

Data Sheet

USAID Mission:	Nepal
Program Title:	Sustainable Forest and Agricultural Products
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	367-001
Status:	Continuing
Planned FY 2005 Obligation:	\$2,637,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$3,192,000 DA
Year of Initial Obligation:	1997
Estimated Year of Final Obligation:	2006

Summary: Increasing rural incomes by accelerating agricultural growth is key to USAID's strategy to alleviate poverty and facilitate economic development in Nepal, where 80% of the population lives in rural areas. Focusing on the conflict-affected West and Midwest regions, USAID plans to increase household income and food security by promoting high-value crops, expanding market participation, improving management of productive resources, and enhancing the analytical rigor of policy dialogue on trade facilitation with the Government of Nepal (GON). Program activities include: support for the various government line agencies working in agriculture; improved management of community forests; use of microirrigation technologies; small-scale farm and forest enterprise development; technical assistance to produce and market high-value forest and farm crops; research and studies on policy impediments to agricultural growth and trade; support to the Department of Customs to meet Nepal's commitments to the World Trade Organization (WTO); and facilitating private-public partnerships to access new technologies and new markets.

Inputs, Outputs, Activities:

FY 2005 Program: Increased Agricultural Productivity (\$1,137,000 DA). USAID will continue to provide economic opportunities for poor communities in conflict-affected districts, thus addressing the root causes of the conflict. USAID's activities will focus on increasing production of high-value agricultural and forest commodities (e.g., non-timber forest products, herbs, spices, vegetables, fruit, tea, and coffee); promoting marketing channels; increasing use of appropriate technologies; and helping development enterprises to respond to proven demand. This program will achieve these goals through: 1) increasing the use of microirrigation technology to access off-season markets in the hill areas; 2) information sharing amongst producers, traders and the GON; 3) supporting small-scale enterprise and business development services; and 4) accessing export markets. Principal partners: Winrock International and Asia Network for Sustainable Agriculture and Bioresources.

Increase Private Sector Growth (\$1,000,000 DA). Expand access to business services and markets. To promote development, sales, and marketing of high-value agricultural commodities and non-timber forest products, USAID will furnish technical and financial assistance to business service providers ranging from inputs suppliers to marketing organizations. This will enable small rural enterprises to grow, produce, and market agricultural and forest products more effectively and help participating landless community forest users, smallholders, and small and micro enterprises increase their incomes. To enable Nepalese farmers to access domestic and regional markets, USAID will provide technical assistance and training to the GON and the Federation of the Nepali Chambers of Commerce and Industry. Experts will analyze agriculture trade-related issues, especially WTO accession, trade treaties, and quarantine and customs-related bottlenecks. Principal partners: Agro Enterprise Center of the Federation of Nepalese Chambers of Commerce and Industry and International Development Enterprises.

Increase Participation in Global Trade and Investment (\$500,000 DA). USAID will provide technical assistance to the Department of Customs to implement a customs valuation system that complies with Nepal's WTO commitments and establish an organizational structure that helps to reduce bureaucracy and corruption. Also, policy advocacy work will contribute towards improving Nepal's global trading position.

FY 2006 Program: Increase Agricultural Productivity (\$1,492,000 DA). USAID will continue to fund the introduction of microirrigation technologies in hilly regions to promote off-season horticulture production; increase access to market information; advocate for improved policies for more open trade; and promote business development services. The program may be expanded to additional districts, depending on the conflict situation and its impact on market access and mobility. USAID programs will continue to operate in several districts in the conflict-affected West and Midwest regions. Same partners as above.

Increase Private Sector Growth (\$1,300,000 DA). Expanded access to business services and markets. USAID will continue to promote grassroot level small and micro enterprises, build capacity of business development service providers, link enterprises to sustainable marketing networks and business development services, introduce new innovative technologies, and develop market information services. Nepalese technical and analytical expertise on agricultural trade-related issues will continue to be developed, and advocacy programs to remove policy constraints and implement international trade treaties will be supported. This program may also include technical assistance for Nepal's WTO commitments. USAID will continue to support efforts to lobby the GON to create a less regulated, more trade-friendly environment. Same partners as above.

Increased Participation in Global Trade and Investment (\$400,000 DA). USAID will continue to assist Nepal's Department of Customs to establish and implement an efficient and effective customs valuation system that is consistent with WTO commitments. Two Global Development Alliances (GDAs) that promote the international marketing of Nepali products - the Coffee and Tea GDA and the Non-Timber Forest Products GDA - will also continue to receive support. Same partners as above.

Performance and Results: In FY 2004, USAID's agricultural programs targeted more than 37,000 small farm and forest households, thereby increasing household income by more than \$100 and benefiting more than 200,000 poverty-stricken people in rural areas. This was achieved by promoting high-value agriculture and non-timber forest products (e.g., vegetables, fruits, tea and coffee, and herbs and spices). Total agricultural sales of \$3.69 million exceeded the target of \$2.5 million by 48%. FY 2004 was the first full year of the Small Holder Irrigation Market Initiative, which worked directly with individuals from 15,694 households, of whom 47% were women and 15% were from disadvantaged communities.

USAID's GDA investments leveraged private sector resources by at least 1:1, with activities that have continued to work despite the Maoist conflict. For example, a container load of specialty coffee worth \$28,300 (a relatively high price in the international market) was shipped to the U.S.-based Holland Coffee Inc. The buyer, a major importer of specialty coffee whose clients include Starbucks, has agreed to buy all coffee processed under this GDA for the next five years.

USAID activities to improve the policy environment and facilitate trade have led the GON to begin discussions with India, Bangladesh, Pakistan, and China to resolve various trade barrier issues such as plant quarantine and phytosanitary requirements. Reforming the Department of Customs - which accounts for 50% of government revenue - is one of Nepal's WTO commitments. To this end, an initial USAID study identified gaps in the Department of Custom's operations and has made recommendations for streamlining processes and improving accountability. USAID will continue to strengthen this vital institution in the future.

US Financing in Thousands of Dollars

Nepal

367-001 Sustainable Forest and Agricultural Products	CSH	DA
Through September 30, 2003		
Obligations	200	24,057
Expenditures	200	22,384
Unliquidated	0	1,673
Fiscal Year 2004		
Obligations	0	1,892
Expenditures	0	1,581
Through September 30, 2004		
Obligations	200	25,949
Expenditures	200	23,965
Unliquidated	0	1,984
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2005 NOA		
Obligations	0	2,637
Total Planned Fiscal Year 2005		
Obligations	0	2,637
Proposed Fiscal Year 2006 NOA		
Obligations	0	3,192
Future Obligations	0	0
Est. Total Cost	200	31,778