PROJECT FOR AGRICULTURE COMMERCIALISATION
AND TRADE (PACT)

Framework for Indigenous People Development Plan
PROJECT DESCRIPTION

Project for Agriculture Commercialisation and Trade

The project development objective is to assist the Government of Nepal in improving the competitiveness of smallholder farmers and the agribusiness sector in selected commodity value chains in 25 districts (in all development regions of the country except the eastern development region) supported by the project. This will be achieved by: (i) helping farmer groups and cooperatives engage in profitable market-oriented production and improved access to markets through the provision of technology and information services and critical public infrastructure and linkages to agribusiness; (ii) creating and strengthening industry-wide partnerships along the value chain, thus forging linkages between producers, traders, processors, and other stakeholders and, (iii) reducing existing obstacles to agriculture and food trade thereby increasing the ability of farmers and agribusiness to respond to sanitary and phytosanitary (SPS) and food-quality standards to meet domestic and international market requirements.

Project Components and Activities

The Project for Agriculture Commercialisation and Trade has three components and each of them would finance sub-components as shown below.

<table>
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<tr>
<th>Components</th>
<th>Subcomponent</th>
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| Component 1. Agriculture and Rural Business Development | a. Pre-investment and advisory support  
b. Technology support and market infrastructure  
c. Agribusiness support |
b. Technical assistance and capacity building measures |
| Component 3. Project Management and Monitoring and Evaluation | a. Overall project management  
b. Monitoring and evaluation  
c. Reporting  
d. Support to Project Management Unit |

The detailed project activities under each component are given below.

Component 1  Agriculture and Rural Business Development

The component will finance demand-based sub-projects proposed by farmer groups, agribusinesses and other value chain participants to build strategic linkages with a view to increase competitiveness, productivity, quality and market access. The component will also finance the facilitation of value chain plans, sub-project proposal development and monitoring of sub-projects.

The objective of this component is to enable farmers to engage in profitable market-oriented production and to promote partnerships and market linkages with other value chain participants and agribusinesses. The component will help agro enterprises, commodity associations, cooperatives and farmer groups to actively engage in the development of commodity value chains by partially financing demand-driven investment proposals through a competitive matching grant.
The component will also support investments aimed at creating viable enterprise-based farmer institutions that are linked to other value chain participants and are actively engaged with the markets.

The specific activities supported under this component are: (i) providing pre-investment and advisory support to enable FOs and value chain participants to prepare subproject proposals and business plans for grant funding under the project; (ii) direct financing of approved subproject proposals in technology and information support and market infrastructure; (iii) agribusiness development through partial financing of demand-driven investment proposals by agro enterprises, commodity associations and cooperatives that are actively engaged in the development of commodity value chains.

Pre-investment and Advisory Support: The pre-investment sub-component will provide TA to FOs, processors, input suppliers, and other value chain participants to review their commercialization options and prepare viable business plans and investment proposals for funding under the project grant facility – the Value Chain Development Fund (VCDF). This will be done through organizing stakeholder workshops in the selected districts with an objective to identifying potentially viable sub-sectors, setting the longer-term vision and objectives of the value chain, identifying constraints and opportunities that are holding back growth and competitiveness and jointly agreeing on commercially viable solutions that can address these constraints. Eligibility criteria for accessing finance for this purpose and the process and procedures for submitting proposals, screening and award of grants is discussed in Annex 3 and in the Project Implementation Manual. The grants provided under these activities will be competitive and supported at 100% of costs.

Technology support and Market Infrastructure: For technology related services, the sub-component would finance, (i) acquisition of improved genetic/planting materials, as well as testing, multiplication, and dissemination/distribution and, (ii) small and medium-size quality improving technologies (such as processing, grading, and packaging) for testing and introduction. The VCDF can support demonstrations and extension of off-the-shelf technologies. Investments in rural market infrastructure will support subprojects such as storage facilities, grading and sorting equipment, value addition facilities, small irrigation systems, link roads, collection centers, improved technological inputs, facilities to improve access to market and other relevant information. The grants provided under these activities will be competitive and supported at 70% of costs with 30% contribution in cash/kind from beneficiaries.

Large rural market infrastructure (including link roads) involving several FOs can be proposed, but these would require local development authorities’ involvement and participation in the planning, implementation, operation and maintenance. Seventy percent of the investment cost in rural infrastructure will be grant and the remaining 30 percent will be contributions from either the local development authority or value chain participants, in cash or kind.

Agribusiness support: The VCDF directed towards agribusiness support will co-finance investment proposals from commercial and existing agro enterprises, commodity associations and cooperatives that are actively seeking to expand. Subproject proposals that qualify for VCDF competitive grants will have one or more of the following general characteristics: (i) provide clear linkage through formal contracts between farmer organizations and agribusiness and (ii) have some public good character that benefits many participants in a value chain. Matching contribution of 50% will be required of the agribusiness seeking financing under this facility.
All three types of activities noted above will be supported after a consultative process of value chain development. Value chain development plans will be developed through a consultative process involving different stakeholders. For each of the regions and all the districts within that region, one facilitation firm will manage the process of consultation and sub-project identification/proposal development. Local organizations, non-government organizations, district chambers of commerce and relevant government departments and agencies will participate in the development of subprojects.

**Component 2 Support for Sanitary and Phytosanitary Facilities and Food Quality Standards**

This component aims to strengthen the efficiency and effectiveness of sanitary and phyto-sanitary services in order to reduce existing obstacles to agricultural and food trade. It also aims to support the private sector’s efforts to gain market advantage through improved food quality management. As such it provides critical backing to the value chain investments being supported by component 1 and other related projects by Development Partners.

The component will finance (i) food quality and safety enhancing activities through improving laboratory facilities and certification capabilities and (ii) technical assistance and capacity building measures to meet food safety and quality standards. It will also provide technical assistance to industries to help them meet hygiene requirements so as to earn the confidence of importing country authorities and private sector importers.

Implementation of the SPS and food quality management will be through three line departments of the MOAC and the private sector. The Department of Food Technology and Quality Control (DFTQC), Department of Livestock Services (DLS), and Department of Agriculture (DOA) will provide services to the value chains and private sector to support national and international quality requirements. The work program for this component will be prepared by the MOAC departments and presented to the NPSC on an annual basis with progress reports presented on a quarterly basis to the NPSC.

**Component 3 Project Management and Monitoring and Evaluation**

The component will finance overall project management, monitoring and evaluation and reporting. This component will also support a Project Management Unit (Team) comprising of a Project Director, a Deputy Project Director responsible for the competitive grant program, a Monitoring and Evaluation Officer, Finance Officer, Procurement Officer, Accounts Officer and two accountants. A Technical Secretariat, recruited as a firm, will be responsible for the overall functioning of the competitive grant program including monitoring and evaluation and the MIS and will report to the PMT. A public awareness company will be hired to manage local and national level awareness activities for the project.

The PMT will also hire the firms responsible for facilitating and developing initial and final proposals for value chain development for each of the 4 regions, and for monitoring implementation of the sub-projects. The Terms of references (TORs) for these firms will be prepared by negotiations and the recruitment process will be largely completed by credit effectiveness.

The project management sub-component will provide honoraria for peer reviewers and for members of the sub-project proposal evaluation committee. Other expenses for project
management will include operating expenses, goods, services and consultancies. The component will also support expenditures for the project Monitoring and Evaluation system.

**Project Approach**

Agricultural Commercialisation and Trade Project is fully demand-driven in nature and at this stage all the specific Subprojects are not known. Therefore a broad guideline/framework has been developed for generic type of activities envisaged in the project. The approach was therefore to provide broad environmental and social setting at the national level and in view of this identify impacts and suggest mitigation measures that respond to the needs of PACT in screening the proposals.

In general, the project approach is community driven and social mobilisation will be the key factor involving local communities in agricultural commercialisation efforts in value chains around the commodities. Viable farmers organisations will be formed or strengthened, the members of these organisations will be trained in various aspects of commercialisation, and in due course of time, these organisations will be gradually developed into rural institutions. Farmers will be grouped as producer groups, cooperatives, commodity associations, women groups, processing groups, marketing groups and many others. A viable and sustainable partnership between the farmer organisations and the agribusiness entrepreneurs will be formed. It is aimed that these groups could be members of much larger national and global supply chains.

**Indigenous People Development Plan (IPDP)**

The Indigenous People Development Plan (IPDP) devised here will adopt strategies geared towards inclusion, greater participation and involvement in commercial agriculture, capacity building along with specific measures either through direct project funds or from other sources.

A generic approach to redress inclusion and providing a minimal welfare safety net for innate or vulnerable people in PACT has been devised. Stakeholders’ consultations and social screening during the feasibility stage of each subproject will identify the presence of vulnerable groups in subproject areas, impacts on these groups and types of skill training/income generating activities they view of having most value in providing economic and social uplift. The PACT will adopt the following strategies when the indigenous and Dalit people are the minority of direct project beneficiaries.

**a) Inclusion**

- The project will without much delay propose to commence exclusionary activities through social mobilization, group organizing, information, skills, technology and business opportunities that will allow them to pursue micro-enterprises, self-employment, or other opportunities in commercial agriculture.
- Ensure awareness raising, active participation and capacity enhancement of the various ethnic groups/minorities.
- The dominant culture of traditional social institutions tends to isolate the indigenous people. But meanwhile excessive preferential treatment may further isolate them from the mainstream of development. So an appropriate mix of safeguard as well as openness has to be worked out. One of the safeguards for the indigenous or vulnerable people will be allocation or arrangement of specific investment fund for these groups alone in the project.

**b) Programme Planning**
• Conduct a careful study and analysis of community groups and ethnic composition before an implementation strategy for an area is put together. A great deal of attention will be needed in areas wherein social complexity exists. Social assessment and analysis by social development professional will be carried out to address the social concerns of the subproject area. The social analysis will include identification of the key issues pertaining to livelihood restoration, build up and safeguard of indigenous people and address those issues through the project. Likewise the detailed vulnerability assessment of project affected groups/people and the indirect impacts of the project on livelihood will be also ascertained.

• Subproject identification survey following the potential beneficiary requests will be carried out by collection of social ethnic/caste population data. The submittal of requests will require being inclusive as well as participatory in its membership, and categorically manifest the caste / ethnic and gender composition of the operating farms.

• Subprojects submitted for approval would have a follow-up assessment by relevant Expert, particularly focusing on confirmation of social data, population size of the local ethnic groups and their representation. The project will ensure participation of indigenous people / ethnic groups in all activities, including training activities.

• Indigenous people possess Indigenous Knowledge. The indigenous people have been marked for their expertise / specialization in some of the profession / occupation that they had been carrying out for decades, as their family occupation. More pronounced are the Gurungs, Rais who raise lambs/ sheep for wool production while Majhis are good at cold water fishing. Such knowledge / skills have to be identified and built-in to the subproject implementation processes under PACT. The knowledge / skills will be identified during the subproject identification / selection and a subproject matching to the skills will be promoted.


c) Involvement in Commercial Agriculture

• Ensure adequate representation of the indigenous people /Dalits and their active involvement in commercial agricultural activities, increase their access to the resources to be endowed by the project, provision for sufficient opportunities to skills development, offer preferential treatment in the employment opportunities and involve representative institutions/advocacy organizations.

• A candidate subproject will be assessed on the basis of the susceptibility of diverse ethnic groups in the project contexts and will include appropriate mitigating measures to address such vulnerability. For this the need for precise but distinct plan to respond to needs of indigenous / vulnerable peoples will be ascertained.

• Launch project information campaign to inform the target groups about the key features of the project, subproject eligibility and selection criteria, beneficiary involvement and contribution and project implementation process. Professional support will be provided through DALO. SPIs and advocacy organizations. These organizations will also be engaged to design and facilitate an appropriate consultation and participation process.

d) Capacity Building

• Provide meticulously designed activities to address the capacity enhancement needs of indigenous and Dalit community. More often than not indigenous people / ethnic minorities can not endure the competition with their dominant culture groups who are better organized and have privileged education, skills etc. The indigenous people or their institutions, owing to lower or mediocre level of educational achievement fare poorly in their capacity.
- District agriculture and livestock office and service providers will be involved in mobilizing the indigenous people for group formation and strengthening. Likewise qualified members of local ethnic groups, including women will be engaged by the concerned agencies of PACT to undertake information dissemination works, preparing the beneficiary groups for project activities and contributory works.

- A systemic approach to organize and develop the users groups into a viable, well functioning organization will be followed during the subproject implementation. More precisely subproject implementation plan will be crafted for each subproject that will include social mobilization and information campaign, group formation and strengthening, organization building, training and skills upgrading, subproject implementation and monitoring and evaluation arrangements.

- The project will identify the leadership of indigenous people / ethnic groups in the subproject area conduct a series of interaction meetings and will encourage their representation in subproject related activities. Representation through spokesperson will be yet another modality that will be adopted to point out the local people’s interests.

- Indigenous peoples will need increased capacity with the necessary knowledge and skills to participate in the PACT activities. Economic marginalization of the indigenous people has been largely attributed to insufficient skills to benefit from the new investment.

The project would initiate pilot sub projects following a ‘trial-demonstration extension-adaptation - adoption’ strategy. A subproject implementation strategy for indigenous people is presented in Appendix 7.11.

e) Specific Measures

Specific measures as the project strategies for indigenous peoples, Dalits and minor ethnic communities are given in Table 7.12. These measures have been grouped on priority basis, and the sources of funding either through project funds or other sources as well as responsible agencies to carry out the measures are highlighted.

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<tr>
<th>Proposed Strategies</th>
<th>Sources of Funding</th>
<th>Agencies Responsible</th>
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<tbody>
<tr>
<td><strong>A. Inclusion</strong></td>
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<tr>
<td>Ensure awareness raising, active participation and capacity enhancement of the various ethnic groups/minorities.</td>
<td>Farmers organisation support grant</td>
<td>District Agriculture and Livestock Development</td>
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<td>Commence inclusion activities through mass mobilisation and awareness campaign</td>
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<td>Group formation among indigenous people and Dalits for PACT programme implementation</td>
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<tr>
<td>Ensure the members and executive members of farmers groups constituted from the ethnic minorities</td>
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<tr>
<td><strong>B. Programme Planning</strong></td>
<td>Farmers organisation support grant</td>
<td>District Agriculture and Livestock Development Office, SPIs</td>
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<td>Study and analysis of indigenous and Dalits in PACT subproject sites</td>
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<td>Preferential treatment and special support to indigenous people and Dalits to get involved in PACT subprojects</td>
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<td>Subproject identification preferable to Indigenous people and Dalits</td>
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<td>Involve IP and Dalits in beneficiary groups and increase their participation.</td>
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<tr>
<td>Define training/income generation activities based on the identified needs and priorities of vulnerable people in the subproject area.</td>
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C. Involvement in Commercial Agriculture

Increase access to resources to carry our commercial agriculture
Design information dissemination and outreach strategies targeted to vulnerable people.
Ensure equal wages for similar work
Launch project information campaign to inform the target groups about the key features of the project, sub project eligibility and selection criteria
Consider issues raised by vulnerable groups.

D. Capacity Building

Conduct project related meetings in IP’s area to encourage participation of vulnerable groups. Ensure a quorum which includes representation from IP groups.
Provide targeted assistance/training aimed at vulnerable groups to enhance livelihoods and participation in PACT subprojects
Built in literacy campaign in the subproject
Built up capacity of indigenous peoples and Dalits with the necessary knowledge and skills to participate in the PACT activities

Gender Development Policy

Gender Issues and Past Initiatives

Women of Nepal are severely marginalized. Their socio-economic status remains at lowest ebb and the condition largely depressed. The dominant patriarchal social structure coupled with economic and legal factors are mainly attributed to for women’s plight. These factors have been instrumental in restricting women’s access to and control over assets or economic resources. Until lately the societal structure divided work based on gender limiting the women’s role within the households.

Women are equally subjugated in the decision-making process. The hierarchical social structure has shaped an asymmetrical land ownership pattern and tenure system leaving women more disadvantaged than men. This has played a deterrent role as only a handful of women have land ownership in their names. Consequently, women have no control over productive assets like land despite the fact that they significantly contribute to agriculture production system. Although, during consultation, some farmers conceded that farming decisions were made jointly, male member still dominate the decisions.

Efforts have been made to uplift the status of women. Policy level efforts started during Sixth Plan (1980/81-1984/85) which adopted a policy of augmenting women’s participation in all programs and projects. The plan, recognized legal impediments to women’s economic empowerment. The Seventh Plan (1985-1990) had a policy of increasing productivity and capacity building of women, encouraging their participation at an equal footing with that of male. The Eighth Plan (1992/93-1996/97) emphasized the need for increased women's representation at decision-making levels in government, and other organisations. Likewise the Ninth and Tenth Plan focused on abolishing gender discrimination, eliminating all kinds of discrimination against women, gender mainstreaming, and equality and women empowerment.
The latest efforts to gender mainstreaming is reflected in the Interim Constitution (2007) of the country which promises, in its preamble, to solve the problems of caste / ethnicity, class, regional imbalance and gender issues. The constitution through its various clauses protects women from all kind of discriminations. While Clause 20 (1) assures no discrimination due to the gender difference, the Clause 13 ensures equality with provision for same wage for similar works. Likewise Clause 20 (4) provides for equal right to son and daughter on paternal property. In this year (2006) alone 16 discriminatory laws against women have been amended.