



Ministry of Commerce and Supplies, Government of Nepal
Nepal Enhanced Capacities for Trade and Development (NECTRADE)
Supported by Enhanced Integrated Framework, WTO



EXPRESSION OF INTEREST

TO DEVELOP PROJECT PROPOSALS FOR IMPLEMENTATION OF ACTION STEPS
AS SUGGESTED BY NEPAL TRADE INTEGRATION STRATEGY 2010

DETAIL INFORMATION AND TERMS OF REFERENCE



August 31, 2011

EXPRESSIONS OF INTEREST PARTICULARS

1. Closing Date	September 30, 2011 at 15.00 hrs
2. Mode of Submission	Electronically to nctrade@mocs.gov.np OR By Hand Delivery/Post to: NECTRADE Project Office 4 th Floor, MoCS Building Singha Durbar, Kathmandu, Nepal
3. Submission Language	English or Nepali
4. Contact Person	Dhiraj Karki at 01-4233217

Expression of Interest (EOI) to Develop Project Proposals for Implementation of Action Steps as Suggested by Nepal Trade Integration Strategy 2010

I. Background

The Government of Nepal, Ministry of Commerce and Supplies (MoCS) has taken steps to put in place the Enhanced Integrated Framework (EIF), a global initiative for trade related capacity building of least developed countries. Accordingly, Nepal Trade Integration Strategy (NTIS) was launched in June 2010 to support EIF implementation process. The NTIS has not only identified 19 products and services as having comparative advantage for exports but also prescribed number of action steps to gain competitive edge in the 19 items.

National Implementation Arrangement, which comprises of a National Steering Committee, a Focal Point, a National Implementation Unit (NIU) and other entities are constituted by the Government as per the guidelines of EIF Executive Secretariat, Geneva. The NIU is responsible for coordinating EIF activities and implementation at the national level.

II. Overview of the EIF Process

For effective and well-coordinated mobilization of trade related technical assistance, the Government of Nepal (GoN) prepared Nepal Trade and Competitiveness Study (NTCS), the first Diagnostic Trade Integration Strategy (DTIS) in 2003 and owned its recommendation for implementation. Accordingly, the government created an Integrated Framework Steering Committee (IFSC) and a Local Project Appraisal Committee (LPAC) to finalize the project proposals and forward them to development partners for implementation. The GoN received assistance from Integrated Framework Trust Fund (IFTF) under Window I and II.

The Window I fund was mainly utilized for trainings, conference and seminar participation, study tour, knowledge sharing, establishment of National IF Secretariat and its logistic support. 'Nepal Window II Trade Related Capacity Building' project was implemented to facilitate timely implementation of NTCS recommendations on priority basis. This project was mainly designed to assist the Government for enhancing institutional capacities, improving trade facilitation, strengthening of SPS/TBT/TRIPS enquiry points, and establishing an export financing mechanism. The project was completed in December 2005.

Further, the GoN and UNDP signed another project entitled 'Enhancing Nepal's Trade Related Capacity' (ENTReC) with a view to continue the programmes and utilize unspent IF fund. The ENTReC project, among others, worked on pre-feasibility studies for alternative transit routes, new areas of Nepal's export potential, private sector development and policy updates, DTIS updating and institutional capacity assessment and preparation of Tier 1 Project (NECTRADE), which was approved by the EIF Board in March 2010.

The Nepal Enhanced Capacities for Trade and Development (NECTRADE) Project is thus designed to strengthen national arrangements of the EIF to enhance Nepal's ownership of trade related technical assistance and maximize the benefits that the country can derive from participation in international trade. The NECTRADE Project has further taken initiatives to prepare Tier 2 Projects, which is aimed at implementing NTIS 2010.

III. Tier 2 Project – Key Information

- *What are Tier 2 projects?* Projects to address NTIS 2010 Action Matrix priorities

- *Who funds Tier 2 projects?* EIF Trust Fund (TF) and, bilateral and multilateral local donor partners
- *Size and duration of EIFTF-funded Tier 2 projects* - Normally < US\$1.5million, up to 3 years
- *EIFTF Tier 2 Categories* - Soft trade/supply-side capacity development projects; small infrastructure projects on a case-by-case basis

IV. Major Areas for Tier 2 Projects and EOI Submission

- Strengthen trade negotiations capacity of Nepal
- Strengthen investment facilitation
- Strengthen trade facilitation
- Strengthen technical standards of domestic NTB (SPS and TBT) institutions
- Strengthen other business environment supportive institutions
- Strengthen intellectual property rights
- Strengthen service sectors environment
- Strengthen trade support network and institutions
- Strengthen EIF National Implementation Arrangements
- Strengthen 19 priority export potential sectors
- Any other activities suggested by the NTIS 2010

V. Purpose

The key purpose of this EOI is to collaborate with all interested public, private and non-government agencies to develop bankable Tier 2 proposals for implementation of actions steps identified in the NTIS.

VI. Eligibility

- The EOI is open to all public, private and non-government agencies with interest in the related field.

VII. General Terms and Conditions

- The EOI should be submitted in the prescribed format in the Annexure B, page 25.
- The EOI could be submitted either by email or by hand delivery/post in English or Nepali language, in the address provided in the EOI Particular, page 2.
- For any clarification, please contact **Dhiraj Karki, Project and Policy Analyst** at EIF Nepal and NECTRADE, either by email or phone in the address provided in the EOI Particulars, page 2.

VIII. Selection Procedure

- All EOIs will be scrutinized by an Evaluation Committee at the NIU, MoCS.
- The Evaluation Committee will evaluate all EOIs and the shortlisted ones shall be invited for further discussion and future collaboration at the NIU, MoCS.
- The NIU/NECTRADE shall accept or reject the EOIs without providing any justifications.
- However, it is desired and expected to accommodate as many EOIs possible from diverse areas/sectors.
- In case of duplication of EOIs, the Evaluation Committee shall either avoid weak ones or merge strong ones.

Annexure A: Terms of Reference (TOR)

I. Scope

The broad scope for developing project proposals for implementation of action steps as suggested by the NTIS are:

- To ensure proper market access to address issues related to non-tariff barriers (NTBs), and related regulatory and business environment issues.
- To build domestic support institutions that can create a more friendly business environment and help Nepalese exporters address the challenges of the NTBs.
- To take steps to strengthen the supply capacity of exporters especially in sectors where they can enjoy a competitive advantage, be it in terms of production costs, quality of products, and/or productivity.
- To mobilize Overseas Development Assistance to assist in developing pertinent capacity.

II. Objectives

NTIS identifies four objectives to address these scopes for the coming years:

- *Objective 1:* Strengthen trade negotiations (especially bilateral)
- *Objective 2:* Strengthen the technical capacity of domestic non-tariff barrier (NTB) and other business environment supportive institutions
- *Objective 3:* Strengthen the export capacity of 'Inclusive' export potential goods and services
- *Objective 4:* Strengthen the GoN's capacity to coordinate and manage Trade-Related Technical Assistance (TRTA) and Aid for Trade (AFT) and to implement the NTIS

III. Areas/Sectors and Action Steps for EOI Submission

Several action steps addressing the major areas and 19 potential export sectors as identified by the NTIS 2010 to support the four objectives are consolidated in the Action Matrix (Part I and II) as under:

As few of the action steps are already being implemented or in the pipeline, please do not include the following highlighted ones in your EOI.

Action Matrix I

Areas	Action Steps
<i>Objective 1: Strengthen trade negotiations (especially Bilateral)</i>	
Trade Negotiations	<i>Multilateral and Regional</i> 1. Develop negotiation agenda and strategy and strengthen inter-ministerial consultation mechanisms <i>Bilateral</i>

2. Develop negotiation agenda and strategies and strengthen bilateral focus on potential export sectors

India

3. Accelerate formalization of Nepalese transit cargo's access to a second eastern Indian port and a western Indian port

4. Review procedures relating to cross-border movement of rail wagons at Raxaul in the context of Rail Service Agreement

5. Negotiate increased and expedited transparency in applicable Indian customs rules, duties, procedures and non-discriminatory application of such. Create a system for Nepalese traders to report issues to MoCS

~~6. Negotiate elimination of fees and duties imposed by Indian states on Nepalese exports in contravention of WTO rules and commitments~~

~~7. Negotiate with India a more robust law enforcement against tampering of seals and cargo content within India and develop procedure for registering and addressing Nepalese traders' complaints~~

~~8. Establish a coordination committee with India to discuss harmonization of computerized customs systems~~

9. Negotiate increased number of Indian border points with ability to clear all cargo, including SPS-sensitive cargo, and develop integrated check-posts

China

~~10. Complete the (underway) negotiations on preferential tariff rates for Nepalese goods~~

~~11. Negotiate improved rules of origin~~

~~12. Negotiate improved access for selected Nepalese service exports (e.g. tourism, including passenger transport by road, health)~~

~~13. Negotiate increased and expedited transparency in applicable Chinese customs rules, duties, procedures, standards, and negotiate non-discriminatory application of such. Create a system for Nepalese traders to report issues to MoCS~~

Other Bilateral Negotiations

14. Negotiate additional bilateral agreements with labour-importing countries to assist with temporary migration of Nepalese workers

~~15. Establish embassies or consular offices in main destinations for Nepal labour exports~~

Cross-cutting

16. Develop negotiations skills and develop trade policy research capacity

Objective 2: Strengthen the technical capacity of domestic NTB and other business environment supportive institutions

<p>Investment Facilitation</p>	<p>17. Formulate and adopt an Act establishing a Board of Investment (BoI)</p> <p>18. Establish BoI, provide budget, recruit qualified staff</p> <p>19. Develop and implement capacity development programmes for BoI staff</p> <p>20. Establish one-stop investor facilitation service within BoI</p> <p>21. Amend and enact draft SEZ bill, including removal of 75% export requirement. Duties on domestic production to remain. Negative list to replace positive list</p> <p>22. Undertake rigorous investment benchmarking studies comparing Nepal to other locations</p> <p>23. Develop a strategic investment promotion plan for Nepal</p> <p>24. Carefully review opportunity and merit of consolidating investment promotion and trade/export promotion functions in a single agency</p> <p>25. Implement investment campaign in key target sectors, monitor results, improve approach</p> <p>26. Consider supplier development scheme linked to FDI in SEZ to promote local multiplier effect and technology transfer</p>
<p>Trade Facilitation</p>	<p>27. Implement Customs Reform and Modernization Plan 2009-13</p> <p>28. Customs automation: Introduce new ASYCUDA modules, including selectivity module; redesign procedures; train staff</p> <p>29. Valuation: Improve valuation database and create interface with ASYCUDA; train staff</p> <p>30. Post-clearance audit: Build capacity within DoC; train staff</p> <p>31. Risk management: Formulate a risk management plan, including establishment of procedures, identification of monitoring indicators, and creation of unit; train staff</p> <p>32. Strengthen National Trade Facilitation Committee to improve inter-agency cooperation and coordination of inspection at border</p> <p>33. Review licensing arrangements for customs brokers; increase transparency; allow for new entrants</p> <p>34. Formulate a master plan and improve physical facilities at border points (warehousing, cold storage)</p>

	<p>35. Further negotiations with India on movement of rail wagons and access to sea ports. See Objective 1</p>
Technical Standards	<p>36. Speed up revision of Act and Regulations on Nepal Standards</p> <p>37. Circulate draft revised Act, including among WTO member countries, as per WTO provision for comments</p> <p>38. Nepal Council of Standards (NCS) to enforce 'Code of Good Practice for Preparation, Adoption and Application of Standards' and notify ISO/IEC</p> <p>39. Post-clearance audit: Build capacity within DoC; train staff</p> <p>40. Establish a national accreditation board; establish affiliation to international accreditation bodies; start accreditation process within Nepal</p> <p>41. Develop and maintain registry of private, government or NGO, domestic or international product/ system certifiers operating in Nepal</p> <p>42. Strengthen WTO/TBT Enquiry Point to assist in providing Nepalese exporters with information on standards to be met in importing countries; strengthen capacity of Enquiry Point to coordinate preparation of WTO notifications</p> <p>43. Raise awareness of exporters about product and process standards</p> <p>44. Formulate national standards for products of export interest harmonized with ISO/CODEX/IEC standards</p> <p>45. Accelerate accreditation of government and private sector laboratories, including NBSM and DFTQC laboratories, for product certification by internationally recognized accreditation bodies. In SPS, focus should be on accredited food testing, including MRL and microbiology</p> <p>46. Facilitate establishment of specialized laboratories by product associations under the PPP approach for special purposes (e.g. collective mark, trademarks, non-destructive assessments, etc.)</p> <p>47. Accreditation of several ISO 9000, ISO 14000, SA 8000 certifiers, including possibly NBSM; review/address possible conflicts with standard setting role of NBSM</p> <p>48. Accreditation of several HACCP and ISO 22000 certifiers, including possibly DFTQC; review/address possible conflicts with standard setting role of DFTQC</p>
Sanitary and Phyto-Sanitary Measure	<p>49. Adopt Regulations under the new Plant Protection Act 2007</p> <p>50. Amend current Food Act 1966</p>

	<p>51. Review Animal Health and Livestock Act 1998 and Nepal Veterinary Council Act B.S.2055 (2000)</p> <p>52. Review Pesticides Act 1991 and Pesticides Rules B.S.2050 (1994) to ensure that crop protection comply with changing and most stringent MRL requirements of trading partners</p> <p>53. Strengthen WTO SPS Enquiry Point, including up-to-date website, staffing and procedures to answer queries, etc</p> <p>54. Launch internationally acceptable traceability systems based on GAP certification run through TPC. Could be launched initially for tea, lentils, cardamom, and ginger</p> <p>55. Consolidate SPS focal points (currently spread among DFTQC, PPD, DoLA, MoFSC) in a newly created biosafety agency with specialized staff outside traditional public servant staff rotation system</p> <p>56. Launch efforts to promote enabling environment for food production and processing with focus on: clean air, potable water, proper treatment and disposal of soiled water and solid waste</p>
Intellectual Property	<p>57. Amend (or legislate new) Industrial Property Act to include collective and certification marks and to comply with WTO TRIPS Agreement</p> <p>58. Legislate Traditional Knowledge (TK) and Geographical Indication (GI) laws</p> <p>59. Strengthen capacity of current intellectual property offices, including training of staff, and equipment. Develop relevant registration databases</p> <p>60. Launch awareness campaigns among businesses on the use of intellectual property protection as a competitive advantage, including among exporters in NTIS export potential sectors</p> <p>61. Establish GIs for several export commodities</p> <p>62. Establish an intellectual property training institute to train users, regulators, creators, judges, lawyers, and all who work on IP issues</p> <p>63. Consolidate all intellectual property and copyright matters in an intellectual property agency with specialized staff outside traditional public servant staff rotation system</p>
Service Sectors Environment (Cross Cutting)	<p>64. Establish a 'champion' institution to promote Nepalese service exports (current WTO Sen/ice Enquiry Point weak; TEPC focuses on goods; 17 uncoordinated agencies responsible for services)</p> <p>65. Carry out detailed review of domestic laws and regulations pertinent to</p>

	<p>individual service sectors and their impact on service exports</p> <p>66. Modify current restrictions on foreign exchange imposed on Nepalese residents (\$2,000)</p> <p>67. Formulate regulations for full enforcement of the Telecommunications Act to heighten competition (and lower cost) of high band-width internet</p> <p>68. Improve government statistical instruments to measure, forecast and monitor contribution of services and services exports to Nepalese economy</p> <p>69. Upgrade airport infrastructure, including at TIA</p>
<p>Objective 3: Strengthen the export capacity of 'inclusive' export potential sectors</p>	
<p>Individual Priority Export Potential Sectors</p>	<p>70. For possible actions in the 19 Priority Export Potential Sectors identified in <i>NTIS 2010</i>, see <i>individual SWOT analyses with recommendations in Action Matrix Part II</i></p> <p>71. Formulation of individual sector strategies and supportive policies for the 19 export potentials, as needed</p>
<p>Trade Support Institutions</p>	<p>72. Strengthen government-business policy dialogue through creation and effective operation of NBF</p> <p>73. Merge the Export Promotion Forum (EPF) operated by FNCCI with NBF's Working Group on Trade and/or bring EPF under Working Group on Trade umbrella</p> <p>74. Create structured network of trade support institutions (TSIs)</p> <p>75. Clearly redefine mandate of TEPC, restructure TEPC and match staff and skills with clearly defined functions</p> <p>76. Use TSI network to develop TSI grass roots service capacity in areas of business and trade information, awareness of NTBs (especially standards), product design and development, technology, etc.</p> <p>77. Launch GAPs, food safety and quality management systems based on TPC for selected Nepalese agro-food exports</p>
<p>Objective 4: Strengthen GoN's capacity to coordinate and manage TRTA and Aft and to implement NTIS</p>	
<p>EIF National Implementation Arrangements</p>	<p>78. Align priorities of <i>NTIS 2010</i> and 3-year NDP</p> <p>79. Incorporate Trade Sector Strategic Priorities of GoN in Nepal Development Forum</p> <p>80. Get <i>NTIS 2010</i> approved by Council of Ministers</p> <p>81. Establish effective NSC</p>

	<p>82. Establish effective NIU located in MoCS with focal points in key Ministries, with staffing and procedures (procurement, M&E,...)</p> <p>83. Establish effective NTIS Technical Committees. Provide strong linkages between NTIS Technical Committees and NBF Working Groups</p> <p>84. NIU and Technical Committees to formulate and secure funding to implement NTIS 2010 Actions</p> <p>85. NIU and Technical Committees to identify, formulate and secure funding for small, quick-win TA proposals early on after launch of NTIS 2010 (in line with short- to medium-term priorities identified in NTIS)</p> <p>86. Institutionalize regular consultations between MoCS and development partners</p> <p>87. Create a dedicated web platform to communicate and monitor progress against NTIS and NDP benchmarks and Paris Declaration</p>
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Action Matrix II

Sectors	Action Steps
1. Cardamom	<p>88. Strengthen the Cardamom Association to address the interest of all stakeholders involved in the value chain.</p> <p>89. Examine/implement programmes for aggregation and consolidation of the industry (cooperatives, marketing associations) so as to improve marketing efficiency and obtain third party certification (TPC).</p> <p>90. Work with traders/exporters to increase value addition activities within the country and reduce dependence on Siliguri (India) market.</p> <p>91. Promote large cardamom in markets that traditionally purchase small cardamom. Create a brand image for Nepal's large cardamom.</p> <p>92. Investigate possibility of creating a collective mark or a Geographical Indication (GI) for Nepal's large cardamom.</p> <p>93. Introduce improved farming and post-harvest practices in cardamom-growing areas.</p> <p>94. Widely introduce the bhatti drying technology to improve quality.</p> <p>95. Improve extension services and focus on eradication of crop diseases such as Chhirke, Phurke, and Jurjure.</p> <p>96. Ensure proper testing equipment in central and regional laboratories.</p> <p>97. Strengthen research and development (R&D) work and produce and</p>

	<p>distribute seed-based (opposed to sucker-based) quality planting materials on a large scale.</p> <p>98. Explore avenues for product diversification, catering to spice, essential oil, cardamom paper, incense, colour extraction industries.</p>
<p>2. Ginger</p>	<p>99. Introduce higher yielding and better quality varieties of ginger. (The Government Ginge Research Farm has released a new improved variety suitable for Nepal’s soil and climate that can maintain the Bose nature and quality of ginger. Multiplication of this seed can provide an excellent opportunity for improving the quality of Nepalese ginger)</p> <p>100. Examine/implement programmes for aggregation and consolidation of the industry (cooperatives, marketing associations) so as to improve marketing efficiency and obtain TPC.</p> <p>101. Implement focused programmes to expand ginger farming areas, production, and yield in major areas/districts.</p> <p>102. Encourage contract farming for ginger.</p> <p>103. Provide training in post-harvest handling.</p> <p>104. Establish ginger collection centres (similar to vegetable collection centres) by involving farmers’ groups, local government, DOA and traders.</p> <p>105. Conduct regular business meetings of entrepreneurs, investors, farmers, and technicians to address various production- and trade-related issues.</p> <p>106. Diversify into processing ginger extracts (oleoresin).</p> <p>107. Encourage processing of ginger for product diversification and value addition within the country, including simple drying.</p> <p>108. Resolve the unexpected and ad hoc import restrictions imposed by India through trade negotiations.</p>
<p>3. Honey</p>	<p>109. Provide support to growers in pesticide management and establish effective quality supervision and control systems.</p> <p>110. Submit a pesticide residue control plan to the EU and other honey importing countries.</p> <p>111. Strengthen testing laboratory capacity in the area of MRL.</p> <p>112. Set up internationally accredited laboratories that can certify produce for conformity with importing market standards.</p> <p>113. Acquire organic certification.</p>

	<p>114. Reduce import duties and VAT on packing materials and abolish other duties and charges.</p>
<p>4. Lentils</p>	<p><i>Export facilitation</i></p> <p>115. Under the GoN policy, classify lentils as exportable and refrain from imposing export restrictions (as was done in 2009).</p> <p>116. Examine/implement programmes for aggregation and consolidation of the industry (cooperatives, marketing associations) so as to improve marketing efficiency and obtain TPC.</p> <p>117. Develop quality certification to strengthen the image of Nepalese exports on world market.</p> <p>118. Strengthen quarantine treatment (fumigation) posts, with equipment and training, at the border.</p> <p>119. Conduct study tours of millers, exporters, and government officials to attractive overseas markets.</p> <p>120. Facilitate the Association of Nepalese Rice, Oil and Pulses Industries (ANROPI) to set up agents in key attractive markets.</p> <p>121. Improve lentil data generation and analysis at all levels. Separate lentil from 'pulses' categories at all administrative levels (MoAC, Nepal Agricultural Research Council [NARC], MoCS, Customs, TEPC, Central Bank, etc.)</p> <p><i>Procurement facilitation</i></p> <p>122. Lower and then eliminate district taxes affecting export products.</p> <p>123. Establish a lentil market information system.</p> <p>124. Establish lentil wholesale markets in Bardia, Banke, Dang, Rupendehi, Chitwan, and Parsa, operating three months a year during and after harvest.</p> <p>125. Hold yearly meetings of stakeholders in Birgunj, Bhairahawa, and Nepalgunj.</p> <p><i>Production expansion facilitation</i></p> <p>126. Strengthen monitoring and assistance from District Agriculture Development Office (DADO) to farmers, focusing on simplified technical recommendations (priming the seeds, flush irrigation, weeding).</p> <p>127. Strengthen the capacity of NARC Agronomy Division in charge of pulses in the area of lentils.</p> <p>128. The National Agriculture Research and Development Fund should pay priority attention to lentils and call for bids for conducting client-oriented</p>

	<p>research.</p> <p>129. Launch proactive and sustained improved seed production programmes as a major undertaking of the private sector, NARC and Nepal Seed Company.</p> <p>130. Strengthen private sector distribution of inputs (fertilizers and herbicide) with support from DADO and commercial banks.</p>
<p>5. Tea</p>	<p>131. Improve transportation of green leaf from farm to factory by: a) constructing access roads to tea plantation pockets; b) importing commercial vehicles suitable to the industry on duty-free basis; c) introducing improved plucking bags to keep the leaf intact.</p> <p>132. Encourage establishment of new factories to increase domestic capacity for processing green leaf.</p> <p>133. Improve quality control through measures such as farmers ensuring that their pluckers follow the practice of selective plucking and factories are very strict in their control of leaf intake and reject all unsuitable and damaged leaves at factory door.</p> <p>134. Increase vigilance on the indiscriminate use of chemicals and pesticides. Control import of inferior quality inputs (substandard and banned products).</p> <p>135. The NTCDB must develop a scheme to register all tea farmers and processors, however small their operation. Undertake regular inspections of premises so that inferior, substandard, and polluted products are not sent to market whether export or domestic.</p> <p>136. Encourage and assist medium and large export-oriented factories to obtain ISO/HACCP certification.</p> <p>137. Adjust processing practices to different seasons to make optimum use of the leaf quality and their inherent characters and bring out the maximum natural flavour, aroma, and strength.</p> <p>138. Strengthen the existing government food testing laboratories for certifying and conducting tests and analyses on residue level, heavy metal presence, and fungal infestation and issue internationally recognized reports.</p> <p>139. Develop a GI for orthodox tea areas similar to Darjeeling in India and Dimbula/Nuwara Eliya in Sri Lanka as a basis for branding and marketing such produce.</p> <p>140. Set up R&D institutional facilities (tea training centre or tea school) for</p>

	<p>further quality improvement and productivity growth.</p> <p>141. In order to improve transparency in marketing, quality, and prices, set up tea auctioning facilities and/or improve access to international auction centres.</p> <p>142. In order to tap new markets, identify product diversification opportunities-based trends in import volumes by target countries, taste preferences, tea grades demanded, etc.</p>
6. Instant Noodles	<p>143. Encourage wheat flour mills to increase the utilization of their production capacity.</p> <p>144. Provide incentives for establishing new wheat flour mills in the country to lessen import dependency of noodle factories.</p> <p>145. Establish food laboratories for Halal certification and to meet the requirements under the PFA.</p>
7. Medicinal Herbs and Essential Oils	<p><i>Product and Technology</i></p> <p>146. Support technology such as fractional distillation and steam processes for oil extraction to reduce material wastage and to lower the production costs.</p> <p>147. Encourage private sector investment in farming, processing, and production of forestry and herbal products for better use of resources.</p> <p>148. Facilitate internationally recognized product certification.</p> <p>149. Coordinate efforts of INGOs and NGOs in supporting production development and technological improvement. Emphasize a market-oriented approach.</p> <p>150. Initiate R&D efforts towards processed products such as perfumes, food flavouring elements, and fragrances.</p> <p><i>Market Access</i></p> <p>151. Promote use of better packaging materials such as certified aluminium containers.</p> <p><i>Institutional and Human Resource Development</i></p> <p>152. Establish specialized institutions in the Mid-Western Region to support economically deprived people from mountainous regions through development of herbs and aromatic plants and plant products. Collaboration with the Jadi Buti Entrepreneurs Association of Nepal (JABAN), Nepalgunj might be appropriate.</p> <p><i>Business Environment</i></p> <p>153. Set up a national laboratory through public-private partnership (PPP)</p>

	<p>that issues internationally recognized product certificates. Such a laboratory should be supplemented by a branch in Nepalgunj.</p> <p>154. Review, simplify, and improve current procedures for collection, royalties, restrictions, EIA, IEE, processing, customs tariffs on inputs, and exporting of herbs and herb products. For example, if a laboratory is set up in Nepalgunj, the Department of Forestry should permit export on the basis of laboratory test and certification in Nepalgunj itself without visiting Kathmandu.</p> <p>155. Implement a policy and institutional system for issuing an internationally recognized organic certificate developed by the MoAC.</p> <p>156. Introduce a policy to intensify the use of raw herbs in production of essential oils and herbal products.</p> <p>157. Introduce collective patent rights to cover species of Nepali origin like Timur and others.</p> <p>158. Remove all district development taxes imposed on movement of herbs within Nepal.</p> <p>159. Strengthen bilateral negotiations with India and request the Government of India to (a) incorporate selected herbs in the list of importable items of Department of Plant Quarantine and (b) issue open transit movement permit to Nepalese herbs from one state to another.</p>
<p>8. Handmade Paper and Paper Products</p>	<p><i>Product and Technology</i></p> <p>160. Develop new nurseries and plantations for Lokta production through farmers' cooperatives and community forest users groups in as many districts as possible.</p> <p>161. Improve the paper supply capability by improving the processing system, including reducing wastage of raw material and improving the quality of paper. This could reduce wastage by 25 per cent and improve quality by 20 per cent.</p> <p>162. Develop use of alternative energy for processing (currently intensive use of wood-fuel).</p> <p>163. Support the development of new sources of raw materials such as Ketuke, banana, and bamboo.</p> <p>164. Support the development of new products that are marketable in developed countries.</p> <p>165. Support appropriate waste water treatment plants for paper-making factories.</p>

	<p>166. Use royalties collected from Lokta to finance training in Lokta collection, nursery management and cultivation, and for the development of a paper processing system.</p> <p><i>Market Access</i></p> <p>167. Develop the trade promotion capacity of enterprises in the sector, including possibly support the costs of participation in international trade fairs, buyer-seller meetings, production of brochures, etc.</p>
<p>9. Silver Jewelry</p>	<p><i>Product and Technology</i></p> <p>168. Encourage establishment of internationally accredited testing laboratories for precious metal and gem stones.</p> <p>169. Encourage improvement of jewelry production through (a) creation of a jewelry school responsible for R&D and training, (b) matching fund to support investment in modern tools, equipment, etc. to upgrade quality, (c) dissemination of information technology, production process, raw materials, modern tools, equipment, market, designs, etc.</p> <p>170. Private firms and companies should dialogue and cooperate with government on urgent need to improve product.</p> <p>171. Reduce duties and taxes on import of equipment and tools.</p> <p>172. Develop gold, platinum, white gold, and titanium jewelry.</p> <p><i>Market Access</i></p> <p>173. Facilitate Nepal's participation in specialized international trade fairs and exhibitions.</p> <p>174. Undertake market research periodically and disseminate findings to manufacturers and exporters.</p> <p>175. Organize buyer-seller meetings in Kathmandu and major markets abroad.</p> <p>176. Promote export of jewelry to India by including a special provision under the bilateral trade treaty.</p>
<p>10. Iron and Steel Products</p>	<p>177. Streamline the duty drawback system.</p> <p>178. Streamline customs clearance procedures, including customs post open 16 hours/day and closed only on Sundays to match Indian schedule.</p> <p>179. Open additional customs transit points for land route to Bhutan (currently, only one border post allowed).</p> <p>180. Allow free transit of trucks on selected routes linking Nepal, India, and Bhutan.</p>

	<p>181. Provide adequate electricity supply. Give priority access (16 hours/day, 6-day-a-week) to export-oriented sectors.</p> <p>182. Streamline and lower the cost of pre-shipment financing. The current cost of L/Cs is too high.</p> <p>183. Revisit foreign exchange systems. Forward exchange contracts are too expensive.</p> <p>184. Review and update Nepal Export Promotion Act and Regulations.</p>
<p>11. Chyangra Pashmina Products</p>	<p><i>Product and Technology</i></p> <p>185. Initiate Chyangra farming development activities on a pilot project basis at suitable locations to meet at least 20 per cent of the total Pashmina yarn requirement.</p> <p>186. Set up Pashmina processing plants on cooperative basis at appropriate locations (e.g. Upper Mustang, Mugu, Dolpa or Humla) to encourage poor livestock farmers in remote areas to enter into production.</p> <p>187. Implement a long-term sericulture project for the development of a silk sector in Nepal (Pashmina shawls usually contain 30 per cent silk), based on the findings of a recent feasibility study.</p> <p>188. Set up a national institute with appropriate laboratory testing capacity and research and training facilities to provide quality assurance for Pashmina and silk materials.</p> <p>189. Undertake a feasibility study to set up a Pashmina yarn spinning plant in Nepal.</p> <p>190. Undertake a feasibility study to set up a Pashmina knitting sector in Nepal.</p> <p><i>Market Access</i></p> <p>191. Support marketing of a 'Chyangra Pashmina' trademark in the most promising markets with support from the Chamber of Commerce and Nepalese diplomatic missions.</p> <p>192. Develop proper market research capacity to assist the sector in product design and development, as well as market promotion strategies and programmes. Pashmina is a fashion item that requires continuous market watch.</p> <p>193. Strengthen market linkages by organizing Nepal's participation in the most relevant international trade fairs and exhibitions in existing and promising new markets.</p>
<p>12. Wool Products</p>	<p><i>Product and Technology</i></p>

	<p>194. Strengthen provision of reliable wool quality.</p> <p>195. Enhance grade testing laboratory facilities and certification capacity.</p> <p>196. Conduct a feasibility study for technology upgrading in felt products, including the possibility of introducing new stamping machines and other new technology.</p> <p>197. Launch improved-breed sheep (e.g. Vyanglung) farming projects as pilot projects with provision for wool collection, cleaning, scouring, and carding centres on regional basis.</p> <p>198. Establish high-tech yarn spinning plants through PPP of woolen knitting industries and exporters with government support and coordination.</p> <p>199. Establish a training and R&D institute to train workers in production, market-oriented design and colour combination, and use of machines and quality standards.</p> <p>200. Support introduction of computerized design and knitting technology.</p> <p>201. Improve the wool spinning system to supply colour blended and high quality yarns in assorted varieties and colours.</p> <p>202. Make provision for additional modern plants to provide dyeing services to small knitting factories.</p> <p><i>Market Access</i></p> <p>203. Encourage strategic alliances between exporters and knitters in villages to increase outsourcing of knitting through collectors or institutions located in districts outside Kathmandu valley.</p>
<p>13. Tourism</p>	<p><i>Infrastructure and Core Services</i></p> <p>204. Reinstate peace and security in the country. This is the number one requirement, especially in view of the forthcoming Nepal 2011 Tourism Year (eight 4-star hotels shut down during the conflict).</p> <p>205. Improve roads linking Kathmandu, Chitwan, Lumbini and Pokhara, the four main tourist destinations in the country.</p> <p>206. Improve airport infrastructure, including at TIA in Kathmandu and at airports in Pokhara and Bhairahawa.</p> <p>207. Improve communication infrastructure and provide 24-hour banking and medical services in Chitwan and Pokhara.</p> <p>208. Introduce an open sky policy to invite larger number of domestic and international airlines.</p> <p>209. Promote community-based rural tourism.</p>

	<p><i>Market Access and Market Development</i></p> <p>210. Provide necessary incentives for the establishment of educational and training institutes for the sector.</p> <p>211. Improve branding and marketing of Nepal as a tourist destination, including by involving</p> <p><i>Nepalese missions abroad in promotion campaigns.</i></p> <p>212. Encourage cross-border tourism, including improvement in border immigration for increased inflow of tourists from India and China (strengthened negotiations with the Chinese authorities might be required). Chinese tourists face problems at Kodari border now and then. Open additional entry points in Jhulaghat and Baitadi.</p> <p>213. Reduce bureaucratic requirements for tourism entrepreneurs and tourists.</p> <p>214. Review the very high mountaineering royalties instituted by the GoN to climb Himalayan peaks. For instance, the US\$50,000 fee per party to climb Mt. Everest has encouraged parties to climb from the Chinese side.</p> <p>215. Amend the now-defunct Hotel and Restaurant Act 2036 (1980).</p>
<p>14. Labour Services</p>	<p>216. Improve consular services to assist Nepalese workers abroad, e.g. through increased number of relevant officers in Nepalese embassies in major host countries.</p> <p>217. Launch training programmes in various districts with the involvement of manpower companies, i.e. on PPP. Establish additional training centres, if necessary.</p> <p>218. Monitor and supervise existing training institutes for quality.</p> <p>219. Strengthen skill development programmes.</p> <p>220. Launch basic awareness and information programmes in the districts at the time of issuing passports.</p> <p>221. Increase awareness of the Foreign Employment Act 2007.</p> <p>222. Assess the need for a separate labour bureau for migrant workers and take necessary steps for the establishment of such a bureau.</p> <p>223. Put in place a mechanism to look at the complaints made by the workers returning before their contract period.</p> <p>224. Simplify bureaucratic procedures at government departments prior to departure and introduce one-stop payment of fees.</p> <p>225. Encourage and enable Nepalese manpower companies to visit the</p>

	<p>foreign companies concerned when problems arise.</p> <p>226. Improve channels for remitting earnings.</p> <p>227. Increase access of Nepalese women temporary migrants to overseas employment markets.</p> <p>228. Strengthen GoN's ability to negotiate bilateral agreements with receiving countries and use this as an opportunity to diversify destination markets.</p>
15. IT and BPO Services	<p>229. Create conditions for a truly competitive telecommunications market. (The absence of a clear regulatory environment is an issue. The overlapping mandates of the Ministry of Information and Communications and the Ministry of Science and Technology are a problem.)</p> <p>230. Create a larger IT park with good infrastructural facilities (electricity and telecom in particular) and attractive to private investors. (The IT park outside Kathmandu is too small and can accommodate only up to 300 people.)</p> <p>231. Review tax structure and fiscal incentives for the sector.</p> <p>232. Reduce taxes on IT equipment (hardware and software) and facilitate VAT refund.</p> <p>233. Amend foreign exchange restrictions (The limit of US\$2,000 per person going abroad is a hindrance to proper development of overseas business opportunities.)</p> <p>234. Collect data on the sector, e.g. through an extensive survey of IT/BPO companies with regular follow-up. Regularly monitor export values to increase public awareness of the economic importance and dynamism of the sector.</p> <p>235. Identify bottlenecks and possible government/donor interventions and strategies.</p> <p>236. Promote Nepal in India and elsewhere as an offshore destination for IT and BPO services.</p> <p>237. Encourage CMMI certification of enterprises in the sector. (CMMI is the international benchmark for quality and delivery. Only one Nepalese firm is currently certified.)</p>
16. Health Services	<p>238. Improve statistical data through surveys, including surveys of foreigners that received, or are receiving, medical services in the country.</p> <p>239. Undertake detailed study of export potentials and attractive markets.</p>

	<p>240. Revise existing health-related laws and introduce new ones required to promote health services in Nepal, including the export of this service.</p> <p>241. Strengthen training of medical personnel in Nepal, including easing entry of foreign medical practitioners to support improved medical education.</p> <p>242. Encourage procurement of new technology, equipment and medicines for Ayurvedic medical services.</p>
17. Education Services	<p>243. Seek improved international recognition of Nepal's degrees, in particular in India. Education exports stand or fall on international recognition of education.</p> <p>244. Improve quality of education through improved teaching. Facilitate access of foreign teaching staff.</p> <p>245. Enforce use of English language in education as prescribed under the relevant amendment of Nepal Education Act.</p> <p>246. Publicize educational opportunities available in Nepal in foreign markets.</p> <p>247. Improve statistical measurement of the sector through regular surveys across universities (number, country of origin of foreign students, fees paid, degree obtained, etc.).</p> <p>248. Discourage political interference in the education sector.</p> <p>249. Improve infrastructure in educational institutes, including public ones, especially at university level.</p>
18. Engineering Services	<p>250. Formulate a sector policy supportive of export of engineering and consulting services and supportive Act, as necessary.</p> <p>251. Inform professionals about outsourcing opportunities from Nepal (For example, ADF is completing an outsourcing job for a Dutch company and WELINK is exporting engineering software and carrying out consultancy for foreign companies from Nepal).</p> <p>252. Establish a consultancy development centre. (At present, Nepal has only a small desk at the Ministry of Physical Planning & Works to support this sector.)</p>
19. Hydro Electricity	<p>253. Formulate a proper legal framework. New Draft Act before parliament needs improvements (e.g. requirement that at least 10 per cent investment in project be Nepali does not work for large projects due to lack of investment resources). Simplify the system of taxation and royalties to</p>

	<p>assure transparency for investors and also significant tax revenues.</p> <p>254. Overhaul the system of licence issuance for hydropower projects.</p> <p>255. Set up a planning body and develop a master plan (with focus not only on generation but also on transmission).</p> <p>256. Set up a regulatory body to facilitate negotiations with potential public or private foreign investors. Make available a single-window system for potential investors.</p> <p>257. Undertake studies that analyse the different financing and pricing options for some potential projects and their costs and benefits, including an assessment of how hydropower projects could be rewarded for positive externalities (such as irrigation and flood control). Also include an analysis of Bhutan's approach and why this approach has so far not been successful in Nepal.</p> <p>258. Accelerate negotiations with India to update the existing power trade agreement and other necessary arrangements.</p>
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IV. Output/Deliverables

- All interested agencies are required to submit their proposals addressing at least 1 (maximum 3) Areas in the Action Matrix I or at least 1 (maximum 3) Sectors in the Action Matrix II, above.
- The shortlisted ones will be taken as the base for developing detail project proposals (Tier 2) during which regular interaction and collaboration will be done

V. Technical Support

- The selected ones will be provided all technical support by the NIU/NECTRADE at MoCS

VI. Funding

- Under arrangement from EIFTF and, bilateral and multilateral local donors partners (Please see Tier 2 Project – Key Information at Page 3)

VII. Timeline

- The NIU/NECTRADE intends to undergo immediate collaboration with all selected agencies, hence seeks early submission of EOIs.
- The deadline for EOI submission is however, September 30, 2011 at 15.00 hrs.

Annexure B: Format of EOI Submission

I. Agency Details

1. Name of Agency:

2. Name and Designation of Office Bearer(s):

3. Full Postal Address, Phone/Fax, e-mail:

4. Branches and Presence in Nepal:
(Specify, if any)

5. Evidence of Competence:
(Examples of similar projects undertaken earlier, if any)

6. Evidence of Qualifications:
(CVs of key personnel)

II. Proposal Details (BRIEF VERSION)

1. Area of Proposal:
(Please check minimum 1 and maximum 3 areas)

- | | |
|---|--------------------------|
| Strengthen trade negotiations capacity of Nepal | <input type="checkbox"/> |
| Strengthen investment facilitation | <input type="checkbox"/> |
| Strengthen trade facilitation | <input type="checkbox"/> |
| Strengthen technical standards of domestic NTB (SPS and TBT) institutions | <input type="checkbox"/> |
| Strengthen other business environment supportive institutions | <input type="checkbox"/> |
| Strengthen intellectual property rights | <input type="checkbox"/> |
| Strengthen service sectors environment | <input type="checkbox"/> |
| Strengthen trade support network and institutions | <input type="checkbox"/> |
| Strengthen EIF National Implementation Arrangements | <input type="checkbox"/> |
| Strengthen 19 priority export potential sectors | <input type="checkbox"/> |

(If you have checked this area, please also check minimum 1 and maximum 3 sectors)

- | | |
|---|--------------------------|
| 1. Cardamom | <input type="checkbox"/> |
| 2. Ginger | <input type="checkbox"/> |
| 3. Honey | <input type="checkbox"/> |
| 4. Lentils | <input type="checkbox"/> |
| 5. Tea | <input type="checkbox"/> |
| 6. Instant Noodles | <input type="checkbox"/> |
| 7. Medicinal Herbs and Essential Oils | <input type="checkbox"/> |
| 8. Handmade Paper and Paper Products | <input type="checkbox"/> |
| 9. Silver Jewellery | <input type="checkbox"/> |
| 10. Iron and Steel Products | <input type="checkbox"/> |
| 11. Chyangra Pashmina Products | <input type="checkbox"/> |
| 12. Wool Products | <input type="checkbox"/> |
| 13. Tourism | <input type="checkbox"/> |
| 14. Labour Services | <input type="checkbox"/> |
| 15. IT and BPO Services | <input type="checkbox"/> |
| 16. Health Services | <input type="checkbox"/> |
| 17. Education Services | <input type="checkbox"/> |
| 18. Engineering Service | <input type="checkbox"/> |
| 19. Hydro Electricity | <input type="checkbox"/> |
| Any other activities suggested by the NTIS 2010 | <input type="checkbox"/> |

2. Proposal Title:

3. Rationale of the Proposal

4. Objective and Scope

5. Output and Activities

6. Cost Estimates

7. Implementation Arrangement

8. Implementation Schedule

9. Proposal Framework

Reference Documents

The following document/s are referred to this EOI and TOR, and can be obtained online as follows:

- Nepal Trade Integration Strategy 2010, Background Report
http://mocs.gov.np/uploads/NTIS%202010%20Background%20Report_052411.pdf.pdf
- Nepal Trade Integration Strategy 2010, Executive Summary and Action Matrix
<http://mocs.gov.np/uploads/NTIS%202010%20exe%20sum%20160610.pdf>