

EU-Nepal Trade-Related Assistance: Facilitating Increased Trade and Participation in Coffee and Pashmina Value Chains Project

EU-Nepal Trade and Investment Programme (TIP)



SUMMARY

This 4-years programme, funded by the European Union (EU) and launched in February 2020, assists the Government of Nepal to achieve sustainable and inclusive economic growth and poverty reduction by increasing trade and participation in regional and global value-chains. It aims at enhancing the capacities of the Ministry of Industry, Commerce and Supplies (MoICS) and the Trade and Export Promotion Centre (TEPC) to formulate trade policies, negotiate trade agreements and effectively implement them. A toolbox to facilitate trade and export policies is being developed. Furthermore, the project provides assistance to the sustainable and inclusive development of Nepal's coffee and pashmina value chains, with focus on export development.

These efforts build on the successfully completed Nepal Pashmina Enhancement and Trade Support (PETS) project, the recently launched national coffee sector strategy, and the recommendations of the Nepal non-tariff measure survey, all three developed with ITC's assistance. The project is also closely aligned with priorities of the Nepal's 15th Periodic plan and the Nepal Trade Integration Strategy (NTIS) 2016, and in line with the EU's Multiannual Indicative Programme (MIP) 2014-2020 for Nepal, the European Consensus on development priorities "Prosperity", "People" and "Planet", and the UN 2030 Agenda for Sustainable Development.

BACKGROUND

Nepal is a landlocked least developed country (LLDC), with a total population of nearly 29 million, spread over a total land area of 147,181 km². Since the end of the armed conflict in 2006, Nepal has experienced accelerated growth, anticipated by the World Bank to remain around 6% over the medium term. The growth for this fiscal year has been projected to be around 2.3% taking into account the COVID-19 impact. In terms of contribution to gross domestic product (GDP), Nepal's agriculture sector contribution is gradually decreasing and the contribution of primary, secondary and tertiary sectors of GDP were estimated respectively to 28%, 14% and 58% approximately in 2019/2020¹. The travel and tourism sector's direct contribution to GDP was 4% of GDP in 2018². Although the economy has been expanding, here have been limited employment opportunities, particularly for youth and women.

¹ <https://cbs.gov.np/national-accounts-of-nepal-2019-20>

² https://todata360.worldbank.org/indicators/tot.direct.gdp?indicator=24648&viz=line_chart&years=1995,2028#table-link

PARTNERS & BENEFICIARIES

Final beneficiaries will be farmers, producers, middlemen and traders, with special emphasis on women, along the coffee and pashmina value chains. Direct beneficiaries will be the MoICS and TEPC, whereas other line Ministries will also benefit from trainings and capacity building.

Government of Nepal

The programme has been designed and will be implemented jointly with the Government of Nepal, in collaboration with the MoICS, the Ministry of Agriculture and Livestock Development (MoALD), the National Planning Commission (NPC) and the Ministry of Finance (MoF).

Trade and Investment Support Institutions (TISIs)

Programme implementation will benefit from a close collaboration between ITC and trade and investment support institutions in Nepal, including, among others, TEPC, the National Tea and Coffee Development Board, the Nepal Coffee Producers Association, the Nepal Pashmina Industries Association and the Mustang Chyangra Pashmina Farmers' Association.

EXPECTED RESULTS

1) Enhanced capacities of the MoICS and the TEPC to formulate trade policies, negotiate trade agreements and effectively implement them.

- Enhance capacities of the Ministry of Industry, Commerce and Supplies (MoICS) in formulating trade policies, including gender sensitive trade policies, trade negotiations focusing on bilateral, regional and multilateral trade.
- Capacity building of the Trade and Export Promotion Center (TEPC) – and other sector associations – to enhance exports in the coffee and pashmina sectors.

2) Trade facilitation and export policies toolbox is developed.

- Support the implementation of World Trade Organization Trade Facilitation Agreement and develop action plans for implementing selected Category C measures.
- Enhance compliance level of coffee and pashmina businesses, especially SMEs, with export procedures.

3) Increased capacity throughout Nepal's coffee value chain.

- Reduce supply side constraints in processing and quality throughout the coffee value chain.
- Create business linkages for farmers, farmers' cooperatives and women entrepreneurial associations to expand sales in domestic and international markets, while developing sensitization materials and tools on quality requirements.
- Provide institutional level support to strengthen national quality and Sanitary and Phyto-sanitary (SPS) frameworks, including through enhanced research, extension and certification capacities for improved compliance with international quality requirements.
- Training and capacity building of small-scale coffee producers on Good Agricultural Practices (GAP) and sustainable consumption and production methods.

4) Increased capacity throughout Nepal's pashmina value chain.

- Develop a Chyangra Pashmina (CP) trade strategy and action plan.
- Organize and train Chyangra pashmina (CP) farmers to benefit from fibre value-addition and improved competitiveness and link them to local markets (manufacturers and tourists).
- Create business linkages for SMEs to expand sales in domestic and international markets.



Contact: Marie-Claude Frauenrath, Senior Trade Promotion Officer
E-mail: frauenrath@intracen.org
Telephone: +41-22 730 0295
Street address: ITC, 54-56, rue de Montbrillant, 1202 Geneva, Switzerland
Postal address: ITC, Palais des Nations, 1211 Geneva 10, Switzerland
Internet: www.intracen.org