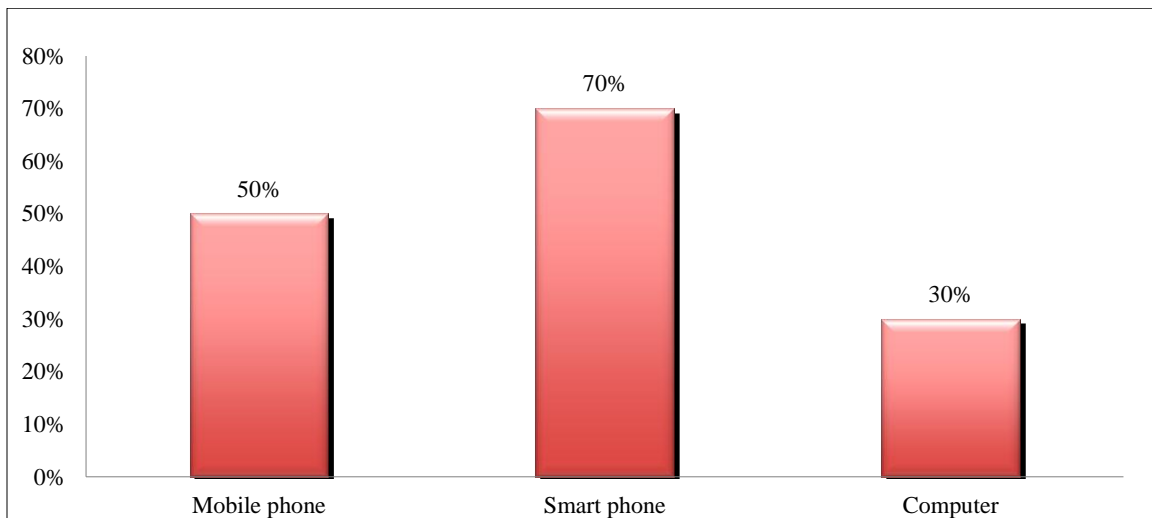
²⁵ According to World Bank's WDI database, mobile phone subscriptions in Nepal increased from 47 per 100 people in 2004 to 82 per 100 people in 2014.



*Note: Percentage of respondents indicating that they use the information source

Inquiries regarding the use of electronic media for communication revealed that the majority of respondents used smart phones. Mobile phones and computers were also used. Some exporters use Alibaba.com and eBay to market their products (see figure 8).

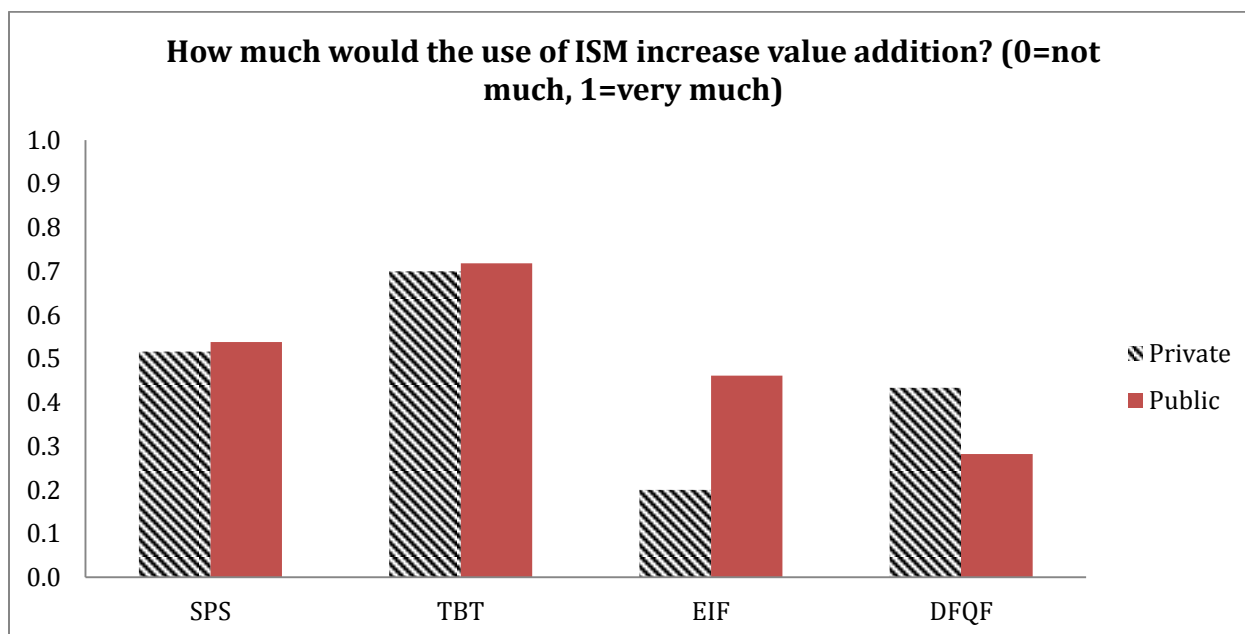
Figure 8: Use of electronic communications by the private sector



5.4 Prioritisation of ISMs

Finally, most respondents indicated that they believed that the use of ISMs can add value to exports (figure 9). In this regard, they argued that support regarding TBT issues could benefit the economy the most, followed by ISMs related to SPS.

Figure 9: Perceived potential benefit of accessing ISMs on value addition



Source: calculated from private and public sector surveys

Against this background, the CBA was used to identify the priority ISMs. Table 2 contains a summary of the CBA results and resulting net benefits for addressing institutional constraints in each of the four priority ISMs identified by the project. The exercise shows that building capacity interventions for SPS and TBT related support measures would give the highest benefit-cost ratio. These results corroborate the findings of the surveys and SWOT analysis of priority products.

According to the CBA results, SPS and TBT issues are the biggest concern. SPS and TBT related ISMs will affect almost all the priority export products (see table 3), excluding processed leather and two service sectors.

Table 3. Priority exports products and corresponding ISMs (SWOT and Private Sector Survey)

Product	SPS	TBT	EIF	DFQF
1. Cardamom	√	√	√	√
2. Carpets		√		√
3. Coffee	√			√
4. Garments		√		√
5. Ginger	√	√	√	√
6. Honey	√	√	√	√
7. Medicinal Herbs	√	√	√	√
8. Processed leather				√
9. Silver Jewelry		√	√	√

10. Tea	√	√	√	√
11. ICT / BPO			√	
12. Tourism			√	

In summary, the SWOT, private and public sector surveys and the CBA findings suggest that one of the main institutional capacity constraints for utilizing ISMs in Nepal is the dissemination of information and the follow-up of activities by government agencies and individual contact points. Many stakeholders revealed that they were not fully aware of the various ISMs or their implications. Private and public sector stakeholders reported that they would like to access ISMs related to SPS and TBT issues, and it is these which are expected to bring the largest benefits relative to costs. The majority of private-sector respondents said that their major concern was to improve access to technology such as machinery to make the production process more efficient. These findings were discussed and validated by the stakeholders at the final validation workshop in Kathmandu on 15 September 2015 (see annex 7.5 for the workshop attendance list).

6. RECOMMENDATIONS

A number of solutions to the challenges identified under the project activities in Nepal were identified and discussed at the final validation workshop. Recommendations on how to tackle the issues were subsequently discussed individually with the relevant stakeholders. Tasks and related responsibilities were assigned along with timelines for their completion. A presentation of the revised recommendations in the form of an action matrix (see 6.5 below) was made to the MoCS on 18 September 2015.

6.1 SPS/TBT notifications

As noted in section 5, exporters find it difficult to receive the latest SPS and TBT notifications. Unlike in more developed or larger countries, many LDC governments do not possess sufficient human resources to be able to devote sufficient time to identifying and informing companies about the relevant notifications. In Nepal, except for the leather and tourism sectors, exporters reported that they were unfamiliar not only with many of the latest notifications but that they did not know about international support for complying with SPS/TBT requirements (see figure 4). In addition to unfamiliarity with the latest notifications, exporters often did not know how to meet existing foreign market requirements in order to take advantage of duty and quota-free market access. Knowledge about destination markets was limited.

The ePing TBT/SPS notification system developed under the current project can contribute to addressing the lack of awareness about relevant notifications. Accordingly, targeted training sessions were conducted during the September mission with SPS and TBT enquiry points and relevant exporters. The Nepalese TBT enquiry point was invited to a Geneva-based ePing training workshop during November 2015. CDP/ DESA plans to conduct future sessions in which strategically targeted trainers are themselves trained so that they can pass on knowledge to the private sector on a long-term, sustainable basis.

ePing is an electronic notification system that informs public and private sector stakeholders about changes in the TBT and SPS measures of WTO members. A pilot version is accessible online at www.epingalert.org. Subscribers can receive daily or weekly email alerts listing notifications on products and/or markets of their export interest.

The online platform contains a user-friendly search table, from which it is possible to browse all WTO notifications from 2012 onwards using search criteria such as notification symbol, products, date of distribution, notifying member and objectives. Search queries can be saved and a listing of new notifications matching the saved search queries will be included in the alert email. Search results can be downloaded for further data processing.

The ePing platform also allows subscribers to upload additional information, such as full texts of the notified regulations and comments made by other WTO members. Notifications can be marked as 'Favourite', to help keeping track of important notifications. For each notification, a national discussion forum can be activated, where

stakeholders can ask questions or discuss the content and ways to comply with the new regulation. An updated list of National Enquiry Points of WTO Member States is also provided.

The Deputy Director of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) emailed members to promote their registration on ePing and to distribute the ePing flyer. In the longer-term the FNCCI will inform producers' associations about ePing and begin to compile market information from existing sources such as the ITC and the Netherlands-based Centre for the Promotion of Imports from Developing Countries²⁶ and make it readily accessible electronically.

6.2 Better reflecting private-sector interests in government policy

Most participants also argued that they found it difficult to ensure that their interests were reflected in trade-related policymaking. The interaction between the public and private sectors is critical to economic success, particularly in the case of small- to mid-sized companies. The Nepal Business Forum (NBF) meets once a year to formulate and transmit broad private-sector concerns to government, but the Forum could be better operationalised. Some private sector stakeholders reported that they did not receive the agenda soon enough in advance. It was agreed at the validation workshop that the Ministry of Industry would communicate the NBF agenda at least two weeks in advance of the meeting. Exporter groups need to formulate a common, unified position in their interactions with the government, an activity which should be facilitated by the Nepal Chamber of Commerce.

In addition to improving the operation of the NBF, individual businesses need better formal access to government departments. It was agreed that in the formulation of policy, government focal points would become more proactive in their interactions with individual businesses and that the names of TBT and SPS focal points would be published on the WTO website. A logframe approach for interaction with the private sector will be developed by the MoCS. As part of this improvement in interaction with the private sector, ICT needs to be used more widely. Most private-sector stakeholders reported that they were unable to send emails to government officials and that communications needed to be delivered in paper format, in person.

In addition, government contact points need to become more responsive to individual, ad hoc requests for assistance. More use should be made of ICT, so that relevant government officials can respond quickly by email or telephone to one-off demands such as a delay of a perishable goods shipment at the border. Accountability is critical, meaning that government officials need to be held responsible for timely responses to private sector requests.

6.3 Improving knowledge and awareness of international support

²⁶ www.cbi.eu/market-information

As noted in section 5, private and public sector awareness of ISMs was limited. Only 14 per cent of participants knew about DFQF. A third of participants knew about ISMs for SPS and TBT. More information on ISMs needs to be disseminated both to the private and public sector. Ideally a simple communications strategy needs to be developed, identifying recipients, messages, intended actions and timelines for the completion of various activities. As a starting point, the Deputy Director of the FNCCI agreed to distribute a briefing note highlighting the successful use of trade-related ISMs in other countries, together with how these lessons might be adapted to the Nepalese context. UNDP Nepal also offered support in this area, and CDP/ DESA can act in a supporting/backstopping role, providing information on the successful use of ISMs in other countries.

In addition, the Director of the Trade and Export Promotion Centre agreed to link the TEPC website to the LDC portal, as well as to develop training materials on GSP and DFQF alongside the existing seminars on GSP and the European Everything But Arms scheme which are conducted with private sector stakeholders. An additional proposal was to distribute ISM information with the EIF newsletter, which is sent by post to regional chambers of commerce and other national stakeholders every few months. The Nepal Enhanced Capacities for Trade and Development (NECTRADE) National Project Manager was identified as the relevant contact point, although this position was unfilled at the time of writing. In addition the suggestion was made to make more use of the media to publicise relevant international support such as DFQF, particularly by radio.

6.4 Using technology better in the production process

The final critical area of ISM-related support was the use of modern technology in the production process. Several companies consulted during the final mission reported the need to upgrade technological capabilities, a finding which was confirmed by visits to individual premises and factories. For example, the main shoe-making business consulted during the survey is a small-scale cottage industry business with limited use of machinery. Technological upgrading is a critical ingredient of value-addition and building productive capacity.

Whilst increased access and use of modern technology is a major long-term goal which lies beyond the scope of this current project – and among other things requires a broad-ranging increase in the rate of investment – an existing ISM, Article 66.2 of the WTO TRIPS agreement, aims to facilitate the transfer of technology to LDCs, which means that WTO members in theory have an obligation to transfer relevant technologies to Nepalese businesses. Implementation of this ISM has proven limited so far.

In addition a new ISM is being developed to support technology transfer. A technology bank, hosted in Turkey, will be launched in 2017 with the aim of enabling LDCs to better access knowledge, expertise and intellectual property. The 2030 Agenda for Sustainable Development discusses the technology bank in sub-goal 17.8, which reads: “Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017.” In 2013 a report by the UN Secretary-General outlined a conceptual framework for the Technology Bank, following

which a UN General Assembly Resolution was adopted on 31 January 2014.²⁷ The resulting report suggested that the bank would consist of i) a patents bank to improve LDCs' access to intellectual property; ii) a science and technology depository facility serving science, technology and innovation in the LDCs; and iii) capacity-building in science, technology and innovation, facilitated via a supporting mechanism within the bank. This structure should support three interrelated goals: facilitation of technology transfer, promotion of science, technology and innovation capacity-building and mobilization of global support.

Whilst use of the technology bank will be a long-term process which depends on the successful establishment and operation of the institution, it is likely that LDCs such as Nepal could benefit. Countries will need assistance with putting the goals of the bank into practice, and that the private sector will require assistance from the international community. The government will need to develop associated policies to develop companies' technological capabilities, contributing to and facilitating the use, understanding and adaptation of modern technology to local context and needs.

²⁷ <http://goo.gl/hGtpL8>

6.5 Action matrix

Priority area identified in CBA	Recommendation	Action	Responsible agency	Contact	Timeline
1. Keeping up to date with SPS and TBT notifications.	1.1 Use of ePing TBT/SPS notification system and installation of system in national enquiry point so that it can function as a tool for policy making and response	1.1.1 Promote registration on ePing & distribute flyer.	FNCCI	Anup Kumar Shrestha, Deputy Director FNCCI. Anup@fncci.org/ (+977-1) 4262061	Immediate
		1.1.2 Inform producers' associations about ePing	FNCCI, MoCS	Anup Kumar Shrestha, Deputy Director FNCCI.	One year
	1.2 Improve and circulate information on how to access overseas markets. Train trainers.	1.2.1 Compile market information from existing sources, eg. CBI and ITC	FNCCI	Anup Kumar Shrestha, Deputy Director FNCCI.	One year
2. Better reflecting private-sector interests in government policy	2.1 Operationalise Nepal Business Forum	2.1.1 Communicate NBF agenda at least two weeks in advance of meeting	Ministry of Industry	Tuisi Ram Gaire, Director, Dept of Industry.	Before next NBF meeting
		2.1.2 Formulate aggregate industry view among various exporter groups.	Nepal Chamber of Commerce	Rajish Kaji Shrestha, President of Chamber of Commerce	Before next NBF meeting
	2.2 Improve access to govt. for individual businesses, as well as associations	2.2.1 Publicise names of govt. focal points and include names on WTO website.	MoCS, TEPC, TBT/SPS focal points.	Sanjeev Kumar Thakur, TBT focal point. tbtbsm@gmail.com/ +977-9841425576. SPS focal point Mohan Krishna Maharjan, mkmaharjan@gmail.com/ +977-1-4262369	One month
		2.2.2 Create logframe approach for interaction with private sector	MoCS	Navaraj Dhakal, Under-Secretary, MoCS, nrd8@hotmail.com	Six months
		2.2.3 Use ICT for contacts with private sector, particularly email.	MoCs	Navaraj Dhakal, Under-Secretary, MoCS	Immediately

	2.3 Make more use of ICT when fielding ad hoc private sector queries	2.2.4 Ensure TBT/SPS/EIF/DFQF focal points are publicised to private sector.	Relevant focal points	Sanjeev Kumar Thakur, TBT focal point. tbtbns@gmail.com/ +977-9841425576. SPS focal point Mohan Krishna Maharjan, mkmaharjan@gmail.com/ +977-1-4262369	Two months
3. Improving knowledge and awareness of ISMs.	3.1 Disseminate more information on ISMs	3.2.1 Compile briefing note on ISM trade success stories	CDP/ DESA/ UNDP/ FNCCI	Anup Kumar Shrestha, Deputy Director FNCCI. Daniel Gay, IRA, CDP/ UNDESA. gayd@un.org.	Six months
		3.2.2 Link TEPC website to LDC portal	TEPC	Director TEPC. info@tepc.gov.np	Immediately.
		3.2.3 Seminars on GSP/ EBA. Develop training materials on GSP/ DFQF	TEPC	Director TEPC. info@tepc.gov.np	Ongoing
		3.2.4 Distribute ISM information with EIF newsletter. Should be on email.	CDP/ DESA/ MoCS EIF/ CDP/ DESA in supporting role	NECTRADE National Project Manager; IRA, CDP/ UNDESA.	One year
		3.2.5 Broaden awareness of ISMs.	MoCS/ support from CDP/ DESA	NECTRADE National Project Manager. IRA, CDP/ UNDESA.	One year
4. Using technology more effectively in the production process.	4.1 In long-term, address options to improve productive capacity	4.1.1 Promote use of ISMs on productive capacity. Assess constraints to productive capacity in export industries.	MoCS, UNDP	-	One to two years.
	4.2 Use LDC technology bank	4.2.1 Publicise and develop capacity to use technology bank.	MoCS, UNDP	-	One to two years.

7. ANNEXES

7.1 Catalogue of Priority Exports for Nepal*

	NTIS ₁	NTIS update ₂	Draft NTIS update ₃	National Agriculture Plan ₄	Industrial Policy ₅	Three year Interim Plan 2010 ₆	Trade Policy ₇	NTMs in South Asia ₈	UNCTAD National Services Policy ₉	UNCTAD Investment Policy ₁₀	STDF ₁₁	WTO Trade Policy Review ₁₂	IMF Poverty Reduction Strategy ₁₃	ITC ₁₄
AGRICULTURAL EXPORTS														
Tea														
Lentils														
Cereal														
Honey														
Coffee														
Rosin														
Mate														
Maize														
Barley														
Millet														
Potatoes														
Soy bean														
Paddy														
Sugar														
Rice														
Rice Bran														
Wheat														
Floriculture														
Herbs Medicines and Cosmetics)														
Cotton														
Tobacco														
Spices														
Cardamom														
Ginger														
Garlic														
VEGETABLES														
Mushrooms														

Tourism	■	■	■		■	■		■	■		■	■	
Eco-Tourism			■		■				■				
Buddhism (Religious) Tourism			■		■				■				
Health Tourism			■		■		■		■		■		
Business and Professional Services													■
Insurance Services		■							■				■
Financial Services					■								
Health Services		■									■		
Engineering Services		■											
Travel and Transportation services													■
Information Technology		■			■	■			■		■	■	■
Business Process Outsourcing Services (BPO)		■	■		■								
Electronic data entry and processing			■		■								
ITES-based call centres			■		■								
Software development			■		■								
Engineering design services					■								
Website development services					■								
Technical documentation					■								
Data disaster recovery services and centres					■								
Education Services		■				■					■		
Online education					■								
Migrant Labour Services		■	■		■								
Hydro-electricity		■	■		■				■		■	■	
OTHERS													
Silver Jewellery		■	■			■			■				
Zinc		■				■			■				
Artificial Filaments		■											
Copper		■				■			■				
Iron and Steel Products		■											■
Miscellaneous Chemical Products		■									■		■

¹²World Trade Organization Trade Policy Review, (2012),

http://www.wto.org/english/tratop_e/tpr_e/tp357_e.htm

¹³International Monetary Fund Poverty Reduction Strategy Progress Report, (2005),

<http://www.imf.org/external/pubs/ft/scr/2007/cr07176.pdf>

¹⁴International Trade Centre - Trade statistics for international business development:

<http://www.trademap.org/countrymap/SelectionMenu.aspx>

7.2 Analysis of Priority Export Sectors Nepal

Value Ranking	Product	Competiveness Ranking	Main Reference Documents	Main Export Markets 2010 – 2013 / Last Available years	Preliminary ISM Matches
Important export sector (> USD50 million)	Iron and Steel Products	Rising Star	Updated DTIS	India, Bhutan, United Rep. of Tanzania, Liberia	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II;
	Carpets	Waning Star	Updated DTIS, Trade Policy	USA, Germany, United Kingdom	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II; DFQF;
	Polyester	Waning Star	Updated DTIS	India, China	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II;
Medium export sector (<USD50 million - >USD1 million)	Textile articles, sets, worn clothing	Rising Star	Updated DTIS, Trade Policy	India, USA	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II;
	Cardamom	Rising Star	Updated DTIS, Trade Policy	India, UAE, Ukraine	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II; DFQF;
	Pulses	Rising Star	Trade Policy, Updated NTIS	Bangladesh	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II; DFQF;
	Lentils	Rising Star	Updated NTIS, Trade Policy	Bangladesh, Turkey, UAE, Egypt	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II; DFQF;
	Wadding, felt, nonwovens, yarns, Cordage	Waning Star	Updated NTIS	India, Turkey, USA, China	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 – Tier II; DFQF;
	Tea	Rising Star	Updated NTIS, Trade Policy, Industrial Policy	India, Germany, Czech Rep., Netherlands, USA	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4

Medium export sector (<USD50 million - >USD1 million)	Electrical and electronic equipment	Rising Star	None	India, China	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Ginger	Rising Star	Updated NTIS, Trade Policy,	India, Japan, Bangladesh, Australia	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Livestock (or Live animals)	Missed Opportunity	Industrial Policy	India	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - DFQF;
	Dairy Products	Rising Star	Industrial Policy	India, Pakistan, Bangladesh	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Beverages, Spirits and Vinegar	Rising Star	None	India, China, Japan	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Meat	Rising Star	Industrial Policy	China	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Wood and articles of wood, wood charcoal	Waning Star	None	India, China	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Coffee	Rising Star	Updated NTIS, Trade Policy, Industrial Policy	India, Japan, Germany, USA, Pakistan	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II; DFQF;
Few exports (< USD 1 million)	Transformers	Rising Star	None	Germany, Bhutan	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II; DFQF;
	Cereal	Missed Opportunity	None	India, United Kingdom, China	SPS Article 4, Article 9, Article 10; STB Article 11, TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;

Few exports (< USD 1 million)					TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 DFQF;
	Millet	Rising Star	None	India,	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4
	Rice	Missed Opportunity	None	India, China	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4
	Honey	Missed Opportunity	Industrial Policy, Trade Policy	Bangladesh, India	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Silk	Retreats	Trade Policy		SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Metals and coins	Rising Star	None	United Kingdom, Japan, Netherlands	TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II; DFQF;
	Maize	Rising Star	None	Singapore, United Kingdom, India	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 DFQF;
	Fish	Missed Opportunity	Industrial Policy	China, India, Hong Kong SAR	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 - Tier II;
	Soy bean	Missed Opportunity	None	India, Australia	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4 DFQF;
	Rice Bran	Retreats	None	India, Bangladesh	SPS Article 4, Article 9, Article 10; STB TBT Article 11, Article 12, Article 13 - Doha 5.3 & 5.4

Few exports (< USD 1 million)					9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4
	Floriculture	Retreats	Trade Policy, Industrial Policy	Japan, Germany	SPS Article 4, Ar 9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 DFQF;
	Mate	Missed Opportunity	Industrial Policy	India	TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Oranges	Missed Opportunity	Trade Policy, Industrial Policy	India	SPS Article 4, Ar 9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Citrus	Missed Opportunity	Trade Policy, Industrial Policy P	India	SPS Article 4, Ar 9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Poultry	Rising Star	Industrial Policy	India	SPS Article 4, Ar 9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Eggs	Missed Opportunity	Industrial Policy	Bhutan	PS Article 4, Arti Article 10; STDF TBT Article 11, Article 12, Article - Doha 5.3 & 5.4
	Wool Products	Retreats	Updated NTIS, Trade Policy		SPS Article 4, Ar 9, Article 10; ST TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Pashmina	Retreats	Updated NTIS, Trade Policy		TBT Article 11, Article 12, Article - Doha 5.3 & 5.4 - Tier II;
	Hides and Skin	Retreats / Waning Star	None	China, India, Pakistan	SPS Article 4, Ar 9, Article 10; ST

- b. Industrial Policy 2011
- c. Trade Policy 2009

4. **Main Exports Market** should show the diversity or the lack it of the priority exports

7.3 Report on the National Validation of Priority Products – Nepal, April 2015

Background

A meeting of key stakeholders was organized jointly by Ministry of Commerce and Supplies (MoCS), DESA, UNDP on 3 April 2015 at the premises of MoCS, Singh Durbar, Kathmandu, Nepal. The meeting was facilitated by CDP/ DESA International and National Consultants.

Purpose

The objective of the validation workshop was to engage a broad range of key stakeholders by presenting a preliminary list of priority exports and the criteria used for developing the list; select and firm up on a narrower list of products for which follow-up surveys would be conducted; identifying corresponding ISMs to the agreed priority export list and, lastly, identifying relevant stakeholders for further engagement on the project.

This workshop report presents a summary of feedback provided by the stakeholders during the validation workshop.

General Findings:

Nepal adopted economic liberalization policy in 1990s and her efforts on integrating at the world trading system continue. Nepal joined World Trade Organization (WTO) in 2004, also signed South Asian Free Trade Agreement (SAFTA) and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) Free Trade Agreement. Nepal has also signed bilateral preferential trade agreements with neighboring countries, India and China, among other. In 2009, a new, liberal and comprehensive Trade Policy was formulated aiming to expand the international trade by addressing the challenges of utilizing the market opportunities in goods and services trade and protection of intellectual property right. In 2010, , Nepal developed Nepal Trade Integration Strategy (NTIS) focusing on populating its 'export basket' by enhancing 'supply side capacity' of the country, prioritizing strategies, identifying comparative advantageous goods and services, identifying potential destination markets, specifying implementation time frame, mainstreaming trade agenda in budget and sectoral plans and policies, and establishing national institutional mechanism. Nepal Trade Integration Strategy (NTIS) had identified 19 priority export potential – Cardamom, Ginger, Lentils, Tea, Honey, Noodles, Medicinal herbs/essentials oil, Handmade paper, Silver jewelleryes, Iron and steel, Pashmina (Chyangra Pashmina), Wool product, Tourism, Labor services, IT and BPO services, Health services, Education, Engineering and Hydro Electricity. Currently, the government is in the process of updating Nepal Trade Integration Strategy. During the discussion, the participants echoed that the product selected for study should be of high export potentials and be coherent with the existing government priority. Capturing the ethos of the participants, the Chair of the programme and the Secretary of

the Ministry of Commerce and Supplies instructed that most of the selected priority products should be among the products identified by the draft of the updated Nepal Trade Integration Strategy. The representative of the private sector endorsed the view of the Secretary.

Product Findings:

A total of 12 priority export products/services (6 agro / forestry products, 4 manufacturing products and 2 service sectors) was agreed to and validated by the officials of the MoCS, other government agencies/ institutions, private sector and other stakeholders at the meeting. Selected products/services which have comparative and competitive advantages in the international markets, and have relatively high forward and backward linkages with the economy also represent the priority products/services for export promotion of the government. These include:

1. Carpet
2. Cardamom
3. Tea
4. Garment
5. Medical Herbs
6. Ginger
7. Coffee
8. Honey
9. Silver Jewelry
10. Processed Leather
11. Tourism and
12. ITC/ Business Process Outsourcing (BPO)

The list provides a detailed justification for the selection or exclusion of each product and refined ISM matches.

As for agro products, there is high potential for exports. The foreseeable constraints in exporting these products are related to the failure to meet the international Sanitary and Phyto-sanitary (SPS) and Technical Barriers to Trade (TBT) standards and the high competition from the Indian exporters who already have a big market share internationally.

As for manufacturing products, there is need of Duty Free Quota Free market access and Intellectual Property Right for Silver Jewelry.

Conclusion:

Participants and representatives of key stakeholder groups confirmed the preliminary export priority list and the selection of eleven products for which corresponding ISMs were identified. The key stakeholders also identified relevant private sector (producers

and exporters) and public sector (government agencies) actors as possible respondents to a survey on the use of ISMs to be conducted at a later stage of the project.

List of Participants

Naindra Prasad Upadhya	Secretary, Ministry of Commerce and Supplies
Jibraj Koirala	Joint Secretary, Ministry of Commerce and Supplies
Chhbindra Parajuli	Under Secretary, Ministry of Commerce and Supplies
Anup Kumar Shrestha	Deputy Director, Federation of Nepal Chamber of Commerce and Industry
Moti Shrees	Section Officer, Ministry of Commerce and Supplies
Ishwori Prasad Ghimire	Executive Director, Trade Export Promotion Center
Kailash Bajimaya	CEO, Nepal Chamber of commerce
Binod Karmacharya	Trade Expert
Buddhi Prasad Upadhya	NPM, NECTRAE, Ministry of Commerce and Supplies
Mina Aryal	Under Secretary, Ministry of Commerce and Supplies
Krishna Prasad Kharel	Director, Department of Small Industry
Kishor Maharjan	National Consultant, UNDESA
Dr. Basudeb Guha-khasnobis	Economic Advisor, UNDP
Sophie Kemkhadra	Deputy Country Director, UNDP
Upendra Raj	Senior Food Research Officer, Department of Food Technology and Quality Control
Dr. Posh Raj Pandey	Chairman, SAWTEE & International consultant, UNDESA
Purusottam Ojha	Former Secretary, Ministry of Commerce and Supplies
Rudra Singh Tamang	Joint Secretary
Surya Prasad Acharya	Joint Secretary, Ministry of Finance
Rajesh Kaji Shrestha	Chairman, Nepal Chamber of Commerce

7.4 List of Private Sector Survey Respondents

Bharat Jung Pandey	Director, Everest Miracle Travel and Tours, Thamel
Rajesh Kaji Shrestha,	Chairman, Nepal Chamber of Commerce
Nava Raj Dhakal,	Under Secretary, Ministry of Industry and Commerce, GON
UendraSamsher JBR	Owner, Nepal Traditional Pvt. Ltd.
Swoyenbhu RatnaTuladhar	Owner, Yak and Yeti Enterprize, Baluwatar
Subedi	MD, Gorkha Exim, Kalimati
Debendra Prasad Dhakal	Owner, Dhakal Herbs Trader
Rajendra Dahal	Owner, Leather Wings, Banswari
Giri Raj Gyawali	Executive Director, Carpet Association Nepal
Shambhu Sherpa	(Chairman, Carpet Association), Owner, Khare Carpet Industry
Iman Singh Lama	Owner, Amardeep Garment Pvt. Ltd. Garment Association
Ashish Kumar Sengupta	Group Executive Director, Ami ApprelsPvt, Ltd.
Raju Karki	Owner, Shree Annapurna Trade, Jorpati
Udaya Chapagain	Chairman, Gorkha Tea, Illam
Dilli Ram Baskota	Director, Sangrila Agro World, Lalitpur
Santa Lama	Owner, The Everest Coffee Mill, Thamel
Pradeep Maharjan	Executive Director, Agro Enterprize Center, FNCCI
Bhuwan Shrestha	Owner, Ganesh Stores, Kalimati
Mihika Dhakhwa	MD, Zenith Experiences Travel Services Pvt. Ltd.
Aksar Ali	CEO, Fon-Pay (e-Sewa)Hattisar
Binod Dhakal	(Chairman, Computer Association), CEO, Green IT Solution, Khushibu
Dharmaraj Shrestha	CEO, Mountain Bee Concern, Dhapakhel, Lalitpur
Arjun Pokhrel	Chairman, Nepal Bee Keeping Central Co-operative Union, Kathmandu
Bhuwan Shrestha	Owner, Ganesh Stores, Kalimati

7.5 Participants at the Workshop on Cost Benefit Analysis –September 2015

Mr. Jib Raj Koirala	Joint Secretary, Ministry of Commerce and Supplies
Mr Surya Prasad Acharya	Joint Secretary, Ministry of Finance
Mr. Uday Chandra Thakur	Joint Secretary, Ministry of Agricultural Development
Dr. Posh Raj Pandey	International Consultant - DESA
Dr. Basudeb Guha-khasnobis	UNDP Representative
Mr. Daniel Gay	DESA
Mr. Namsuk Kim	DESA
Ms Jacqueline Pimer	International Consultant
Mr. KishorMaharjan	National Consultant
Mr. Anup Kumar Shrestha	Federation of Nepal Chamber of Commerce and Industry
Mr. Sanjeev Thakur	Director, Nepal Bureau of Standard and Measurement
Mr. Ananda Sharma	Under Secretary, Ministry of Science, Technology and Environment
Mr. Tulsi Ram Gaire	Director, Department of Industry
Mr. Suyesh Khanal	Director, TEPC
Mr. Krishna Rai	Department of Food Technology and Quality Control
Mr. Rameshwor Pokhrel	Under Secretary, Ministry of Commerce and Supplies
Mr Buddhi Prasad Upadhyaya	Under Secretary, Ministry of Commerce and Supplies
Mrs Mina Aryal	Under Secretary, Ministry of Commerce and Supplies
Mr. Mohan Niraula	Section Officer, Ministry of Commerce and Supplies
Mr. Moti Bahadur Shrees	Section Officer, Ministry of Commerce and Supplies

7.6 List of main trade-related projects

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
Nepal Economy, Agriculture and Trade (NEAT)/ Partial	03/2011 – 09/2013 (Completed)	MoCS	USAID	Fostering a conducive business environment for private sector-led growth and improving trade and fiscal policies to increase revenues without distorting the economy Encouraging competitiveness and exports in selected agricultural sectors by reducing production, processing, and marketing constraints Enhancing food security through improvements in sustainable agricultural production practices, improved input delivery systems, and enhanced market linkages Increasing access to microfinance services for underserved and disadvantaged populations by building the capacity of existing microfinance service providers	www.google.com.np/?gws_rd=cr&ei=u2XxVJnEL43luQTDyIGIDw#q=Trade+related+project+in+Nepal+by+KOICA
Nepal Enhanced Capacities for Trade and Development (NECTRADE) Project	01/2011 – 01/2014 (Completed)	MoCS	EIF Secretariat	to strengthen national arrangements of the EIF to enhance Nepal's ownership of Trade Related Technical Assistance (TRTA) and maximize the benefits that the country can derive from participation in international trading system/WTO.	http://eifnepal.gov.np/page/24/16
Inclusive Development of the Economy Programme (INCLUDE)/ Partial	07/2008 – 12/2016	Ministry of Industry	GIZ	promoting inclusive development of the economy in Banke, Dang, Kailali, Pyuthan and Surkhet, promoting the economic inclusion of target groups through support for selected value chains such as honey, medicinal aromatic plants and dairy products.	http://www.giz.de/en/worldwide/17956.html

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
EC-Nepal WTO Assistance Programme/Full	2008-2011 (Completed)	MoCS	European Union/UNIDO/UNESCAP	Support WTO process	http://eeas.europa.eu/delegations/nepal/projects/list_of_projects/141142_en.htm
Enhancement of sustainable production of Loktapaper/Full	01/2009 – 12/2012 (Completed)	MoCS	European Union	aims to develop the production of "Lokta" paper and related product; reduce the social and environmental challenges associated with the production of paper and paper products; and increase the income of marginalized farmers and small scale entrepreneurs.	http://www.climatechange.nepal.org.np/main/?p=coordinate&sp=climate_change_project&opt=detail&id=212
Trade Promotion Program in Nepal	2013 to 2015	MoCS	German Federal Ministry for Economic Cooperation and Development (BMZ)	The Government of Nepal and the private sector are better able to implement the Nepal Trade Integration Strategy (NTIS) designed to foster Nepal's inclusion in regional and international markets. 1 Strengthen the private sector and business service suppliers in specific value chains 2 Promote coordination between the public and private sectors 3 Build the capacity of the National Implementation Unit to roll out the Nepal Trade Integration Strategy (NTIS)	http://www.giz.de/en/worldwide/24086.html
Project for Agriculture Commercialization and Trade (PACT)	Aug 2009- June 2015	Ministry of Agricultural Development	The World Bank	The overall project objective is to improve the competitiveness of smallholder farmers and the agribusiness sector in selected commodity value chains in 75 districts supported by the project. This will be achieved by: - helping farmer groups and cooperatives engage in profitable market-oriented	http://pact.gov.np/

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
				<p>production and improved access to markets through the provision of technology and information services and critical public infrastructure and linkages to agribusiness;</p> <p>-creating and strengthening industry-wide partnerships along the value chain, thus forging linkages between producers, traders, processors, and other stakeholders and;</p> <p>- reducing existing obstacles to agriculture and food trade thereby increasing the ability of farmers and agribusiness to respond to Sanitary and Phytosanitary (SPS) measures and food-quality standards to meet domestic and international market requirements.</p>	
Pashmina Enhancement and Trade Support (PETS)Project	2014/Three years	ITC/MoCS	EIF	The overall purpose of the project is to contribute to socio-economic development through export growth and market diversification of Chyangra Pashmina (CP) products, manufactured by pashmina exporters in Nepal.	http://www.intracen.org/news/ITC-project-to-boost-Nepals-pashmina-exports/
Nepal-India Regional Trade and Transport Project (NIRTTP) / Partial	Five years (ongoing)	Department of Roads and MoCS	The World Bank	<p>modernising transport and transit arrangements between Nepal and India, strengthening trade-related institutional capacity in Nepal and improving selected trade-related infrastructure.</p> <p>the inland container depots (ICDs)</p> <p>a container freight station (CFS)</p> <p>set up a standardized lab and a single window trade facilitation centre</p>	http://www.mocs.gov.np/index.php?lang=en&obj=pages&id=141

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
				SPS lab set up	
Supporting Participation in the South Asia Subregional Economic Cooperation Trade Facilitation Program	02 Sep 2013 (Completed)		ADB	(i) Facilitate consensus building for Nepal to accede to RKC; (ii) Promote effective operations of automated customs management system; (iii) Improve services and information for traders and investors; and (iv) Provide support to the agreed strategic directions for trade facilitation	
Modernization of Customs Services in Nepal	2014/2015	ADB	Government of Japan's Japan Fund for Poverty Reduction (JFPR)	modernizing customs services and making it more effective and efficient reducing the time and cost of trading, and helping the country's efforts to tap the benefits of integration with neighboring and outer world economies.	http://www.myrepublica.com/portal/index.php?action=news_details&news_id=75322
Go International Project	2013/15	Confederation of Nepalese Industries (CNI) / Centric Austria International (CAI), / World Vision Advocacy Forum (WVAF)	European Union	to support the Nepal Trade Integration Strategy (NTIS), 2010 in line with the Trade Facilitation and Economic Capacity Building Sector of EU Country Strategy Paper (2011-2013) for improving trade and export opportunities on identified goods and services for inclusive growth and employment generation in Nepal through the creation of a business enabling environment.	http://www.gointernational.org.np/portal/index.php

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
Ginger Competitiveness Project: Enhancing Sanitary and Phytosanitary Capacity of Nepalese Ginger Exports through Public Private Partnerships	07 June 2012 – 06 June 2015	Food and Agriculture Organization (FAO)	STDF and EIF Trust Fund	The project envisions ‘increased income level of ginger farmers through improvements in SPS arrangements and value addition for export to India and other countries’ as its general objective, and specifically ‘increased market opportunities for Nepalese ginger through a series of SPS related and value-addition interventions’ as the project outcome	http://www.standardsfacility.org/en/PGProStat.htm
T4SD Small Traders Capacity Building	Feb 2013 – Dec 2015	ITC	EU Commission (DG Trade)	This programme will implement a multi-faceted training programme to improve the ability of small-scale producers in a group of least-developed countries (the programme LDCs) to meet importing countries’ market requirements in a sustainable manner.	http://www.intracen.org/layout/ProjectDetailsTemplate.aspx?pageid=47244640826&id=66545
Project development: Enhancing export capacities of Asian LDCs		ITC	ITC Trust Fund Window 1	To design a project plan for the China-funded project “Enhancing Export Capacity for Asian LDCs”	http://www.intracen.org/layout/ProjectDetailsTemplate.aspx?pageid=47244640826&id=47244642028
Trade Promotion Programme in Nepal	2013 - 2015	Ministry of Commerce and Supplies	GIZ	Strengthen the private sector and business service suppliers in specific value chains Promote coordination between the public and private sectors Build the capacity of the National Implementation Unit to roll out the Nepal Trade Integration Strategy (NTIS)	http://www.giz.de/en/worldwide/24086.html

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
Enhanced Capacities for Trade and Development NECTRADE	2010/2013	MoCS	EIF Trust Fund	The overall goal of the project is to ultimately ensure faster growth of the country, alleviation of poverty through creation of jobs and enhanced sustainability of trade development efforts	http://www.mocs.gov.np/uploads/Publication/Finalized%20Newsletter.pdf
WTO/EIF-Support Project	2010/11 (completed)	MoCS	Fund for Trade Policy and Promotion (Monterrey Fund)	<p>Area 1: The project will assist the Planning and International Trade Cooperation Division (PITCD) within MoCS to establish a monitoring system for implementation of WTO commitments with a focus on the areas of TBT and TRIPS.</p> <p>Area 2: The project will assist the business community and their main business service providing agencies in understanding the pros and cons of different options for product differentiation (such as labeling, certification, branding and geographical indications).</p> <p>Area 3: In multi-stakeholder discussions, awareness will be created for the necessity to take joint action of government and business.</p> <p>Area 4: MoCS-NIU, which plays a pivotal role in NTIS implementation at the technical level, will be assisted in fulfilling its multiple tasks, including: TRTA/AfT management, resource mobilization and monitoring; communication and outreach on NTIS, AfT and EIF issues; and support to other bodies within Nepal's EIF implementation structure.</p>	

Project	Duration	Implementing Partner	Development Partner	Objectives	Link /Webpage
Product Specific Projects	ongoing	MoCS	WTO	Product Development Capacity Building	MoCS
Trade Facilitation	ongoing	Department of Customs	South Asia Subregional Economic Cooperation (SASEC)	Custom Reform	
Trade and Transport Facilitation Performance Monitoring System (TTFPM)	ongoing		UNESCAP	Trade facilitation monitoring Trade and Transport Facilitation Performance Monitoring System (TTFPM): Business Process Analysis (BPA)+ Implementation of BPA+	http://unnext.unescap.org/ttf-sasec-tengfei2.pdf