

STDF PROJECT PREPARATION GRANT (PPG)

APPLICATION FORM

The Standards and Trade Development Facility (STDF) provides grants (up to a maximum of US\$30,000) to assist eligible organizations in developing countries to develop full proposals for projects seeking to: (i) enhance capacity to meet official or commercial requirements in the sanitary and phytosanitary field and so facilitate market access; and (ii) better protect human and animal health and plants against disease and pest hazards related to cross border trade.

Complete details on eligibility criteria and other requirements are available in the *Guidance Note for Applicants* on the STDF website (www.standardsfacility.org). Please read the *Guidance Note* before completing this form.

This form should be completed by eligible organizations interested in applying for STDF funding to develop a project proposal. It is designed to provide the STDF Working Group, which makes decisions on STDF funding, with an overview about the project you wish to develop. This form should be completed in English, French or Spanish.

PPG Title	Support to Public and Private Sector for SPS Implementation in Nepal
Budget requested from STDF	US\$ 30,000
Full name and contact details of the requesting organization(s)	Ministry of Agriculture and Cooperatives, Government of Nepal, Singha Durbar, Kathmandu Nepal, Telephone +9771- 4211687, fulgen_1@yahoo.com, kppant@gmail.com
Full name and contact details of contact person for follow-up	Fulgen Pradhan, Joint Secretary, Ministry of Agriculture and Cooperatives, Telephone +9771- 4211687, fulgen_1@yahoo.com

I. Background and rationale

1. Provide an overview of the SPS situation and issues in the country or region, as appropriate. This should include a description of any SPS priorities or issues identified in the Integrated Framework's Diagnostic Trade Integration Study (DTIS), SPS-related capacity evaluations, national development strategies or policies, or other relevant documents. It should also describe the institutional framework for SPS management (see Qn. 7. A-C of the *Guidance Note* for further information).

Nepal is focussing on increasing its agricultural production and in transforming subsistence agriculture into commercial agriculture. This will require the country to strengthen its food control mechanisms at the government as well as in industry levels. Further, owing to limited strength in implementation of SPS measures for quality and quarantine control of agricultural imports, Nepal has a high risk of being a destination for low quality products leading to health hazards to human, animals and plants. At the same time, agricultural exports are facing problems in meeting the stringent SPS requirements imposed by importing governments. Such problems lead to poor health and diseases

among the consumers, low production at the farm level and other quarantine related problems. Nepal is a Least Developed Country (LDC) that became a member of the World Trade Organization (WTO) in 2004 through accession. Nepal is exporting 26,724 tons of ginger, 9,820 tons of cardamom 9,196 tons of tea, 1421 tons of meat and meat products, 21 tons of honey and 5,168 tons of plants and plant parts produced by very poor small holder farmers. The major markets for these products are Bangladesh, India, Europe, USA, Japan and Gulf countries, Philippines, Korea, Pakistan, Singapore, SAARC countries, Russia and Bhutan. But, the export of such products, including that of meat and honey, are restricted due to poor capability of private sector entrepreneurs to address the SPS needs of the importing countries as well as capability of government to implement risk based monitoring and control system to ensure that importing country requirements are met. Due to limited capacity of the quarantine and risk monitoring system in exports, the importing countries do not give smooth passage to the exports from Nepal. Government of Nepal, in consultation with partner organizations, developed this project concept note for solving such problems and to meet its commitment to comply fully with the WTO Agreement on Application of Sanitary and Phytosanitary (SPS) Measures.

The ‘National Agriculture Policy, 2004’ emphasizes improvement of the quality of agriculture and livestock products from the SPS perspective to ensure their easier access to the international market as well. EIF workshop in Nepal in June 2010 has also given priority on funding supports for product development & certification and also for business community to identify develop and take advantage of export development opportunities under tier II. A recently approved ‘Nepal Trade Integration Strategy (NTIS) – 2010’ has set four objectives, one of which is to strengthen the technical capacity of the institutions that support handling of domestic non-tariff barriers (NTBs) and facilitate business environment. It also recognizes the need to put in place a supportive domestic support infrastructure in the area of sanitary and phytosanitary standards. NTIS has identified 19 specific products that have export potentials as priority products. Among them 7 are agro-food products (Cardamom, Ginger, Honey, Lentils, Tea, Noodles, and Medicinal herbs and essential oils). In addition, there are some other agricultural products such as coffee, dairy and livestock products with considerable potential to be included in the list of exportable commodities provided due focus is given to improve them in terms of SPS measures in the entire value chain.

Three departments under the Ministry of Agriculture and Cooperatives (MoAC) are responsible to implement the SPS agreement in Nepal. These are the departments of: Food Technology and Quality Control (DFTQC) with respect to food safety and quality; Livestock Services for animal health and safety; and the Department of Agriculture in plant health and related safety areas. National SPS enquiry point is located in DFTQC and officers from three departments namely DoA, DLS and DFTQC are placed there to handle the related issues. National SPS Notification authority is located in Ministry of Agriculture and Cooperatives. There is a SPS Coordination Committee in the MoAC, which has representatives from various sectors including private sector and which meets periodically to discuss on various issues.

Rationale

For implementing the SPS measures as laid out by WTO, it is necessary to strengthen the capacity of the private sector entrepreneurs together with the government officials that control food quality, plant quarantine and animal quarantine (domestic, imports and exports). Under STDF 170 “*Strengthening the capacity of government officials responsible for food safety, animal health and plant health and agriculture trade in Nepal to effectively implement SPS measures and related trade obligations*”, the capacity of government officials responsible for food safety, animal and plant health, and agriculture trade in Nepal to effectively implement SPS measures and related trade obligations has been strengthened. This has generally covered awareness in the following areas:

- Equip frontline officers responsible for monitoring and enforcing SPS measures with the knowledge and practical skills to effectively carry out testing, inspection, certification, quarantine treatment and approval procedures;
- Enhance the technical and scientific knowledge and skills of selected mid-level officers to perform specialized tasks necessary for the implementation of SPS measures (e.g. risk assessment, determining appropriate levels of protection, product recall and appeal, setting and monitoring pesticide residue levels, etc.); and
- Improve the ability of the SPS Enquiry Point and Notification Authority to proactively and effectively carry out their roles and responsibilities.

Nepal has already carried out the PVS analysis and is implementing the OIE PVS tools since last two years. Also, in plant health sector, IPPC tools are being used.

Under STDF-170, as highlighted above, efforts were made to develop the capacity of government officials to enforce SPS measures. However, there is a need to now focus on other areas such as aligning national standards with Codex/ other international standards, upgrading to implement testing methods on emerging contaminants and residues/ newer technologies, assistance in designing a risk-based inspection and certification and surveillance system and incorporating the same in legislation, transferring related information & technology to primary producer level and exposure to look at facilities in other countries to build up control systems in Nepal. There is also a need to strengthen the capacity of private sector and the front line field technicians to implement SPS measures effectively..

2. What key SPS problems and/or opportunities would this project preparation grant address? Explain the background to these problems/opportunities, their importance for the stakeholders concerned, particularly for market access and poverty reduction, and the expected benefits of developing a project in this area. See Qn. 7. D. of the *Guidance Note*.

The export of Agri commodities are limited due to poor capability of private sector entrepreneurs of entire food chain to address the SPS needs of the importing countries (such as internal quality system, grading, packaging and storage, GAP, GVP, GHP, GMP, HACCP etc.), as well as capability of government to implement risk based monitoring and control system. Due to limited capacity of the quarantine, labs and risk monitoring system in exports, the importing countries do not give smooth passage to the exports from Nepal. To strengthen the national capacity that meets the requirements of the “Agreement on the Application of SPS Measures” it is proposed that the project to be designed through the PPG will aim to address the following areas:

- i) improve the technical quality of the programmes on standards and quality control in food safety, plant and animal health sector, align them with international guidelines and standards and wherever necessary, strengthen the government machinery for implementation of these; and
- ii) strengthen the implementation of safety and quality initiatives in the entire food chain of selected major commodities like ginger, cardamom, tea & coffee, lentils, instant noodles, meat, honey and medicinal herbs by bringing about awareness in the private sector including primary producers, processors, transporters, traders and the consumer. This would also include development of voluntary quality certification programmes and participation by private sector in these.

Involvement of private entrepreneurs is very important for successful implementation of SPS measures in the country as the main role for maintaining quality and safety lies with industry while the role of government is that of enabler and facilitator. Therefore, for effective and efficient implementation of SPS measures capacity building of private and public sector are equally important. This project will be designed to focus on strengthening the government machinery in assisting the

private sector through awareness creation and training, including designing courses and curricula and their implementation.

3. Which government agencies, private sector, academic or other organizations support this PPG request? Letters of support from each of these organizations must be attached (Appendix 1). See Qn. 7. E. of the *Guidance Note*.

Agro Enterprise Centre of the Federation of Nepalese Chambers of Commerce and Industries (AEC),
Food and Agriculture Organization of the United Nations (FAO), and
Ministry of Commerce and Supply

4. Are the activities to be carried out under this PPG related to any past, present or planned bilateral or multilateral donor projects and programmes? If so, identify the related activities below and explain how the PPG would complement and build on them. See Qn. 7. F. of the *Guidance Note*.

For strengthening the knowledge and skills of the government employees involved in the implementation of SPS measures, a STDF project is being implemented during March, 2008 to July 2010 under the title "*Strengthening the capacity of government officials responsible for food safety, animal health and plant health and agriculture trade in Nepal to effectively implement SPS measures and related trade obligations*" *Government of Nepal/FAO Project (MTF/NEP/060/STF) STDF 170 Project*. Under this project, trainings were conducted in various modules and 208 mid level government staffs were trained in food safety, 202 in animal health and 192 in plant health together with development of curricula and training materials related to them.

While reviewing the project outcomes, the government realized that although many officials were trained it was not possible to cover all the staffs who are working in the area of SPS implementation in the public and private sectors. In addition to the above mentioned training, support was also required for development of procedures, processes and schemes for effectively putting in place the SPS/TBT related requirements. More importantly, it was also realized that capacity development of the private sector such as the producers, processors, exporters and importers are also equally important for effective implementation of the SPS measures. A workshop organized on 13 March, 2010 involving both the private sector and government representatives to identify further issues that need to be urgently addressed, also confirmed this need. This project concept note is developed in consultation with AEC/Federation of Nepalese Chambers of Commerce and Industries, EIF/NTIS focal point/ MoCS (to be consulted), traders and government officials to avail STDF project development support from the WTO.

Project for Agriculture Commercialization and Trade (PACT), project funded by World Bank, also supports the area of food safety (lab equipments and product development of 25 districts), plant health (Methyl Bromide (MB) fumigation, heat treatment (HT)) and animal health (amendment of prevailing acts and regulations, drafting of standards and codes of practices and GAP in animal health) has been made. The proposed project would further build on the areas covered in the already existing project.

5. Have you discussed this PPG request – or funding for the project proposal which would result from it – with any potential donors (bilateral, multilateral, Enhanced Integrated Framework, etc.)? If so, provide information below and indicate any potential sources of funding for the project to be developed through this PPG. See Qn. 7. G. of the *Guidance Note*.

The request for PPG is discussed with Agro-enterprise Centre (AEC) of Federation of Nepalese Chambers of Commerce and Industries (FNCCI) and Food and Agriculture Organization of the United Nations (FAO), and EIF focal point of the Ministry of Commerce and Supply.

II. Implementation

6. What are the expected start and end dates for this PPG?

The project is proposed for two years. If everything goes well the project is expected to start implementation from February 2011. The PPG preparation is expected take around 3 months (November 2010 to January, 2011)

7. What activities would be carried out under this PPG? Provide a description of each activity below, specifying the persons / offices responsible, as well as the completion dates and expected outputs.

Following are the major activities to be carried out under PPG:

- i) Discussions with key stake holders to clearly assess their needs
- ii) Stakeholders meetings & Workshops to assess needs as well as discuss the identified activities in the project developed
- iii) Review of relevant past, ongoing, planned SPS-related capacity building activities carried out to build on these.
- iv) Writing of project proposal

Activity	Responsible	Completion date	Expected output
i. Discussions with key stake holders	Ministry of Agriculture and Cooperatives and its Departments (Department of Agriculture, Department of Livestock Services, Department of Food Technology and Quality Control	January 2011	A project document acceptable to all stakeholder .
a) Consultation with concerned officials			
b) Stakeholders' meetings & Workshops			
ii. Review of relevant past, ongoing, planned SPS-related capacity building activities carried out			
iii. Writing of draft project proposal			
iv. Validation workshop and finalization of the proposal			

8. List all the stakeholders (government, private sector, academia, etc.) that may have an interest in this PPG and the resultant project. Explain how will they be consulted and involved during the implementation of the PPG (e.g. interviews, validation workshops, etc.).

- A The Agri-business and Statistics Division of Ministry of Agriculture and Cooperatives (ABSD) will take the overall responsibility to coordinate project formulation. Following departments/agencies under/affiliated to it will be consulted through meetings and workshops :
 - Department of Agriculture,
 - Department of Livestock Services
 - Department of Food Technology and Quality Control.
- B Private Sector entrepreneurs through the Agro Enterprise Centre/Federation of Nepalese Chambers of Commerce and Industries (FNCCI) will coordinate with the government agencies to identify the specific training needs and identify trainees that are involved in the value chain other than the primary producers (farmers).
- C *UN System:* FAO will assist in the design of the project and its subsequent implementation.
- D EIF/NTIS focal point will be consulted during implementation of PPG

For project formulation the Agri Business and Statistic Division (ABSD) of the MoAC will establish a Task Force consisting of representative(s) of the above institutions which will guide the formulation process. The PPG recruited national and international consultants will meet and discuss with the representatives of the concerned institutions to review the existing activities related to the proposed project, identify their specific training needs and priorities and put together a draft proposal which will be further discussed and validated in the workshops planned under the PPG. The proposal will be finalized taking in to account the comments and suggestions from the workshops and consultations.

9. Who will take the lead in the development of the project proposal under this PPG? If you propose national experts and/or international consultants for this task, provide their full name and contact details below. A Curriculum Vitae and record of achievements for each person proposed should be included in Appendix 2. If no names are provided, the STDF will provide a shortlist of consultants if the PPG request is approved.

As mentioned in 8 above, ABSD will take the lead and coordinate in the development of the project proposal. However, a participatory approach is proposed so as to develop ownership among the partner institutions. International and national experts including FAO technical officer will provide the necessary inputs on it.

CV of the International consultant will be attached in appendix-2 and the CV of the national consultants will be submitted at a later stage if necessary.

III. Budget

10. What is the total estimated budget (in US\$) required for this PPG? Specify the amount that is requested from the STDF and the in-kind contribution (if any). Complete the budget table below.

Item	Description of inputs required	Estimated budget (US\$)
Expertise <i>If used, include national or</i>	Honorarium of National, and international consultants, and FAO	17,051

<i>international consultants</i>	technical officer:	
Travel <i>If appropriate, include international flights for consultants (economy class), in-country travel, Daily Subsistence Allowance, etc.</i>	Travel and DSA of international consultant	5,652
Stakeholder meetings and workshops <i>If appropriate, include travel of participants, hire of venue, facilitator, etc.</i>	Stakeholder meetings (private sector, public sector joint) travel of participants, hire of venue, facilities, facilitator etc.	5,200
General operating expenses <i>If appropriate, include telephone calls, photocopying, etc.</i>	Telephone, fuel for vehicle, photocopying, miscellaneous	2,097
Other costs (describe)		
Total		30,000

Appendices

Appendix 1: Letters of support from each of the organizations supporting this proposal.

Appendix 2: Curriculum Vitae and record of achievements for any consultants proposed to implement this PPG.

Appendix 3: Budget Breakdown

Item	Description of inputs	Estimated budget (USD)
1. Expertise honorarium		17,051
1.1 International	4 weeks @ 350/day	9,800
1.2 National (three-animal health, plant health and food safety)	6 weeks (2 weeks each) @ 100/day	4,200
1.3 FAO technical officer	3 days @ 1017	3,051
2.Travel		5,652
2.1 International expert	DSA @ 142/day for 4 weeks	3,976
	Plane fare from India to Kathmandu	500
2.1 FAO technical officer	DSA @ 142/day for 3 days	426
	Plane fare from Bangkok to Kathmandu	750
3.1 Local travel		
3. Stakeholder meetings and workshops	Stakeholder meetings (private sector, public sector joint) travel of participants, hire of venue, hire of driver, refreshments, facilities,	5,200

	facilitator, etc (LS).	
4. General operating expenses	Telephone, fuel for vehicle, photocopying, miscellaneous	2,097
Total of Items (1-4)		30,000