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END OF CONTRACT REPORT
Contract # 376-C-00-97-00118-00

Submitted By:

A.S. David
Ago Enterprise Centre
July 21, 2000

Submitted to:

- ◆ AEC-FNCCI, Dr. D.B. Shakya, MD
- ◆ USAID/N-ARD, Mr. Sribindu Bajracharya, CTO
- ◆ USAID/W Center for Development Information and Evaluation Bureau for Program and Policy Coordination (PPC/CDIE/DI)

Period Covered:

Sept. 01, 97 - July 31, 2000
(The initial contract was for one year, i.e. Sept. 01, '97 - Aug. 31, '98,
but two extensions were executed; **one** for Sept. 01, '98 - July 31, '00 and
two for Sept. 01, '98 - July 31, 2000)

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OVERVIEW

Established in 1991 under a Cooperative Agreement between United States Agency for International Development, Nepal (USAID/N) and the Federation of Nepalese Chamber of Commerce and Industry (FNCCI), the Agro Enterprise Centre (AEC) has become the acknowledged rightful agricultural arm of Nepal's apex private sector institution, FNCCI. In Sept. of 1997, USAID/N and FNCCI executed a second cooperative agreement (CA) that built on experiences gained and achievements made during the initial CA period. In both instances, the overall objective continues to be to "strengthen the private sector in expanding markets for Nepalese farm produce and to accelerate the selection and adoption of productivity increasing technologies and value adding services suited to the needs of Nepal's farmers, agro-enterprises and market opportunities." In support of this overall objective, AEC's **operating goals and objectives** continued to be:

- Assist Nepalese agro-entrepreneurs create agro-enterprise; improve their competitive market position, and increase their export of high value processed products.
- Link individual investors, companies, commodity associations and producer groups with markets, technology and modern business skills.
- Provide timely supportive services and information and act as the catalyst between the business community and technology providers like agricultural research institutions.
- Provide the professional base for effective supportive industrial trade and agricultural policies of the government through well researched and professionally presented findings.

By 1999, AEC had come a long way in solidifying its institutional capacities while safeguarding the integrity of its achievements. In short, it had rightfully become acknowledged as the **leading private sector agroenterprise promoting** institution. Its staff had gained in professional maturity as private sector entities gained more confidence in, and working ease with, AEC.¹ As such, AEC has become "*stronger*", more "*respected*" and a well "*acknowledged*" agro enterprise "*doer*". New export markets were promoted, tested and opened while more supportive agroenterprise private sector led and market driven policy

¹ Over the years, AEC has become an excellent professional platform for advancement, as middle level professionals are hired, seasoned and then "lured away" by donor agencies and or further studies abroad. Unavoidable as this may be, staff turn over has stressed the smoothness of institutional continuity!

changes adopted. Having stated that, let it not be concluded that AEC can now just "*glide through*" along a "*smooth future path*". Much more can and should be done!!

SUMMARY OF ACTIVITIES

Two major thrusts pursued under this Contract focused on substantive and organizational concerns and needs of AEC. Throughout, the Specialist **did not** work in isolation of AEC, but as a complement of its total technical resources. AEC continues to produce quantifiable results, **not** the Specialist who has focused more on **supporting the process**. As such, the activities briefly discussed in this section, reflect more on adoption of processes as the Specialist provided supportive technical inputs to AEC's decisions relative to its overall strategic operational and functional modalities.

In pursuing its main objective of promoting and supporting agroenterprises, AEC/FNCCI had, overtime, set priority commodities in response to market "assessments" and Nepal's diverse agri-climatic zones. The process adopted continued to be the pursuit of two complementary set of activities: **one**, creation of and/or strengthening of actual agro businesses, **and simultaneously** focus on creating an operational advocacy (lobbying) system that would work with the private sector in translating the identified policy/legal and administrative frameworks to support agro-business private sector friendly business environment. The latter included businesses that targeted both domestics as well as export markets. As such, AEC's over-riding strategy components all encompassed fleshing and operationalizing all of the components outlined in Figure A, while specific approaches, issues and exemplary outcomes are briefly summarized in the sections that follow.

A.1 Agro-Enterprise Business Creation

As several markets based business development possibilities were pursued, some have taken off real well while others could not sustain one or more of the following:

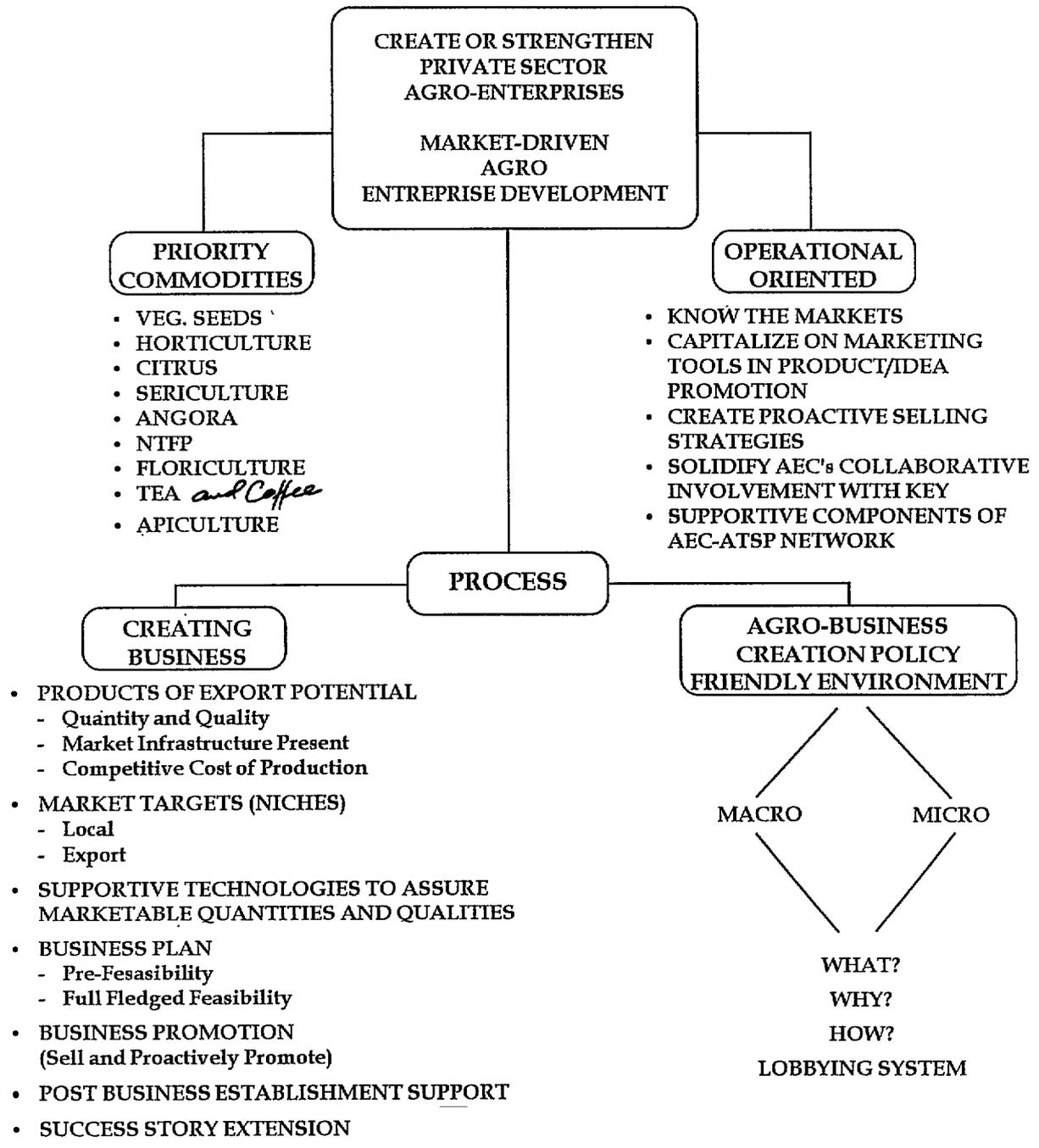
- rigors that market competition placed;
- dealing with governmental "hassles" in cross border movements of goods, be they between districts-based road tax (*octroi*) or between Nepal and India cross border customs and police check posts; and
- lack of supportive facilities such as cold storage or proper packaging systems.² Though the litany of problems and/or obstacles encountered have been real, yet the markets continue to challenge entrepreneurs to come in and "grab a piece of the act".

² Many have written about the generalized "reasons for success or business survival" or "business failures". What seemed, to this specialist, were three main factors:

- staying power, i.e. capitalisation levels of business;
- adequate understanding of market dynamics within which business operates and/or targets, (here proper evaluation of operating market forces including to responsiveness to customers needs and willingness to take risks must be effectively pursued); and
- adequate supplies - qualitative, quantitative and price, (here access to technologies, needed improved inputs and scales of production become very important).

CREATING AGRO ENTERPRISES

AEC's STRATEGY COMPONENTS



SELL- PROMOTE- SUPPORT- LOBBY

A.2 Operational modalities in identifying and pursuing agro-business creation/strengthening centered around adoption of the following sequential steps³:

- i) Identify market targets after identifying the existing and potential **domestic and export** market demands. This is a **MUST**. Knowing the market is the first step in determining the potential development of an agro-based enterprise. Here-to-fore, the focus in Nepal had been on production augmentation with little, if any, regard to where such products will be marketed.
- ii) **Identify/delineate production areas and/or pockets in response to market demand** estimations as determined in (i) above. If the commodity can be **produced and competitively marketed**, then the need to determine how best to improve or preserve the product quality, **consistent with identified market specifications**, need to be pursued. Here, supportive software, i.e., production or post harvesting technologies need to be identified, sought and put in place.
- iii) Identify and prioritize product/enterprise focus. **Ascertaining products**, as identified, should indeed be of potential export through determination of their:
 - quantity of production: scale of output justifies export promotion;
 - marketing infrastructure support present: roads & transport, post harvest handling, packaging and storage.
 - cost of production: presence of competitive edge in production and market reach.
- iv) Develop **business plan(s)** based on the outcome of information/data obtained from tasks completed under (i), (ii) and (iii) above. The business plan so developed need to be for each product and may also relate to varying scales of operations and/or agro-ecological area. Each business plan need to be developed following a **pre-feasibility** assessment to be promoted to potential entrepreneurs. If potential entrepreneurs "take up" the idea, then a **full fledged feasibility** assessment should be undertaken.
- v) Start in **earnest business promotion** after the pre-feasibility assessment indicates **positive/expected outcomes but a channel captain/or Product Marketing Association has yet to pick it up**. If the enterprise to be promoted is a **completely new commodity or product**, then a **professional/ promotional campaign** will be put together to include one or more of the following approaches:
 - one-on-one promotional "sell";
 - audio-visual presentation to one or more potential entrepreneur; and/or
 - presenting feasibility results to "walk-in" entrepreneurs.

The promotion of the potential undertaking will be **intensified after** a full fledged feasibility indicates "good" positive returns to investment.

The bottom line here is to "sell"/"promote" agro-enterprise business creation through pro-active efforts rather than a reactive stance.

³ At times not all of the steps were pursued nor sequentially adopted as AEC maintained, initially at least, a rather "open door" orientation that translated more into pursuit of some "client driven" agro-products that did not readily fit into AEC's pronounced "priority products". Windows of opportunities were pursued, though, only after subjecting them to decision making rigor.

- vi) **Provide Post business establishment support** to the promoted agro-based businesses. Partial support may take one or more of the following forms:
 - marketing of finished product;
 - procurement of raw materials, i.e. sourcing; and/or
 - production/process technology transfer or up-grading.
- vii) **Extend success story through a brief** write up, plus possibly a video presentation, of the conception-birthing-production-marketing of the enterprise. Wherever possible, replication of such successful enterprises need to be promoted in similar localities. **However, such extension by AEC may not be necessary as, in Nepal, copying success seems to be a natural business phenomenon/practice!**

A.3 Pursuit of the above operational modalities did result in the successful implementation of some "first initiatives" in exporting apples, oranges and hybrid tomatoes to Bangladesh. However, in order to safeguard AEC's efficient utilization of its limited programatic resources, a regional orientation to market driven production expansions was proposed. The basic components of the proposed orientation built on AEC's well placed three Regional Liaison Offices by proposing that AEC's central staff also focus on a regional response to a market driven product(s) need. As such, the main recommended organizational and operational components of the regional orientation included:

- i) Each regional focus needs to be led by a senior professional at AEC. This means that total responsibility for planning, implementing and managing the allocated regional focus will be his/her sole responsibility.
- ii) Top management needs to empower the lead professional, through budgetary commitment and authority, within pre-agreed level or limits, and complementary support, as and when specific activities need to be executed during critical peak seasonal needs.
- iii) Although an individual is given a regional focus, this need not automatically and unconditionally preclude his/her involvement in supportive and/or complementary activities with/to his/her colleagues, as and when the need arises.
- iv) Regional focus need not be "set in concrete" in that cross over or overlap in marketing and/or production may take place. For example, 'Region A' may be best suited to service the market demands of markets in 'Region B', then officers in charge of 'Region A' needs to take the lead, or vice versa, while the responsible for 'Region B' needs to work with him/her in servicing Region B markets through Region A production. This further means that AEC's staff will TEAM UP, as and when the market driven needs dictate the same.
- v) Market demands needs to drive, and NOT production, such a focus. This requires the in-charge to be ON TOP of his/her regional matter(s).

The above regional focus was to be bolstered by the thorough pursuit of **systematic** market corridors development/strengthening. Building on the significant reported past work and AEC's first hand experiences, the market corridor structural-organizational approach would capitalize on existing or potential links between

selected targeted markets and production pocket.⁴ It also would build on AEC's regional strengths, i.e. its RLOs. As such, the basic elements of a **program structure** that would produce a viable and sustainable market corridor to service both targeted local and export markets was proposed and spelled out. What was further noted was **the proposed process was indeed long term in nature, and thus needed to be sustained**⁵.

A.4 The Targeted Markets and the "Corridor" Production Response

Capitalizing on Nepal diverse eco-climatic characteristics, fresh fruits and vegetables produced within certain pockets could well service both selected domestic and export markets for both dry and wet months of the year. Based on AEC's first hand export experiences, five delineable market corridors were identified:

Eastern Region	:	Dharan & Biratnagar to Jogbani and Purina in India, plus Silguri and onward to Dacca in Bangladesh
Central Region	:	Malangwa to Sitamari and Patna; Birgunj to Raxaul and Patna
Western Region	:	Bhairawa to Gorkhapur
Mid Western Region	:	Butwal to Nepalgunj to Bahairach to Lucknow
Far Western Region	:	Mahendranagar/Dhangadi to Pilvit to Baraili/Haldwani

As with almost any product, markets for the product do exist, but the secret is to **grab a portion of the market**. To do that, two basic pre-conditions needed to be met:

- one*, **acceptable/required quantity and quality product delivered at market place at competitive price**. The corollary dictum to this fact is that any product can and will be sold but will the price offered be profitable enough to sustain continued supply and production? (The greater the supply relative to demand the lower will be prices offered. This may even approximate zero levels when products are thrown or given away!!!); and
- two*, capitalize on **creating seasonal niche markets** by targeting markets and products that reflected low market arrival periods and thus high priced periods.

⁴ AEC has had significant amount of investigations that reported on marketing structures, links and channels. Most notable recent undertaking include, among others:

- A Study on Market Channel System for Fresh Vegetable and Fruits.
Phase - I
Dharan - Patna
Malangwa - Patna
Birgunj - Patna - Ganesh Shakya and Kamal R. Gautam
- DAI/RAP, 1998, "Nepal Cross - Border Agricultural Marketing Policy Study",
Technical Report No. 20.
DAI Int'l, Maryland, USA Sept., 1998.
- Dr. Shakya, D.B., 1997, "Fruits, Vegetables and Spices Supply in Kathmandu Valley: A Survey Report Submitted to GTZ/Small Farmers Development Project. Kathmandu, Nepal April 1997.

⁵ This did NOT mean that AEC needed to stay with that market for the whole period as the private sector, when effectively organized and functioning would assume its rightful role in sustaining the arrangements/channels.

To move ahead with such orientation, AEC needed to **create a support system** that would maximize the probability of meeting the above two preconditions. The sequential steps/activities that were then recommended included focusing, and then adopting the following:

- i) **Get first hand knowledge/assessment** of the production capacities of the production pocket(s) in each of AEC's designated RLO regions; i.e., East, Mid West and Far West plus the AEC's Head Office dealings with Central Region.
- ii) **Travel and stay** in each of the selected market area to **fully understand** and **relate** to fruits and vegetable wholesalers, and marketing/market handling processes.
- iii) **Select one to three wholesalers** - importer - agent to handle the products identified in (i) above. This activity is not limited to having the identified person(s) physically handle the imported products but also be the **provider of timely market informations** above product and price movements⁶.
- iv) **Identify**, within specified/focused production area, two to four **entrepreneurs** that could take the lead in accepting collected product(s) from within the production area, and marketing the same to markets and wholesalers identified in (iii) above. **In addition, links to markets within Nepal that fall along the market corridor will have to be pursued in similar fashion as per (ii) and (iii) above.**
- v) **Farmers/producers** groups within the identified production areas in (i) above will have to **organize** and collectively support the production and sale of produce to entrepreneurs identified in (iv) above, or through the entrepreneur's "collection agent"⁷

AEC's roles in catalyzing the above process⁸ would be limited to "pump priming" the system by providing commodity support items on a cost re-imbersable basis. Such items may include one or more of the following:

- Seeds for plantation purposes.
- Handling materials, such as crates and packaging materials.
- Technical support at both production and/or marketing stages. **This will be a non-reimbursable cost fully assumed by AEC.**
- Market trips before buying - selling contracts are executed and follow up after products are moved to markets. Such costs may be on a cost-sharing basis and are **usually expected to be limited to one trip per specified market.**

⁶ This aspect will have to dovetail with AEC's price market information assembly and dissemination system. Current activities of the Market Information collected and provided by AEC may need to be **modified and streamlined** in support of this holistic approach to agro product enterprise promotion.

⁷ The "collection agent" may be associate of the entrepreneur or independent operator functioning on his own on a specified commission schedule or a per product season retainer basis.

⁸ The tendency to let go of the process once it is initiated or become functionally operative, but not stay with it over the long haul, seems to prevail at most institutions/projects. There will definitely be snags and obstacles along any one or more of the links among the various points/players, but AEC can not, nor should not, give up until it is proven, through repeated trials, that it can't be done.

- Policy-administrative facilitating advocacy at both production and marketing stages. Here, the need must be based on problem specific issues as met or confronted at "field" level(s).
- Overall "monitoring" follow up of the channels established from the production to the final market points. Corrective/adjustment measures, whenever indicated, will then be assessed and the needful put into place.

B. Policy Advocacy: System's Components

Early on in the "Project Life", it was determined that unless the then prevailing "policy environment" were to **truly be business friendly**, agro enterprise development would continue to be constrained. As such, expending concerted efforts into policy advocacy was deemed **an essential compliment to private sector business creation objective**. Significant policy and government related procedural constraints **continued to hamper** the development and setting up of agro-based enterprises. Two sets of constraints seemed to be prevalent: **macro** policies that affect business creation and growth, **in general**; and **micro** policies that affect product or sub-sector specific agro-based commodities. AEC has been focusing on both sets of issues. Therefore, the basic needs were to build on past efforts in this area by continuing to determine, through producers and actual agro entrepreneurs, the **specific/concerns** and the **specific changes** that are sought; and to set up the mechanisms to understand the needs plus how to go about changing the existing set-up. Four sequential steps were then identified and programs set in motion in pursuing the same.

1. **Determining the competitive advantage policy-related determinants for the selected AEC priority commodities** required the sharpening of past analytical systems capable of assessing, **first**, the production and marketing competitive comparative advantage for the selected commodities; and **second** the determination of how sensitive is the comparative advantage to changes in selected policies, e.g. tax and tariffs on all aspects of the production and marketing processes. Such aspects must include policies that impact on:
 - production inputs;
 - marketing inputs; and/or
 - processing inputs.
2. **Analyze economics of policy change for AEC selected priority commodities** required that the analytical systems developed under (1) above focus on the commodity that related production, processing and marketing. The macro related implications were successfully tried in earlier efforts that involved "quick" assessment of the macro economic implications of policy modifications on such economic indicators as government revenue and general economic macro environment, e.g. income growth and employment generation. The results obtained from such analyses were then used to support the subsequent "advocating for change" strategies and message contents.
3. **Develop advocating system in support of needed policy environment changes.** The results of analyses conducted under (1) and (2) above would provide the **substance and content** for advocacy arguments. Past efforts were reviewed and based on positive aspects of the past,

approaches and production of supportive advocacy documentations were refined and produced.⁹

4. **Assess advocacy efforts' effectiveness** needed to be based on a systematic follow-up, feedback and impact assessment capacities for the advocacy efforts. This step was determined to be critical as the costs for creating the capacities to advocate, as well as, supportive documentations were by no means small nor insignificant. Besides, such efforts would have very long lasting effects/impact on the overall direction in which Agriculture development would be pursued. Using AEC and USAID/N networks, adoption of impact assessment methodologies were to be pursued.¹⁰

The most critical component of the advocacy system was clarity of problem statement. This needed to focus on why the "problem" was a problem, and who could solve it? Once those issues were clarified, then the remaining components needed to be effectively pursued. For example, if a **policy reform/change** was needed to tackle the identified problem, then the remaining components would be:

1. **Reform proposal studied.** This would involve mainly determining.
 - Who were affected?
 - What would be needed to effect the desired change, i.e. change in administrative procedures, or change in policy or legal framework?
 - What would the cost-benefit of change be to all parties concerned; i.e. the government as well as the entrepreneur(s) and all of their associates in the total production chain? It would obvious that the private entities would benefit, but then what would the government get from implementing such a change? This too needed to be determined.
2. **"Key" publics identified.** Identify the group and individual(s) most likely to effect the change and then designing a strategy as to how best to "get to him/her/them".
3. **Message formulated.** Here the message for change would be simple, clear and "well targeted; i.e. tell the recipient what you want her/him/them to hear and why including what she/he/they needed to do once they agreed with the specified need. This component should also include pre-testing the content, selecting the medium as well as communication tools.
4. **Network of allies established.**¹¹ For an advocacy effort to be effected, it would be important to help "create a coalition" among like-minded beneficiaries in order to create a critical mass of influence. It would, be important to identify and solicit "like-minded" individuals' assistance in "reaching" the targeted "change agent", i.e. politician, policy maker and/or

⁹ As with past efforts, the Specialist did not do the actual lobbying himself but rather worked with AEC staff to create the needed system/mechanism capable of generating the supportive documentations for advocacy. Here, AEC senior staff and, where appropriate, the AEC Board as well as FNCCI's institution under-took the actual advocating.

¹⁰ Following the delineation and acceptance of the advocacy process, the various components of the advocacy system were developed and presented to FNCCI leadership, see Attachment A for a brief summary of the same.

¹¹ Allies need not be, and usually are not, permanent nor like minded across many issues/problems. They tend to "come together" vis-à-vis a particular problem or need and thus tend to be issue or problem based.

administrator. Once all of the above steps had been pursued, "speaking with one voice" would need to be safeguarded.¹²

C. AEC's Organizational and Institutional System

AEC operates a central office staffed by senior professionals and support staff, plus three regional liaison offices; one in Far West at Mahendranagar, one in the Mid-West, at Tulsipur, and one in the East, at Dharan. The regional offices are housed within the District Chamber of Commerce and are staffed by one senior Regional Liaison Officer (see Figure 02). Functional responsibilities have been delineated on basis of the two main inter-related programmatic thrusts: business development and policy environment modification. An administrative set up, backs up all activities as it handles finance, personnel, procurement and transport. In addition, an extensive information system has been placed under the business development wing to handle mainly market informations as well as track down major happenings and developments in policy, production technology and/or marketing informations in the Asian region and other select countries. The support to commodity associations are monitored and coordinated through the office of the Managing Director.

AEC's activities are professionally bolstered by issue or need specific consultants who are retained on a **task basis** in response to well delineated TOR's and deliverables. Consultants usually liaise with the appropriate AEC senior professional and submit their draft findings; be they feasibility, pre-feasibility or commodity specific evaluations, for review and comment by both AEC and AEC's "client", in case the latter had already been identified. In cases where the assessment undertaken was directed more towards exploration of a potential enterprise, AEC then proceeds to develop a "selling" strategy to promote the same.¹³

Having functioned, performed, and well demonstrated its organizational value, AEC now faces, more than ever before, the need to broaden its institutional support while safeguarding its institutional sustainability. FNCCI, the parent organization, has gone on record about retaining AEC beyond its current USAID/N funding period, i.e. Dec. 2001. Efforts initiated to link up with other agro based donor funded activities have resulted in establishing good working relations but institutional financial support continued to be constrained by the bilateral arrangements that bound the donor community to public sector entities.¹⁴ As AEC builds on its past experiences and strengths, the need to assure the development of a **sustainable** long term strategy becomes extremely crucial.

¹² A group delegation to meet a "change agent" in relation to a specific need should make sure that not one or more individual in the delegation "pull the change agent aside" to state either reservation or disagreement. Any divergences/disagreements need to be sorted out **before** the meeting!

¹³ The most recent example was the promotion and commercialization of honey, dairy products, floriculture, goat raising, hybrid tomatoes, and coffee. Computer based power points were prepared and used at private sector focused meetings that were held at different geographic locations (see Attachment B for summary and sample presentations made for goat raising and hybrid tomato).

¹⁴ Yes, local NGO activities have been supported but most of such activities seemed to be mostly supported through sub-contractual arrangements between INGOs and NGOs. USAID/N seems to have been the pioneer in providing direct support to private sector institutions such as FNCCI. HMG, specially its Ministry of Commerce, had come forward in providing supplementary funding to AEC for agro-product export promotion.

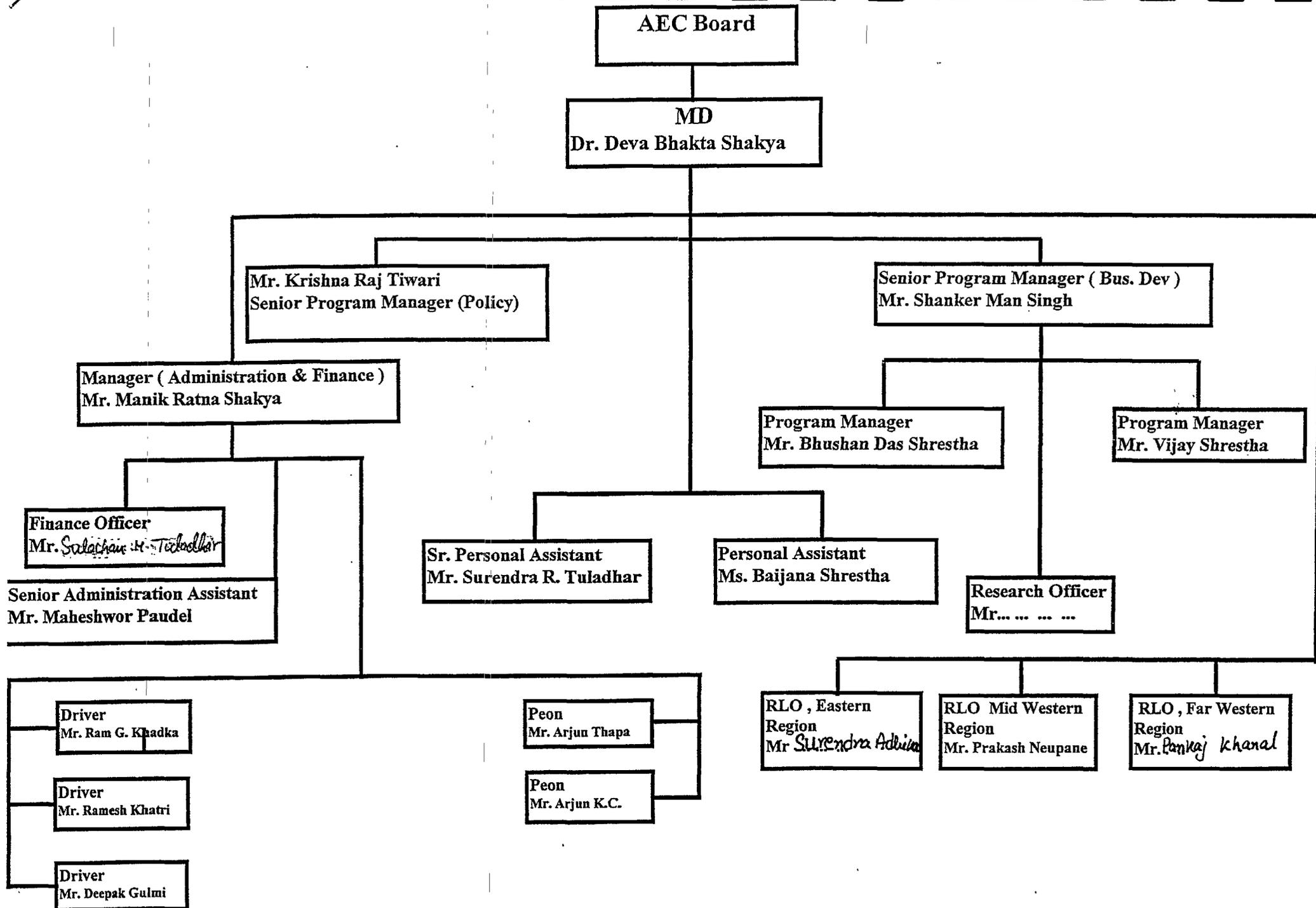


Figure 02

22

Sr#	Name of the Staff	Designation
1.	Mr. Sanjay Acharya	In-House Consultant/Information Officer
2.	Ms. Sunita Shakya	Officer
3.	Ms. Sangita Rai	Computer Operator
4.	Mr. Bhim Bahadur Bista	Office Boy
5.	Mr. Yek Krishna Adhikari	Field Technician
6.	Mr. Shyam Krishna Pant	Short Term Consultant (Horticulture)
7.	Ms. Sanjita Shrestha	Research Officer (Information)
8.	Mr. Prakash Oli	Post Harvest Technologist
9.	Mr. Anjan Raj Pant	Monitory and Evaluation (In-house Trainee)
10.	Mr. Ajay Parajuli	Program Assistant

List of Staffs under Grant Fund

Sr#	Name of the Staff	Designation
1.	Dr. Deva Bhakta Shakya	Managing Director
2.	Mr. Krishna Raj Tiwari	Sr. Program Manager (Policy Advocacy)
3.	Mr. Shanker Man Singh	Sr. Program Manager (Business Dev.)
4.	Mr. Manik Ratna Shakya	Manager (Finance and Administration)
5.	Mr. Bhushan Das Shrestha	Prog. Manager (Commodity Association)
6.	Mr. Vijay Shrestha	Prog. Manager (Marketing)
7.	Mr. Sulochan M. Tuladhar	Finance Officer
8.	Mr. Surendra R. Tuladhar	Senior Personal Assistant
9.	Ms. Baijana Shrestha	Personal Assistant
10.	Mr. Maheshwor Paudyal	Senior Administrative Assistant
11.	Mr. Ram Gopal Khadka	Driver
12.	Mr. Ramesh Khatri	Driver
13.	Mr. Deepak Gulmi	Driver
14.	Mr. Arjun Thapa	Peon
15.	Mr. Arjun Khatri	Peon
16.	Mr. Prakash Neupane	regional Liaison Officer, Tulsipur
17.	Mr. Pankaj Khanal	Regional Liaison Officer, Mahendranagar
18.	Mr. Surendra Adhikari	Regional Liaison Officer, Dharan

LIST OF AEC'S REGULAR STAFFS

D. Achievements - Progress Made

In this section, a brief summary of AEC's activities, in both business development and policy advocacy, will be presented. Detailed annual and periodic progress reports had been prepared and presented by AEC and thus will not be recapped here, (see Attachment C for an exemplary power point presentation made by AEC for its 1998-99 progress report).

D.1 Some of the **business development** activities I was intimately involved in, included, among others:

1. **Vegetable Dye Production:** In 1995, AEC along with WINROCK INTERNATIONAL and HMG's Ministry of Agriculture, collaborated to co-host a full one day workshop in which specific agro-products' development were to be reviewed vis-à-vis the national policy environment that impacted on their marketing, production and/or promotion. Among the selected products were Non-timber Forest Products (NTFPs). A knowledgeable professional was commissioned to review and present a brief report on the same. The NTFP report specialist noted that Nepal had "more than 1000 economic plants,, of which over 14% are known to be vascular plants and have economic importance. Over 700 wild species are known to have medicinal and aroneatic properties. About 100 plant species with medicinal values are currently used on a varying degree of commercial scale. (These figures are however, extremely unreliable and underestimated)".¹⁵

Concurrently since, one to Nepal's main export products has been hand woven dyed woolen carpets, significant proportions of the final products were vegetables dyed carpets. As such, a feasibility for natural extract was pursued and implemented by a U.S. based short term consultant who recommended the following:

- "1. Begin a pilot project using the equipment at the National Harbarium under the auspices of the Herbs Production and Processing Co. Ltd. (HPPC). This study should include testing five of the recommended plants (with the exception of indigo) at a 45-kg level. The purpose of this will be to test extract technology, yield and to better determine cost.
- "2. The Natural Dye Extract Group (NDEG) could be responsible for the finances for procurement of all raw materials for the pilot project. During this mini-study the NDEG should begin to establish knowledge of the availability and distribution system for the collection of dye plants. Even though HPPC said they would be responsible for this aspect of the business, it is always smart to know first hand, especially when the whole business depends on plant availability.

¹⁵ See 1995, "Policy Constraints/Facilitation For Private Sector Involvement on Forestry Based Non Timber Forest Product Sub-sector of Nepal", unpublished report submitted to AEC/FNCCI as part of its Tri-partite preparatory focused meeting on "Recommendation of Policy Constraints - Facilitation for Private Sector Involvement in Commodities held in Kathmandu on Nov. 21-22, 1995.

- "3. Arrange for extraction technology of each of the projected dye plants to be researched. Caracol could hire an expert in this field to complete such work in the United States since this expertise was not found in Nepal.
- "4. Test the designated crude dye material and extract where already available from India, Japan and China. Establish the best dye procedures (to include an analysis of scouring methods, necessary lanolin content and color yield) and test for technical ratings (lightfast, washfast and crock) on each color. This work can be done at the Caracol dye laboratory in the United States.
- "5. Begin some preliminary market research concomitant with the pilot extracting project to determine the acceptance of this product and, improve dye technology by the carpet manufacturers. This could be done by the Natural Dye Extract Group.
- "6. Explore the two alternative yellow dyes recommended in this report: weld and "anar". Some seeds for weld were left with Mr. Wangchuck. These could be planted to experiment with its growing characteristics and adaptability. Likewise research could begin on locating the sites for "anar" (eastern regions of Nepal to include Jiri and Dolkha) to establish data on availability. Both of these dyes are available in the Caracol laboratory and could be included in the analyses.
- "7. The Natural Dye Extract Group discussed their desire to look into the possibility of privatizing the Herbs Production and Processing Co. Ltd. to protect their investment. They are going forward with this plan at this time.
- "8. A business plan should follow the completion of the pilot project".¹⁶

Although the above potential project was deemed feasible as there was a ready market, available raw material, access to needed technology and interested entrepreneurs, the recommended pilot project, inspite of repeated follow-up, did not materialize. That seemed to have been mainly due to HPPC's not going through with what was initially conceived, i.e. accessing their equipments for commercial trials. As such, the interested entrepreneurs dropped that matter and continued to pursue accessing their needed natural dye materials through their then "existing" channels.

D.1.2 Taping the Pokhara Tourism Sector for Fresh Fruits and Vegetable Marketing

Pokhara's tourism sector has seen significant growth in "upper scale" hotel expansions. As such, much of the fresh fruits and vegetables supplying the Pokhara demand originate in either Kathmandu or the

¹⁶ According to the consultant, Michale Wipplinger, as early as 1996, almost three million square meters of Nepali Woollen Carpets produced, required about 14.5 million Kg of wool to be dyed. Of that total, Wipplinger reported that "natural dyes accounted to only an estimated 5-10% of the entire carpet production at the time", (see Wipplinger, M; 1996, "Natural Dye Extract Feasibility Study for Nepal" unpublished consultant report submitted to AEC via Agroenterprise and Technology Systems Project, November 1996.

lower terrai agricultural belt. Off-season vegetable productions are grown at nearby production areas, but their scale of production has been limited as organized distribution and marketing systems had not been effected. A preliminary market and production site assessment was made followed by a simulated pre-feasibility study. The latter, though demonstrated positive expected returns to investment, did not result in a take up of the undertaking by the local business community. Some of the then identified "hurdles" that were noted by the July 1997 NCAR study¹⁷ were:

Producer's Constraints

- "i. Damage caused by natural phenomena, e.g., hailstorm, torrential rain, storm, frost etc.
- "ii. Unreliable market prices: Producers do possess only scant information on trend in market prices. In most instances, they become unable to earn high profit margin.
- "iii. Lack of diversification, especially in vegetable farming, sometimes creates a situation of glut of some varieties of vegetables.
- "iv. Local production cannot compete with imported fruits and vegetables due mainly to supply reliability of the imported ones.
- "v. No market linkage established. Producers have not received support for promotion of fruits and vegetables production.
- "vi. Middlemen pay low prices for the local production, which compels the producers to become the seller as well.
- "vii. Due to financial bottlenecks, producer cannot dispose their produce on credit. It creates a situation whereby the producers have to function as seller as well.
- "viii. There is no mechanism of price support.

Suppliers' Problems/Constraints

- "i. Suppliers have to bear the losses caused by rotting and unsold fruits and vegetables.
- "ii. Proportion of loss increased due to the fixation of time imposed by the municipality to enter the vehicles into the city.
- "iii. Proportion of losses increased due to the lack of cold storage facilities.

Wholesaler's Problems/Constraints

- "i. Wholesale market is scattered all over Pokhara. So, for market promotion, they need a central market place or mandi.
- "ii. High rental for the space makes the low profit margin. No provision for waste disposal.
- "iii. No provision for waste disposal.
- "iv. No proper transport system in place. Most of the fruits and vegetables are transported on the top of the night buses.

¹⁷ NCAR, Kathmandu (1997) "Pokhara Valley Fresh Fruits and Vegetables Marketing Study", unpublished report submitted to AEC, July 1995.

- "v. Pokhara municipality has fixed time for the entry of the transport vehicles into the city. It has created a problem for the wholesalers since they have to wait for a long-time to receive the commodities.
- "vi. Problem of credit. Wholesalers sell fruits and vegetables to the retailers on credit. Sometimes they do not get paid in time, thus makes them financially handicapped.
- "vii. No provision of cold storage to minimize losses and maintain quality of fruits and vegetables.
- "viii. Road cess imposed by the municipality creates unnecessary hassles.

Retailer's Problems/Constraints

- "i. Lack of fixed market place.
- "ii. High rate of rental has forced them to depend upon mobile trading practice.
- "iii. Have to face the repression of the municipality and the local administration.
- "iv. Price monopoly of the wholesaler leading to discriminatory wholesale price of fruits and vegetables for retailers.
- "v. Difficult to procure commodities and check price rates due to the lack of central market place.
- "vi. Lack of security of retailers from roughness, loots etc.

Consumers' (Hotels/Restaurants/Lodges and Guest houses) Problems/Constraints

- "i. Difficult to get quality products.
- "ii. Too unreliable prices-sellers change prices in their own whim.
- "iii. Supply of fresh fruits and vegetables is irregular.
- "iv. For liability of the supply and price rates, it requires a central market place.
- "v. They have not been able to receive required quantities of off-season fruits and vegetables."

D.1.3 The Doha, Qatar Fresh Fruits, Vegetables and Floriculture Products Market Exploration

Given that QATAR Airways relatively low air freight offered to AEC "supported/sponsored" agro-products;

further given that Doha market does import over 90% of its domestic demands from both regional and "foreign" sources, i.e. Holland, Australia, South Africa and USA;

furthermore given that the market is indeed differentiated by source of product origin, select fresh fruits, vegetables and other agro products may well be received in Doha as long as minimal pre-requisite conditions are met. These minimal pre-requisite conditions plus conclusions include.

- "Competitive" price, i.e. price lower than European or "foreign" imports until such time as consumer acceptance of "Himalayan Products" as synonymous to unique" products.
- Product uniformity, i.e. same grade rating **over time**.
- Top of the line product packaging.
- Reliable delivery scheduling, i.e. specified delivery time/date plus quantity.
- As to the importation formalities needed, it was then learned that
 - There is no import tariff for fruits/vegetables, sugar and rice in Doha, Qatar.
 - Importers reported that they were prepared to import from those who could start with less quantity in the beginning and then work patiently for longer run growth.
 - The phytosanitary and quantitative law are strict; e.g. for orange, they would cut it into 4 pieces and if any section was found to be "unwholesome", the whole consignment would be rejected. So, exporters would have to be very very careful while packing and maintaining quality control.

As to **floriculture products** demand has been increasing as more Qatari residences and institutional establishments use cut flowers, interior and exterior plants. In addition, demand for peat moss was noted to be very strong. The bulk of the floriculture products (i.e. bark and foliage mulches) continued to be imported from Holland, Jordan, Iran and Syria. Product range spanned the gamut of plants and flowers identified in the International Catalogue of floriculture products.

- Nepal's products should find a niche **as and when** they meet the same pre-requisites noted above for fresh fruits and vegetables. The floriculturists with whom Nepal's products were discussed and were prepared to test order some products emphasised price, quality and packaging, e.g., boxes for cut flowers and moss potted plants.

~~As to tea and lentils~~, the samples of tea sent in Oct. '98 to Qatar, i.e., BPS Lot No. 1, BPS Lot No.2, BPSM Lot No. 3, BOP (S) Lot No. 4, BP(S) Lot No. 5, PF Lot No. 6, OF Lot No. 7, OF(S), GFBOP (Orthodox) and BOP (Orthodox) were deemed equivalent to the Iranian tea. However, the importers showed interest in importing low grade orthodox tea blended as per their requirement. Furthermore, tea packaging should be in bulk which would be destined for export to Iran.

As regards import of **red lentil**, the importers had shown interest in importing red lentils from Nepal. The retail price then in the Doha

market, was 4-5 Riyal per kg. The price offered by the importer for red lentil was \$ 306 per MT CIF Doha.¹⁸

The overall action specific recommendations then made were:

"a. Immediate action(s) i.e. one week or by no latter than Dec. 01, 1998

- identify exporting entrepreneurs that might be interested in exporting the following products to Doha:
 - Fresh Broccoli
 - Fresh Cauliflower
 - Red & Yellow lentils
 - Orthodox tea
 - Cut flowers
 - Indoor and outdoor plants
 - Blackgram (Pulses)
- have potential exporting parties assemble and subsequently air-freight sample of products offered for export along with:
 - prices C & F Doha
 - quantity offered & dates for shipments
 - required mode of payment

NOTE: It was then recommended that potential exporter initiate dialogues with targetted importer through AEC first and subsequently independent of AEC.

"b. Intermediate time-based Actions, i.e.

- working with Ministry of Commerce, and based on feed back obtained from Doha for samples sent as per above, develop a "marketing plan" that would focus on creating a Nepal product identity in Doha. This shall include, as a minimum; **one**, an advertising/promotional media campaign; and **two**, product fair/exhibition where Nepali products supported by Nepali cultural activities would be held on a regular basis.¹⁹
- identify long term importing agent that would represent Nepal's agro product interests in Doha as well as relay regular market related informations.

"c. Long Term Action

- Move towards creating consistant supply source for commodities and products well received in the Doha market.

¹⁸ If Nepalese exporters of red lentil can export before 17 December, 1998, i.e. before RAMJAN -- their holy festival, it would be most profitable and lucrative venture for Nepalese exporters. India exports lentil after taking it from Burma, Bangkok and Nepal. The importers had also shown interest in importing blackgram from Nepal and thus requested samples of the same. Importers noted that Nepal should try to follow the British Standard Specifications.

¹⁹ Given the size of the Nepali labor force working in Qatar, especially those in the food and hospitality industries, Nepali food festivals could well be very effectively and "inexpensively" mounted. This should not be a one time affair but should be repeated at some strategic times and season, e.g. Festival of Ramadan and Nepal's Constitution or Democracy Day.

- Move towards contract farming with lead exporter and several product producers
- Move towards accessing ancillary supportive enterprises, e.g. packaging material producers, peat moss producer for floriculture plants
- Move towards setting up a regular Nepal based product importer(s) either as importing agent or wholesale importer
- Create and maintain effective follow up marketing system, for information accessing as well as exporters-to-marketers linkage support.

The market is there for Nepal to GRAB, and GRAB it must be through quality, price and "made in Nepal" product development." (see full findings reproduced as Attachment D to this Report)

D.1.4 Taping the Northern India Markets: Vegetables, Fruits and Selected Spices

The last market exploration undertaking pursued as "recent" as March/April, 2000, linked the trade routes of Eastern and Central Nepal to mainly North Indian State of Bihar and the Mid Western and Western Regions of Nepal to mainly the UP State in North India. The detailed market by market observations and conclusions were reported in May 2000 (see Attachment E for the full report). The general observations, that cut across all markets visited, conclusions, and action related recommendations noted then were as follows:

Key relevant observations, that cut across all markets visited, included, among others:

1. Wholesale markets at almost all points visited were very "organized", with ample facilities for shops/sheds, truck movements and well monitored and networked by marketing associations and/or regional Boards of national government bodies.
2. Wholesalers are "very aggressive" and knowledgeable about Nepal's products, production areas and HMG "positions" regarding export promotion. They seemed more knowledgeable about Nepal than Nepali counterparts about the corresponding Indian scene. In UP, for example, wholesaler related the fact that a group of Indian farmers move up to Mahendranagar's vicinities, lease "river" land, crop the land, harvest the produce and sell them to their Indian markets. Whole families move up for 3-6 months a year and farm on Nepali leased soil!
3. Wholesalers deal in large quantities for resale to both their surrounding market localities as well as exports to Bangladesh (especially Silguri wholesalers of West Bengal). What fresh vegetables that seem to come from Nepal, their traded quantities are rather "small".

4. Nepali ginger are traded in almost all markets. However, due to their "lower qualities", they tend to move at the lower end of the price range²⁰.
5. Produce and fruits do move from as far as southern India, Indian hill stations, and even from China via Nepal (as Nepali products, so were we told!).
6. Indian wholesalers/commission agents admitted to having to deal with "hassles" in bringing the produce from Nepal to India. These "hassles" resulted in having to bear significant added "unofficial levies" imposed by customs officials and police personnels.
7. In almost all markets, wholesalers tended to be mainly commission agents that worked on 5-7% commission basis. Of this commission, they paid 2-3% to the market agency/committee. This was paid in addition to the rental charges for space used.
8. Significantly more Indian products move northward to Nepal than Nepali products' move to India.²¹

Three main conclusions that were subsequently advanced were:

- "1. Northern India markets are big with significant high volume turnover. As sourcing of agro-products include both proximate and distant production centers, **Nepal can tap such markets** specially for its hilly temperate off season products. However, **little seems to be happening** because of the **existing constraints** faced by potential Nepali exporters in moving their products from production areas to markets, on the one hand, and comparative costs of production and marketing on the other hand. Unclear municipal and cross border procedures and practices, coupled with the added "harrassments" and costs levied by border and custom officials do significantly add to the "risk factors" that such product marketing inherently face!²²

²⁰ The day the Gorakhpur market was visited, they were selling different types of ginger. Dry ginger was going for IC Rs. 80-100/kg. South India ginger tended to get better price due to its size, quality and colour. Nepali ginger sells at around IC Rs. 70/kg. Traders in Delhi were already selling Nepali dry ginger on commission basis or outright purchase. For ginger, there are traders who are ready to purchase any quantity supplied from Nepal. Big and white ginger would get better price compared to traditional one. Commission charged would be 7% and payment would be 70% at delivery, balance after sale.

²¹ Previous studies support this "fact" as fresh fruits and vegetables import from India in mid 1990's exceeded export by a factor of 7-23:1 for vegetables and 10-120:1 for fruits (see Hari Babu Tiwari, see 1997, pg 60). Shakya, 1997, looking at Kathmandu vegetables and fruits scene noted: "Unlike in the past, the Valley (KTM) is less dependent on India for vegetable supply. Only about 10 items of vegetables are coming from India to fill the gaps between demand and supply, occasionally". On the other hand, except for the demand of a few seasonal fruit items like junar, pears, papaya, orange and plum, Shakya maintained, continue to be "met through the supply from India".

²² Almost ALL studies undertaken support this conclusion. For example, Shakya (1997; pg. 56) concluded: "There exist some windows of opportunities Dhading, Makwanpur, Ilam, Dhankuta, etc. to some of the northern cities of India, during the summer season". On the other hand, addressing the "hassles" in exporting Nepali products, DAI (1997 pg. 93) noted: "Agriculture goods from Rapti and Bheri zones attempting to enter Indian export market will encounter a wide range of marketing problem that grow out of local circumstances in Nepal".

- "2. Nepal's agro-products **DONOT** command any price premium, as such to enter into the Indian market, Nepali exporters, and by extension the Nepali producer, must be able to compete with Indian based products price. This means that production plus marketing plus transport costs of Nepali products must be equal to or less than market landed Indian product prices.²³
- "3. As noted in (1) above, the scale of product movements in and out of the Indian markets are significantly larger than what Nepali producers/collectors can produce/assemble.²⁴" (see Attachment E to this Report)

Based on the proceeding observations and general conclusions, few recommendations were advanced. The three main issues that were flagged as needing consistent and aggressive pursuit were:

- "Hassles" issue.
 - Scale of operation and competitiveness/price issues.
 - Who is to do what issue.
- **The "Hassles" Issue:**

Given the prevailing mind sets that drive both Nepali and Indian customs and border officials, little can be done except to continue and "heighten" the advocacy level that has been pursued by AEC/FNCCI. More district and location specific advocacy needs to be pursued. In addition, it seems that Indian importers will be willing to come to Nepal and procure direct from Nepali entrepreneurs/collectors. This way, Nepali entrepreneurs hassles are "shifted" over to their Indian counterparts! One Siliguri based trader seemed willing to **explore** joining hands with a Nepali entrepreneur, **after** working on a buyer-seller basis with him for a year (this is needed in order that needed levels of confidence be established).

- **The Scale of Operation and Competitiveness/Price Issues:**

Given that Nepal does not have the extent of agriculture land that India has, especially in mid hill areas, land size holdings, and by extension, total output is rather "limited". In this case, what is strongly recommended is the **earnest** pursuit of product and area specific **intensive** "pocket" production. In addition, APP and other mid-hills horticulture production programs, need to be channelized into targeted product specific "pocket" production areas. Individual producers can

²³ DAI (1997 pg. 95) argued the same point by positing: "The Nepalese farmer has benefited from the fact that the supply deficit in the Nepalese agriculture market is filled by imports from India. Consequently, the Nepalese farmer receives import parity prices, (Indian prices plus the high marketing and transport costs). To export to North Indian markets, the relevant price is an export parity, i.e Indian price less the high costs of transport and marketing". To do that DAI concluded that producers need to reduce marketing costs and improve production technologies".

²⁴ Shakya and others argued that "increasing off-season production in the production pockets of mid hill districts of Nepal, particularly lying within the vicinity of the highway corridors, provided the farmers get enough technical support from the government and other agencies involved in upliftment of the farmers" is indeed "feasible" and "desirable". (Shakya, '97 pg. 57).

come together to form production and marketing cooperatives²⁵ such as the Eastern Region Budhimorang cooperative at Mulghat and the Sinduwa cooperative at Sinduwa.²⁶ If Nepal were to really work towards grabbing a piece of the local as well as Indian market, then production resources must be focused and channelised towards the targeted market response. Here too the existing Nepali mind set must shift from production focus to a market driven production response.²⁷ Translating this approach requires pursuit of the following sequential steps:

1. Produce products where seasonal market prices are highest. For example, if Nepali entrepreneurs/producers were to tap the Siliguri and Patna markets, then the following products and corresponding season plus indicative C and F NRs. prices per Kg must be considered²⁸:

Product	Season	C & F Prices (NRs./Kg)	Market
Cabbage	Aug. - Nov.	12-16	Siliguri and/or Patna
Green Peas	Sept. - Dec.	30-50	"
Cauliflower	July - Aug.	30-48	"
Carrot	Oct.	10-12	"
Radish	June - July	10-12	"
Capsicum	June - July	30-32	"
Tomato	June - July	25-30	"
	Jan. - Feb.		"
Fresh ginger	Feb. - March	30-40	Siliguri
	Oct. - Nov.	25-30	"
Oranges	Sept. - Nov.	25-30	"
Apples	Aug. - Oct.	Depend on quality	"
Broom	Jan. - April	25-30	"

2. Based on secondary and primary data, assess pre-feasibility of competitively producing the targeted products for the

²⁵ Shakya (1997, pg 57) concluded: "There is a scope for increasing off-season vegetable production pockets of mid-hill districts of Nepal, particularly lying within the vicinity of the highway corridors provided the farmers get enough technical supports from the government and other agencies involved in the economic upliftment of the farmers". Shakya then proceeded to list the needed support such as information on varietal requirements and suitability, production technology support, post harvest handling and the like. He further noted: "In order to realize those potential's the small farmers co-operatives from different districts should join hand to establish a common marketing and technical support unit." (Shakya, 1997, pg 57)

²⁶ The Sinduwa cooperative started as a production cum marketing one but seems to have become more a production cooperative while marketing is directly handled by a private entrepreneur.

²⁷ The DAI (1997, pg. XV) report highlighted this specific need by arguing for "need for a common visionary of a unitary marketing system. This arises, in part, from the prevalence of a production - oriented, or supply - side, mind set among public sector officials, researchers and development practitioners. The constraining influence of that perspective has had negative effects on the design and implementation of effective market-let, demand driven strategies and activities. These effects", the DAI authors concluded, "are seldom realized and commonly under estimated.

²⁸ When it comes to Ginger and Cardamom, some value addition functions need to be implemented by traders, e.g. cleaning and sorting. In addition, ginger varieties produced in Nepal seem to command lower prices than those produced in some parts of India such as Gangtok and Madras.

targeted markets, in this case Silguri, Patna, Lucknow and Gorakhpur. This needs to include:

- production location and land size;
 - technical production system - i.e. what seeds, what other inputs and how to organise and manage the same;
 - estimated cost of production, given estimated productivity (output per unit of land);
 - marketing costs, i.e. packing, sorting, transport and surcharges;
 - total estimated FOB and C & F costs; and
 - given market "expected" prices estimate projected returns, i.e. per unit of land, per unit of labour, per capital used.
3. Based on outcome of (2) above, identify various "needed actors" that must do what and when.

- **Who is to Do What Issue:**

The need to have **concerted complimentary** effort of all actors involved in promoting agriculture development is **neither new nor novel**. The studies, reports, project documents and periodic plans attest to the fact that almost all concerned argue for "more coordination" among the various components that impact on the determinants of increased market-led demand-driven agriculture output. Given the **sad state** of proliferation of diverse programs; **while coordination continues to be more laden with rhetorics than effective implementation**, the following are advanced:

a. **Technology and production inputs:**

Ministry of Agriculture coupled with NARC and private sector traders in agricultural input, especially seed and fertilizer, **must** provide the needed know how to producers in producing demanded market-driven products. **It is both, the MOA plus NARC, that have the know how and the extension capacity to do farmer based technology adoptions.**²⁹ But, again the bottom line needs to be the presence of the "political will" to get this going! Private sector, as long as it smells profits in a venture or undertaking, will surely come forward and assume its role.

The needed technologies are NOT that new, as they have been successfully adopted elsewhere and in India. So all we are talking about is adoption of such technologies to

²⁹ NARC was supposed to do exactly that through, among others, the USAID/N five year ATSP funded efforts. In addition, NARC keeps "promising" to do in periodic plans but little seems to be forth coming on that front. Isn't time that all of the past studies and recommendations that deal with this matter are dusted off and the appropriate bodies "get going"?

prevailing Nepal specific conditions. It sure does seem much easier said than done, but then why can't it be effectively done?!?! Once it is successfully done with one or more farmers, farmers being the "profit seekers" that they are, will copy the successes witnessed on their "neighbors" farms. As such, one need not have a large extension force to get the production pocket to produce what market demands. Productivity gains must be maximized since marketing costs may well be too high.³⁰³¹

b. **Production levels; scale of production:**

Greater output from a particular location can only come through the "pocket focus" approach and increased productivity. The productivity issue was dealt with in (a) above. The "pocket focus" requires that **MOA, NPC, MO Roads, MO Irrigation** as well as the **total donor community** determine to focus the bulk of their resources on the targeted products for the targeted pocket area that will market in the domestic and Northern India markets. Yes, this may be politically unpalatable as politicians may continue to want to spread the limited resources to a wider group of constituents. But if India, for example, could organize to form a "mission approach" to expanded production pockets/states, then why can't Nepal do that and more?³² In addition, both the donor agencies and HMG must increase the direct involvement of private sector institutions such as AEC, as the latter has the private sector connection that would link market demand to production supplies.³³

³⁰ DAI (1997 pg. 94) argued that the "Nepalese farmer is greatly disadvantaged compared to the Indian farmer as a result of an overvalued currency, poor technology incorporation system, and inadequate marketing system. The sum of these disadvantages must be penalising them by more than 40%".

³¹ There should be, relatively speaking, no fears that Nepal based production increases could drive the Indian market prices down. This is mainly because the Indian market is "so big" that Nepal's produce will have **no major impact on Indian prices** (DAI, 1997, pg. 93, argued the same point).

³² As per summary notes of the Indian Union Budget 2000-2001, the Govt. of India has allocated funds to support a "special technology mission for promoting horticulture in the North East region". (see FICCI Agribusiness, New Delhi, Jan/Feb 2000). Apparently such "missions" had been undertaken in the past for various targeted commodities in specified regions. In such instances, concerted efforts are directed towards the specified targets and significant resources are directed towards them. The HMG-MOA initiatives in what is known as "pocket program" or "package program", and even the APP, may well be considered as comparable to India's "mission" thrust. However, what seems to prevail, is that HMG's efforts tend to falter as "new initiatives" are proposed and pursued. The Donor community must bear a portion of the "blame" in such instances as they continue to "introduce" new projects.

³³ Yes, this recommendation is made by AEC affiliates which maybe interpreted as "blowing ones horn" or marketing AEC as an institution. Both of these allegations are indeed uncontestable. But, **equally** so is the fact that AEC has indeed, over the past seven years of its existence, been the standard bear for market-driven, private-sector agriculture development. AEC does indeed have the links that are now very much needed. The public-private sector linkages must be translated into workable programs, not just rhetorics, and AEC is indeed well positioned to do that!!!

c. Collection of individual produce:

Given that most hill based agro-producers' outputs volumes tend to be rather "small", it is necessary that either an entrepreneur or a marketing cooperative establish a collection-center. The two cooperatives cited earlier, i.e. the Budhimorang and the Sinduwa cooperatives, provide good examples in this regard. The Budhimorang cooperative collects from individual farmers their off season produce, takes the product to the market, sells them and deducts a given (5-7%) amount as their fee for service (this is very similar to the commission agents that operate in the Indian wholesale markets). The Sinduwa cooperative, on the other hand, has one entrepreneur, who also happened to be a member of the cooperative, purchase the cooperative's total produce and sell them mainly to Siliguri. The buyer arranges the packaging and transport of the total produce. The prices he pays are usually the export parity price. As such, in order for him to stay ahead in this business, he does keep a finger on the Indian market prices through constant contact. (He may or may not have one "regular" buyer with whom he works at Siliguri. It is, herewith, proposed that AEC put this collector in touch with one of the leading Siliguri trader/commission agent who had indicated great interest in linking up with such a Nepali entrepreneurs. Another major Dharan based entrepreneur - collector could well provide this function too!).

As to the Uttar-Pradesh markets, it was recommended that AEC/FNCCI, through its Mahendranagar RLO and the relevant CCI, organize a group of producers as well as traders to travel to Eastern Nepal (Dharan, Sinduwa area) and see how the two cooperatives had formed and are functioning. Cooperative marketing group, and or producer groups need to be formed in order that a "critical mass" of produce is effected and then marketed either within Nepal or to UP markets.³⁴

d. Market information intelligence reporting:

The importance of market information/intelligence can not be under-estimated in creating and maintaining a competitive market edge. Information must be timely and thus has to incorporate three main elements that address the

³⁴ Even in the case of sunflower production in the Far West, a local oil expeller indicated his need/willingness to buy/deal with one entity, be it a co-operative or producer group. This also reflects the fact that in almost all agro-products, unit production's output is too "small" in meeting a given demand; hence collection becomes essential.

question of what the market is demanding, when, how much and at what price levels:

- **Immediate information** of what a given market dynamics are for the particular commodity at a **given point in time**. This can only happen through telephonic contacts, which, nowadays, are very prevalent throughout markets. Such information should help the entrepreneur determine where to send his/her produce as well as how much (assuming he/she has storage capacity to hold excess products, if any).
- **Time series data** of a particular commodity is needed to help producers determine **what** and **when** to produce. As noted earlier, a producer would maximize his returns when he produces and sells the product in a market at a time when market supplies tend to be low and prices high (assuming "strong" demand for the product). Such time series may be represented on a bimonthly or monthly basis over a number of seasons.
- **Market trend analysis** needs to be made and disseminated to producers, traders and even consumers or consumers' organizations. Market trend analysis reflect commodity movement by source, quality, packaging and prices per unit of sale and product grade. Such information would usually have more discussion with it and tends to be irregularly and infrequently disseminated.

Two main institutions have been involved in such data collection and dissemination: **one**, government and **two** private sector. Among the government, the MOA marketing development division, the Nepal Rastra Bank, the National Planning Commission and its Central Bureau of Statistics and others. On the private sector side, the Kalimati Wholesale Market in Kathmandu does produce daily as well as periodic market data for mainly the Kathmandu Valley and its main wholesale market; Kalimati. The AEC/FNCCI has started collecting daily market prices of selected markets, compiling and retransmitting to various markets the compilations within the same day.³⁵ In addition, individual donor supported projects tend to collect some data and incorporate the same in their project related reports.

As such there seems to be ample data on local markets and some data on certain Indian markets. **However, no apparent enabling legislature exists in Nepal to assure data uniformity, completeness, accuracy, and regularity.**

³⁵ AEC/FNCCI started in 1998 collecting daily price informations of a group of commodities from four markets but now extends to 16 markets. Informations are received by fax, compiled, summarized and retransmitted within same day to 23 markets. (see Attachment 2).

In contrast, India's National Horticulture Board has an extensive organizational network that monitors, analyzes and disseminates periodic market data. All of their efforts are underpinned by enabling legal frameworks, acts and policies." (see Attachment E for the full text of the report).

D.2 Policy "Environment" Changes: Recommended and Subsequently Adopted

Creating a business friendly policy environment continued to be a priority focus. Following extensive discussions, negotiations, and finally contracted efforts with two in house consultants, significant positive responses from HMG were sought and obtained. The initial efforts culminated in HMG's adoption and official pronouncement of agro friendly policies as reflected in the 1996/97 HMG Budget Speech to Parliament.

Following the Budget Speech pronouncements, plans were finalized, consistent with the **formally adopted policy advocacy system**, to make formal presentation to concerned committees of the House of Representatives. The first committee targeted was the National Resources and Environment Committee, which also dealt with the agricultural sector. A formal meeting of the said committee was called and held at Parliament Secretariat.

Based on the relative success of the advocacy efforts, recommendations were made to AEC management and Board to further pursue the advocacy effort, **as it was posited to be indeed a continuous process**, during the months to come. A three months continuation of the advocacy system implementation was proposed, accepted and subsequently contract developed and executed.

AEC's policy supportive advocacy efforts, continued to focus on determining legal and administrative bottlenecks to expanded agro enterprise development/expansion. As such, "*interactive meetings*" were held at different locations, such as, Mahendranagar in the Far West, Dharan in the East and with tea producers, dairy, poultry sugar millers and vegetable seed entrepreneurs. In addition, inter-agency meetings addressed specific policy related "*bottlenecks*": e.g. the need to facilitate air shipment of agri commodities from remote areas like Jumla and even Jomsom.

Substantive supportive policy changes were also recorded during this F.Y. Of major impact was the abolishing of the Octroi, which both AEC and other segments of the private sector, had been advocating for. In addition, FY 1999/2000 Budget proposals to Parliament included significant private sector policy supportive policies that AEC, among others, had been actively advocating for.³⁶ These included:

1. Export related support:

- i) 50% subsidy on Electricity bill for Cold Storage (provision of Rs. 75,00,000 for private sectors owned cold storage).
- ii) 100%, 71% and 50% subsidy on the interest of Bank loan for the new cold storages on 1st, 2nd and 3rd year of establishment respectively.
- iii) Only 1% duty on the import of equipments for cold storage.

³⁶ AEC had also submitted several on behalf of the private sector policy change recommendations. The Central Tariff Board/HMG accepted most of the proposed recommendations.

2. Credit related facilities:

- Provision up to 35% pre-export credit after opening L/C (Letter of Credit)
- Low interest credit (<10% interest) for export
- Provision of exporting without L/C upto the amount approved by NRB on bank guarantee.
- ADB/N has revised the interest rate on tea/coffee and cold storage to 10%. There is also provision for lowering this rate by 1% further for "green card" holders.

3. Policy directives:

Special thrust to the development of tea, oil seeds, sugarcane and silk as industrial crops. HMG has also reaffirmed its commitment to commercializer of Agriculture, and its adoption of APP.

- Land revenue for the cultivated land has been reduced.
- Low interest loan has been committed for tea plantation and industry.
- To protect the national industry export tax has been increased, on fresh tea leaves, by Rs. 10/- kg.

E. AEC Institutionalisation Issues

The two main institutionally related concerns that were identified early on in AEC's life (early '90s) continued to require some concerted attention and follow-up: **one**, financial sustainability of AEC; and **two**, institutionalising AEC as a functional component of FNCCI's central core and not as an FNCCI project.

The former required 'selling' of AEC's strength as complementary components to HMG and non USAID/N donor funded agriculture projects. Contacts were thus made with, among others: GTZ, JICA, SDC and ADB plus HMG/MOF. ODA/UK was also targeted for such pursuits. Discussions regarding continued USAID/N commitment beyond the current 2001 end of grant support seemed to have been put on hold pending the outcome of USAID's "new strategy" development and adoption.

The second concern, i.e. the AEC-FNCCI institutionalisation was the relationship between AEC and its parent institution, FNCCI. The need to get some non-on-one reactions and suggestions from leading private sector individuals regarding the perceived effectiveness of AEC and its institutional relationship to FNCCI; i.e. was it a project whose life span was tied up to donor funding or was it a **real** institutional component of FNCCI and hence would outlive any donor funding period? The issue of long term sustainability of AEC as the **private sector arm of agricultural development** continued to hinge on two basis working assumptions:

One; the need to house the market led, private sector agricultural initiative in a private sector institution (yes, ADB-N was considered but then FNCCI was preferred), and have it run consistent with the parent institution's personnel, procurement and accounting principles; and

Two; the need to support the institutional initiative with some seed funding for a period long enough to enable that initiative to prove its worth to its parent institution

and thus be subsequently picked up, i.e. financially supported, by the parent institution.

Given the above orientation, significant effort was initially expended by USAID/N and FNCCI to assure that FNCCI's institutional program/administration working policies and procedures were acceptable to USAID legal and audit requirements. Also, a detailed manual for the agricultural component of FNCCI was worked out between the then FNCCI Sec. General, Mr. Jagadish Agrawal, and the USAID/N-ARD consultant, A.S. David, and accepted by both USAID/N and FNCCI. That manual outlined the structure and workings of the emerging AEC and its relationship to FNCCI's Secretariat. The finalization and adoption of the manual plus Cooperative Agreement were adopted **after** significant discussions that centered around the need to **make the proposed AEC fit within the prevailing FNCCI structural realities**, i.e. operating style and functional processes. This meant that the need to make it, **if successful**, an integral functional part of FNCCI, **and not a short term donor dependent project**, required structuring and staffing AEC in manners that were **consistent** with FNCCI's operations.

As with any new initiative, some degree of autonomy was needed in order to allow for experimentation in evolving longer-term institutional working modalities. As such, the Cooperative Agreement provided for the creation of a nucleus functional organ to be independently staffed and managed until such time that AEC's total functions were integrated into FNCCI's core activities.

Now that AEC has completed eight plus years as a semi autonomous agricultural business creating center within FNCCI, the need for a serious review of the lessons learned and subsequent selection of the modality that **assures full assimilation** of agricultural business development as a living organ of FNCCI's overall structure continued to be raised.³⁷

By FY 1999/2000, AEC had not only strengthened its internal institutional capacities while "*solidifying*" its relationship to its parent institution, FNCCI, but also in creating inter-institutional linkages. Of special note were the following:

- Increased capacity and utilization of problem focused STAs **in such areas as horticulture** marketing to Northern Indian markets; Far Western Region Horticulture "*pocket thrusts*" focused on specified markets in and around Lucknow, India as well as Nepal's Western and Far Western urban centers; **vegetable seed** marketing in Eastern Nepal and its adjoining Indian markets' **honey marketing**; and expanded domestic **floriculture** market assessments. Utilizing need specific STA's continued to support the efficacy of such cost effective professional extension capacities.
- Increased establishment of formal intra-agency institutional linkages. These linkages were translated to area and period specific MOUs and/or contractual arrangements. Examples of such linking arrangements included, but not all inclusive of, the following:
 - ◆ IAAS/TU regarding senior professional use as STAs on demand.

³⁷ FNCCI has come on record in accepting AEC as an integral part of FNCCI. One of the main reasons seemed to have been based on the fact that if Nepal's private sector were to **really** move into the main stream of national development, **agriculture sector** must assume its rightful role in FNCCI's promotion and support.

- ◆ KU regarding student internship relationships, e.g. recently, 3 second yr. MBA student spent 2 months doing market expansion assessment of domestic floriculture.
- ◆ NARC regarding continued improved sugar cane production.
- ◆ Park & People regarding NTFP and sunflower production at external parameters of National Parks.
- ◆ Local Governance, UNDP funded, project regarding dryer provision to two co-operatives.
- ◆ Central Food Research Lab regarding cardamom dryer designing.
- ◆ Private sector enterprises in such areas as:
 - Sugarcane production
 - Sunflower
 - Hybrid tomatoes
 - Fruits: citrus and apples
 - NTFPs with Dabur (Pvt.) Ltd.

F. Overall Conclusion and Suggested Future Orientation

AEC, by the close of its current Fiscal Year July 15, 1999/2000, would have achieved much. A great deal of "experimentation" and "trials" of "new" high value products were pursued. Producer's associations were created, market explorations were pursued and new enterprises "partially supported" through prototype provisions and manpower training. Much policy advocacy efforts were expended and result noted. Thus by July of 2000, AEC can rightly claim to be the rightful active arm of FNCCI's agricultural market driven institution. As such, AEC is respected, its advise sought and its membership in significant program bodies sought.

AEC has come a long way in solidifying its institutional capacities while safeguarding the integrity of its achievements. In short, AEC is now, rightfully so, acknowledged as the **leading private sector agroenterprise promoting** institution. Its staff has gained in professional maturity as private sector entities gained more confidence in, and working ease with, AEC. New export markets were promoted, tested and opened while more supportive agroenterprise private sector led and market driven policy changes adopted. Having stated that, let it not be concluded that AEC can now just "*glide through*" along a "*smooth future path*". To face up to the challenges, AEC needs to now, more than ever before, focus and concentrate.

AEC's accumulated experiences support the need to focus and direct its energies, **without any alteration in its current USAID grant agreement subject specific line items**, towards a targeted market approach. This approach needs to be combined with the "*pocket*" production approach, both of which had been amply elaborated on in past concept briefs shared with AEC and USAID/N. Adopting such an approach should enable AEC to **flexibly adapt** to the changing demands of the targeted markets while increasing its in-house professional capacities to more effectively link potential product specific producers to specified markets. As such, it is herewith recommended that **concerted effort** be devoted to orienting and directing AEC's energies along such lines. Effective implementation of such a recommendation may well reduce AEC's need to place "*full time professional staff*" at its current RLO locations while transforming the RLO to an "*administrative presence*" office. The timing for pursuit of such an orientation is **indeed optimal**.

Concurrent with, and because of, the above-recommended approach, AEC's efforts to more effectively advocate, and subsequently link up with, other "*donor projects*" need to be fully explored and pursued. This should maximize AEC's probability of effectively capitalizing on synergistic elements of such programs.

AEC's

ADVOCACY STRATEGY

PRESENTATION TO

FNCCI's

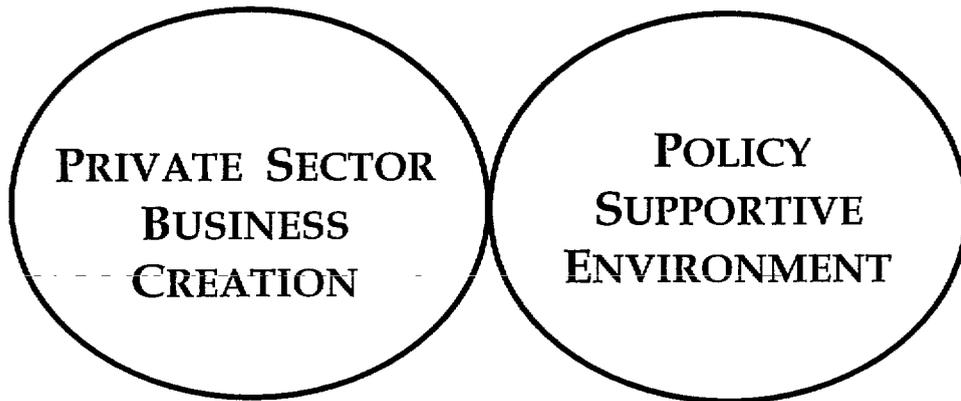
OFFICE BEARERS

**What has been
done to Date?
and
What is Planned?**

***APPROACH
and
IMPLEMENTATIONAL
RESPONSIBILITIES***

Why ADVOCACY?

BECAUSE

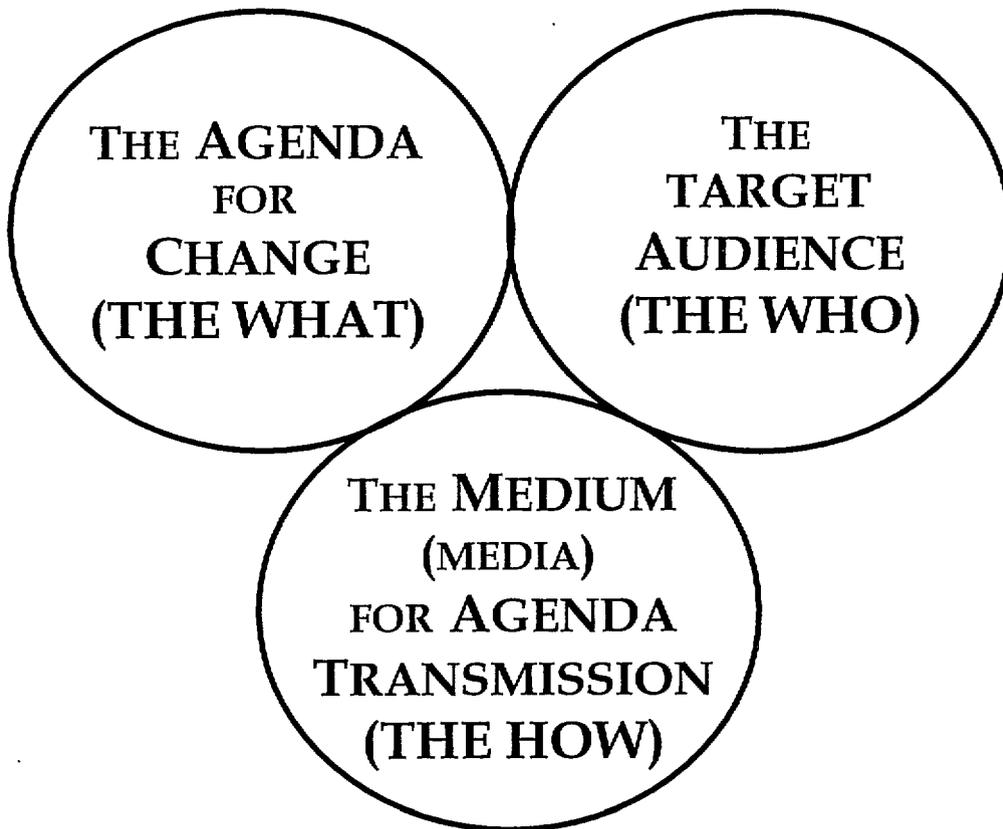


— — THE TWIN NEEDS — —

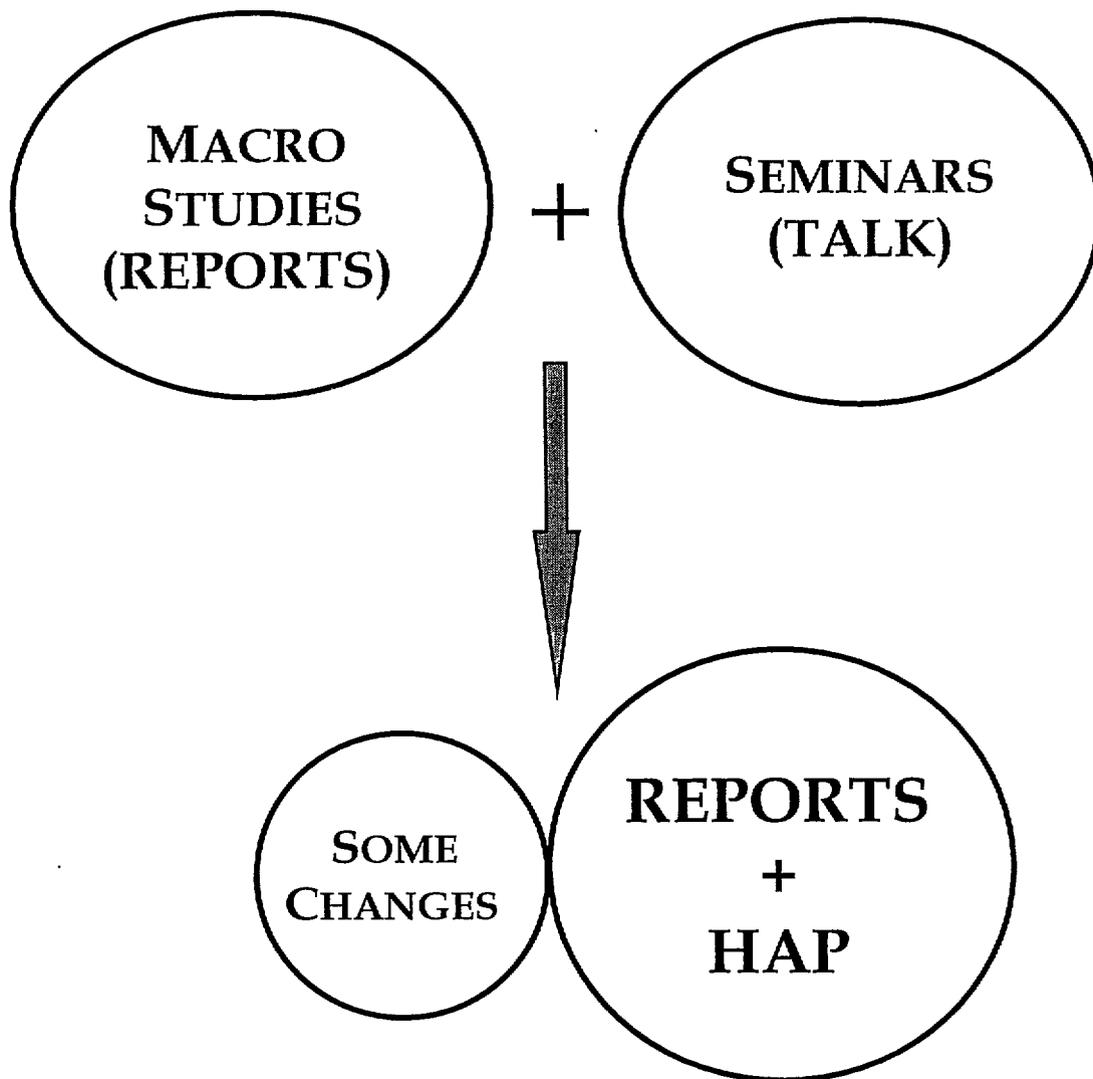
are

COMPLEMENTARY
NEEDS

THE ADVOCACY SYSTEM



What has been DONE to DATE?



**BUT
NOW MAYBE WE
CAN DO MORE**

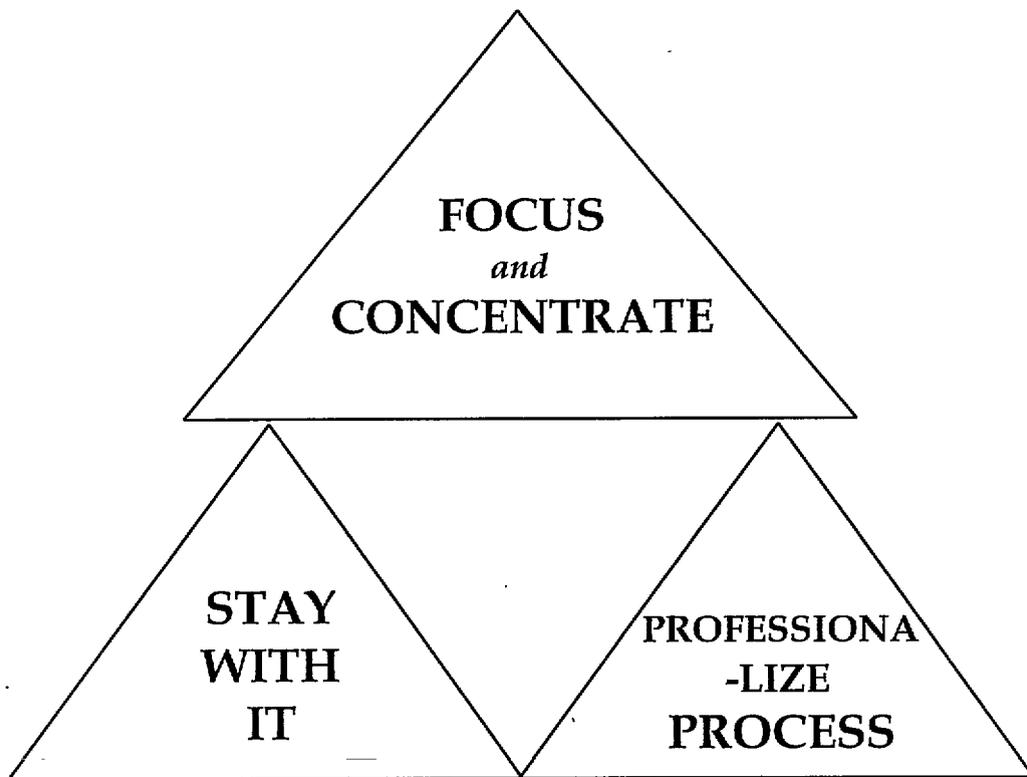
**BECAUSE,
AMONG OTHERS**

**CHANGING
POLITICAL
ENVIRONMENT
(VOTE:
CONSTITUENCIES)**

**STRONGER
PRIVATE SECTOR
INSTITUTIONS
(FNCCI + Assoc.)**

**DONORS
BEGINING TO SEEK
PRIVATE SECTOR
INVOLVEMENT
(TALK or ACTION?)**

**TO BE MORE
EFFECTIVE
NEED**



AEC-FNCCI

has

**STARTED TO
MOVE ALONG**

**THE IMPLEMENTATION
PATH OF THE
ADVOCACY SYSTEM**

by

**IDENTIFYING its
STRATEGY
IMPLEMENTATIONAL
COMPONENTS**

1. ANALYZE THE SITUATIONS AND PROBLEMS REQUIRING POLICY REFORM.

(Starting with Priority Commodities)

2. STUDY REFORM PROPOSAL

- Who is affected?
- What will the Cost-Benefit to all parties affected be with proposed change?
- What is needed to effect change?
 - ADMINISTRATION
 - POLICY
 - LEGAL FRAMEWORK

3. IDENTIFY KEY PUBLICS

- Who are they?
- How best to reach them?

4. FORMULATE MESSAGE, PRE TEST IT
AND SELECT THE CHANNELS + TOOLS
5. ESTABLISH A NETWORK OF ALLIES
INCLUDING 'BRIDGES' TO POLICY
MAKERS

THE BOTTOM LINE:

AEC BEGINNING TO DO
ITS HOMEWORK

and

SEEKING ALLIES

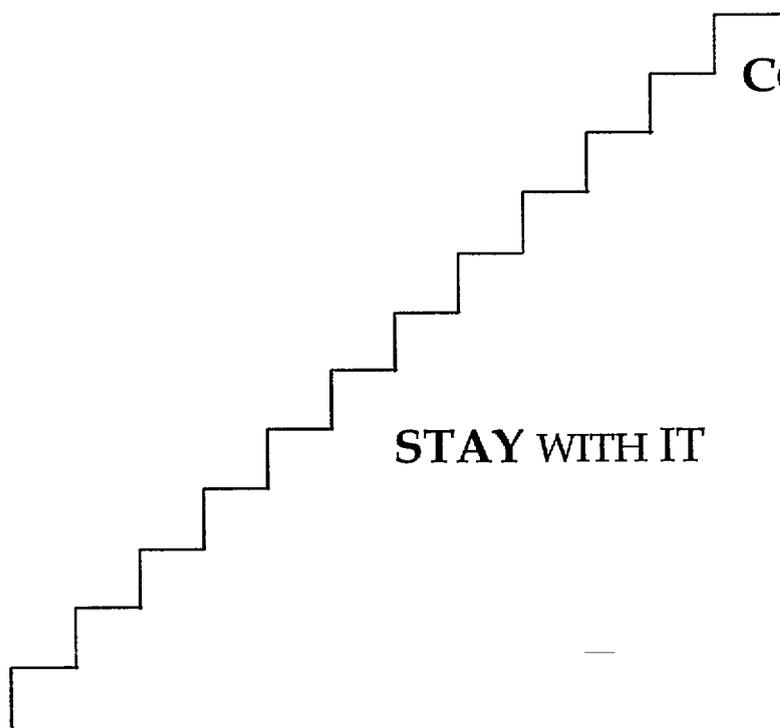
to

SPEAK CONSISTANTLY

and with

ONE VOICE

**AEC is TARGETTING
MODEST START**
for this
PRE-BUDGET SESSION
by
SELECTING 4 COMMODITIES
that will have
IMMEDIATE DIFFERENCE
on IMPACT for
HIGH VALUE EXPORTS
and
SELECTED 1-3 'KEY ISSUES'
for EACH COMMODITY
that may be
TACKLABLE
in SHORT RUN



IT IS A **START**

STAY WITH IT

**CONSISTANCY
PAYS OFF**

**ROME WAS NOT BUILT
IN ONE DAY**

and

NEPAL'S POLICIES

and

**ADMINISTRATIVE
MIND SET**

WERE NOT CREATED

YESTERDAY

**AEC ALONE
WILL NOT
SUCCEED**

**BUT AEC AS
A VIBRANT**

and

**LEGITIMATE
PART OF FNCCI
CAN
START TO MAKE
*DIFFERENCE***

**AS IT MOVES
CLOSER TO WHERE
THE PROBLEMS
ARE EXPERIENCED
RATHER THAN
WHERE THEY ARE
'STUDIED' !!**

SO,
Let US
GET ON
with
THE JOB!

**Agro Business Opportunities: Examples of AEC's Presentations to
Potential Private Sector Entrepreneurs**

Summary of Project Concept (Business Plan)

<u>Project/Area</u>	<u>Opportunity</u>	<u>Project Capacity</u>	<u>Channel Captain (entrepreneur) Role</u>	<u>Finance (Investment)</u>	<u>Sales Revenue</u>
1. Bee-keeping Terai, Mid hills	<ul style="list-style-type: none"> Increasing international demand Production 80-100 MT annually Demand more than 200 MT annually Diversified agro climatic condition helps in diversification 	200 Bee hive for 10,000 kg Honey 2000 kg Brood frame	<ul style="list-style-type: none"> Identification of area Bee hives arrangement Accessories arrangement Technical Management procurement of honey Market supply 	Fixed Assets- Rs.0.88 million Working Capital- Rs.0.536 million	Rs. 2.24 million Annual profit- Rs. 1.704 million
2. Dairy (Illam, Jhapa Sunsari, Morang)	<ul style="list-style-type: none"> - no organised farming - demand supply gap in EDR (10,000 ltrs/day) - 10.38% /yr. price growth - export opportunity in India and Bangladesh - priority loan, technical back-up from NDDB 	<ul style="list-style-type: none"> 30 satellite units of 10 jersey or brown swiss cows 5000 ltrs/day Processing plant 	<ul style="list-style-type: none"> Pocket selection Cattle arrangement Extension services Buy back Market supply 	Per Satellite unit: Fixed Assets: Rs. 622,000 Working Capital: Rs. 142,000 Processing Unit: Fixed asset - Rs.16 million Working capital- Rs.6.25 million	Per Satellite Unit: <ul style="list-style-type: none"> Annual sales revenue at 100% cap: Rs. 768,700 BEP : 42.9% ROI : 26.15% (1st year) At milk selling price - Rs.14/ltr. Processing Unit: Annual Sales Revenue Rs. 48.55 million ROI - 27.6% BEP - 40.6% Pay-back Period- 4 yr

49

<u>Project/Area</u>	<u>Opportunity</u>	<u>Project Capacity</u>	<u>Channel Captain (entrepreneur) Role</u>	<u>Finance (Investment)</u>	<u>Sales Revenue</u>
3. Floriculture (Kathmandu Valley, Chitwan Makwanpur Dhading, Tanahu, Sunsari, Jhapa, Parsa, Kaski)	<ul style="list-style-type: none"> National Priority agro based industry Increasing demand trend Suitable agro climatic condition reducing off-season period High prospect in India during off-season (March-June) Demand Supply gap: Gladiolus: 900 sticks /day Rose: 600 sticks/day 	<u>Gladiolus</u> 198,000 bulbs in 30 ropani of land	<ul style="list-style-type: none"> Land arrangement Mother plant sourcing Extension services Trained manpower Buy back Market supply 	<u>Gladiolus</u> Fixed Asset: Rs.325,000 Working Capital Rs.1.152 millions	<u>Gladiolus</u> Sales Revenue Rs. 631,000 Net Profit Rs.502,000
		<u>Rose</u> 5,000 bulbs in 15 opani of land		<u>Rose</u> Fixed Asset: Rs.323,000 Working Capital Rs. 278,000	<u>Rose</u> Sales Revenue Rs. 0.835 m Net Profit Rs. 0.234 m

<u>Project/Area</u>	<u>Opportunity</u>	<u>Project Capacity</u>	<u>Channel Captain (entrepreneur) Role</u>	<u>Finance (Investment)</u>	<u>Sales Revenue</u>
4. Goat Raising (Surkhet, Dang, Dekhuri, Tanahu, Nawalparasi, Dhading, Nuwakot, Kavre, Makwanpur)	<ul style="list-style-type: none"> No commercial farming Demand all around the year Demand growth 2.7% yearly. Prod. growth 1.3% yearly Price growth 11.3% yearly Consumption: 41,000 MT (1999) Import of meat: 3,700 MT (1999) 300,000 goats import from India 	3,000 female 100 male goats	<ul style="list-style-type: none"> Pocket selection Breed sourcing Bank negotiation Extension services Buy back Market supply 	<u>By Establishing Satellite Unit</u> Fixed Asset: Rs.13.87 million Working Capital: Rs. 0.41 million <u>By Main Entrepreneur</u> Fixed Asset: Rs.27.6 million Working Capital: Rs. 630,000/-	<u>By Establishing Satellite Unit</u> Annual Sales Revenue: 1 st Year = Rs. 0.566 million 2 nd Year = Rs. 8.76 million 3 rd Year = Rs. 13.3 million BEP = 40% PBP = 5 years ROI = 55% † <u>By Main Entrepreneur</u> Sale price - per head Male : Rs.1,575. Female :Rs.1,260 1 st yr : Rs.0.6million 2 nd yr : Rs.9.4million 3 rd yr : Rs.13.3 mln ROI - 32.53% BEP - 55.27% PBP - 7.23 yr.

15

<u>Project/Area</u>	<u>Opportunity</u>	<u>Project Capacity</u>	<u>Channel Captain (entrepreneur) Role</u>	<u>Finance (Investment)</u>	<u>Sales Revenue</u>
6. Coffee Gulmi, Arghakhachi, Palpa, Tanahu, Lamjung, Syangja, Baglung, Parbat, Kaski, Kavre, Sindhupalchowk,	<ul style="list-style-type: none"> • Demand increasing in domestic and international market • Domestic consumption is 52 MT of roasted coffee • Domestic production is 48 MT of Coffee Beans (13 MT of roasted coffee) • Production potential area is 18,000 ha • Potential growth is 288 % within three years • Export potential in Japan, Holland and Germany • Only four processing units exist 		<ul style="list-style-type: none"> • Area selection and development • Technical bake up • Buy back or collection • Processing of coffee beans • Marketing and selling 		<ul style="list-style-type: none"> • Green cherry – Rs 70 to Rs. 80 per kg (depending upon the place) • Parchment coffee – Rs. 160 per kg • Export price: US \$ 4 per kg of green beans



Bee Keeping

Bee Keeping - A Profile

April 2000

Bee Keeping is a Profitable Enterprise

BECAUSE...

Business Opportunities

- ⚡ Increasing international & local demand
- ⚡ Production - 80-100 tons
- ⚡ Demand - More than 200 tons
- ⚡ Due to diversified flora and agro climatic variation, five species of bees are available
- ⚡ Considered as one of the most potential income generation means in rural area

Potential Production Area in Nepal

Sarlahi
Makwanpur
Chitwan
Nawalparasi
Kaski
Dang
Kapilbastu

Species of Bees and honey production potential

- APIs Cerana (traditional)
15-25kg honey /hive/yr
- APIs Melifera (Improved)
50-75kg honey/hive/yr

Honey Enterprise

4 Beekeeper Units for 50 hives

Channel Captain (Main Entrepreneur)

- " Technical Backup
- " Honey Bee sourcing
- " Buy back Honey & Wax
- " Collecting & Processing
- " Marketing & Selling

SS

Modality of Business

- † 200 Mellifera hives in a selected pocket.
- † 10 Tons honey and wax production per year.
- † Migrating bee hives from one to another command area for more productivity.

Local Market Prices

- Raw Honey with wax per kg. - Rs 70/- to Rs 120/-
(depend on source and farm)
- Processed / Bottled per kg - Rs.200/- to Rs 800/-
(including imported honey)

Summary Analysis Supported by Detailed Analysis

- to be made available. . .

Financial Analysis (Per Unit)

Fixed assets Investment	»	Rs. 244,000
Working Capital	»	Rs. 64,000
Annual Operating Cost (in 3 rd Year)	»	Rs. 211,000
Annual Sales Revenue (in 3 rd Year)	»	Rs. 312,000
Annual Profit (in 3 rd Year)	»	Rs. 101,000

AEC's Catalytic Role

- » Training
- » Providing information
- » Counselling and advice
- » Business linkages
- » New technology / technical backstopping

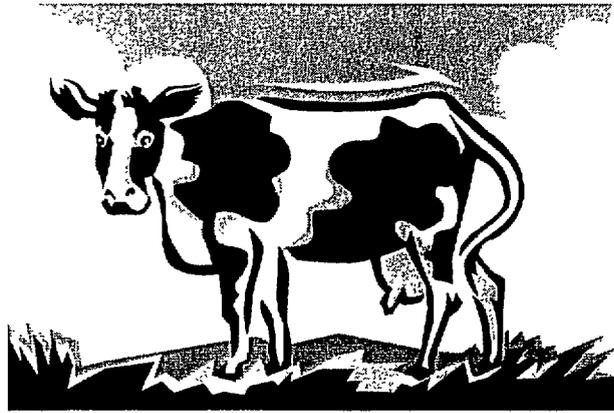


*This is the end of the presentation but
could be good starting of the*

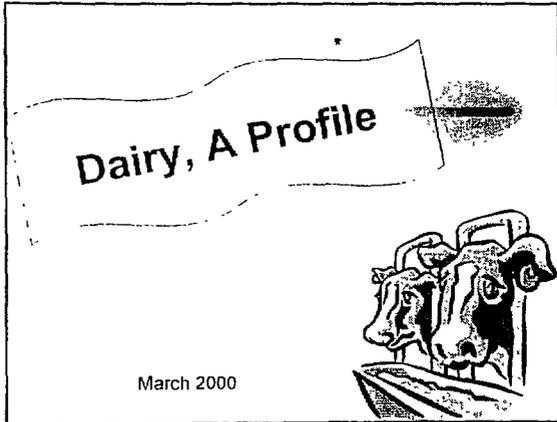
"Bee Keeping" III

Thank You !





Dairy

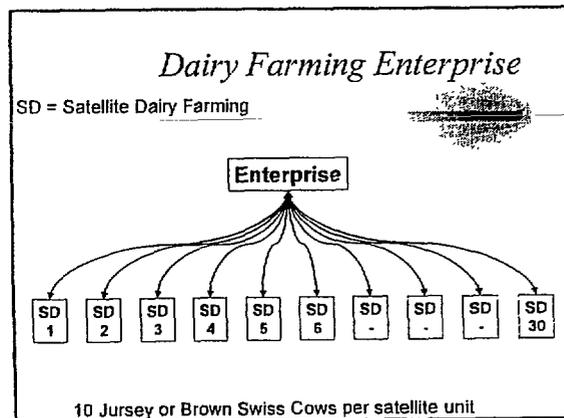
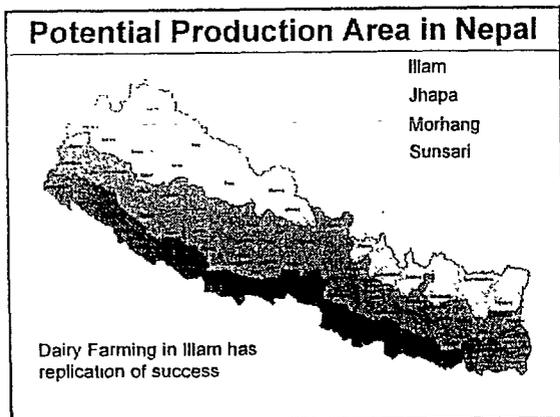


Dairy is a Profitable Business Venture

BECAUSE...

- Business Opportunities**
- Complete food
 - Eastern Development Region
SUPPLY (55 000 lts/day) and DEMAND (65,000 lts/day)
 - No organised Dairy farming exist
 - Private milk plants (processing and powder) are coming up
 - Price of milk is increasing at average annual growth rate of 10.38% over the last 20 years of period (2035 - 2054)
 - DDC has signed for export of 16-25 trucks/month at IRs 9.30 (NRs 14.88)
 - Export opportunity in Bangladesh market
 - Jersey or Brown Swiss cow is suitable in Nepal and has the productivity of 16 lts. of milk/day

- Current Government Policy**
- Incentive package to farmers from NDDB such as availability of loan, priority sector interest rate, technical backup etc.



Modality of Business

- Satellite dairy farming at 30 different pockets
- Centralised processing units run by the Channel Captain
- Export to India and Bangladesh

Role of Entrepreneurs

Main Entrepreneur

- Pocket Selection
- Cattle Arrangement
- Extension Services
- JTA Services
- Training
- Buy Back
- Market Supply



FOCUS

30 units of Satellite dairy farms and processing plant of
5 000 lts/day

Summary Analysis Supported by Detailed Analysis

- to be made available . . .

Financial Analysis per Satellite Unit

Fixed assets investment	▸	Rs 0.622 million
Working Capital	▸	Rs 0.142 million
Consumption		
Export	▸	80% of harvest @ US\$ 290/MT.
Local Market	▸	20% of harvest @ Rs. 14/kg.
Sales Revenue	▸	Rs. 0.769 million
Break Even Point	▸	42.9%
Net Profit	▸	Rs. 0.238 million
Return on investment	▸	26.15%



Financial Analysis for entrepreneur

Fixed assets investment	▸	Rs 16 million
Working Capital	▸	Rs. 6.25 million
Consumption		
Export	▸	80% of harvest @ US\$ 290/MT.
Local Market	▸	20% of harvest @ Rs. 14/kg.
Sales Revenue	▸	Rs. 48.55 million (5th yr.)
Break Even Point	▸	40% approx
Net Profit	▸	Rs 3.35 m (1st yr) Rs. 10.79 m (5th yr)
Return on investment	▸	28% approx.

Risks and Benefits

- † Improved vaccination in small group will minimise risk of diseases
- † No political interference

AEC's Catalytic Role

- » Provide business plan
- » Provide periodic technical supervision for one year
- » Linkage establishment
- » Group training





Floriculture

Substance on the Profile of Cut Flower (Gladiolus & Rose)

March 2000



Cut Flower is a Profitable Enterprise

BECAUSE . . .

Business Opportunities

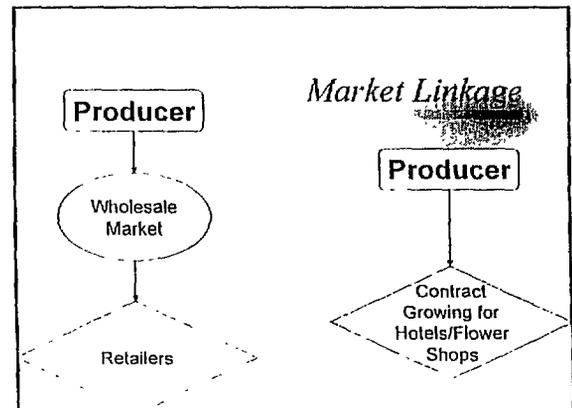
- ⚡ Newly introduced and "National Priority" agro based industry
- ⚡ Demands are gradually increasing in Kathmandu, Pokhara and other main cities
- ⚡ Agro climate conditions of different regions of Nepal allows reducing off season period
- ⚡ Bright prospective for entering into the metropolitan cities of India during off-season (high demand for Gladiolus in Delhi market from March to June)

Demand & Supply

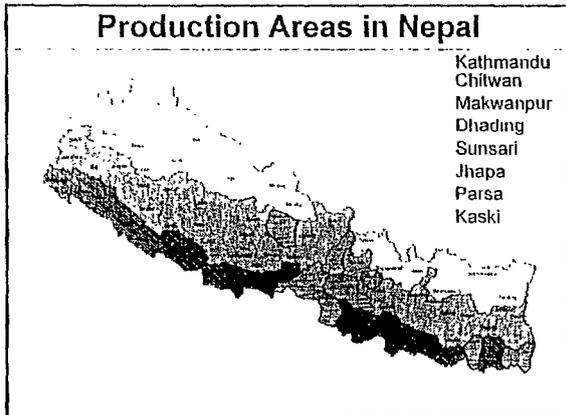
Demand	
Gladiolus	» 4,500 sticks per day
Rose	» 3,000 sticks per day
Domestic Supply	
Gladiolus	» 3,600 Sticks per day
Rose	» 2,400 Sticks per day
Import from India fulfils the Demand Supply Gap	
Gladiolus	» 20% during season & 80% during off-season
Rose	» 80% during Magh-Aswin and 100% during Kartik

Wholesale Price Trend in 1999

	Grade A	» Rs 6 00 to Rs 8 00 per stick
	Grade A	» Rs 5 50 to Rs 6 00 per stick



62



Current Government Policy

- Ninth Plan (1997 - 2002) has accorded cut-flowers as high value crop
- Export promotion thrust
- Credit availability

Agronomic Aspect (Gladiolus)

Population/unit of Land	• 6,600 bulbs /ropani (plantation)
Soil Requirement	• Light sandy to clay, loam, deep, well drained, friable soil rich in organic matter and nutrients with pH 5.5 to 6.5
Water Requirement	• Plenty of water during dry months but not a wet feet
Bulb Variety	• Holland and Israel
Ease of Planting Schedule	• Easy-Planting period may be regularised by every 3 weeks
Total time required	• Three months
Post Harvest Handling	• Handled with care
Labour Requirements	• 2 labours can handle 3 ropanis
Yield of Cut flower	• 1st year - 80%, 2nd year - 85%, 3rd year - 90%

Agronomic Aspect (Rose)

Population/unit of Land	• 500 mother plants/ropani (plantation)
Soil Requirement	• Sunny and well drained field with sunshine for at least 6 hrs, free from shades, protected from strong winds, medium loam soil with sufficient organic matter, soil Ph 6.0 to 7.5
Mother Plant Variety	• Holland and Israel
Ease of Planting Schedule	• Easy-Planting period may be regularised by every 3 weeks
Post Harvest Handling	• Handled with care
Labour Requirements	• 2 labours can handle 3 ropanis
Yield of Cut flower	• 32 Roses per month

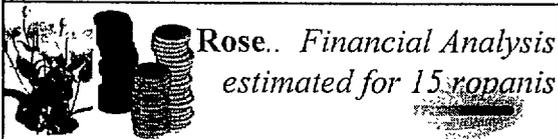
Summary Analysis Supported by Detailed Analysis

- to be made available. . .

Gladiolus....

Financial Analysis estimated for 30 ropanis

Fixed Assets Investment	• Rs 0.325 million (Excluding land)
Working Capital	• Rs 1.152 million (Excluding indirect labour)
Cost of Production/spike	• Rs 1.30 in 2nd year
Sales Revenue	• Rs 0.631 million at 1st year
Net Profit	• Rs 0.502 million at 2nd year
Retained Earnings	• Rs 0.971 million at 5th year
Return on Investment	• 47.6% at 5th year



Rose.. Financial Analysis
estimated for 15 ronanis

Fixed Assets Investment	›	Rs. 0.323 million
Working Capital	›	Rs 0.278 million
Cost of Production/stick	›	Rs 3.81 in 1st year
		Rs 1.76 from 2nd year
Sales Revenue	›	Rs. 0.835 million
Net Profit	›	Rs 0.234 million
		Rs 0.557 million (2nd year)

Risk & Remedies

- ! Highly perishable, need careful handling and fast decision making
- ! Trained personnel in commercial handling, packaging and distribution system required
- ! Bulbs are to be imported for quality maintain and cost increases as per the increment in the exchange rate
- ! The entrepreneurs have to consolidate land preparation in different climatic regions for optimising the off-season period

AEC's Catalytic Role

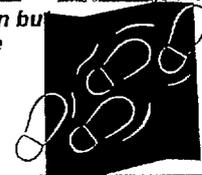
- › Provide business plan
- › Provide periodic technical supervision for one year
- › Establish linkage between entrepreneur and buyers
- › Group training



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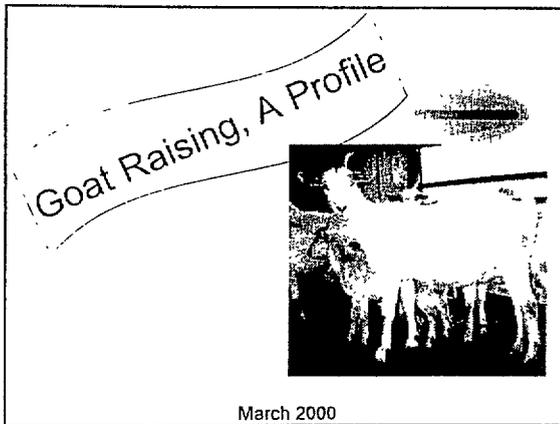
"Cut Flower Business in Gladiolus & Rose" !!!

Thank You !





Goat Raising



Goat Raising is a Profitable Enterprise

BECAUSE ...

Business Opportunities

Demand

- All around the year
- 100 - 200 goats/khasi per day in Ktm

In FY 2054/55

- Consumption: 44,000 Mt
- Import: 6,400 Mt

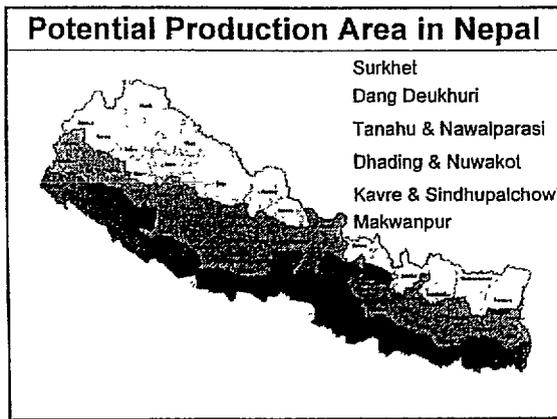
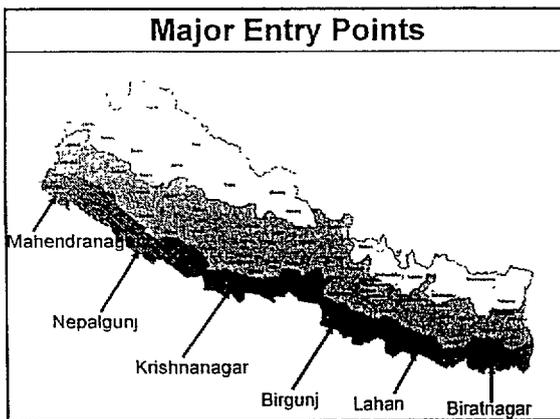
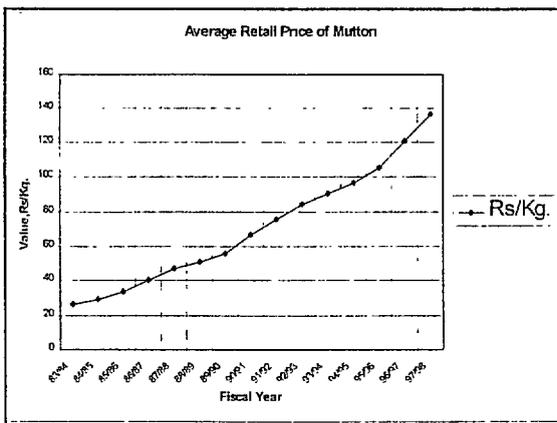
Annual Import: 300,000 goats/khasi

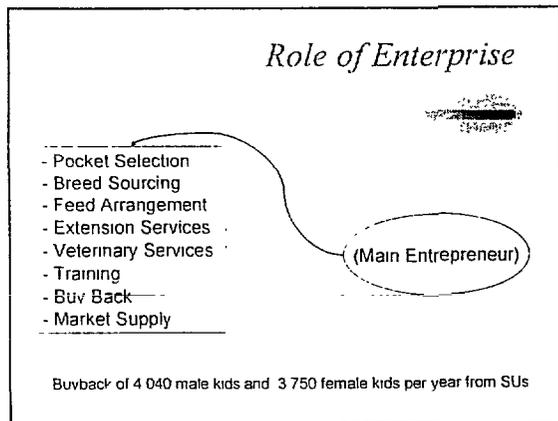
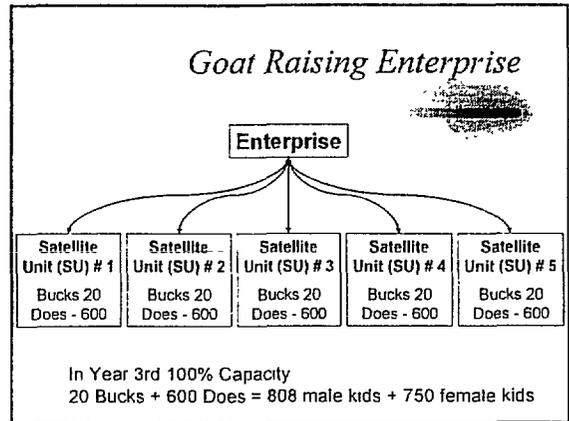
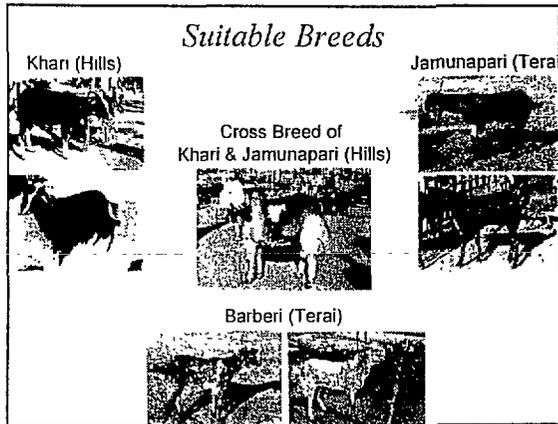
Demand Growth: more than 2.7% annually

Production Growth: 1.3% annually

Price Growth: Average 11.3% annually

Commercial Farming: not yet practised, only in rural household level





Schedule of Goat Raising

Sr	Particulars	Year/Month		
		Year 1	Year 2	Year 3
1	Conceive			
2	Pregnancy (160 days)			
3	Issue			
4	Sales of young kids			

Schedule of Goat Raising Basis of Calculation

Goats	Unit	Year		
		1	2	3
A. Number of Adult Goats	No.	620	620	620
1 Does (Female)	No	600	540	540
2 Bucks (Male)	No	20	20	20
3 Dry goats (Female)	No	0	60	60
B. Female kids:				
1 0 - 6 months	No	540	750	750
2 7 - 12 months (herd maintenance)	No	0	60	60
C. Male kids:				
1 0 - 6 months	No	540	808	808
2 7 - 12 months (herd maintenance)	No	0	2	2

Assumptions

- 1 First year - 1 kidding
- 2 Three kidding in every 2 years from second year onwards
- 3 Average 2 kids/parent/kidding (1 male & 1 female)
- 4 Mortality 10% on parents and kids

Summary Analysis Supported by Detailed Analysis

- to be made available. . .

Financial Analysis for main Enterprise (By Establishing Satellite Unit)

Fixed assets investment	Rs 13.874 million
Buck @ Rs 5,714 per head	
Doe @ Rs 3,810 per head	
Initial Working Capital	Rs 0.411 million
Annual Sales Revenue	
1st year	Rs 0.566 million
2nd year	Rs 8.763 million
3rd year & on-wards	Rs 13.372 million
Sales Price	
Male Kid (15 Kg)	Rs 1,575 per head
Female Kid (15 Kg)	Rs 1,260 per head
Retained Earnings	Rs 374,000 (at 3rd year)
Accumulated Cash Surplus	Rs 527,000 (at 3rd year)
Payback Period	4.86 years

Financial Analysis per SU

Fixed assets investment	Rs 5.461 million
Bucks @ Rs 6,000 per head	
Does @ Rs 4,000 per head	
Initial Working Capital	Rs 0.128 million
Annual Sales Revenue	
1st year	Rs 0.113 million
2nd year	Rs 1.864 million
3rd year & on-wards	Rs 2.584 million
Sales Price	
Male Kid (15 Kg)	Rs 1,500 per head
Female Kid (15 Kg)	Rs 1,200 per head
Retained Earnings	Rs 562,000 (at 4th year)
Accumulated Cash Surplus	Rs 36,000 (at 3rd year)



Annual Sales Revenue per SU

Product	Unit	Ex-farm price, Rs.	Year		
			1	2	3
Quantity:					
Young Male (15 kg)	head	0	540	808	
Young Female (15 kg)	..	0	540	750	
Manure @ 1 kg/day	MT	226	752	883	
Adults (salvage)	head		60	60	
Value.			Rs '000		
Young Male (15 kg)	head	1500	0	810	1,212
Young Female (15 kg)	..	1200	0	648	900
Manure	kg	0.5	113	376	442
Adults (salvage)	No	500		30	30
Total			113	1,864	2,584

Risks and Remedial Measures

- The goats are prone to different diseases and necessary medications should be given in time. Veterinary doctor provided by Channel Captain will take care of it.
- Improper record keeping which needs assurance for proper record keeping regarding purchase, sales, birth etc.

Implementation Schedule for Main Enterprise

Sn	Particulars	Year/Months	Year 1					Year 2						
			2	4	6	8	10	12	2	4	6	8	10	12
1	Identification of Location	**												
2	Mobilization of Satellite Units	****												
3	Negotiate with bank	*****												
4	Contract with satellite units	*****												
5	Source contract for breed+feed+technical services	*****												
6	Establish	*****												
7	Production at rated capacity	*****												

Financial Analysis for whole unit

Fixed assets investment	Rs 27.633 million
Buck @ Rs 5,714 per head	
Doe @ Rs 3,810 per head	
Initial Working Capital	Rs 0.627 million
Annual Sales Revenue	
1st year	Rs 0.594 million
2nd year	Rs 9.441 million
3rd year & on-wards	Rs 13.332 million
Sales Price	
Male Kid (15 Kg)	Rs 1,575 per head
Female Kid (15 Kg)	Rs 1,260 per head
Retained Earnings	Rs 38,37,000 (at 5th year)
Accumulated Cash Surplus	Rs 16,95,000 (at 6th year)
Payback Period	7.23 years

3
68



Annual Sales Revenue from whole project

Product	Unit	Ex-farm price, Rs.	Year		
			1	2	3
Quantity:					
Young Male (15 kg)	head		0	2700	4040
Young Female (15 kg)	...		0	2700	3750
Manure @ 1 kg/day	MT		1132	3103	3975
Adults (salvage)	head			300	300
Value:					Rs. '000
Young Male (15 kg)	head	1500	0	4253	6,363
Young Female (15 kg)	...	1200	0	3402	4725
Manure	kg	0.5	594	1629	2087
Adults (salvage)	No	500		158	158
Total			594	9,442	13,333

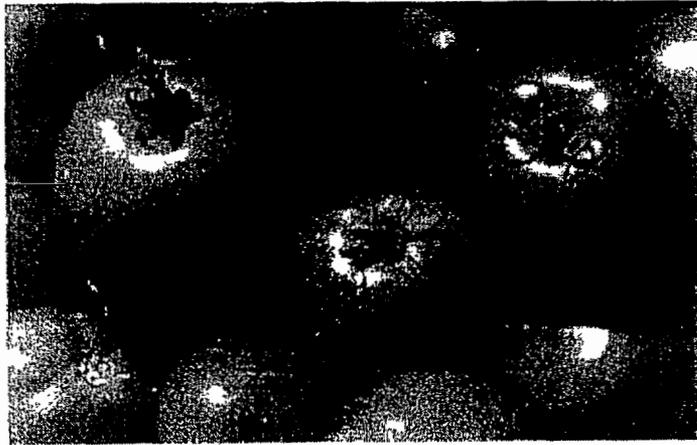
- AEC's Catalytic Role*
- Training
 - Information
 - Counselling & Advice
 - Business Linkages
 - Technology and Technical Backstopping

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could be good starting of the

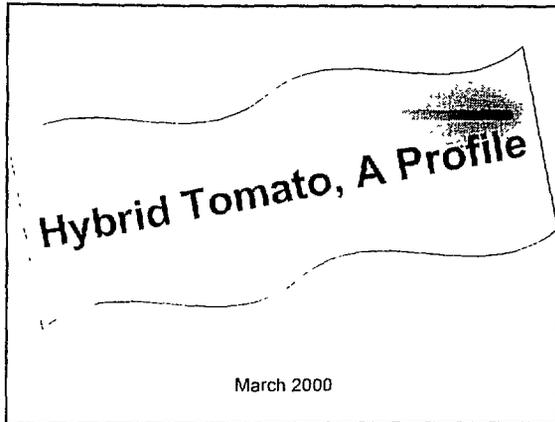
"Goat Raising Enterprise" !!!

Thank You!





Hybrid Tomato



Hybrid Tomato Farming is a Profitable Business Venture

BECAUSE ...

-  *Business Opportunities*
- ⚡ High Demand!!!--One of the major vegetables of importance
 - ⚡ High Price!!!--From July-November
 - ⚡ Technology available for commercial farming
 - ⚡ "High Yielding" commodity
 - ⚡ Farmers are motivated

 *Government Policy*

APP, Ninth Plan

has

Priority

on

off-season vegetable production

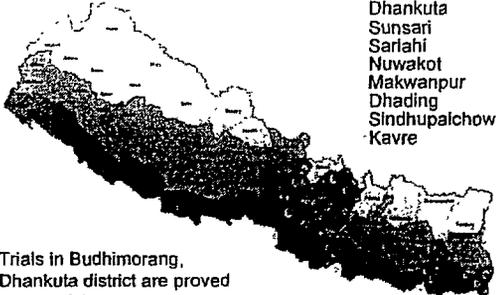
Agro Climatic Condition

 Day Temperature : 22 - 25° Celsius

 Night Temperature : 15 - 20° Celsius

Potential Production Area in Nepal

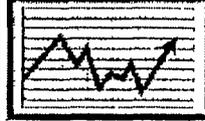
Jhapa
Dhankuta
Sunsari
Sarfahi
Nuwakot
Makwanpur
Dhading
Sindhupalchowk
Kavre



Trials in Budhimorang, Dhankuta district are proved successful

Inputs

- Decomposed Organic Matter
- Seed ("Avinas-2", hybrid tomato seeds for consistent quality & high yield) -- supply source is reliable
- Dry Straw
- Water
- Insecticides
- Plastic Sheets
- Plastic Crates



Export/Wholesale Price Trends 2015/16

Market	Max. Price	Period
Bangladesh & North India	FOB US\$ 290/MT	Bhadra - Marg
Dharan	NRs 36/Kg.	Jestha - Mangshir
Kalimati	NRs. 38/Kg.	- do -

Modality of Business

- Own Land
- Contract Farming
- Pocket area based production through "Channel Captain" with backward/forward linkages

Tomato Enterprise

Farmers/ groups

10-20 Groups

(Main Entrepreneur)

- Technical Backup to farmers
- Seed/fertiliser sourcing
- Buy back
- Collecting & Processing
- Marketing & Selling



Production Focus

Plantation work to be started from April - August targeting supply to the Bangladesh and North India market during off season (July - December)

Hybrid Maize can be planted in other months.

Summary Analysis Supported by Detailed Analysis

- to be made available . . .

*Financial Analysis
estimated for one ropanis*

Production MM/Ha	30	50	30	50	30	50	30	50
Production Cost, Rs/Kg	1.89	1.16	1.89	1.16	1.89	1.16	1.89	1.16
Total Income, Rs	90,000	150,000	150,000	250,000	210,000	350,000	270,000	450,000
Profit, Rs/Kg	1.07	1.84	3.07	3.84	5.07	5.84	7.07	7.84
Total Profit, Rs	32,000	92,000	92,000	192,000	152,000	292,000	212,000	392,000

*Financial Analysis
estimated for 400 ropanis*

Cost of Seed	Rs. 0.204 million
Buying Rate of Tomato	Rs. 6.5/Kg. at delivery centre
Fixed assets investment	Rs 1.3 million
Working Capital	Rs 5.3 million
Consumption	
Export	80% of harvest @ US\$ 290/MT
Local Market	20% of harvest @ Rs. 14/kg
Sales Revenue	Rs 13.25 million
Break Even Point	37%
Net Profit	Rs 1.915 million
Return on investment	47%

Benefits and Risk & Remedial

- † Hybrid tomato can be stored for longer period
- † Can fetch better price
- † Extension service and proper management can prevent disease and insect problem

AEC's Catalytic Role

- » Provide business plan
- » Provide periodic technical supervision for one year
- » Establish linkage between tomato growers and buyers
- » Group training

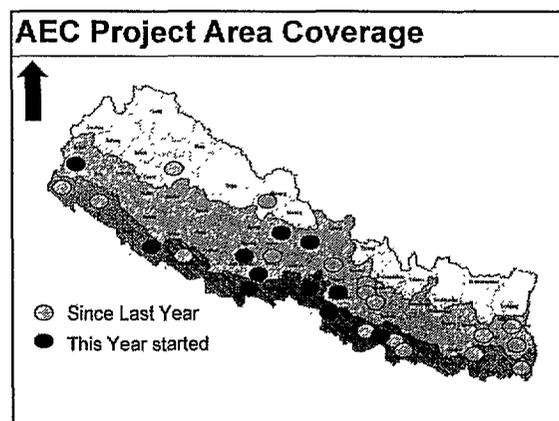


Summary Power Point Present at of AEC's 1998-1999 Progress Report

Federation of Nepalese Chambers of Commerce and Industry

**Agro Enterprise Centre
(AEC)**

Annual Progress Report
(Reporting Period 17 July 1998 to 16 July 1999)



New Enterprises Created / Supported / Linked

Sn.	Name of Enterprises	Purpose
1	B H Enterprise, Kathmandu	Export of orange from Lumjung to Bangladesh
2	New Narendra Trading Concern, Fikkil, Ilam	Export of orange from Syangja to Bangladesh
3	Koshah Trading Concern, Biratnagar, Morang	Export of apple from Jumla to Bangladesh
4	Singhal Impex, Dharan, Sunsari	Export of hybrid tomato from Dhankuta to Bangladesh
5	Indu Shanker Sugar Mill, Sarlahi	Production of sugarcane seed at Sarlahi
6	Nepal Organic Coffee Products, Madan Pokhara, Palpa	Packaging and processing of coffee at Palpa
7	District Cooperative Federation, Tamghas, Gulmi	Processing of coffee at Gulmi
8	Sungava International, Kathmandu	Sample of high value commodities sent to Qatar
9	Nepal Tarkan Iatha Falut Khand Bikn Kendra, Surunga, Jhapa	Marketing of high value vegetables in Jhapa
10	Rudyn Agro Flora and Bodhi Brikchya Nursery, Bhadrapur, Jhapa	Production of gladiolus cut-flower in Bhadrapur
11	Dabur Nepal Pvt Ltd., Kathmandu	Commercial field trial of Sussurea Lappa (Kuth) at Marpha, Mustang
12	Gandaki Bee Concern, Kathmandu	Marketing of honey produced from the pocket of Dang

New Associations / Farmer Groups / Supported / Created

Sn.	Asson. / Farmer Group Supported / Created	Purpose
1.	Orthodox Tea Producers' Association (OTPA), Kathmandu	Promotion of orthodox tea for export.
2	Bee Keepers' Association, Kathmandu	Promotion of bee keeping/ honey.
3.	667 farmers of Chatradeurali, Dhading	Promotion of off-season high value vegetable production and marketing
4.	102 farmers of Budimorang, Dhankuta areas.	Production of hybrid tomato for export to Bangladesh.
5.	Farmer groups in Kailali and Kanchanpur	Production of sunflower.
6.	70 farmers of Dang and Deukhuri	Production of honey.
7.	20 farmers groups of Bajrabarahi, Makawanpur.	Production and marketing of high value vegetables.

Commodity Associations Supported

Are	Total Membership	Increased since last year
● FAN	101	19
● NARE	40	10
● SAN	29	-
● SEAN	116	8
● OTPA	7	-
● Cold Storage	15	-

Impact in Policy Lobbying

- 50% discount on electricity bill for cold storage by NEA
- Formulation of Agriculture Marketing Act-2055 (Final Stage)
- Formulation of Tea Policy (Final Stage)
- Formulation of Contract Farming laws (Initial Stage)
- Meeting with MP of Bangladesh

Publicity

- TV programs prepared and telecasted through *Artha ko Artha* of following commodities:
 - ◆ apple ◆ sugarcane
 - ◆ sunflower ◆ orthodox tea
 - ◆ export of apple, orange and tomato
- TV programs under preparation are:
 - ◆ cold storage
 - ◆ niger seed

Trade Fairs / Exhibitions Organised and Participated

- Organised Floriculture Trade Fair '99, Kathmandu
- Organised Angora Rabbit Exhibition, Kathmandu
- Participated in Himalayan Expo '99, Kathmandu
- Attended Agro Tech '98 - Chandigarh, India
- Sponsored Flower Exhibition, Pokhara

New MoU / Linkup established With Programmes

- PPP/UNDP for HVC at National Wildlife Conservation areas
- CFRL/HMG for Cardamom dryers, Tea quality evaluation
- NARC/HMG for Sugarcane Seed Production Programme
- TU/AAS for Human Resource
- KU/SOM for - do -
- MARD, Agro Product Management Committee Birtamod, Butwal CCI, ADO Chitwan, Nepalgunj CCI, Pokhara CCI and Kalimati Board for Exchange of Daily Wholesale Market Price of 9 Markets
- LGP/UNDP for Cardamom dryers at Sankhuwasavha District in the process of finalisation / MoU to be signed

Wholesale Market Price Info Network ↑ compilation

1. Kathmandu Market
2. Dharan Market
3. Birtamod Market
4. Narayangarh Market
5. Pokhara Market
6. Butwal Market
7. Tulsipur Market
8. Nepalgunj Market
9. Mahendranagar Market

Key Achievements

- Pocket area development programs are being carried out successfully
- Programs on different commodities are showing multiplying effect on sunflower, sugarcane, tomato, gladiolus, rose, carnation, banana, etc.
- AEC's involvement in : APP, policy dialogues, Kalimati Wholesale Market Board, Small Market Infrastructure Development Project, etc.
- Creating awareness of AEC's programs on farmers, policy makers and business community

Contd ...

Key Achievements Contd ...

- Export market trails of tomatoes, apples and oranges to Bangladesh were conducted successfully
- System developed for marketing of apples from Jumla
- Exchange of daily market price information of fruits and vegetables of nine internal markets
- Programs with PPP/ UNDP, LGP/ UNDP, CFRL/ HMG, NARC/HMG, MARD, etc are being conducted

Contd ...

Key Achievements Contd . . .



- Policy lobbying during preparation of Agriculture Marketing Act-2055, Tea Policy and Contract Farming was successfully executed
- Established linkage with TU / IAAS & KU / SOM for involving teacher and students in related AEC programmes such that commercial orientation of agriculture could be imparted to teachers and students

Area Coverage by AEC Activities

Programme	Districts
Off Season Veg & Veg Seed Production and Market Links	* Dadelduhara
Price Info. Service	* Banke - Nepalgunj
Coffee Processing/ Export Marketing	* Gulmi
Price Info. Service	* Rupandehi - Butwal
Coffee Processing/Marketing	* Palpa
Floriculture	* Kaski
Beekeeping	* Kaski
Price Info. Service	* Kaski--Pokhara
Orange Export Marketing	* Lamjung
Price Info. Service	* Chitwan-Narayangardh
Sugarcane Seed Production	* Parsa
Sunflower Production	* Parsa
Vegetable Production/Marketing	* Makwanpur
Sugarcane Seed Production	* Sarlahi
Price Info. Service	Kanchanpur-Mahendranagar
Sunflower Production	Kailali
Banana Plantation/Marketing	Kailali
Apple Marketing to Bangladesh	Jumla
Commercial Production of Lentil	Dang
Nigerseed	Dang
Beekeeping	Dang
Price Info. Service	Dang - Tulsipur
Commercial Production of Herbs (Dabur)	Mustang
Apple Marketing	Mustang
Orange Export Marketing	Syangja
Pocket Area Vegetable Production/Marketing	Dhading
Price Info. Service	Kathamndu
Floriculture / Nurseries	Kathamndu
Carnation Production	Kathamndu
WEAN Co-operatives Pickle Production	Lalitpur
Floriculture	Lalitpur - WEAN
Angora Rabbit Farming	Kavre
Sugarcane Seed Production	Rautahat
Sugarcane Seed Production	Mahotari
Sugarcane Seed Production	Dhanusha
Floriculture	Sunsari
Price Info. Service	Sunsari - Dharan
Orthodox Tea Export Marketing	Dhankuta
Tomato Production/Marketing/Export	Dhankuta
Angora Rabbit Breeding Programme	Dhankuta
Gladilous Cut Flower Production	Jhapa
Tea Testing & Quality Control	Jhapa
Vegetable Production/Marketing	Jhapa
Price Info. Service	Jhapa - Birtamod
Orthodox Tea Export Marketing	Illam
Orthodox Tea Export Marketing	Panchthar

* New Districts Where AEC started its activities this year only.

TRIP REPORT
Market Exploration
Fresh Fruits,
Vegetables and Floriculture Products
in
Doha, Qatar

November 15 - 21, 1998

Shanker M. Singh
Sr. Manager, Business Development/AEC
&
A.S. David
Advisor, AEC

TRIP REPORT BRIEF

COUNTRY/CITY : QATAR/DOHA
DATES : Nov. 15 - 21, 1998
UNDERTAKEN BY : S.M. Singh, Sr. Mgr. Bus. Development/AEC
A.S. David, Advisor, AEC

OBJECTIVE

The basic objective was to assess, first hand, the comparative potential of exporting selected fresh fruits, vegetables and floriculture products as well as orthodox tea, honey, lentils and the like to Doha. Detailed objective, background and approach taken were developed prior to departure and are now approached as Appendix A to this Report.

FINDINGS

The overall conclusion is that given QATAR Airways relatively low air freight offered to AEC "supported/sponsored" agro-products, i.e. as low as 0.70 USD per Kg;

further given that Doha market does import the bulk, i.e. over 90%, of its domestic demands from both regional and "foreign" sources, i.e. Holland, Australia, South Africa and USA (see Appendix B.1 for product varieties as ordered by food/super market chains and p. 2 for descriptive summary of Doha fruit and vegetable market),

furthermore given that the market is indeed differentiated by source of product origin, the team concludes that select agro products will be well received in Doha as long as minimal pre-requisite conditions are met.

1. "Competitive" price, i.e. price lower than European or "foreign" imports until such time as consumer acceptance of "Himalayan Products" as synonymous to unique" products (see Appendix B.3 for representative price lists)
2. Product uniformity, i.e. same grade rating over time
3. Top of the line product packaging
4. Reliable delivery scheduling, i.e. specified delivery time/date plus quantity

FRESH FRUITS and VEGETABLES

Floriculture products demand is increasing as more Qatari residences and institutional establishments use cut flowers, interior and exterior plants. In addition demand for peat moss is very strong.

1. The bulk of the floriculture products (i.e. bark and foliage mulches) are currently imported from Holland, Jordan, Iran and Syria. Product range spans the gamut of plants and flowers identified in the International Catalogue of floriculture products (see reference catalogues submitted to AEC Library and FAN).
2. Again, Nepal's products will indeed find a niche as and when they meet the same pre-requisites noted above for fresh fruits and vegetables. The floriculturists with whom Nepal's products were discussed and were prepared to test order some products (see

Appendix C1 for requested samples and price quotations), emphasized price, quality and packaging, e.g., boxes for cut flowers and moss potted plants.

TEA and LENTILS

Meeting with Mr. Rafiq, Candle Trading & Contracting Co.

On 29 October, 1998 AEC had sent a sample of BPS Lot No. 1, BPS Lot No.2, BPSM Lot No. 3, BOP (S) Lot No. 4, BP(S) Lot No. 5, PF Lot No. 6, OF Lot No. 7, OF(S), GFBOP (Orthodox), BOP (Orthodox) from Khetan Tea Stores to importers of Qatar. The stated sample of Nepalese tea is equivalent to the Iranian tea. However, the importers have shown interest in importing low grade orthodox tea blended as per their requirement. The importer has also provided the sample of orthodox tea to the visiting team. Other specifications of the sample is also expected to be sent through fax within due courses of time. The importers also approved the AEC's role as the connecting arm between the importers and exporters, especially for tea and lentils.

Regarding tea, the packaging should be in bulk and this is meant for export to Iran. Importers have requested the write ups and published material regarding horticulture development in Nepal. AEC is planning to send the publications of government related/sector related publications on horticulture development in Nepal.

Lentils:

As regards, import of red lentil, the importers have shown interest in importing red lentils from Nepal. The retail price existing in the market at Doha, Qatar is 4-5 Riyal per kg. The price offered by the importer for red lentil is \$ 306 per MT CIF Doha.

If Nepalese exporters of red lentil can export before 17 December, 1998, i.e. before RAMJAN -- their holy festival, it would be most profitable and lucrative venture for Nepalese exporters. It has also been learnt that India is exporting lentil after taking it from Burma, Bangkok and Nepal. The team has brought the sample of lentil to show to the exporters what they need. The importers have also shown interest in importing blackgram from Nepal and is requesting for the sample of the same. On discussion, importers have given note that Nepal should learn and try to follow the British Standard Specifications.

Meeting with Mr. Faizal, Family Food Centre

- There is no import tariff for fruits/vegetables, sugar and rice in Doha, Qatar.
- The company wants to import from those importers who can start with less quantity in the beginning and who can work patiently and work in the longer run.
- The phytosanitary and quantitative law are strict; e.g. for orange, they will cut it into 4 pieces and if negative found, the whole consignment is rejected. So, the exporters have to be very very careful while packing and regarding quality control.

RECOMMENDATIONS

Based on extensive discussions held with various agro product wholesale and retail importers/distributors/merchandizers, (see Appendix D for names, titles and addresses of individuals met), as well as first hand observation of products at supermarkets and the Doha Wholesale Fruits and Vegetable Markets, the following action-specific recommendations, among others, are offered:

1. Immediate action(s)* i.e. one week or by no later than Dec. 01, 1998
 - identify exporting entrepreneurs that might be interested in exporting the following products to Doha:
 - Fresh Broccoli
 - Fresh Cauliflower
 - Red & Yellow lentils
 - Orthodox tea
 - Cut flowers
 - Indoor and outdoor plants
 - Blackgram (Pulses)
 - have potential exporting parties assemble and subsequently air-freight sample of products offered for export along with:
 - prices C & F Doha
 - quantity offered & dates for shipments
 - required mode of payment

NOTE: It is recommended that potential exporter initiate dialogues with targeted importer through AEC first and subsequently independent of AEC.

2. Intermediate time-based Actions, i.e.
 - working with Ministry of Commerce, and based on feed back obtained from Doha for samples sent as per above, develop a "marketing plan" that focuses on creating a Nepal product identity in Doha. This shall include, as a minimum; **one**, an advertising/promotional media campaign; and **two**, product fair/exhibition where Nepali products supported by Nepali cultural activities are held on a regular basis.**
 - identify long term importing agent that would represent Nepal's agro product interests in Doha as well as relay regular market related informations.
3. Long Term Action
 - Move towards creating consistent supply source for commodities and products well received in the Doha market.
 - move towards central farming with lead exporter and several product producers
 - move towards accessing ancillary supportive enterprises, e.g. packaging material producers, peat moss producer for floriculture plants
 - move towards setting up a regular Nepal based product importer(s) either as importing agent or wholesale importer
 - create and maintain effective follow up marketing system, for information accessing as well as exporter to marketers linkage support.

The market is there for Nepal to GRAB, and GRAB it much through quality, price and "made in Nepal" product development. IT CAN BE DONE SO STAY WIT IT & DO IT!

* Of course to effective follow up, courtesy thank you notes for enformations shared will be done first thing by ASD.

** Given the size of the Nepali labor force working in Qatar, especially those in the food and hospitality industries, Nepali food festivals can be very effectively and "inexpensively" mounted. This can not nor should not be a one time affair but should be repeated at some strategic times and season, e.g. Iid Festival of Ramadan and Nepal's Constitution or Democrazy Day.

NOTE : NOT ALL APPENDICES HAVE BEEN INCLUDED IN THIS FINAL REPORT. THEY ARE TO BE FOUND IN ORIGINAL REPORT SUBMITTED TO AEC. THE EXCLUDED ONES INCLUDED:

Appendix D : Copies of Business Cards of Contacts Made

Appendix G : Imports Classified by Commodity and Country of Origin, Qatar 1996.

Vegetable Market in Doha, Qatar: A Brief Summary *

There is a saying in Doha "You don't have to be Vegetarian to enjoy a visit to the 'vegetable souq'; you don't even have to have a particular liking for fruit and vegetables!" Photographers will be surprised by the wealth of subject matter - animate inanimate; and those who are fascinated people will find faces, old and young, from every part of the world! Those market visitors and shoppers with a culinary enthusing over exotic produce from every part of the world; it is rare for anything to be out of season, and the 'relative merits of different varieties can be examined and even sampled with consummate ease.

You don't know what that long green vegetable with ridges bumps and lumps is? You'll be told its name in at least four different languages, and someone, will know how to cook it or prepare it!

Many years ago, Doha's main vegetable market was down by, the Corniche, in the old souq, along with the meat and fish markets. Now they are all part of the Central Market complex on the Salwa Road as you head out of Doha. There's even a 'weekend souq' out in the same area, selling everything from falcons and traditional artefacts to pots, pans, clothes and perfume!

There are both retail and wholesale sections to the vegetable market, so whether you want just one banana or a hundredweight of potatoes, you can find exactly what you need. The retail market hides behind high walls and an archway--a courtyard with numerous stalls stacked with luscious fruit, brightly coloured vegetables, and vendors shouting out their prices and inviting you to One of the first people to approach you as you enter the market is almost certain to be a porter--eager to follow you on your shopping trip, waiting while you make your choices, filling his wheelbarrow with your purchases, and following you to your car or taxi to transfer the load. He'll even offer to take your baby or toddler in a box on the wheelbarrow so that you can be free to concentrate on the shopping - but if you arrive at a quiet time, you'll probably find the barrows parked in the shade, the porters curled inside them fast asleep!

Fruit and vegetables come in to Qatar by land and air, supplementing the amazing range grown locally in fields and greenhouses by traditional methods and using hydroponics. You can, for example, find locally grown strawberries side by side with those from Europe. You'll find boxes of plump red and white, grapes, many different kinds of, oranges - and the charming kumquat which look like miniature oranges and you eat complete with their skin.

If you're used to shopping for fruit and vegetables in Europe, you'll probably be amazed by both the low prices here and the vast quantities that people buy. (But remember there're often buying for their own family of eight to ten, plus the extended family!) You might be used to buying small quantities of pre-packed fruit and vegetables in a supermarket; here, you'll see huge bundles of outsize radishes, or spring onions, and lettuce is sold by the kilo, the head.

The flat-leafed parsley is sold in enormous bunches, as is the mint and coriander. Avocados are priced by the kilo, not by piece; hangs of bananas will be piled up beside mountains of luscious peaches, apricots, plums and nectarines. Unfamiliar Asian vegetables are heaped in mounds, their intriguing shaped tempting unfamiliar buyers.

The big secret of the vegetable market - if you're going there to buy - is to wander round first, and compare both the prices and the quality. Although the government keeps a strict eye on prices, there will be a range indicated for most items - and with some careful selections, you can make some worthwhile savings.

There's no question here but that the buyer has the last say! Pick up the produce and examine it! Grab a bag from the stallholder and select the fruit and vegetables you want. Examine each piece of fruit, reject those that are bruised or which don't appeal to you; have a good look at the lettuce and select those with the tenderest leaves. Cucumbers here are not the large, long kind, but the much more practical small versions - so if you want short, fat, straight cucumbers, search until you find them. The stallholder won't be in the least bit surprised or dismayed if you ask him to open another box. And the same goes for every other kind of fruit and vegetables. Ask him to cut an orange open to see if the skin really is thin - try one of the apricots - he'll be surprised if you don't!

Make your choice of purple or white onions; don't be worried if the stallholder refers to the aubergines as egg plants or brinjoles; try the long white radishes and bitter grounds; you'll find enough different variety each day of the week; and don't reject the big, tasty 'beef' tomatoes just because they are irregular shapes and different sizes - they are far tastier than their anaemic round European counterparts, and their size makes them so much more versatile - why not try stuffed tomatoes for change?

The vegetable souq offers you fresh figs and, dates, melons of every shape, size and nationality, sweet mangoes, deep red or bright green apples, cabbages and coulfiflowers, potatoes and sweet potatoes, corn-on-the-cob, and carrots pomegranates and prickly pear fruits. You've never eaten unripe almonds whole, in their furry green skins? This is your chance to try them; and if you're very lucky and willing to part with a sizeable chunk of your housekeeping, then after the winter and spring rains, you may be able to buy some of the fuggaa, the prized truffles found the Qatari desert. You may find some of the other desert plants and fruits on sale too.

As a visitor, just looking round, you'll be fascinated by the market; as a photographer you'll go home with some great pictures. But as with everywhere else in the country, remember that the ladies don't like to have their photographs taken - and it's always polite to ask even the men for permission before you commit their image to film!

* Summary of reported descriptions, "MARHABA" Issue No. 12, Sept. 1998

APPENDIX B.2

Retail Price List of fresh fruits and vegetables at the leading Super Market in Doha, Qatar (on 25-09-1998)

PRICE LIST for The Centre. f.a.o. Mr. Karunakaran
All prices are in Dutch guilders per cs. delivered c+f Doha by air
N.A. = Not Available / D.P. = Dayprice

Product	Orig.	Packing	Weight (in kg)	Price	Product	Orig.	Packing	Weight	Price
Alfafa Sprouts	HOL	8x100 gr	0.8	12.50	Carrots with leaves	HOL	12 bunch	8.0 kg	39.90
					Carrots with leaves Baby	HOL		3.0	64.70
Apples Boskoop	HOL		12.0	47.30	Cauliflower white	HOL	8 pcs	8.0	40.90
Apples Royal Gala	FRA		18.0	80.10	Celery Roots brushed	HOL		10.0	40.50
Apples Elstar	HOL		12.0	51.90	Celery Sticks	HOL		10.0	47.00
Apples Cox	HOL		12.0	51.90	Chayotte Green	C.R		8.0	51.40
Apples Braeburn	FRA		13.0	82.20	Cherries	USA		9.0	NA
Apples Golden Delicious	FRA		18.0	81.30	Chicory Loose	HOL		5.0	33.50
Apples Granny Smith	FRA		18.0	83.60	Chicory pp	HOL	10x500 gr	5.0	36.40
Apples Jonagold	HOL		12.0	49.60	Chicory Red	HOL		3.0	NA
					Chily Green	HOL		3.0	30.20
apricots	FRA		9.0	NA	Chily Red	HOL		3.0	33.70
Artichokes	FRA	18 pcs	10.0	56.60	Chives	HOL	15 pots	3.5	33.50
Artichokes	FRA	24 pcs	10.0	54.50	Courgettes Green	HOL	16 pcs	5.0	42.70
Asparagus Green	PER	11x450	5.0	DP	Courgettes Green	HOL	20 pcs	5.0	42.70
Asparagus White	PER	11x450	5.0	DP	Courgettes Yellow	HOL		5.0	45.00
Avocados	RSA	20 pcs	4.0	27.70	Cress - Garden cress	HOL		1.0	9.60
Bean Sprouts	HOL	8x250 gr	2.0	14.30	Cress - Daikon cress	HOL		1.0	14.50
Bean Sprouts	HOL		2.0	11.40	Cress - Mustard cress	HOL		1.0	17.30
Bean Sprouts	HOL		10.0	45.00	Cress - Shiso cress	HOL		1.0	17.30
Beans Haricot Verts	KEN		2.5	35.20	Cress - Water cress	HOL		1.5	45.40
Beans Runner Beans	HOL		4.0	53.00	Cucumbers 350/400 gr	HOL	12 pcs	4.5	26.80
Beetroot Cooked	HOL	18x500 gr	9.0	58.90	Cucumbers 300/350 gr	HOL	14 pcs	4.5	26.80
Berries - Blackberries	HOL	12x150 gr	1.8	69.50	Eggplants 175/225 gr +	HOL		5.0	38.10
Berries - Blueberries	HOL	12x150 gr	1.8	41.90	Eggplants 225/300 gr +	HOL		5.0	38.10
Berries - Raspberries	HOL	12x150 gr	1.8	58.00	Eggplants 300/400 gr +	HOL		5.0	38.10
Berries - Red Currants	HOL	12x150 gr	1.8	50.00	Fennel	HOL	60/80	5.0	28.30
Broccoli	HOL		6.0	47.70	Fennel	HOL	80/100	5.0	32.40
Brussels Sprouts	HOL	Size B	5.0	26.30	Figs Caclus	ITA		2.0	22.30
					Figs Fresh - blue	TUR		1.0	19.60
Cabbage Chinese	HOL		7.0	33.40	Garlic	SPA	20x100 gr	2.0	21.40
Cabbage Red	HOL		10.0	34.50	Garlic	SPA	20x500 gr	10.0	86.70
Cabbage Savoy	HOL		8.0	37.00	Ginger	RSA		4.30	40.60
Cabbage Spring	HOL		10.0	40.10	Grapefruit Red	ARG		15.0	76.60
Cabbage White	HOL		10.0	32.80	Grapefruit White	RSA		15.0	57.70
					Grapes Blue	ITA		6.0	NA
Capsicum Black 60/80	HOL		5.0	43.90	Grapes White	ITA		10.0	52.20
Capsicum Black 70/90	HOL		5.0	61.10	Grapes White Thomson	GRE		5.0	38.10
Capsicum Green 60/80	HOL		5.0	32.90	Grenadillas	COL		2.0	41.30
Capsicum Green 70/90	HOL		5.0	34.10	Herbs In Aquapots	HOL	12 pots	2.0	29.40
Capsicum Mixed flowpack	HOL	10x500 gr	5.0	40.40	Herbs In Bunches	HOL	10x60 gr	0.6	25.80
Capsicum Orange 60/80	HOL		5.0	31.20	Herbs In Packets	HOL	12x35 gr	0.4	25.80
Capsicum Orange 70/90	HOL		5.0	32.40	Herbs In Packets Mixed	HOL	12x35 gr	0.4	39.20

85

Product	Orig.	Packing	Weight (in k.g)	Price	Product	Orig.	Packing	Weight	Price
Capsicum Red 60/80	HOL		5.0	31.80	Herbs Loose	HOL	1 kg	1.0	DP
Capsicum Red 70/90	HOL		5.0	31.80	Kaki	NZL		2.0	NA
Capsicum White 60/80	HOL		5.0	38.90	Kiwano	NZL		1.5	41.70
Capsicum White 70/90	HOL		5.0	32.40	Kiwifruit	NZL		5.6	42.00
Capsicum Yellow 60/80	HOL		5.0	31.20	Kohlrabi	HOL		8.0	47.40
Capsicum Yellow 70/90	HOL		5.0	31.40	Kumquats	ARG		2.8	37.10
					Leeks class 1	HOL		5.0	22.20
Carambolas/ Starfruit	HOL		3.5	40.80	Lemons	ARG	138 pcs	18.0	89.30
Carrots size A pp	HOL		10.0	40.30					
Lettuce Boston / Soft	HOL	24 pcs	5.2	31.20	Potatoes Sweet Red	RSA		10.0	71.80
Lettuce Corn Salad (Field)	HOL		1.0	17.90	Radish Horseradish	GER		5.0	56.50
Lettuce Escarole	HOL		8.0	38.70					
Lettuce Frisee Green	HOL	12 pcs	4.2	46.20	Radish In Bunches red	HOL	15 bunch	4.0	25.60
Lettuce Iceberg	HOL	10 pcs	5.5	30.80	Radish Red Radish pp	HOL	20x125 gr	2.5	19.10
Lettuce Lollo Bionda	HOL	12 pcs	3.3	40.60	Ramboutan	IND		2.0	36.10
Lettuce Lollo Rossa	HOL	12 pcs	3.3	36.00	Rettich	GER		14.0	58.40
Lettuce Oakleaf	HOL	12 pcs	3.3	40.60	Rhubarb	HOL		6.0	42.00
Lettuce Radicchio Rosso	HOL	12 pcs	2.5	25.90	Sauerkraut pp	GER	20x500 gr	10.0	42.20
					Shallots Loose	HOL		5.0	28.50
Limes	MEX		4.0	38.10	Shallots pp	HOL	20x250 gr	5.0	33.70
Lychees	THA		2.0	NA	Spinach	HOL		6.0	NA
Mandarines Miniolas	RSA		10.0	NA	Strewberries	HOL	8x250 gr	2.0	DP
Mandarines Clausclinas	SPA		10.0	52.80	Straberries	HOL	6x250 gr	3.0	DP
Mangistan	IND		2.0	35.00	Sweet Corn	HOL	7x2 pcs	3.0	26.20
Mangoes	P.RIC		4.0	26.80	Sweet Corn Baby	ZIM	12x125 gr	1.5	30.20
Melons Galia	FRA		5.0	42.50	Tamarillos	COL		2.0	40.20
Melons Honeydew	SPA		9.0	45.10					
Melons Cantaloupe	FRA		5.0	NA					
Melons Water	SPA		14.0	NA					
					Tomatoes A 47 / 57 mm	HOL		6.0	28.50
					Tomatoes B 57/67 mm	HOL		6.0	28.50
Mushrooms Chestnut	HOL	8x250 gr	2.0	21.50	Tomatoes C 40/47	HOL		6.0	28.50
Mushrooms Chestnut	HOL		3.0	29.10	Tom Beef BB 67/82/ mm	HOL		7.0	39.90
Mushrooms Giant	HOL		2.0	17.40	Tom Beef BBB 82/102 mm	HOL		7.0	43.30
Mushrooms Medium	HOL	8x250 gr	2.0	18.60	Tom Chery Red	HOL	8x250 gr	2.2	18.80
Mushrooms Medium	HOL	12x250 gr	3.0	27.00	Tom. Cherry Yellow	HOL	9x250 gr	2.2	18.80
Mushrooms Medium	HOL		3.0	23.90	Tom On The Vine	HOL		5.0	28.70
Mushrooms Oyster	HOL		1.5	21.00	Tom On the Vine Cherry	HOL		3.0	21.00
Mushrooms Oyster	HOL	8x150 gr	1.2	18.40	Tom. Plum On the Vine	HOL		5.0	35.20
Mushrooms Shiitake	HOL	8x100 gr	0.8	36.10	Tom Plum on the Vine Yel	HOL		5.0	37.00
Mushrooms Shiitake	HOL		1.5	48.90	Tom on the Vine Yellow	HOL		5.0	37.50
Mushrooms Small	HOL		2.0	18.90	Tom B Yellow	HOL		6.0	NA
Mushrooms Small	HOL		3.0	27.50					
Mushrooms Small	HOL		3.0	24.20	Turnps	FRA		12.0	57.00
Nectarines	ITA		7.0	NA					
Onions Brown 60/80 mm	HOL		25.0	80.80					
Onions Red 40/60 mm	HOL		10.0	36.80					
Onions Red 60/80 mm	HOL		10.0	38.60					
Oranges Val	RSA		15.0	64.00					
Paksoy	HOL		5.0	33.90					

Product	Orig	Packing	Weight (in Kg)	Price	Product	Orig	Packing	Weight	Price
Papayas	BRA		2.5	37.580					
Parsley	BRD		4.0	33.70					
Passionfruit	KEN		2.0	41.30					
Peaches	ITA		7.0	NA					
Pears Beurre Hardy	HOL		12.0	49.00					
Pears Nashi	SPA		4.0	30.80					
Pears Conference	HOL		12.0	55.90					
Peas Mangetout	QUA		2.2	28.90					
Physalis	ZIM	8x90 gr	0.7	24.00					
Pineapples Baby	RSA		4.0	33.50					
Pitahaya Yellow	COL		2.0	65.70					
Plums Green	FRA		9.0	61.60					
Plums Blue	BUL		6.0	NA					
Plums Red	SPA	Sm Size	5.0	33.50					
Plums Yellow	SPA		5.0	44.40					
Potatoes Baby	HOL		20.0	82.80					

Exemplary Trading Fruits and Vegetable based on Interview with Procurement Manager of a leading super market, Doha (Nov. 17, 1998)

No. of Super Markets	10 - 12
Second grade super markets	20' - 25
Local shops	Many
Overall Foreign sourced	60%
Overall regionally sourced	40%
Big Super Markets Foreign	70%
Local	30%

Vegetables and fruits come overland from foreign source. Fruits can come by containers, apples, oranges and banana are available through wholesale market.

In Family Food the total transaction is QR 100 - 125 kg/shops/month

Importing and Exporting in Qatar: Some Observation *

Customs duties and procedures

The import of goods into Qatar is regulated by the Qatar Customs Law No. 5 of 1988. In general, a person wishing to import goods into Qatar for sale, must be registered in an Importers Register and be approved by the Qatar Chamber of Commerce.

Individual importers must have Qatari nationality. Companies must be wholly owned by Qatari nationals except in the following instances :

- If the importer is an industrial company, the capital of the company must be at least 51 % held by Qatari nationals and must be allowed by decree to import goods.
- If the importer has received an Amiri Decree exempting it from compliance with Law No. 25 of 1990.
- If the foreign company is engaged in large industrial or agricultural projects and has a contract with the government which allows it to import goods which are essential for its operations.

The majority of goods can be imported through a registered importer with the payment of a standard rate of customs duty of 4% ad valorem. Certain goods which compete with locally manufactured products are subject to a higher customs duty tariff as a protectionary measure.

The following rates of customs duty apply:

General -items	4%
Cement	20%
Steel	20%
Urea	30%
Tobacco	50%
Records and musical instruments	15%

Goods manufactured in GCC countries are exempt from customs duty provided they are accompanied by a certificate of origin issued by the Chamber of Commerce in the GCC state of origin.

*Source: "Doing Business in Qatar, Ernst & Young, 1995

Vegetable Market, Central Market, Saraya

Price of selected commodities that are selling at the above market:

Product	Coming From	Retail Rate
Strawberry		Riyal 8 for 250 grams.
Apple	Iran	Riyal 5 per kg.
Orange	Africa	Riyal 4 per kg
Green Apple	France	Riyal 4.50 per kg
Orange (General)		Riyal 10 for 3 kg pack

The apple box consists of 16 kg of apple in a box.

In this market, there are altogether 150 retail outlets. These retail outlets buy the products from the wholesale market. At the wholesale market, government fixes the maximum floor price and after that the auction takes place. The average turnover of the retail outlets is 100-150 boxes per day, per shop.

The price of selected vegetables are given as:

Product	Coming From	Retail Rate
Okra		Riyal 10 per Kilo
Cauliflower	Jordan	Riyal 10 per kilo
Chili	Jordan	Riyal 6 per kilo
Capsicum		3 per kilo

* (QR3.615 = 1.00 USD)

Existing Price at Family Food Centre (a leading supermarket) in Doha

Nepal should send in the name of "Himalayan Organic Food / Vegetable" its vegetable and fruits to Doha, Qatar:

Product	Retail Rate
Name of fresh Fruits / Vegetables	Rate
Green Chili (Small)	Riyal 6.50 per kg
Capsicum (Red)	Riyal 8.00 per kg
Brinjal	Riyal 6.50 per kg
Lemon	Riyal 3.50 per kg
Tomato	Riyal 2.50 per kg
Carrot	Riyal 4.50 per kg
Cabbage	Riyal 3.00 per kg
Bitter ground	Riyal 6.00 per kg
Cauliflower	Riyal 4.50 per kg
Apple	Riyal 6.00 per kg
Orange	Riyal 5.00 per kg

**Taping The Northern India Markets:
Vegetables, Fruits and Selected Spices**

(April 3 - 11, 2000)

And

(March 10 - 19, 2000)

Vijay Shrestha

&

A.S. David

Agro Enterprise Centre/FNCCI

Teku, Kathmandu

May 2000

Taping The Northern India Markets: Vegetables, Fruits and Selected Spices

INTRODUCTION

Consistent with AEC/FNCCI's main thrust of linking Northern Indian market with Nepali fresh fruits, vegetables, ginger and cardamom, a two member team consisting of Vijay Shrestha and A.S. David travelled to markets accessible to Eastern, Central and Western Nepal. This undertaking builds on significant investigatory work reported during 1997-1998 period. The main underlying hypothesis has been that since Nepal has diverse eco-climatic conditions **it can grow and competitively market** off season fresh fruits and vegetables to accessible Northern India markets.

Furthermore, the latter markets import most of their "off season"¹ produce from mainly southern parts of India and the North hilly parts of UP, thus incurring probable higher transport cost than sourcing the same from Nepal. Therefore, if Nepal producers could meet the landed costs of competing products at the "main"/targeted" markets,² then they may indeed "grab a piece of the market". As such, the team wanted, among others, to meet some wholesale traders/agents operating within the "main" markets and obtain first hand information about:

1. Where do they source most of their "off season" products? What quantity and at what price range?
2. Do they deal with Nepal producers? What commodities and quantities, what season, and at what prices? If not, why not?
3. What major "hurdles" do they face in sourcing from Nepal's main collection centers?

ITINERARY MARKET

North East India (West Bengal, Bihar & Sikkim)

Patna	March 3-6, 2000
Muzzaaffarpur	March 07, 2000
Purnea	March 08-09
Siliguri	March 10 and 12
Gangtok	March 11

Delhi & UP

Delhi	April 10-13, 2000
Bareilli	April 14-15
Lucknow/Bairaich	April 16-18
Gorkhpur	April 19

¹ "Off season" fresh fruits and vegetables refer to vegetables produced mainly in hilly portions of Nepal that are not produced in and around nearby "targeted" wholesale markets.

² "Main"/"Targetted" Northern India markets include:

Siliguri	Gorakhpur
Purnea	Lucknow
Muzzaaffarpur	Bareilly
Patna	Delhi

Market-Specific Observations

Bihar and West Bengal Markets

Patna, capital of Bihar, having population of about 3 million, is connected to all major cities of India. Patna's fruits and vegetables needs are fulfilled by one fruit and two vegetable wholesale markets. Fruits in Patna come mostly from seasonal producing areas; e.g. Nagpur oranges and apples from Kashmir, but vegetables are mostly available from nearby villages and cities. The easiest supply they have are from Baksar and Ranchi because these areas have commercial farming. Off-season of vegetables starting from June and ending in December, come from South India, specially from Maharashtra and Simla.

Ginger from Central and Eastern Nepal find their way to Patna and Muzaffarpur markets. A Birgunj trader, who collects vegetables from Central & Eastern Nepal and supplies to Patna and Muzaffarpur market, recently supplied ginger from Bhimad near Pokhara and paid between NC Rs. 14-30/kg. Central Nepal ginger fetch better price than Eastern Nepal due to its "higher" quality. It was reported that he has guaranteed NC Rs. 20/kg for capsicum in off-season. Most demanding period for Nepal seasonal vegetables, off-season for Patna, is between Sept-November. Average prices in the off-season, as indicated by buyers, may fall within the following ranges:

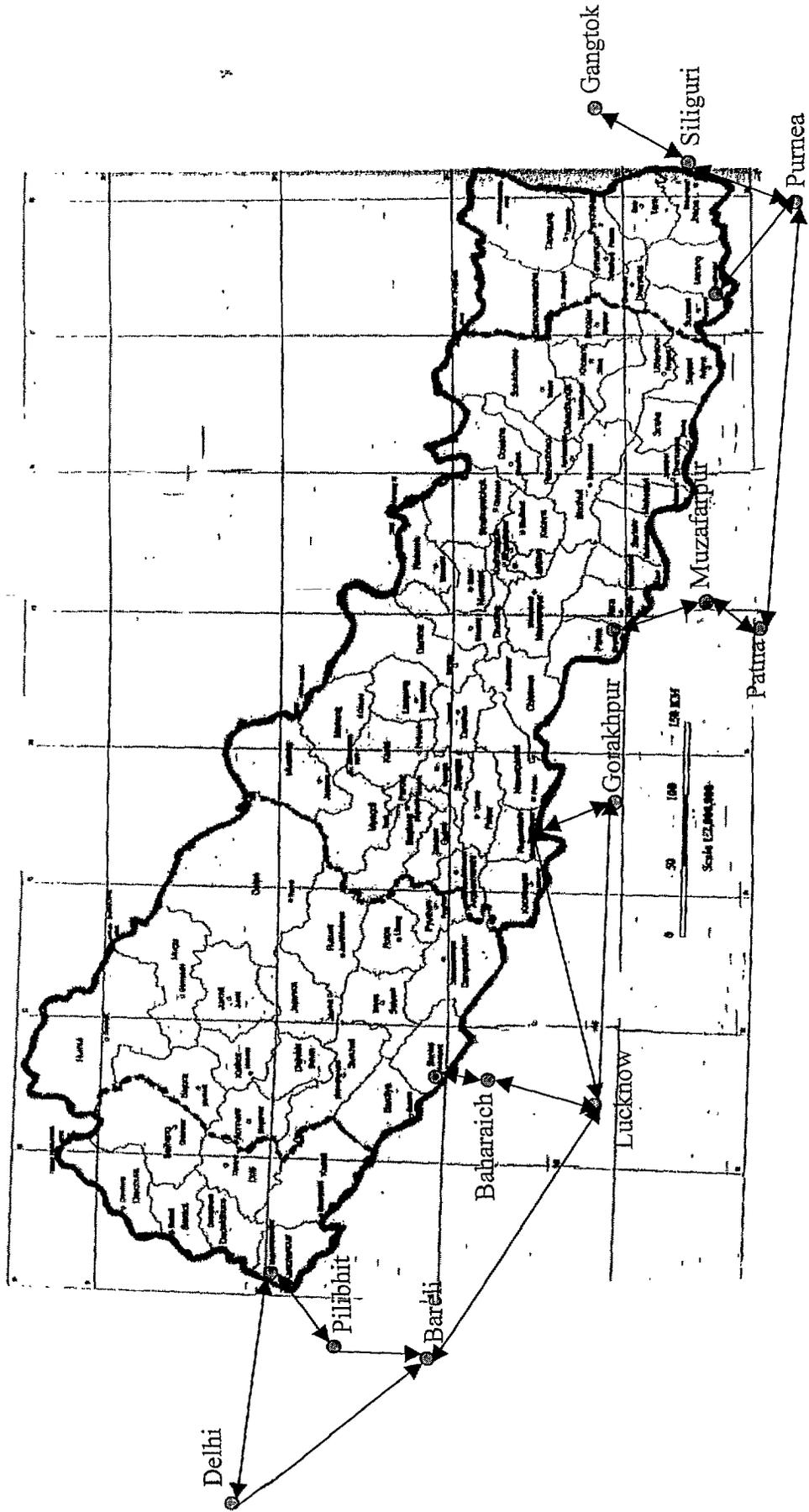
Product	Rate (IC/Qt)	Period
Cabbage	1000-1200/qt	Sept- Nov
Peas	2000-3000	"
Tomato	1000-1500	Oct-Nov
Capsicum	3000-3500	Oct-Dec
Bitter Guard	1500	Oct
Ginger	2500-3000	Jan-Feb
Papaya	800-1000	Oct-November

Due to its importance in national economy, whatever products are traded or produced are well recorded.³ In the area of fruits and vegetables, these records are collected, disseminated and kept by local authority and central govt. office. Local Authority, which collects and records the prices and quantity of fruits and vegetables including fishes, also maintains and manages these markets for a 1% fee of the total turnover per month the commissions agents earn.⁴

³ The Indian Central Gov't branch office, National Horticulture Board maintains whose work is basically to promote horticulture through farmers and agro entrepreneurs. Besides promoting horticulture, they undertake collecting selected daily local prices and quantity of fruits and vegetables from the markets and send them to the central office in Gurgaon, near New Delhi. After collecting this information they analyse and send the results to different media. At the end of every month, they publish a monthly bulletin comprised of national agriculture information on prices, quantity, supply and price trends. Assistant Director of the National Horticulture Board, Patna Office, Mr. Ram Janam Ram has agreed to co-operate by sending the prices which they collect daily if needed by AEC and expected to visit AEC in the coming months.

⁴ The local authority, the Agriculture Product Markets Committee (APMC) is controlled and guided by the Bihar Agriculture Market Board (BAMB). BAMB gets 25% of APMC their total yearly earnings.

Market Linkage and Market



The Indian Central Gov't branch office, National Horticulture Board maintains whose work is basically to promote horticulture through farmers and agro entrepreneurs. Besides promoting horticulture, they undertake collecting selected daily local prices and quantity of fruits and vegetables from the markets and send them to the central office in Gurgaon, near New Delhi. After collecting this information they analyse and send the results to different media. At the end of every month, they publish a monthly bulletin comprised of national agriculture information on prices, quantity, supply and price trends.⁵

Muzaffarpur, a small city near Birganj and Sitamari (Janakpur), has a small vegetables market. Here traders/commission agents mostly trade through Patna or nearby villages. Two main traders get some supplies from Nepal in off-season, but they do not seem to function as a link between Nepal and Patna. Due to the relative low-income level of the population, they have very limited requirements for off-season vegetables. Nepali suppliers, therefore, before supplying this market, need to confirm prices and quantity required.

Purnea, near Biratnagar, has a small vegetable market and well connected to major cities of India by road and train. Traders/commission agents are mostly sell the vegetables supplied by West Bengal. For nine months, they get their supplies from Siliguri and Calcutta and rest three months locally. They also get few off-season vegetables from Nepal around Sept-Oct. Most off-season vegetables that come from Nepal are cabbage, peas, cauliflower and radish. The demand in off-season is 1/3 of the seasonal quantities while prices are as high as 5 times the seasonal prices. The quantities required are for local consumption and thus tend to be "small".

Siliguri, the second largest West Bengal, city after Calcutta has a very strategic location which is well connected to seven sister states of East India from East, Sikkim and Bhutan from North, Nepal from west, Bangladesh and Bihar from south. Exploiting its strategic location people from different parts of India do business with this city, which has become a transit business centre for surrounding states and people.

Siliguri has one regulated market called "Supermarket", which fulfils the agro commodity demands of this area. Whatever is not traded at the "super market" is traded at Naya Bazar Area. Traders are mostly commission agents, but when exporting to Bangladesh, they had started their import export firms. For vegetables, they get the supply from nearby areas from west Bengal itself. But in off-season, like other border places of Nepal, they get supplies from Eastern Nepal specially in Sept, Oct & Nov. These off-season vegetables are the same as with other places. **According to them, they can absorb as much supply from Nepal as they get at that particular period but they cannot give guarantee for a price nor quantity.** They charge 10% commission but return 2% after the deal is closed or when the season ends.

Fruits, ginger and broom are also traded in this market. One of the main traders, S.B. International⁶, who works as an importer/exporter and commission agent imports oranges, gingers and broom from Nepal. He supplies these products to Delhi, Calcutta, Bangalore,

⁶ S.B. International is ready to work with us for supply of information as per AEC's need (on actual expenses by phone and fax) and also ready to help in exporting fruits to Bangladesh on commission basis. According to him, he prefers to export fruits and other products through Nepal due to lower custom duty charged by Bangladesh on Nepali products than India. He also noted that HMG gives some support on Nepali products destined for export.

Andhra Pradesh and Bangladesh. He has collected around 25-30 trucks of oranges from Phidim and out of it 10-12 trucks he sent to Bangladesh at US\$ 5-6 per box. In all, 1000 trucks of oranges were exported to Bangladesh from this market during the year. He is ready to purchase, or handle on commission basis, any quantity of fruits, ginger and broom a Nepali entrepreneur/collector can supply. He traded this year around 100 trucks of broom and 100 trucks of ginger. Broom prices in Jan.- April season is between IC Rs. 1400-1500 per quintal and Rs. 1500-1700 per quintal in other. Ginger price in season is around IC Rs. 1500-1600 per quintal and Rs. 2000-2500 in off-season.

Siliguri is also a centre for Big Cardamom collection and trading because this product is produced in the surrounding areas; Sikkim, Bhutan and Nepal. Traders at different places collect ginger and after cleaning and grading they send the products to Delhi and Bombay as per demand. From there, it goes to Pakistan and Middle East. This year's price of cardamom went up to IC Rs. 270/- per Kg due to a 35% drop in production levels. Very few buyers, who seem to be mostly related, set the rates of cardamom⁷. Bhutan cardamom, called 'Tode', gets better price than others due to its better colour and size.

Gangtok, capital of Sikkim, once the busiest trading center for cardamom and ginger, still does some collection and trading from northern Sikkim. Due to development of infrastructure, the collection center had shifted to Singtam, 22 Km. from Gangtok, which is nearer to the high production areas. Traders in Gangtok buy ginger from farmers, and after cleaning and grading, sell mostly to Siliguri traders, due to less price difference from the other Indian markets. The difference in buying and selling in ginger is reported to be IC Rs. 30 per 40 Kg.

Uttar Pradesh (UP) and Delhi Markets

DELHI

The main purpose of visiting Delhi was to pursue the lead given at Siliguri regarding the potential export to Pakistan and Gulf States of Nepali **Big Cardamom**. Discussions with traders/commission agents in Delhi's main spices market revealed the following:

1. Nepali cardamom moves to Siliguri and subsequently to Delhi for local consumption as well as exports.
2. Main export exit points are mainly Amritsar and Bombay.⁸
3. Most of the traders seem to function as commission agents and not importer-exporter.
4. The main suppliers seem to be the same collectors and stockists in Gangtok and Siliguri.
5. It would be advisable for Nepali exporters to sell in either Siliguri or direct to importers in third countries. Selling direct to Siliguri was advised as seller would avoid having to pay at Delhi a minimum of 10% charge on his sale (5% commission plus 4% local municipal tax plus 1% labor charge for loading off loading).

⁷ They are N.C. Jain & Co. and P.C. Jain & Co. They have their offices at all major producing areas while in Nepal N.C. Jain has his office at Birta Mode.

⁸ An earlier exploration of this "possibility" for direct export to Pakistan ended up in "dead ally" due to the high (upto 80%) import duties levied by Pakistani Gov't on Cardamom imports. The Amritsar RR link seem to be "profitably utilized" by some Delhi based exporters/agents. Therefore, direct sale to third countries now appear to be "unprofitable"! In addition, Nepali Cardamom's quality is not as high at its competitors!!

Bareilly a big market having 2 wholesale vegetable markets, one of which operates as a local supply market which works only in morning hours. The bigger market is run by a vegetables committee and managed by local govt. Here traders work on commission basis similar to other vegetable markets. They get their vegetable supply from nearby production areas, specially from Haldwani, which is around 100 KM from Bareilly. In off-season, they get vegetable supply from Simla, Nasik, Rajasthan, Gujrat and Haldwani. The off-season starts from July and ends around January. Off-season vegetables include: cabbage, cauliflower, tomato, capsicum, peas and pointed guard. They also get some bottle guard from Nepal through Piliphit traders. Haldwani off-season time is same like Nepal due to same range of hills. According to traders of Bareilly in Haldwani, they get "some" vegetable from Nepal which they forward to Delhi, specially pointed guard.

Pilibhit is the only place where green vegetables from Mahendranagar area are sourced. This is all because farmers from Pilibhit area go to Mahendranagar river side and grow vegetables like bottle gourd, pointed gourd, bitter gourd, cucumber, green pumpkin, etc. Around 100 Pilibhit farmer families go to Mahendranagar and lease land for around six months, between July to February. All the production from this area goes to Pilibhit and Haldwani.

Lucknow capital of UP, is developing very fast. It has 3 big vegetable markets. The biggest one is in Dubagga named New Fruits and Veg. Market. The market is also managed by government and committee. They have no supply from Nepal in off-season vegetable but they get lot of green ginger from different parts of Nepal. They use Butwal and Dang Traders, via Nepalgunj and Bhairhawa routes. They custom clear their supplies through their custom clearing agents at boarder. They are ready to work for any vegetable supply from Nepal on commission basis (commission is around 5% but depend upon quantity they can negotiate). Between July-Nov. they get 2-3 trucks ginger daily. 10-ton truck "expenses" from Nepal to Lucknow amount to between IC Rs. 7000-8000.

Bahiraich, a small city nearer to Nepalgunj boarder, has no supply of season and off-season vegetables from Nepal. According to traders, whatever amount of vegetables comes, is consumed in Rupediah. They supply for Rupediah and Nepalgunj, from there it goes to other parts of Nepal.

Gorakhpur, a major trading centre of Eastern UP, is nearer to Bhairhwa Nepal Boarder. Here, one large wholesale market functions as the major source of supply to nearby markets and at the same time tends to be the main supplier to Nepali markets, specially Kathmandu. Most traders have good contacts with Kalimati traders in Kathmandu. A small portion of green pea, about 15-20 bags per day for 15-20 days go to Gorakhpur market from Western Region of Nepal. This low quantity is due to fact that, good prices in Nepal are offered at that time. Commission agents at Gorakhpur charge 5% commissioin, Rs. 2/bag labour and Rs. 1 per bag for weighing. This market, as with other visited markets, gets lot of green ginger from Nepal. In season, around 2-3 truck ginger daily reach this market. For off-season vegetables, they get from West Bengal, Ranchi, Simla, Maharastra and Haldwani. Still, if they get these off-season vegetables from Nepal they are ready to do business. This vegetable should reach within 24 hours after harvesting. They are not happy with Nepal and India customs and police due to unnecessary "harassment". At the same time, they have problem of transferring the products from Nepali trucks to Indian truck. In this process there is much vegetable loss and time loss. They want this hassle to be minimized!!!

NOTE : ATTACHMENTS (1) & (2) ARE NOT INCLUDED IN THIS REPORT BUT ARE IN AEC'S ORIGINAL REPORT. THEY INCLUDED:

Attachment (1) : Name and Address of Major Fruits and Vegetable Traders

Attachment (2) : AEC's Partner Organizations involved in Market Information Collection