



Promotion of socially balanced economic development in Nepal (INCLUDE)

Concept proposal for INCLUDE extension
(7/2011- 06/2014)

Kathmandu, 20 January 2011

Mission team:

Bal Govinda Bista, CEMID

Corinna Küsel, GIZ

Dr. Christoph Reichert, independent consultant



Purpose and methodology

I. Current phase of INCLUDE

Key data

Where does INCLUDE stand today?

Feedback on the results of the 2010 Joint Review

II. Current Nepali policy framework as orientation for INCLUDE extension

III. Concept proposal for extension 2011 - 2014

Objectives, components and core outputs

Geographical and sub-sectoral focus

Continuity, documentation, shifting – recommendations for the ,transition‘

Complementarity with other Nepal-German programs and other development partners

Partner and steering structure – national and District levels



Purpose

- Concept development for extension
- New situation after decision that INCLUDE is not part of the Local Governance focal area

Methodology – what have we done?

- Based on Project Progress Review and Joint Review in 2010
- Review of program documents, incl. proposals prepared by INCLUDE team
- Discussion with political partner (MoI), other partner organizations, program management and staff, among others



I. Current phase of INCLUDE

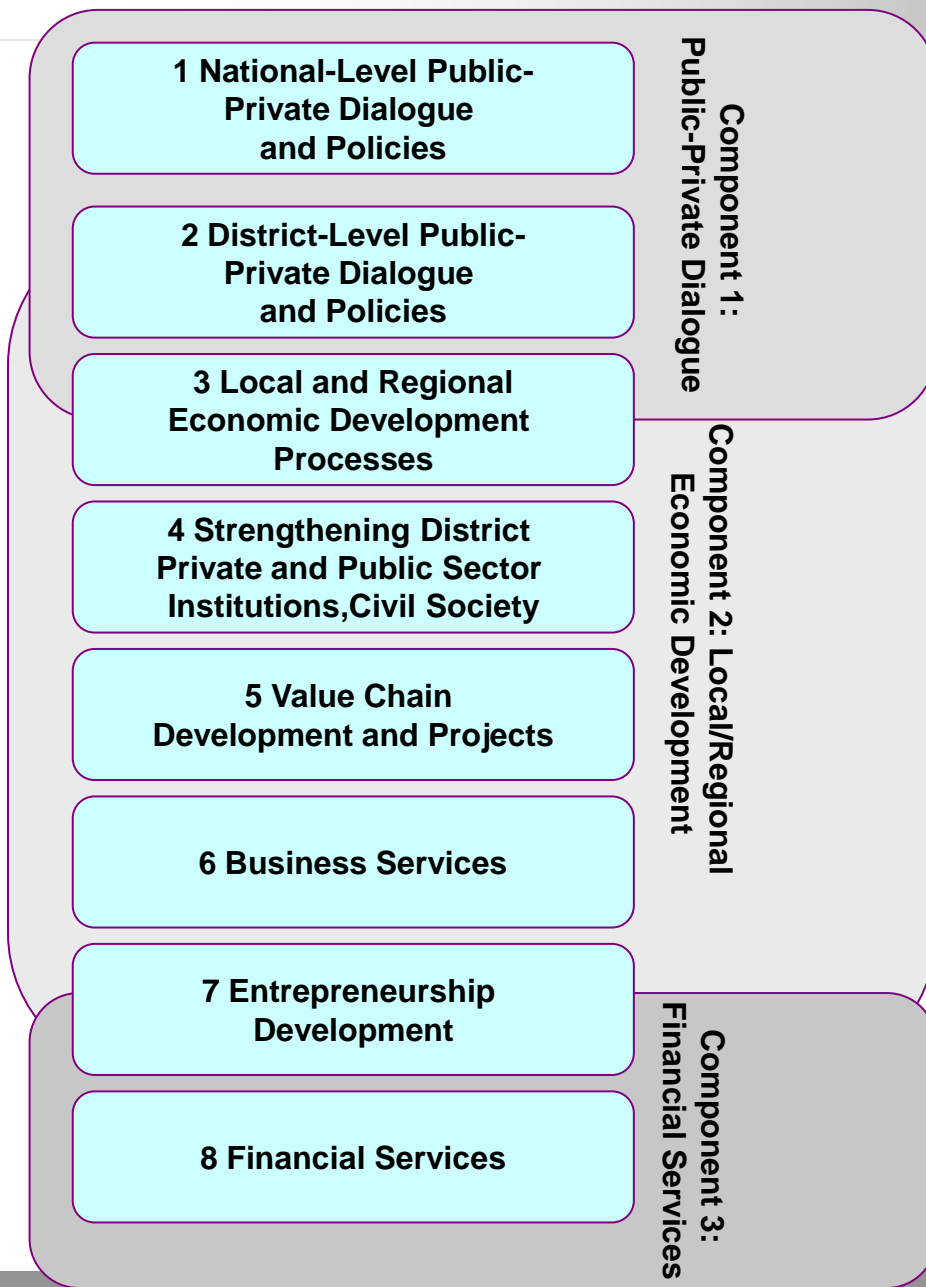


- Current INCLUDE implementation period: 7/2008 – 12/2011

- 3 components:
 - C1: Public-private dialogue
 - C2: Local/ Regional Economic Development (LRED)
 - C3: Financial Services

- 8 Districts in Central, Western, Mid Western, and Far Western regions:
 - Central: Chitwan, Makawanpur
 - Western: Rupandehi, Palpa
 - Mid Western: Dang, Surkhet, Pyuthan
 - Far Western: Kailali

8 Areas of Intervention

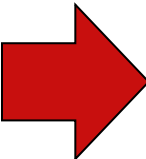




- Program design is relevant: aligned with national policies, inclusion of marginalized/ underprivileged groups
- Many interventions initiated in districts, some of them are quite young
- SEDeFs initiated and supported for district visioning and PPD
- Sub-sector/ value chain related support ongoing in beekeeping, dairy, ginger
- River-bed farming activities for landless people
- Strengthening of CCIs and initiating One Stop Shops in 5 districts (Sequa)
- Cooperative management strengthening, Strategic Plan development for cooperative sector initiated



- Training modules on labor relations, advocacy, conflict management with FNCCI and NBI
- Preparation for Entrepreneurship Development (e.g. YESEF, ex-combatants) – trainer capacity, training materials (IEDI, FNCCI)
- Mapping of financial services available in Districts



Conclusion: many useful initiatives, some of them young, many different ,construction sites‘ – need for focus in order to use declining resources efficiently!



Brief Feedback on Results of Joint Mission (August, 2010)

- INCLUDE programme is in line with development plan, policies and strategies of Nepal.
- INCLUDE has pursued an integrated approach for the promotion of micro, cottage and small scale enterprises.
- INCLUDE is making composite efforts towards inclusive economic development through sub-sector development and value chain promotion.
- Emphasis is made on partnership and collaboration among the public and private sectors.



Feedbacks

- INCLUDE is making efforts in creating an enabling environment for the enterprise development.
- Value chain upgradation of high value indigenous products are limited to few sub-sectors.
- National Steering Committee (NSC) is set up to bring together key agencies for policy dialogue and co-ordination.
- Little has been done on access to finance.
- Span of the programme (less than four years) is too short for having significant impact through the programme.



Feedbacks ...

- INCLUDE should focus on value chain development in economically potential selected sub-sectors.
- Need for strong advocacy at the national and district level.
- Need for effective coordination between the similar ongoing programmes.
- INCLUDE should have linkage and coordination with the District Development Committees.
- National Steering Committee of INCLUDE to be further reinforced and made more operational.



Feedbacks.....

- One Stop Shops (OSS) in CCIs should be able to deliver integrated business development services to the micro, cottage and small scale entrepreneurs.
- Supplementary sources of funding need to be mobilized.
- Result based M&E system in place should be extensively used to assess the outcomes in terms of productivity.



II. Current Nepali policy framework as orientation for INCLUDE extension



National Plan and policy orientation

Focus of National Plan

- Interim Plan (2010-2013) has accorded special priority for promoting employment and income generation opportunities.
- Strategies have been specified for developing partnership between the Private, Government and Cooperative/ Community sectors.
- Promotion of micro, cottage and small scale enterprises has been specially emphasized for bringing tangible changes in the livelihood of the people.



Policy support

- **Industrial Policy, 2010:**

Emphasis on private sector development and provisioning of special strategies for micro, cottage and small sale enterprises.

- **Trade Policy, 2008:**

Focus on value chain development, product development, special focus area and thrust area development.

- **Other Sectoral Policies in Support:**

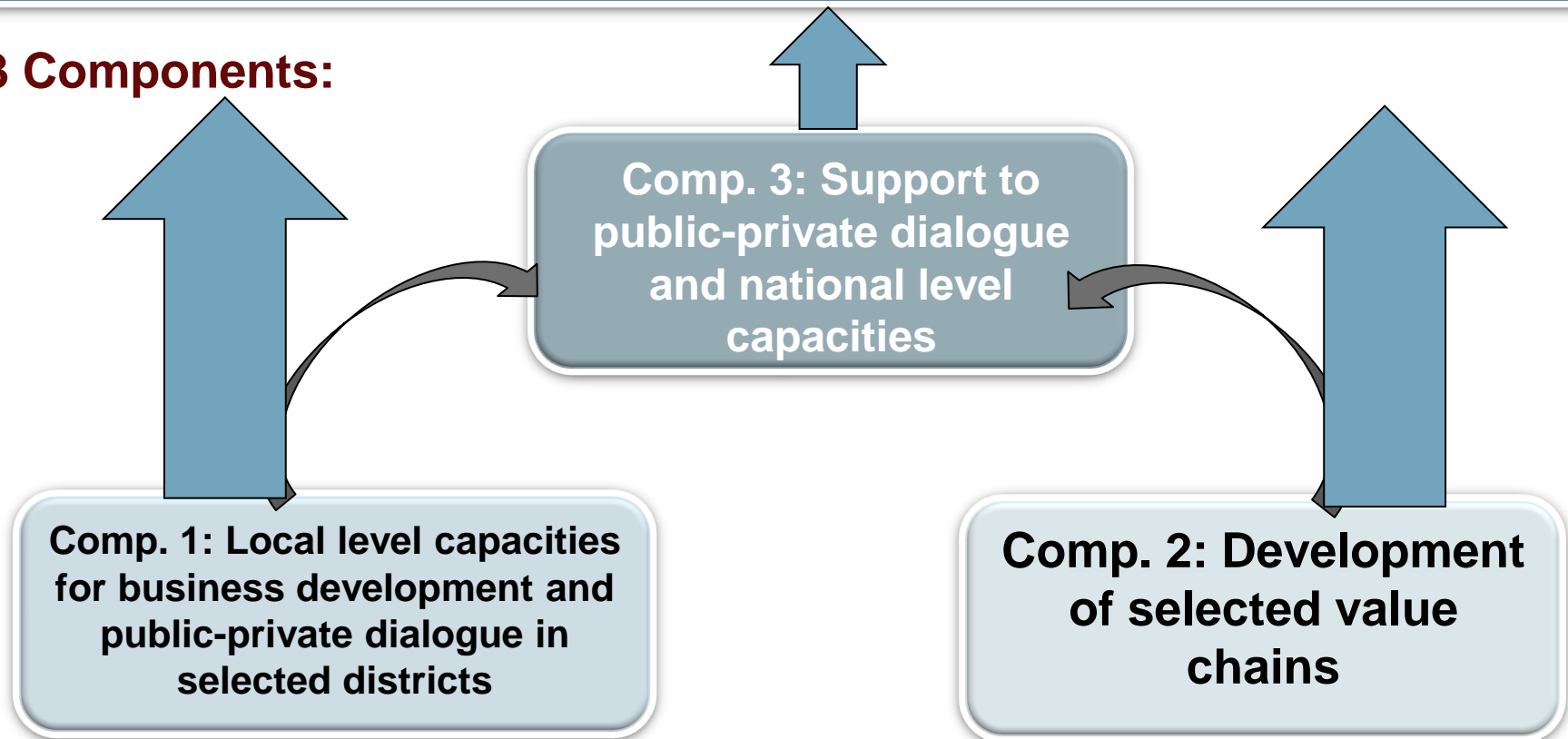
Forestry Policy, Agriculture Policy, Tourism Policy and Local Development Policy.



III. Concept proposal for the extension

**Objective:**

The framework conditions for balanced and socially inclusive economic growth are improved in selected programme districts.

3 Components:

Focus on the local level in selected districts



Objective Comp. 1: Improved capacities at the local level for the development of new and existing enterprises and for PPD (in selected districts)

Chamber and association services

- One stop service shops (OSS) piloted and documented, personnel qualified
- Advocacy capacity strengthened for CCIs, sub-sector associations and cooperative unions

Entrepreneurship development

- Concept for YSEFEF
- Local capacity for entrepreneurship development
- ED curricula, concepts, manuals adapted to different target groups



Objective Comp. 2: Improved production and better links to (domestic and international) markets of selected value chains

VC Intervention strategy

- Concept and intervention strategy developed
- VC stakeholder fora functioning

Capacity development of core intermediaries

- Cooperative entities /unions/federations qualified as service providers to primary cooperatives
- Cooperative entities as actors in the VC (e.g. input-supply, financing, collection, processing and marketing)

Core bottlenecks of VC addressed

- Finance products adapted to requirements of VC producers
- Value addition strategies developed and piloted for selected value chains in Nepal

Market access

- Product quality improvement strategies piloted, standard services providers qualified
- Value chain actors enabled to identify and establish linkages to new markets (domestic, India, overseas) identified



Objective Comp. 3: Improved capacities of regional and national level organizations for business development and PPD

Local, regional and national level PPD (RBF/NBF)

- Regional Business Forum facilitated (in selected region) in support of NBF process
- Private sector inputs and recommendations (for integration into a LRED pilot approach in Kailali and Surkhet)

National level capacity for up scaling and replication of concepts and strategies

- Concepts and strategies developed, lessons learnt evaluated and documented, up-scaling strategies
- IEDI as a competence centre for entrepreneurship and business development
- FNCCI capacity for OSS and advocacy development
- Capacity of other core stakeholders upgraded



Geographical and sub-sectoral focus

- Overall message: INCLUDE must focus and limit itself !!
 - In order to ensure impact and sustainability
 - Identify, document lessons learnt of pilot approaches as a basis for transfer and upscaling
- Therefore limitation to selected districts and value chains essential



NEPAL (Boundaries and Municipalities)



Current focus:

- Centre: Chitwan, Makawanpur
- West: Rupandehi, Palpa
- Mid-west: Surkhet, Dang, Pyuthan
- Far-west: Kailali

In future:

- Number of districts to be limited to 6, maximum 8 (as of now)
- Gradual phasing out from Central and Western Region (but ensure sustainability)
- Shift towards mid- and far-western region, in line with Government Policy
- Operate from current basis in Surkhet and Kailali as economic centres
- Phasing in of new districts only on the basis of demand and potential, and if resources permit
- Office in the region as the main basis for INCLUDE operation

Sub-sectoral focus

- Currently INCLUDE is working on 3 sub-sectors
 - Honey, ginger, dairy
- Should be limited to 3, better 2
- Medicinal plants – potential currently assessed
 - Should be systematically addressed, if a new project on biotrade can be submitted (currently a priority of German Government)





Focus – continuity – change

Recommendations for the ‘transition’

The case for continuity in terms of locations and value chains:

- A number of initiatives in the districts are still young (some not much older than 6 months).
- Commitments to stakeholders need to be honoured.
- Impact and sustainability have to be ensured
- OSS need to be consolidated.
- VC work needs to be completed and evaluated.

Documentation, lessons learnt, concepts and strategies for replication and scaling up

Before phasing out in Central and Western regions, results, lessons learnt and developed concepts need to be documented for future replication and handing over to relevant national partners.



INCLUDE as part of Trade and Business Development activities of German Development Cooperation

- Trade related programmes:
 - WTO programme, Biotrade project, SAARC Trade Promotion Network
 - CIM experts with Trade Promotion Centre, German-Nepal Chamber, Lokhta Marketing
 - PTB (German Metrology Institute): Project on trade standards
- Capacity development of stakeholders
 - CIM experts with FNCCI labour regulation, Nepal Business Initiative for Peace
- Local development in selected districts
 - Close cooperation with Nepal-German Governance program (SUNAG)



Synergies with other Development Partners

- Different development partners focus increasingly on value chains and mid- and far-West region, therefore close coordination required to ensure complementarity!!
- Overall coordination under „National Trade and Integration Strategy“ (trade related activities) as well as National Business Forum
- Coordination and complementarity to be ensured with organizations which
 - can provide grants/funding to entrepreneurs, e.g. ADB RISM project, Poverty Alleviation Fund, etc.
 - focus on selected value chains, e.g. DFID Market Development Project
 - with entrepreneurship development programmes, in particular MEDEP
 - With IFC in particular in relation to supporting National and Regional Business Forum
 - Research institutes, e.g. ICIMOD



Partner Agencies

- MoI - Lead Agency
- FNCCI- Lead Partner Agency
- Other Partner Agencies:
 - IEDI
 - DCSI/CSIDB
 - CCIs
 - FNCSI
 - Product Associations
 - Cooperatives
 - Others (depending on the nature of interventions)



Implementation arrangements

- National Steering Committee
- Technical Committee
- District Coordination Committee



Thank you for your attention!