The Fifth Global Review of Aid for Trade (AfT), Reducing Trade Costs for Inclusive and Sustainable Growth, was held in Geneva from June 30 to July 2, 2015. The review assessed the flow and effectiveness of AfT in reducing trade costs in developing countries, analysed the global trend of AfT, examined the impacts of AfT on ground and identified potential areas of reforms to better frame the AfT programme in subsequent years.

During the three-day programme, participants from around the world—notably trade and development ministers, senior government officials, heads of multilateral and development agencies, representatives of the private sector and civil societies—discussed how to reduce high trade costs and what actions were being taken by various actors and development partners to help developing countries and LDCs overcome the challenges and constraints on reducing trade costs.

Review was a good opportunity for Nepal to learn how AfT has been supporting LDCs and LLDCs in reducing trade costs and removing other trade barriers.
During the review meeting, a joint OECD/WTO publication entitled, *Aid for Trade at a Glance 2015*, was released.

The report highlighted that AfT has been instrumental to many developing countries and LDCs in building their capacity and enhancing trade competitiveness.

A Nepalese delegation led by Commerce Secretary Mr Naindra Prasad Upadhyay participated in the Global Review. Other members of the Nepalese delegation attending the Global Review comprise Mr. Toya Narayan Gyawali, Joint Secretary, MoCS, Mr. Deepak Dhitral, Ambassador/PR to the UN and the WTO, and Mr. Manoj Kumar Acharya, Deputy Permanent Representative (Commerce) at the Permanent Mission of Nepal in Geneva.

Mr Upadhyay participated as a panelist in the Plenary Session on reducing trade costs in Asia and the Pacific. The Review was a good opportunity for Nepal to learn how AfT has been supporting LDCs and, in particular LLDCs, in reducing trade costs and removing other trade barriers, thereby enhancing export competitiveness by linking to the global value chain. It was an opportune event for Nepal to share its implementation-related challenges and experience with the global community and urge donors and development partners to mobilize additional resources to implement trade infrastructure and other trade cost-reducing measures. In addition, in view of the huge devastation caused by the massive earthquake in April 2015, it was an appropriate forum for Nepal to make international donor communities aware of the country’s current situation and urge them to extend additional resources for rebuilding, reconstruction and recovery of damaged trade infrastructures.
The process of NTIS 2010 Review & Update is guided by a two-layer committee within the MoCS: Steering Committee led by the Commerce Secretary and Technical Committee led by the Joint Secretary of the Planning and International Cooperation Division of the MoCS.

Under the overall guidance of the Chief Secretary, who is the chairperson of the NSC of EIF Nepal Tier I Project, a team of national consultants and an individual international consultant carried out detailed review and assessment of NTIS 2010 and updated it. The consultants directly worked with the Steering and Technical Committees on NTIS review and update.

The team of consultants have prepared a preliminary draft report on NTIS 2010 review and update. The draft report covers priority export potential areas for making specific interventions over the next five years, focusing on value chain development of each sector.

The report was shared with the NTIS 2010 Review & Update Steering and Technical Committees, Chief Secretary Mr Leela Mani Paudyal and members of the NSC for eliciting their suggestions.

MoCS has been preparing to start consultations on the report at national and international levels and a validation workshop will be held soon. The report will incorporate feedback from national and international stakeholders and will be submitted to the Council of Ministers for approval.

On July 8, 2014 in Kathmandu, NECTRADE Project organized a high-level interaction programme with trade journalists.

At the interaction, Commerce Secretary Mr Narayan Gopal Malego said that trade journalists have been providing accurate and positive information to the general public and motivating entrepreneurs and business community. MoCS has been regularly interacting with trade journalists and sharing necessary information about Nepal’s trade and seeking their feedback on important issues.

Joint Secretary of MoCS Mr Toya Narayan Gyawali made a presentation, ‘Nepal’s International Trade Scenario, major initiatives taken by the government and major issues and areas to focus on’. He threw light on the major policy interventions that the government has been undertaking for the promotion of Nepal’s trade and discussed the current trade policy and trade strategy.

Mr Bigyan Adhikari, Chairperson of the Society of Economic Journalists of Nepal (SEJON), made a presentation ‘Current situation of national news coverage, initiatives taken by media in trade news coverage, future course of action for making MoCS media-friendly and wider coverage of trade sector in media’. He highlighted the establishment, scope and affiliation of 285 economic journalists in SEJON, use of bit process, talk shows, print media and news coverage related to trade, commerce and economy. He stressed the need to discourage frequent transfer of Commerce Secretaries to avoid delay in the decision-making process and benefit from the expertise of the leadership in the fields of commerce and supplies.

Minister of State for Commerce & Supplies Hon. Giri Bahadur KC voiced his concern over the growing consumption of imported goods, despite possibility of domestic production and availability of domestic products. Product development and intervention in value chain could help the country check huge trade deficit, he said.

Finally, in his concluding remarks, Commerce Minister Hon. Sunil Bahadur Thapa said that inadequate trade-related infrastructure has hampered growth of Nepalese exports. He lauded the efforts of economic journalists in advocating and highlighting the best practices and success stories in the country’s economic development and assured them of continuous interactions with them and meeting their capacity building needs.

Participants from MoI, MoAD, MoF, NPC, MoCS, DoCSM, FNCCI, CNI, NCC and different media houses presented their views on trade sector reforms and trade-friendly media.

NTIS 2010 REVIEW & UPDATE Preliminary draft report shared
An interaction programme was organized with the Federation of Women Entrepreneurs Association of Nepal (FWEAN) in Kathmandu on August 31, 2014.

MoCS Joint Secretary, Mr Toya Narayan Gyawali, presenting the highlights of the programme, said, 'women entrepreneurs can learn a great deal from experts who would share vital information through their presentations in this programme, and entrepreneurs should feel free to put up their queries during open discussion.' Trade Development Expert, Mr Murari Prasad Gautam, made a presentation, 'Major Export Potentials of Nepalese Products and Services in India and Bangladesh, Major Issues and Actions Required', and encouraged women entrepreneurs to export Nepalese products in these target markets. He discussed the status, existing export items, prospects and new items, trade mechanisms, duty-free primary products, non-tariff measures, prospects of service exports, issues and constraints and way forward for Nepal–India and Nepal–Bangladesh trade, among others.

Similarly, Mr Rajan Sharma, President, Nepal Freight Forwarders Association, made a presentation, 'Major Procedures of Cross-border Trade and Transit in Trading with India and Bangladesh and Major Constraints Faced'. His presentation covered the treaty and infrastructure-related issues; harmonization, standardization and simplification; automation and exchange of information; non-tariff measures, sanitary and phytosanitary measures, dispute settlement, trans-shipment and capacity enhancement-related issues.

In the open discussion, Ms Reeta Bhandari, President of FWEAN, said that MoCS has rightly engaged women entrepreneurs and has motivated them towards development of Nepal’s trade sector. She shared her opinion that capacity development of women entrepreneurs should be the focus of MoCS and requested the Ministry and the Project to continue to organize such programmes in the future.

Commerce Secretary Mr Narayan Gopal Malego, Chairperson of the programme, appreciated the contribution of women entrepreneurs and encouraged them to participate in important interactions, workshops and training organized by the Ministry.

The process of NTIS Review & Update has incorporated stakeholders’ consultation programmes with, among others, line agencies, private sector, experts and development partners. Regional-level consultations were held in Ghorahi, Dang and Bhairahawa, Rupendehi on November 16 and December 11, 2014 respectively to gather feedback from wider-level stakeholders at the regional and local level. The issues, suggestions and ground realities have provided a strong base for the success of the strategy and gave a sense of ownership among trade-related stakeholders.

The interaction in Ghorahi, Dang was chaired by Mr Hem Raj Banjade, President of Dang Chamber of Commerce & Industries. Similarly, Mr Bishnu Prasad Sharma chaired the programme in Bhairahawa, Rupendehi and the chief guest at the programme was Mr Toyam Raimajhi, CDO of Rupendehi district. Around 80 participants were present in the Dang interaction, whereas around 85 participants took part in the Rupendehi interaction. The participants in both the programmes included representatives from Commerce Department, local government agencies, private sector, local entrepreneurs and exporters, economic journalists, women entrepreneurs, among others.
A one and a half-day ‘Buyer–Seller Meet and Interaction Workshop’ was jointly organized by NECTRADE Project, MoCS and Nepal Handmade Paper Association (HANDPASS) in Nepalgunj on December 13–14, 2014. The workshop provided a common platform to the buyers and sellers of handmade paper for exploring market opportunities, identifying new designs, improving quality and strengthening supply capability of handmade paper products.

Mr Ichhya Bahadur Karki, Vice President, HANDPASS, said that Nepal, being a country with ample lokta resource base and having been established in the international market, can earn huge revenue.

Participants shared their views on the production, harvesting and collection of lokta paper, its value addition and quality assurance, market linkage starting from the raw material to production and finding right market overseas.

Mr Ganja Bahadur Gurung, Assistant Chief District Officer, Banke, said that sustainable development programmes like nursery of Lokta raw material are necessary. Furthermore, Nepali paper products should go with distinctive brand names in international market.

Mr Mohan Krishna Manandhar, Secretary, HANDPASS, hoped that the interaction programme would help to explore potential areas and issues of collaboration and serve as a forum to exchange knowledge and experience between paper producers and exporters.

Buyers/paper exporters from Kathmandu and sellers from Mid-western and Far-western development regions participated in the programme.

A public–private workshop, Improving Export Performance of Honey, Tea, Coffee and Gemstones, was held in Kathmandu on September 21, 2014. The workshop was jointly organized by FNCCI and MoCS/NECTRADE.

In-depth dialogues were held between the government and commodity associations.

The workshop identified action strategies and advanced 25 major areas that were thought to be of utmost importance and critical for the development and export promotion of selected products and in contributing to narrow down the huge trade deficit that Nepal is currently witnessing.

Each product group drew out useful and valuable recommendations for the development and export promotion of the products selected for the workshop as a joint outcome of the dialogue between the government and private sector stakeholders.

Mr Anup Bahadur Malla, Chairperson of EPC/FNCCI, pointed out that the main reasons behind the discouraging exports were lack of strategic export drive and absence of sound export infrastructure. Mr Narayan Gopal Malego, Secretary, MoCS, who was chief guest at the programme, lauded FNCCI/EPC for organizing public–private dialogue workshops which have helped create synergy between the government and private sectors to address export-related issues on product basis. He assured that MoCS will give enough space to execute the suggestions generated through dialogue between the GoN and private sector representatives for specific products.

There were 91 participants representing related public and private sector organizations and associations.
NECTRADE Project supported Nepal Freight Forwarders Association (NEFFA) to organize an interaction programme on November 14, 2014 for capacity building of Nepalese economic journalists in covering and disseminating news related to trade and freight forwarding.

Mr Bigyan Adhikari, President of the Society of Economic Journalists of Nepal (SEJON), appreciated MoCS for organizing the interaction. He said that it would help enhance the capacity of economic journalists.

Mr Buddhi Prasad Upadhyaya, National Programme Manager of NECTRADE Project, made a presentation, ‘NTIS 2010: Background, Implementation and Initiatives for Update’. He briefed about the opportunities, major challenges and responding objectives for enhancing export competitiveness of Nepal, the major exportable products recommended by NTIS 2010, progress made in NTIS implementation, private sector involvement and support, EIF Tier 2 Projects, review and update of trade policy and NTIS, role of MoCS. He thanked economic journalists for the impressive efforts on the coverage of NTIS review and update as well as implementation of NTIS 2010.

The chief guest, Mr Dinesh Shrestha, President of Commodity Council, FNCCI, requested MoCS to facilitate the private sector in exporting Indian products to China and vice versa and to reduce the cost of testing Pashmina products and support the private sector to increase the ratio of Nepalese exports.

Mr Rajan Sharma delivered a presentation, ‘The Role of NEFFA in Trade Facilitation, particularly in relation to the NTIS Products’. He explained the role of freight forwarders in export and import, role of Inco-terms, risks and costs associated, integrated check points and dry ports in Nepal, policies related to trade and logistics, reasons for poor export performance and issues of export development in Nepal.

Former Director of Nepal Intermodal Transport Development Board and Trade Expert, Mr Sharad Bikram Rana dwelt on the trans-shipment modality, single window process, gaps in promotion of export from Nepal, transaction costs, technical barriers to trade, market access, expensive detention and demurrage charges.

The interaction programme made economic journalists and trade facilitation-related stakeholders aware of international trade procedures and Nepal Freight Forwarding, which would enhance the capacity of journalists for quality news coverage. The programme also reviewed and analysed the information needs of economic journalists.

The programme was chaired by the President of NEFFA Mr Rajan Sharma.

The interaction programme was attended by 85 participants from different institutions like MoCS, NEFFA, SEJON, FNCCI, NCC, CNI, TEPC, ECON, among others.
The 12th and 13th meetings of the National Steering Committee (NSC) were held on September 16, 2014 and January 26, 2015 respectively. The meetings were chaired by the Chief Secretary of GoN, Mr Leela Mani Paudyal. At the meetings, issues related to review and update of NTIS 2010, its draft report and other related matters that need to be incorporated in the updated NTIS were discussed.

At the meeting, the MoCS updated the progress of NTIS 2010 review and update process. A number of goods and services were selected as the ‘Prioritized Export Potentials’ based on predetermined indicators (export performance and inclusive and sustainable development) and their weightage. Some other products that were close to the prioritized list had good base as domestic raw materials, high value addition and international demand and that could not be left out were categorized as ‘other export potential sector and continuation from NTIS 2010’.

Goods and services with high value addition were identified on the basis of the draft report of NTIS 2010 review and update. It was also decided that the export target for the next five years, balanced development of all regions, activities related to promotion and value chain development, main responsible agency, timeline, investment and monitoring and evaluation should adequately be addressed and incorporated while formulating action plans for the Prioritized Export Potentials. Similarly, it was agreed that a concrete action plan should be prepared for ‘other export potential sector and continuation from NTIS 2010’.

NTIS Review & Update Steering Committee decided to form six thematic groups in different sectors to facilitate the review and update task. Five of the thematic groups discussed the implementation status of ToRs assigned, major issues and challenges, and future course of action in each sector.

The first group met on July 13, 2014 under the leadership of Joint Secretary Mr Toya Narayan Gyawali and discussed Aid for Trade and service trade.

Likewise, the second thematic group met on August 12, 2014 under the leadership of Mr Jib Raj Koirala and discussed the implementation status, challenges and future course of action in the area of trade negotiation capacity development and trade support institution.

The meeting of the third thematic group, held on July 25, 2014 under the leadership of Joint Secretary of Ministry of Agricultural Development, Mr Vijaya Kumar Mallik, discussed agriculture and SPS-related measures.

Similarly, the fourth thematic group met on July 23, 2014 under the leadership of Ms Yam Kumari Khatiwada, Joint Secretary of Ministry of Industry, and discussed investment facilitation, TRIPS and TBT-related matters.

Finally, the fifth thematic group met on September 4, 2014 under the leadership of Mr Rajan Khanal, Joint Secretary of Ministry of Finance, and discussed trade facilitation on revenue and customs reform.

At the meetings, detailed discussions were held on the relevant areas, and feedback and suggestions from the groups of experts were incorporated in the NTIS review and update process.
A national consultation was held on October 20, 2014 for review and update of NTIS 2010.

At the interaction programme, Joint Secretary of MoCS, Mr. Toya Narayan Gyawali, said that some of the activities in the action matrix of NTIS 2010 have become irrelevant. Therefore, the updated NTIS should include specific roles, resource assurance and time-based export targets. The national team had reviewed and updated NTIS 2010 under direct supervision of Steering and Technical Committees. He expressed his hope that the consultation workshop would be helpful in deciding indicators for product selection, weightage for each indicator and numbers with categorization of the sectors to be selected for NTIS 2010 review and update.

National Team Leader of NTIS 2010 Review, Mr. Prachanda Man Shrestha, presented the process and findings of the review. He highlighted the performance of NTIS 2010 action matrix and current position of Nepal’s international trade. He briefed on the implementation status of NTIS 2010 and shared feedback of different stakeholders. He said resources were limited for implementation of action matrix and measurable M&E mechanism was needed for timely implementation and accountability. Similarly, he shared that through NTIS interventions, private and public agencies have been coming together in trade-related policy issues.

Mr. Purushottam Ojha, former Secretary of MoCS, said that trade expansion greatly depends on production and productive capacity of the economy. However, potential export products need to be expanded rather than contracted from the previous strategy. He suggested that the products with potentiality of regional value chain integration should be given priority.

Mr. Yam Bahadur Thapa, Director General of the Department of Plant Resources, expressed his satisfaction that the NTIS review findings had established the fact that medicinal herbs and plants are doing well in the export products of Nepal.

Ms. Jacqueline Groth of German Embassy, as Donor Facilitator, expressed that actions demanding donor support are to be prioritized as resources are highly limited.

Mr. Anup Shrestha of FNCCI noted that the selection of product for the strategy should be in close consultation with the business groups. Similarly, Mr. Devendra Shrestha from the Nepal Chamber of Commerce said that priority products must be based on domestic raw materials.

Mr. Thierry Noyelle, International Consultant for NTIS 2010 Review & Update, suggested that since Trade the Policy and Trade Strategy have different levels of scope, specific intervention and concrete product selection should be done in the case of the Trade Strategy, whereas a holistic and guiding picture should be reflected in the Trade Policy. In case, some of the products in NTIS 2010 cannot make it in the updated version, recommended actions and intervention areas for such products would be included in the updated NTIS, which means those products would not be left over completely. The updated version of NTIS would spell out a concrete, target-based, time-bound and clear-cut division of responsibilities and resources.

Mr. Jib Raj Koirala, Joint Secretary of the MoCS, said the weaknesses of NTIS 2010 will be addressed adequately in the updated NTIS. For this, it needs to clearly speak about the target, timeframe, resource assurance and responsible agencies for the implementation of the suggestions and action matrix.

Finally, Commerce Secretary said the success of the new strategy depends on how well resources would be mobilized for implementation, monitoring mechanism developed and implementation strategy designed for achieving its outcomes. ‘The challenges are numerous and hidden, but an effective and revived strategy should be able to mitigate these and implement the recommendations successfully,’ the Commerce Secretary remarked.
NECTRADE Project organized a capacity development programme for MoCS officials and WTO Focal Points situated in various line ministries in Nagarkot, Kathmandu on August 8–9, 2014.

The programme was divided into four sessions. In the first session, ‘Trade Facilitation Agreements and General Agreements on Tariffs and Trade (GATT)’, Mr Toya Narayan Gyawali, Joint Secretary of MoCS, presented a paper ‘Trade Facilitation Agreement under WTO, major provisions and issues in Nepalese context.’ Joint Secretary of MoCS, Mr Jib Raj Koirala, made the second presentation, ‘General Agreement on Tariffs and Trade.’

In the second session, ‘Trade Related Intellectual Property Rights (TRIPS)’, Mr Ravi Bhattachari, MoCS Under Secretary, made the second presentation, ‘TRIPS Agreement under WTO, major provisions and issues in Nepalese context.’ Joint Secretary of MoCS, Mr Dilli Raj Ghimire, made the second presentation, ‘TRIPS Agreement under WTO, major provisions and issues in Nepalese context.’

In the third session, ‘Conceptual Overview of International Trade and GATS’, Dr Posh Raj Pandey, President of SAWTEE, delivered a presentation ‘Conceptual Overview, Existing Mechanism and Emerging Trend and Issues in International Trade’. Another presentation, ‘General Agreement on Trade in Services: Major provisions of agreement, understanding the agreement, and issues in Nepalese context’, was made by Trade Expert Mr Prachanda Man Shrestha. In the final session, ‘Enabling Clause, S&DT and Remedial Measures under WTO’, presentations were made by Mr Purushottam Ojha on ‘Enabling Clause, S&DT and Remedial Measures under WTO: Nepalese Context and Major Issues’ and by Joint Secretary of MoJPA, Mr Dilli Raj Ghimire, on ‘Remedial Measures under WTO Agreements and Issues as well as Required Preparation in Nepalese Context.’

Commerce Secretary Mr Malego said that the presentations and the knowledge exchanged would benefit all the participants while executing their duties. The participants comprised senior staff (under-secretary level and above) from the MoCS.

ADVANCED BUSINESS COMMUNICATION SKILLS TRAINING

The British Council imparted a 32-hour Advanced Business Communication Skills course to MoCS staff to develop their capacity for communicating more fluently and effectively in English. The lessons were divided over total 16 sessions. The sessions focused on developing both spoken and written English in a variety of contexts.

The participants developed their ability to present ideas clearly and confidently in English. They developed their capacity to run training events, meetings, seminars and other gatherings by learning and practising effective facilitation techniques. They learned and practised the lessons using the Principled Negotiation model and applied it to their negotiations. The participants identified and worked to eliminate common mistakes of grammar and style in their work-related writing.

Overall, participants’ capacity to communicate in English developed as a result of the training, as have their level of accuracy and confidence.

The participants comprised senior staff (under-secretary level and above) from the MoCS.

PROGRESS OF TIER 2 PROJECTS DISCUSSED

A joint meeting of all three Tier 2 projects was organized by EIF Tier 1 NECTRADE Project on August 4, 2014 to review the progress and share experience among Tier 1 and Tier 2 projects.

An independent evaluation team, Capra international, visited Nepal in August 2014 and carried out mid-term evaluation of the EIF Mechanism in Nepal. Similarly, EIF TFM Supervision Mission visited Nepal in the second week of August 2014. The interaction served as a preparatory meeting for both visits. At the meeting, all the Project Managers/Project Coordinators of EIF Tier 2 projects made presentations, covering major progress and status of the project, as well as major issues and actions in the pipeline.
Trade in Services: Focused discussion on potential areas identified by NTIS 2010

An interaction programme on Trade in Services with focus on potential areas as identified by NTIS 2010 was organized on August 29, 2014.

Joint Secretary of MoCS, Mr. Toya Narayan Gyawali, made a presentation which discussed trade in services, sectors of trade in services, modes of service supplies, principles of GATS, LDCs service waiver, status of service waiver, services sectors in NTIS 2010 and related issues.

Similarly, presentations were made on behalf of sectoral ministries, viz. Ministry of Education, Ministry of Health and Population, Ministry of Energy, Ministry of Culture, Tourism and Civil Aviation, and Ministry of Labour and Employment on their respective services sectors. The presentations focused on the major initiatives taken for development of trade in services based on NTIS Action Matrix, major issues and constraints faced during the implementation of the recommendations of NTIS 2010.

At the programme, Commerce Secretary stressed the need for all the ministries and stakeholders to sit together more frequently and to update each other about the developments in trade in services, as well as plan activities for more effective and coordinated execution.

Minister of State for Commerce and Supplies, Hon. Giri Bahadur KC, said that the world trade has been dominated by the countries with higher trade in services. ‘Nepal can compensate merchandise trade deficit through positive trade balance in services, which is only possible through strong inter-ministerial coordination,’ he added.

The programme was chaired by Minister of State for Commerce and Supplies, Hon. Giri Bahadur KC, Commerce Secretary, Joint Secretaries of MoCS, MoAD, MoHP, MoFA, MoI, MoEn, MoPIT, Director Generals and Deputy Director Generals from various line agencies, representatives of the private sector, media, Presidents of FWEAN and SEJON, Under Secretaries and Section Officers from line ministries and trade-related stakeholders participated in the programme.

Vision, Mission, Goals & Objectives of MoCS reviewed

MoCS, in association with NECTRADE Project, organized an interaction programme on December 7, 2015 to review its mission, vision, goals and objectives. The programme finalized the vision, mission, goals and refined the short- to long-term objectives so that they were more concrete, target-oriented and realistic.

The participants suggested adjusting its policies to focus on trade in services; aligning objectives to control illicit trade and ensuring a smooth supply of essential goods and services; classification of objectives in four to five headings; refining and clearly differentiating strategies and objectives; periodic review of the strategies and targets and inclusion of core values of MoCS as a new area.

Commerce Secretary said that the participants’ suggestions would help the Ministry in the implementation of the activities of MoCS.

Commerce Minister Hon. Sunil Bahadur Thapa said ‘result-based accountability is the key to achieving these objectives, and benchmarks need to be set for future implementation and achievement of the set objectives, goals and targets within the given timeframe with an adequate monitoring mechanism.’

The programme was chaired by Minister for Commerce & Supplies Hon. Sunil Bahadur Thapa and Minister of State for Commerce & Supplies Hon. Giri Bahadur KC.

The programme witnessed presence from different fields, including representatives from various ministries and organizations and umbrella associations of the private sector and trade experts. All three Joint Secretaries of MoCS, Joint Secretaries of MoI, MoF and MoAD also participated in the programme.
The 13th Aid for Trade (AfT) Donor Group meeting was held on November 14, 2014. The meeting was organized to get feedback and suggestions of development partners to make NTIS 2010 review and update more realistic and action-oriented.

Joint Secretary of MoCS, Mr Toya Narayan Gyawali, briefing the group about his participation in the EIF Board meeting in Geneva, said that, as EIF will phase out in December 2015, the EIF Board discussed the Post 2015 support mechanism. He further said that, after realization of the importance of the EIF for LDCs in addressing supply-side constraints, all members seemed ready to extend the tenure of the EIF.

Mr Buddhi Prasad Upadhyaya, EIF Nepal NPM, made a presentation on EIF Tier 1 Phase II proposal and briefed the rationale of the project proposal for Phase II. Ms Jacqueline Groth, Donor Facilitator, German Embassy remarked that strengthening NIU is very important and that it is very crucial to join hands with other development partners in the field of trade in Nepal.

At the meeting DPs updated on their ongoing projects.

Mr Purushottam Ojha, World Bank, said the Bank has launched a US$101 million project, NIRTTP, to support Nepal in trade sector development. Furthermore, together with the IFC, the NIRTTP Project has started facilitation of Nepal’s cross-border trade.

Mr Aayush Rai, DANIDA, informed that Embassy of Denmark’s UNNATI–Inclusive Growth Programme in Nepal, has completed its inception phase and it will launch activities focusing on tea, ginger and dairy value chain soon.

Ms Maria CASTALDI, EU, informed that the EU-funded Trade and Private Sector Development Project was started on September 29, 2014 and will run till the end of January 2018.

Dr Deva Bhakta Shakya, USAID/Nepal, informed that USAID has launched support programmes for three ministries, MoI, MoCS and MoAD, through its Policy Initiative Program for policy and legislative reforms.

Ms Tara Devi Gurung of Australian Embassy informed that the Australian government is developing a South Asia Regional Project on Trade Facilitation, which will include Nepal.

Ms Jacqueline Groth informed that the German government is providing technical assistance in trade sector development of Nepal through a number of bilateral projects such as the Trade Promotion Programme and Inclusive Development of the Economy.

Ms Mina Aryal of the Trade Policy Analysis Section of MoCS explained about the ongoing review of the Trade Policy.

Mr Buddhi Prasad Upadhyaya presented the status and progress of NTIS Review & Update. He informed that national and international consultants have been hired and the team have already started working.

Ms Ellen Kallinowsky of GIZ recommended the GoN to look into trade facilitation, energy development and capacity development of key trade-related institutions as important measures for effective implementation of both the Policy and the Strategy.

Mr Prachanda Man Shrestha, Team Leader of the national consultants for NTIS Review & Update, said that the implementation capacity is very weak and he advised focusing on soft parts. He added that the institutional mechanism, cross-cutting results and value chain development of specific products were also taken into consideration while finalizing the strategy. He suggested orienting towards getting benefit from trade in services.

Mr Lila Dhar Adhikari, TPP/GIZ, presented the recently prepared mid-term Capacity Development Strategy for NTIS implementation for the MoCS. Furthermore, the TPP has prepared a mid-term capacity development strategy, which will help implement NTIS more effectively. The draft would provide a common framework to create synergy in capacity development efforts, for instance among MoCS, EU, World Bank, NECTRADE/EIF and TPP/GIZ.

Ms Jacqueline Groth said that a stand-alone NIU is needed for strengthening coordination among the MoCS and the DPs.
TAC 1 Meeting forwards Tier 1 Phase II proposal to EIF Board

A meeting of Tier 1 Project Appraisal Committee (TAC 1) was held on October 20, 2014.

At the meeting, Joint Secretary and NIU Chief, Mr Toya Narayan Gyawali, highlighted the EIF initiatives in Nepal through Tier 1 Phase I Project (NECTRADE). He threw light on Phase II proposal and the need for starting EIF Phase II from January 1, 2015 for continuing the momentum set by EIF Tier 1 Phase I.

Mr Buddhi Prasad Upadhyaya, EIF Nepal National Programme Manager presented the achievements of the EIF process in Nepal and the necessary preparations that were taken for entering Phase II.

At the meeting, Ms Jacqueline Groth, Donor Facilitator, German Embassy, said that the new proposal addresses relevant issues with regard to capacity building for AfT matters and strengthening the EIF National Implementation Arrangement. She suggested coordinating the capacity development activities with other donors. Regarding the Trade SWAp mechanism, she suggested exploring other mechanisms like pooling of TC contributions with other donors.

Dr Hemant Dawadi, Director General of FNCCI, and Mr Mahesh Bhattarai, Under Secretary of the National Planning Commission, expressed that Phase II should be implemented in collaboration with the private sector and necessary capacity-building activities should be extended down to the local level.

The meeting decided to forward the EIF Tier 1 Phase II Proposal to the EIF Board by adjusting the comments and feedback of the EIF ES and the TFM, as well as by incorporating the suggestions of this meeting.

EIF Board approves extension of Tier 1 Phase I NECTRADE Project

EIF Tier 1 Project in Nepal has provision for two phases: Phase I for three years and Phase II for two years. Phase II of Tier 1 is subject to an independent mid-term evaluation of Tier 1, recommendation from the NSC and Tier 1 Project Appraisal Committee (TAC 1) and approval of the EIF Board. The Mid-term Evaluation has strongly recommended to extend the Project to Phase 2 since EIF Tier 1 Phase 1 has made good achievements in the trade mainstreaming and capacity building fronts.

The NSC meeting, held on September 16, 2014, decided to recommend the extension of Tier 1 Phase I to Phase II to continue the momentum set by Phase I and for review and update of NTIS 2010 as well as to coordinate the implementation of updated NTIS and the three EIF Tier 2 projects. Similarly, TAC 1 meeting, held on October 20, 2014, decided to forward the Phase II proposal to the EIF Board for necessary process at EIF Geneva. EIF Nepal has advanced to the second phase and the EIF Board has agreed to extend the Project till February 28, 2017.

ABOUT EIF NEPAL AND NECTRADE

The Enhanced Integrated Framework (EIF) is a global commitment for trade-related capacity building of LDCs which the Government of Nepal (GoN), Ministry of Commerce and Supplies (MoCS) has been facilitating in Nepal. The EIF programme is currently helping 48 LDCs worldwide as well as three recently graduated LDCs, supported by a multi-donor trust fund, the EIF Trust Fund, with contributions from 23 donors.

National Implementation Arrangement (NIA), which comprises a National Steering Committee (NSC), a Focal Point (FP), a National Implementation Unit (NIU), WTO Focal Points in line ministries, and other trade-related structures have been constituted by the GoN as per the guidelines of the EIF Executive Secretariat, Geneva. The NIU is responsible for coordinating EIF activities and implementing it at national level.

As a Tier 1 EIF Nepal Project, the NECTRADE Project is further designed to build capacity of national trade actors for efficient mobilization of AfT, mainstream trade into the national development process, enhance public–private partnership, facilitate development of Tier 2 project proposals and achieve objectives of the updated NTIS. From January 2015, NECTRADE is in the second phase of its implementation.