

Background

High Value Agriculture Project in Hill and Mountain Areas (HVAP) is a joint endeavour of the Government of Nepal (GoN) and the International Fund for Agricultural Development (IFAD) which is executed by the Ministry of Agricultural Development (MoAD) in partnership with the Netherlands Development Organization (SNV) and the Agro-Enterprise Center (AEC) of the Federation of Nepalese Chamber of Commerce and Industries (FNCCI). The project was signed by GoN and IFAD on 5 July 2010 and will be phased out by September 2017. The duration of the project is six and half years.

GOAL

The overall goal of the project is the reduction of poverty and vulnerability of women and men in hill and mountain areas of the Mid and Far Western Development Region of the country.

PURPOSE

The project purpose is to integrate the rural poor, especially women and marginal groups in high value agriculture and Non-Timber Forestry Products (NTFPs)/Medicinal and Aromatic Plants (MAPs) value chains and markets, and improve income, employment opportunities and ability to respond to market demand and opportunities based on marketing agreements with private agribusiness.

Expected Outcomes

- Improved commercial relations and partnerships between agricultural/NTFP/MAP market operators and producers result in profitable, efficient, market-orientated production of high value commodities for 13500 beneficiary households.
- Increased participation and access of poor marginal producers in high value commodity value chains and agricultural/NTFP markets.
- Small poor farmers and other rural producers benefit from sustainable increases in volume and value of production of as a result of improved production/collection, value addition and sales of high value niche market products.
- Enhanced environment and strengthened local capacity to support market driven/value chain initiatives.

Budget:

The total program budget is 18.87 Million USD. Details are as follows;

GoN	1.72 Million USD
IFAD	15.28 Million USD - 50% Grant
SNV	0.7 Million USD
Beneficiaries	0.56 Million USD
Agribusiness	0.61 Million USD



Project Areas

The project covers 7 districts of 3 major road corridors i.e. Chinchu-Jajarkot, Surkhet-Dailekh and Surkhet-Jumla . The project districts are as follows;

- Mid-Western Districts: Surkhet, Dailekh, Salyan, Jajarkot, Kalikot and Jumla
- Far-Western District: Achham.

In map Green shade shows project coverage



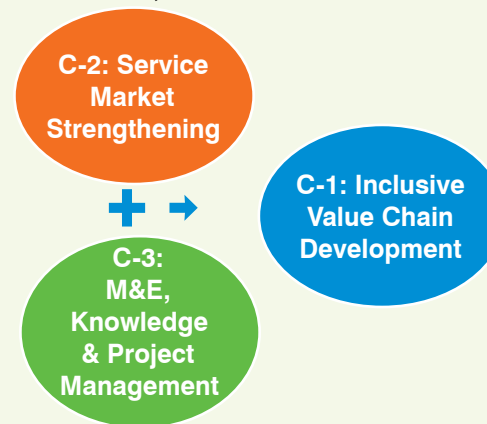
Implementing Partners

SNV, The Netherlands Development Organization and Agro-Enterprise Center-AEC are the main implementing partners of the project. The other main collaborating agencies are as follows:

- Regional Agriculture Directorates, Regional Livestock Services Directorates and Regional Forestry Directorates at regional level;
- District Agriculture Development Offices, District Livestock Services Offices, District Forestry Offices, and Districts Chamber of Commerce and Industries at district level;
- HVAP contracted Local NGOs at district levels;
- Participating agribusinesses, farmers' groups and cooperatives at local levels;
- Private service providers;
- Other public institutions like Nepalese Agricultural Research Council (NARC).

Project Components

The project approach focuses on the development of inclusive value chains incorporating three major components which are as follows;



Component 1: Inclusive Value Chain Development

Inclusive Value Chain Development accelerates the use of the emerging good practices within the project, notably through a strategic approach to support Value Chains (VCs).

Sub-Component 1.1: Funds and facilities: These are the main instruments within the project to tackle identified VC constraints through VC facilitation and the use of designated funds, grouped into three areas based on the primary focus as described below:

Value Chain Fund: "Private good" investments that tackle identified value chain constraints by demonstrating replicable innovations in business, production or service models but in which the large majority of benefits are captured by the individual producer's groups, cooperatives, agri-businesses or service providers the project is co-investing with.



Sector Development Fund: "Public good" investments to tackle specific VC constraints which will have clear benefits to a wider group of VC actors and which are not likely to attract purely private investment. Investments are endorsed prior to implementation by VC actors, for example through the multi-stakeholder processes.

Social Inclusion Fund: Public investments specifically designed to increase the distribution of benefits from VC growth to poorer and more marginal households that are willing and have the potential to participate in the value chains. These will cover the following types of funds:



a) Spatial inclusion Fund (SIF): Spatial inclusion infrastructure to physically connect to the road head a small number of more remote communities in the cluster areas with good potential to engage in a particular VC.

b) Poverty Inclusion Fund (PIF): Supplementary support to poorer households that are motivated to participate in the VCs but have insufficient resources to make the transition from their existing livelihood systems.

Sub-Component 1.2: Group formation and strengthening: The strategic support to group formation and strengthening will maximise the inclusion of the poor in project value chains and will increase agricultural production.

Sub-Component 1.3: Gender and social inclusion: Specific support to inclusion through value chain clustering and the sequencing of instruments like (PIF)

Component 2: Service Market Strengthening

The objective of the component is to support a sustainable increase in the purchase of business support services (including credit) by value chain actors in project areas". Business support services needed by local VC actors and which can most easily be privatized and/or moved to a

fee-based service will be strengthened with the highest priority.

Sub-component 2.1: Mobilization and capacity building of service providers

To mobilize and build the skills of a network of district and community-based service providers - public and private, individuals and organizations - and fostering their linkages with local producer groups and other VC actors who require such services.

Sub-component 2.2: Partnerships on financial services

Facilitate the use of credit from mainstream financial institutions (banks and MFIs) to scale the investments and growth in the value chains. Similarly, to mitigate the major external production risks (such as floods or draughts) with facilitating linkages with private insurance.

Component 3. Project Management

Similarly, the objective of the component is to provide effective technical, financial and contract management of the project within the context of gender and poverty targeted value chain development. Monitoring and Evaluation System, Management Information System, Knowledge Management and Communication are the components inbuilt for effective project management.

HVAP Implementation Procedure



Institutional Arrangements

The project's collaborative framework comprises three main bodies:

- The Project Steering Committee (PSC) chaired by Secretary, MoA Dreviews project progress against plan, targets and budget and assess its effectiveness in achieving its poverty/social inclusion and gender objectives. It reviews lessons learned and assess management effectiveness. It has a balanced membership representing government, the private sector and NGOs.

- The Agribusiness Working Group (ABWG) chaired by President, FNCCI is a forum for agribusinesses to discuss topics, raise issues and present ideas and proposals to the project team. It is foreseen to grow into a body to serve the high value agricultural/NTFP/MAP sector as a whole and coordinate with other value chain projects and programmes.
- The Project Consultative and Coordination Group (PCCG) chaired by Regional Director, Regional Agriculture Directorate, Mid-Western Region acts as a forum to review progress and opportunities and facilitate the coordination with government bodies, agribusinesses and other related development initiatives operating in the project area.

- District Agriculture Development Committee (DADC) – District based, chaired by Chairperson, District Development Committee is the permanent and legal committee formed in each districts that also works as HVAP working group, as per the project design. The DADC reviews the programs and activities implemented in the districts and provide guidance, suggestions and feedback to the district stakeholders and the PMU.

In addition, social audits, using district-based Public Audit Groups are instituted to make project implementation 'more transparent, accountable and locally manageable'. They monitor, supervise and evaluate project activities within the value chain groups and communities and provide a sounding board for issues and concerns.

Selected Commodities/Value Chains

The Project focuses on seven commodities which has high impact in the life of the rural people of the project areas.

- Apple
- Goat
- Ginger
- Timur (Zanthoxylum armatum DC)
- Turmeric
- Vegetable Seeds
- Off-Season Vegetables



Implementing Partner



Contact Information

Project Management Unit (PMU), Surkhet

Contact Phone: +977-83-520038, Fax: +977-83-525403
Email: info@hvap.gov.np | Website : www.hvap.gov.np

Liaison Office : Kumaripati, Lalitpur
Contact Phone : +977-1-5552977,
Fax : +977-1-5552977

Loan No: 796-NP



Grant No: DSF-8050-NP



Government of Nepal
Ministry of Agricultural Development

High Value Agriculture Project in Hill and Mountain Areas (HVAP)



Project Brief