

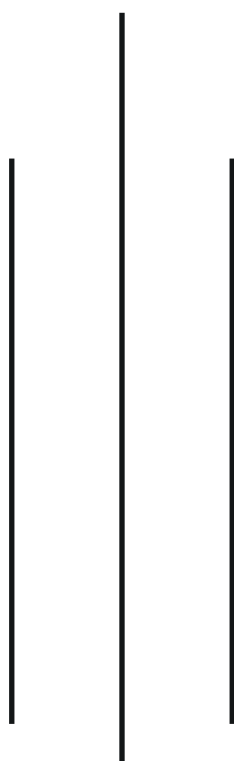
**NATIONAL STRATEGIC AND CAPACITY
DEVELOPMENT PLAN FOR COFFEE
SUB-SECTOR DEVELOPMENT
2018-2022**



Government of Nepal
National Tea and Coffee Development Board
New Baneshwor, Kathmandu
2018



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The European Union (EU) funded Trade and Private Sector Development Project (TPSD) commenced operations on 29th September 2014 and will run until June 26th 2019. The overall objective is to contribute to the Government of Nepal's (GoN) efforts to stimulate export led economic growth by strengthening trade and commercial competitiveness in Nepal.

The Project purpose is to a) enhance the trade policy & support capacity of the Ministry of Industry, Commerce and Supplies (MoICS), b) strengthen the institutional components of the national quality infrastructure to operate to international standards in accordance with the World Trade Organization (WTO) agreement on the Application of Sanitary and Phytosanitary (SPS) measures and the WTO agreement on Technical Barriers to Trade (TBT), and c) support value chain development in the coffee sector with an explicit objective to position Nepal's green organic coffee in the premium speciality segment of the global coffee market. The Executing & Coordinating Agency is the Ministry of Industry, Commerce and Supplies (MoICS). Counterparts include (in addition to the MoICS) the Nepal Bureau of Standards and Metrology (NBSM), MoICS, the Department of Food Technology and Quality Control (DFTQC), Ministry of Agriculture & Livestock Development (MoALD) and the National Tea and Coffee Development Board (NTCDB), MoALD.

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National Tea & Coffee Development Board

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Government of Nepal



Hon. Chakrapani Khanal "Baldev"
Minister for Agriculture, Land Management
and Co-operatives



Foreword

Coffee was first cultivated in Nepal in 1938 in Gulmi and it remained as a curiosity or garden plant for many years. As a hidden treasure and high value crop, commercial production of Arabica coffee in Nepal is far more recent phenomenon. For some years now we have noticed that the good name and fame of Nepali coffee as "*coffee from the Himalaya*", has reached further afield and the demand for Nepali coffee has outstripped the supply. For us, coffee is simply not only a market commodity but has implications for varieties of development outcomes such as rural development, environmental conservation, trade and eventually poverty reduction. Accelerating agricultural development and commercialization is recognised as a powerful means of economic growth and poverty reduction. Accordingly sustainable development of coffee sector is very important for Nepal by consolidating the smallholders as well as by encouraging entrepreneurs from the private sector to invest in coffee. Due to the high suitability of Nepali climate and weather conditions, we can extend coffee farming into more than 40 mid hills districts of the country.

For the promotion of the coffee sub-sector development in Nepal, The Government of Nepal is committed to playing a constructive role in the implementation of the **National Strategic and Capacity Development Plan for Coffee Sub-Sector Development (2018-2022)** in view of realizing Nepal's developmental agenda. This Strategy has come at a time while the Government of Nepal has introduced various development policies and programs such as the Agriculture Development Strategy 2015, Trade Policy 2015, Nepal Trade Integration Strategy 2016, and Nepal National Sector Export Strategy: Coffee 2017- 2021. All of these strategic documents have given coffee a high priority. Promotion of coffee through concerted programs and actions as expressed in the plan can, to a great extent, contribute to fulfilling the vision and development outcomes as stipulated in these documents.

In this respect, the National Strategy for Coffee Promotion 2018-2022 of the National Tea and Coffee Development Board provides a clear roadmap and directional input with clearly stipulated targets. I believe that proper implementation of this Strategic Plan would address the challenges in achieving sector competitiveness in areas of increasing production, productivity, processing, marketing and quality management of Nepali Arabica coffee. Furthermore, the promotion of the coffee sector in the country will help reducing the poverty in the rural areas, generate employment, utilize local resources, reduce the trade deficit and contribute to the growth of the national economy.

However, for the proper implementation of the plan, it is always very crucial to create synergy and meaningful coordination among various relevant stakeholders and institutions such as government institutions, development partners, producers cooperatives, private sectors, processors and traders and certifiers, to name but a few. I would like to express my special thanks and appreciation to the European Union Funded Trade and Private Sector Development Project under the aegis of Ministry of Industry, Commerce and Supplies for supporting the preparation of this important strategic document. Similarly, I would like to thank various public and private sector actors and stakeholders and experts for their meticulous and hard work in preparing this document. I wish for the successful implementation of the Strategic Plan for the greater development of Coffee Sector and the country.

Chakra Pani Khanal
Minister
4 July 2018

Foreword from the Executive Director



Sheshkanta Gautam

Executive Director

National Tea and Coffee Development Board

Coffee has economical value and is an export potential crop which can be commercially grown in the mid hills of Nepal. During the late 1980s, coffee plantation was promoted as a means for soil conservation so its economic value was effectively unexplored for long. However, practices for commercial production of coffee began since mid 1990s and mainly concentrated in about 22 districts of central and western region. In addition to these districts, coffee is being cultivated in almost all potential districts, albeit the production practices are at incipient stages and quite sporadic.

For the promotion of the coffee sub-sector development in Nepal, National Tea and Coffee Development Board of Nepal, in consultation with coffee stakeholders, has developed National Strategic and Capacity Development Plan (2018-2022). The strategy provides a clear roadmap and directional input with clearly stipulated targets. I believe the effective implementation of the strategy will help for reducing the poverty in the rural areas, generate employment, utilize local resources, reduce the trade deficit and contribute to the growth of the national economy.

I would like to express my special thanks and appreciation to the European Union Funded Trade and Private Sector Development Project under the aegis of Ministry of Industry, Commerce and Supplies for supporting the preparation of this important document. Similarly, I would like to thank various public and private sector actors, stakeholders and experts for their meticulous and hard work in preparing this document.

Foreword

Veronica Cody

Head of Delegation, Ambassador,
Delegation of the European Union to Nepal



Nepal is an emerging coffee producing country with the potential to add quality beans to a global market. Due to its predominantly mountainous landscape, Nepal almost exclusively grows Arabica varieties being a high-quality specialty coffee. Though annual production currently remains small, there are now new vision and policy to expand coffee growing areas over the next few years and the EU support in this direction will result into coffee to become a vibrant cash commodity for the rural households providing a regular stream of income and will equally contribute to the national economy.

Globally, the demand for coffee is increasing every year due to several factors e.g. population growth, growing urbanization, enormous growth of middle class households and improved supply chain with state of art technologies from production to services. In addition, there is a huge demand for Nepali coffee both at the domestic and international markets; however, it has to make strides to tap into this opportunity to make Nepal well positioned as a coffee exporting country.

Government of Nepal has accorded coffee a high priority through varieties of policy measures such as Agriculture Development Strategy, Agri Business Policy Trade Policy Nepal Trade Integration Strategy and so on. These overarching public policies have considered coffee as one of the high export potential commodities. In order to implement these policies and actions varieties of activities have to be brought into action. In this regard, the European Union through Trade and Private sector Development Project has been supporting the Government of Nepal in the value chain development of coffee and to promote it as high class specialty Arabica coffee from the Himalaya.

There is a tremendous amount of work ahead to increase yields and productivity, improve quality and educate farmers in cultivation and processing technologies. The support from European Union is also guided by this philosophy and hope the support will result in increased productivity in the days to come. Beside export potential, it is very encouraging to see the emergence of plethora of café houses in Kathmandu and other major towns in Nepal which largely use Nepali coffee beans; but again to make coffee of everyday life in all walks of life, households and offices with vigorous marketing will help integrate coffee among rural producers and urban consumers.

Hence with the information in the backdrop, I am pleased that National Tea and Coffee Development Board now has the National Strategic and Capacity Development Plan for Coffee Sub-Sector Development (2018-2022) which will be a roadmap for coffee sub-sector development. Furthermore, I am delighted that EU funded Trade and Private Sector Development Project provided technical and financial support to prepare this important document which has been drafted in close consultation with all the stakeholders of coffee. I wish every success in the implementation of this plan for the economic development of Nepal.

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Abbreviations

AEC	Agro Enterprise Centre
CCCU	Central Coffee Cooperative Union
CCU	Coffee Cooperative Union
CoPP	Coffee Promotion Project
CTDS	Coffee and Tea Development Section
CTEVT	Centre for Technical Education and Vocational Training
DADO	District Agriculture Development Office
DCPA	District Coffee Producers Association
DFTQC	Department of Food Technology and Quality Control
DOA	Department of Agriculture
DP	Dry parchment
FC	Fresh Cherry
FNCCI	Federation of Nepalese Chamber of Commerce and Industry
GB	Green Bean
GoN	Government of Nepal
Ha	Hectare
ICS	Internal Control System
JICA	Japan International Cooperation Agency
MOALMC	Ministry of Agriculture, Land Management and Cooperatives
MOICS	Ministry of Industry, Commerce and Supplies
MT	Metric ton
NARC	National Agriculture Research Council
NBSM	Nepal Bureau of Standards and Meteorology
NCPA	National Coffee Producers Association
NTCDB	National Tea and Coffee Development Board
PACT	Project for Agriculture Commercialisation and Trade
PCC	Primary Coffee Cooperative
TEPC	Trade and Export Promotion Centre
TPSD	Trade and Private Sector Development
VDC	Village Development Committee

Chapter One: An Overview of National Tea and Coffee Development Board and Policy Environment

1 Introduction

National Tea and Coffee Development Board (NTCDB), an autonomous entity established under NTCDB Act 2049, by Government of Nepal, has been involved in the development of Tea and Coffee Subsector ever since its establishment. With the progress in time, NTCDB has developed relevant policies and directives to promote both the subsectors. Over the years NTCDB has been supporting coffee growers, processors, traders and other associated stakeholder institutions such as coffee cooperatives and farmers association from central to village level with the aim of producing and supplying quality products to national and international markets. Tea subsector, from the initial stage, has received relatively more attention and larger participation of private entrepreneurs enabling it to grow faster and expand its markets considerably at national and international level. Notwithstanding, coffee subsector has been observed to be slow to expedite the growth of the subsector given the encouraging growth potential observed over the last few years with outpacing demand in relation to the supply. By realizing this reality, NTCDB prepared a Strategic Plan 2009-2011 with support from Coffee Promotion Program (CoPP), Helvetas Swiss Intercooperation in 2008 in consultation and wider participation of major stakeholders. Again, CoPP supported for further developing the Strategic Plan 2012- 2014. With the expiry of the latest Strategic Plan 2012 – 2014, it was realised reviewing and developing a new strategic plan for NTCDB to address the recent changes in the dynamic business and policy context and help coffee subsector expedite its growth to harness the market opportunities for Nepali coffee. This strategic plan, hence is a product to address such a need.

1.1 National Tea and Coffee Development Board: Formation and working modality

NTCDB has been working for development of tea and coffee subsectors of Nepal for over twenty two years. With its central office in Kathmandu, and has regional offices in Pokhara and Jhapa and other offices are in different locations of Nepal. NTCDB provides managerial, technical, market linkages and policy supports to tea and coffee subsectors to promote both of these subsectors for employment generation, foreign currency earning (by export of tea and coffee) and economic development of the nation. More specifically, NTCDB has been mandated with the following objectives¹ for tea and coffee subsectors by NTCDB Act 2049:

- i. Formulate and implement policies and plans relevant to production, processing, marketing, export and import for development of tea and coffee industries
- ii. Find out the measures to address the problems identified in tea and coffee subsectors
- iii. Arrange the supply of necessary machineries and equipment for farming and processing of tea and coffee

¹Policies and Rules on Coffee NTCDB p3

- iv. Make available the recent and modern technological support, skills, knowledge and training to the individuals and institutions involved in tea and coffee subsectors by establishing research and training centres
- v. Conduct study needed for the development of tea and coffee subsectors including all stakeholders.
- vi. Coordinate with institutions involved in development of tea and coffee
- vii. Provide assistance to tea and coffee industries

NTCDB has planned and implemented several development and promotional activities in line with the above objectives to support tea and coffee subsectors for the last two decades. Tea subsector has experienced encouraging entry of private enterprises; as a result, tea subsector experienced growth in production, plantation area, sales and foreign earning. Coffee subsector, however, is also growing although the growth trend is rather slow. Amidst these situations, a Coffee Policy was formulated and promulgated in 2060 to help expedite the growth of coffee subsector.

1.2 Objectives of Coffee Policy 2060

Based on the NTCDB Act 2049, a National Coffee Policy was formulated in 2060 BS with the following objectives²:

- i. Promote coffee export by replacing coffee import
- ii. Assist in poverty alleviation by creating income and employment opportunities
- iii. Assist in environmental preservation by expanding coffee plantation and cultivation
- iv. Make coffee industry sustainable and lucrative

The existing Coffee Policy was formulated in 2060 BS which requires updates in accordance with changed context in national and international markets of coffee and production technologies. There is clear need to develop mechanisms for coordination with the financial institutions to help coffee farmers and cooperatives to ensure access to finance in time of requirements. Also, in order to ensure the quality of coffee, there is a need to provide a clear direction to comply with the standards and different ranges of certifications, e.g. organic, Good Agricultural Practices, Fair Trade, etc. for targeting different value chain actors.

1.3 Structure and Working Modality of NTCDB

NTCDB operates based on decisions made by its Executive Committee (Board) chaired by Minister of Agriculture and Livestock Development; represented by Joint Secretaries from Ministry of Agriculture (1), Ministry of Finance (1), Ministry of Industry (1), as members. Other members in the Board include Executive Director of National Agriculture Research Council, General Manager of Agriculture Development Bank, General Manager of Nepal Tea Development Corporation, Executive Director of Trade and Export Promotion Centre, Executive Director of NTCDB, one nominated person from Nepal Government and one representative each from Private Tea and Coffee Producers, Small Tea and Coffee Producers and Nepal Tea Producers' Association.

NTCDB gets its annual operational budget from Government of Nepal and its plans and activities are directed from the duties and responsibilities stipulated in National Tea and Coffee

² ibid p10

Development Board Act, 2049; National Coffee Policy, 2060 and National Coffee Policy Implementation Directives, 2067. District level activities are implemented by NTCDB's regional offices while policy, regulatory and coordination are implemented through its Central office located in Kathmandu.

1.3.1 Staffing of NTCDB and Human Resource Development Plan

NTCDB can recruit staff as per its needs, based on its own recruitment and staffing policy. NTCDB has a provision of 93 staff but until mid 2016 there were 65 staff, which indicates that the organisation is noticeably understaffed. Of these, there are 10 staff working for coffee related tasks.

Until the mid 2016 staffing/human resources in NTCDB for coffee subsector, it looks quite inadequate with merely two staff having technical knowledge on coffee at central office and two in the Western Regional Office, Pokhara who are conducting coffee specific training and providing inputs to farmers and cooperatives. The regional office in Pokhara is also understaffed as there are only five staff (including 2 technical staff) whereas there is a provision for 11 staff. The regional office, considering the number of districts in the western region it has to cover, there may need at least seven more technical staff to effectively implement, extension, provide backstopping services and monitoring activities.

Practice of preparing capacity development plan for skills enhancement in relevant areas and career progression of its staff is lacking in NTCDB. If there are opportunities or invitations received from other institutions for training, the internal management unit makes decisions on who will have to attend such training and courses. Such decisions are based on an ad hoc basis and they rarely follow systematic analysis of relevance, and also there lacks a clear plan as how to utilise the knowledge and skills gained from attending the training and courses.

In order to address the gap in human resources management there appears a need for capacity development plan within NTCDB and also a system of knowledge management.

1.3.2 Reporting and Consultation

NTCDB has to consult the government through Ministry of Agriculture and Livestock Development and report has to be submitted to the ministry each year within six months from the end of the fiscal year.

1.3.3 Accounts keeping and Auditing

NTCDB is bound to follow the Government of Nepal's accounting system and procedures for auditing from Office of Auditor General.

NTCDB, established with an Act in 2049 has been working for development of tea and coffee subsectors in Nepal for over 22 years

1.3.4 Annual Plan and Budget preparation

NTCDB periodically consults its subsector specific stakeholders for planning and prepares annual plan and budget for each fiscal year and submits it to the MOALMC for approval. Such plan and budget comes in an aggregated form for both tea and coffee subsectors. Upon approval, NTCDB implements its planned activities for both the subsectors and prepares report for submission to the

government after the end of each fiscal year. Implementation of planned activities largely depends on availability of budget approved by the government.

1.4 Decision Making Process

NTCDB, as an autonomous institution, makes many of the decisions internally depending on internal needs analysis and discussions. The Executive Director (ED) is the main decision maker for plans, budget submission and coordination with the stakeholders for implementation of planned activities intended to development of coffee and tea subsector. The ED gets assistance from administrative and support staff for many of the internal decision makings and analysis of information. However, NTCDB Act 2049, National Coffee Policy 2060 and National Coffee Policy Implementation Directives 2067 are the basis for NTCDB to make decisions on plans, budgets and activities.

NTCDB has to hold meetings with its executive members at least twice a year to make major decisions.

For policy related changes and reforms NTCDB has to forward the proposal or request to MOALMC for cabinet decision. Most often delays have been experienced in getting decisions for important issues which eventually affecting or pushing back series of planned activities and sometime even rejection of important requests for various reasons.

1.5 NTCDB's Achievements and Plans³

The following sections will broadly highlight the achievements of the NTCDB over its establishment. These achievements, however, can provide the basis for future direction for coffee sub-sector development.

1.5.1 Major achievements in coffee subsector

- NTCDB in coordination with CoPP and CTEVT has been able to train and award certificate with Level 2 technician for 42 technical staff (Local Resource Persons). These trained technicians are able to provide technical supports to farmers on production, processing, quality management and organizational development at the district/village level. Some of the LRPs are still in the villages to support the coffee farmers, whereas some others have left in search of other means of livelihoods.
- NTCDB has acquired membership of International Coffee Organization (ICO), in 17 March 2017 which will help it to put forward its problems or barriers to enter international markets for trade and develop an international network.
- NTCDB, with its extension and management supports to the farmers, has increased the production of coffee from 187.5 MT (in 2002/03) to 530 MT (in 2013/14). Supports from CoPP, HELVETAS Swiss Intercooperation in most of the coffee producing districts complement the objectives of the NTCDB.
- Plantation area has increased from 764 hectares (in 2002/03) to 2618 hectares (in 2015/16) and the number of districts where coffee is grown has also increased to 41. However, major efforts are focused in central and western region mid-hill districts.
- 30,543 farmers are earning their livelihoods from coffee farming at present.

- NTCDB registered Nepal Coffee logo in European Union and eight countries including Japan and Singapore.
- Closer coordination and links are established with the Coffee Board of India particularly for training, excursions and learning and sharing from India's development on coffee.

1.5.2 Major Plans and activities for the year 2015/16 (2072/73 BS)

- Initiate extension programme to expand coffee plantation in additional 160 hectares of land
- Training to farmers on coffee production
- Coffee nursery promotion and seedling distribution
- Conduct white stem borer (WSB) management campaign in the district level by involving the producers
- Participation in local trade fairs
- Organize Coffee Day
- Subsidy for organic farming
- Subsidy on coffee pulping machine (10)
- Establish Internal Control System (ICS) as a process for organic certification, prepare 20 Internal Inspector for Coffee and 20 for Tea in coordination with CTEVT.
- Regulate Government and Non-Government institutions working in coffee subsector by developing a One Door Policy.

Slow growth of coffee subsector can be partly attributed to shortage of sufficient skilled human resources and small budget allocation for coffee subsector development (e.g. Annual Programme Budget for coffee subsector of Rs. 4.5 million for 2071/72). Furthermore, NTCDB has yet to have a clear vision for coffee subsector to strategize its directions and plans.

Despite these shortcomings, the plantation area and production of coffee has increased to some extent. Export of coffee has also increased from 14,660 kg in 1994 to 85,672 kg in 2013/14³ although it is not remarkably as significant as compared to the reasonably longer period of engagement and increased demand vis-à-vis production (i.e. demand for 6,000 mt and production ~450 mt).

15.3 Evolving institutional and policy context for coffee:

Overall National Policy Environment on Coffee

Over the last decade there has been an increasing recognition of coffee from the public sector. The Government of Nepal (GoN) has been giving due space in its periodic plans and have made budgetary provisions, albeit it is felt insufficient to promote the sub-sector as a whole. Nepal's mid hill provide a favourable climate and geography for the production of high quality Arabica coffee; while traditional farming practices give away an opportunity to produce organic coffee.

Declining agricultural productivity has been observed over the last decade and due to make migration for outside employment trends of farm lands remaining unused have also been observed. Since coffee is a perennial plant can relatively be grown with less intensity of care in

³ NTCDB briefing note, 2015

relation to other major staple crops. In many districts, coffee has been popular as this can fill the income gap to the extent that other competing crops are failing to do so in a rewarding way.

National Coffee Policy 2003

The Government of Nepal has promulgated a National Coffee Policy 2003 which has given a high importance for organic coffee production for income generation. The Ministry of Agriculture and Livestock Development has endorsed National Technical Guideline for Production and Processing of Organic Agriculture 2064 along with amendment 2065.

Village Development Committee Fund

In recent years the government has emphasized to allocate at least 15% of village development committee (VDC) level budget in agriculture promotion which could be an opportunity for coffee promotion at VDCs level. The budget has also made subsidy provision for organic fertilizer production which can largely support organic coffee production.

Cooperatives:

The government has considered cooperatives as one of the three pillars of development (cooperative, private sector and public sector) which is putting thrust on cooperative movement for the production, processing and marketing of agriculture commodities.

Project for Agricultural Commercialization and Trade (PACT)

The Project for Agricultural Commercialization & Trade (PACT) (2009 – 2017) - a Government of Nepal project funded by the World Bank, has identified coffee as one of the viable sub-sectors and is supporting the coffee sub-sector to enhance the existing value chain and market linkages. The recent extension of project working areas to all over the country has opened up an opportunity to all the coffee cooperatives and entrepreneurs.

Agribusiness Promotion Policy, 2008

The Ministry of Agriculture and Livestock Development prepared the ABPP highlighting diversification, commercialization, and promotion of the agriculture sector with private sector involvement in commercial farming. The policy aims to reduce poverty by encouraging production of market oriented and competitive agro-products. It realizes the need of promoting internal and external markets. Within this context, the policy is regarded as positive in view of fostering the production of organic coffee. ABPP also aims at developing organic certification in line with international standards.

Periodic plans

From the Seventh Plan (1985-1990) period, the Government of Nepal has given space for coffee in its subsequent periodic plans. However, from the Ninth Plan it has accorded a higher priority to expand the coffee plantation area by providing some direction and supportive measures. In the similar vein, the Approach Paper to the Thirteenth Plan covering the period between 2013/14 – 2015/16 has given more emphasis to coffee having it as one of the higher potential crops for export. The Plan further describes the fact that supportive Programs will be based on the concept of the agriculture value chain by providing equitable support and service delivery to concerned stakeholders (subsistence, commercial and semi commercial) using set criteria for reducing imports and increasing exports through an increase in the quality production.

Agricultural Development Strategy (ADS)

ADS which provides a roadmap for overall agriculture development strategy for Nepal identifies coffee as having comparative advantages in export markets and there is considerable potential to increase value adding in Nepal, including: (i) improving quality, safety and labelling up to Codex Alimentarius standard; (ii) certification to standards for safety, quality, fair trade and organic branding; and (iii) processing and product development.

National Technical Guideline for Organic Agriculture Production and Processing (Nepal Organic Standard) 2008

GoN has promulgated the National Technical Guideline for Organic Agriculture Production and Processing (NTGOAPP) system 2008, as a guideline for promoting organic cultivation. The guideline is in line with the International Federation of Organic Agriculture movement (IFOAM) and has focused on specific land arrangements for organic production; prohibition of contamination by agro-chemicals during crop production; processing and storage; facilitating farmers to receive fair prices for agricultural products and development of an organic certification system.

Trade and Private Sector Development Project (TPSD)

European Union has funded to implement TPSD project (2014-2018) led by Ministry of Industry, Commerce and Supplies (MoICS) where NTCDB is one of the major beneficiaries. TPSD aims to improve Nepal's coffee sub-sector through value chain development. It also aims to enhance the capacity of NTCDB and associated sub-sector institutions. The project will support to increase the production, productivity, process capacity and market development of Nepali coffee with various activities.

Coffee Promotion Program (CoPP) Helvetas Swiss Intercooperation

HELVETAS Swiss Intercooperation has been working since 2002 under different phases on coffee promotion by implementing varieties of innovative programs to strengthen the capacity of the producers, associations, cooperatives to produce and manage high quality organic coffee for domestic and international markets.

Development Partners support

Japan International Cooperation Agency (JICA) has been supporting coffee sub-sector through "One Village One Product"- scheme in coffee in some selected districts and to develop capacity for Nepali private sector through skill development training. Recently support from Korean International Cooperation Agency (KOICA) to develop coffee sub-sector indicates growing donor interest in coffee as one of the commodities to improve the rural livelihoods.

Chapter Two: Overview of Coffee Subsector in Nepal

2.1 Introduction

In this chapter, a broader overview of coffee sub-sector will be discussed by highlighting mainly on the production, productivity, marketing and export and institutional arrangements in the local level. Similarly, a brief synopsis of coffee value chain is presented.

In the box below, the current scenario of coffee subsector in Nepal is presented and the following subsections analyse the current situations of this subsector for future strategies.

Table 1: Overview of coffee sector in Nepal

Production in 2016/17 (green bean in MT)	466 MT
Plantation Area	2,646 ha in 41 districts
Number of Producers	30,543
Farmers get price for Fresh Cherries	Rs. 78 to Rs 83 per kg
Volume Currently exported	95 tons of green bean (mainly to South Korea, Japan, China, Germany)
Total export value (estimated)	Rs. 50,405,000
Average Value generated annually by one coffee farmer	Rs 3,539.89

*Source: NTCDB 2017, Strategic Plan for moving forward Nepal's Coffee Subsector – 2009-11, NTCDB, CoPP
- Please refer to Annex 4 for districts and area used for coffee plantation*

2.2 Coffee Production, Productivity and profitability

Production:

Coffee production, at first, started at individual home gardens of Aanp Chaur residents of Gulmi in Nepal in 1938 as for the ornamental purpose and later for household consumption. Historically, it was introduced by a hermit Hira Giri who came back from Burma to Gulmi⁴ with coffee seeds. Initially, with government initiative plantation of coffee started in Gulmi with some extension approaches to extend the plantation in some neighbouring district as well. However, its extensive plantation was carried out by Helvetas in the early 1980s mainly for the soil conservation purposes in Palpa district. Later, again Helvetas initiated a Coffee Promotion Project in 2002 as means for improving the livelihood for farmers in 8 districts. Nepal exclusively emphasizes on producing of Arabica coffee which is grown at an altitude range from 800 to 1600 meter above sea level. After the successful piloting and innovative approaches, it extended the plantation in nine different districts of western and central region of Nepal with a focus mainly on organic production and later with the promotion of producers' cooperatives in the villages and at the district level. Coffee is now known as an exportable commodity and cultivated with some degree of commercial orientation in 12 districts with support from CoPP, Helvetas. These districts include: Gulmi, Palpa, Syangja, Parbat, Kaski, Lamjung, Tanahun and Gorkha in the western Nepal and Nuwakot, Kavre,

⁴Coffee Database in Nepal – MOALMC, et al, 2015 p2

Sindhu and Lalitpur in the central region of Nepal. However, as according to NTCDB data 41 districts of mid hills of Nepal are now producing coffee. There are more than 30,543 farmers⁵ involved in coffee farming. The following table 2 provides a general overview of the land coverage and production of dry parchment.

With increase of coffee plantation area, production has not increased proportionately and export quantity of coffee has decreased over the last few years

Information on plantation areas for the last few years demonstrates some fluctuation on the plantation as there was a slight decline in the coffee plantation area from 1760 ha in 2011/12 to 1750 ha in 2012/13 and again an increase by 350 ha in 2013/14, thus reaching to a total of 2100 ha.

Table 2: Coffee production in Nepal 2009 to 2017⁶

Year	Coffee Plantation Area – Hectares	Production Quantity– KG – Green bean
2009/10	1630	429,000
2010/11*	1752	502,000
2011/12	1760	523,000
2012/13	1750	457,000
2013/14	2100	530,000
2014/15	2381	463,580
2015/16	2618	434,000
2016/2017	2646	466,000

Source: NTCDB, 2017

*(30% to 40% of the production in the year 2010/11 was sold in the domestic market⁶)

Except recently started few large scale plantation in Lamjung, Nuwakot, Dhading and quite recently in Panchthar, there is no noticeable private sector engagements and initiatives in coffee production. This indicates Nepal’s coffee development initiatives lacks efforts to enthuse private sector with some concerted efforts in providing technical support, information services, financial and market supports. Experience drawn from other relatively new comer countries in coffee such as Vietnam, Indonesia, Laos and India have made tremendous progress over a short period of time to heighten coffee subsector at a very noticeable level.

However, amongst many other, due to low level of extension measures, inadequate technical persons, lack of intensive activities on broadening technical knowhow, fear of losing main crops, longer gestation period, credit facility, lack of risk management mechanism e.g. insurance many farmers have still to adopt coffee in place of less rewarding other major staple crops. As a result, growth in farming of coffee to reach to a reasonable commercial scale has been found to be very slow.

⁵ NTCDB, (www.teacoffee.gov.np)

⁶Value Chain Development Plan for Organic Coffee – Pact, 2012, p 3

Productivity:

Coffee plants mainly of Arabica variety, can be grown in marginal upland within a range of 800-1600 masl along the mid-hills. As reported, there appears to be a varied degree of productivity of fresh cherry coffee per plant. While considering upon the data from NTCDB for the year 2013/14, it generally appears that on average there is 0.84 kg of fresh cherry (FC) yield per plant. However, according to CoPP, Helvetas, it is reported that FC yield is around 3 kg per tree. The basis for finding is still unclear because whether this productivity calculation was based on total number of plants or only the fruiting plant. Therefore, before coming to the conclusion, a methodology for calculation of productivity needs to be established. However, by all means, productivity of Nepali coffee seems to be low in relation to other international comparisons (i.e. ~17 kg of FC production in Uganda). The persistent problems of White Stem Borer (WSB) and recently observed coffee rust in coffee plants have reduced the productivity and demotivated the farmers for increasing the area of land for coffee plantation and prompted some farmers even to shift the farming for other crops. This was highly visible having negative impact of such problems in the year 2012/13.

Also, productivity depends on a host of other critical factors such as provision of shade trees which helps to protect it from pests; nutrition, irrigation, pruning, mulching and so on. So, it suggests that if Nepali coffee is to improve the productivity gain, the above discussed factors are to be considered when extending the plantation into new areas as well as emphasize to improve the productivity in older areas with improvement measures.

Profitability:

A study data from PACT finds that annual cost of coffee cultivation was Rs. 43, 833 per ha and gross return was 78,023 per ha resulting a net return of Rs. 34, 190 per ha per annum⁷. The study also compared the net return of coffee with other crops and found that coffee is more profitable than other crops i.e. 4.3 times higher than maize and 3.3 times higher than millet, see table 3.

Table 3: Comparison of return of coffee cultivation vis-a-vis other crops⁸

Crops	Net Return (Rs/ha/year)	Net returns compared to		
		Maize	Millet	Maize + Millet
Coffee	34,190	4.33	3.3	1.87
Coffee + Banana	61,774	7.83	5.96	3.38
Coffee + Ginger	51,683	6.55	4.98	2.83

2.3 Coffee Processing

Generally fresh cherries are processed (i.e. de-pulping) within 24 hours of plucking to sustain the quality and specialty taste. Fresh cherries have to follow four steps⁸ of processing to bring to the stage of green bean. The first step involves putting the cherries into water, rejecting the floating ones and pulping the remaining ones. The second step involves fermentation of pulped beans for 24 to 48 hours to remove the mucilage from parchment. The fermentation should follow the correct timing neither long nor short to avoid stink and remained particles of mucilage respectively. Plastic bags or

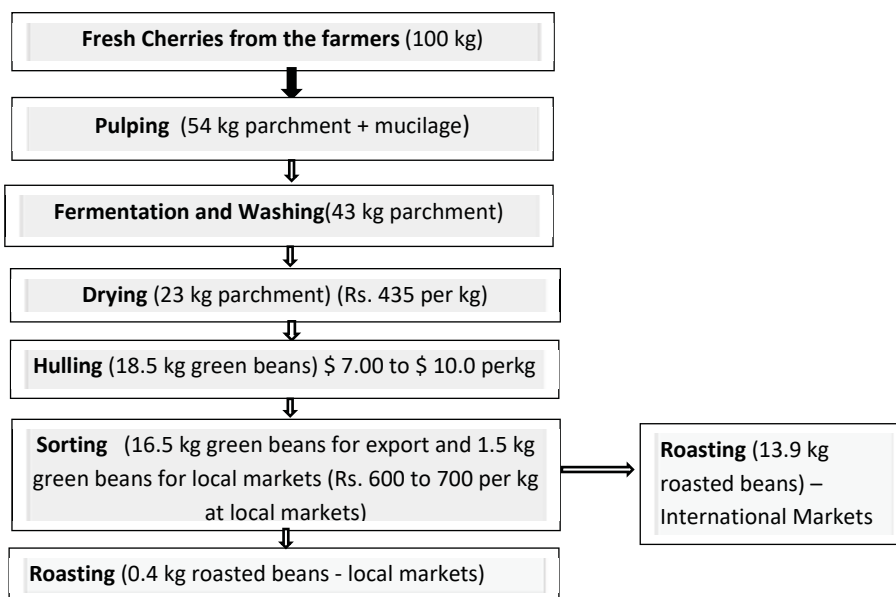
⁷ PACT - Value Chain Development Plan for Organic Coffee – p 15 – (cited from CoPP 2009)

⁸ Value Chain Development Plan for Organic Coffee, p. 10

drums are generally used for fermentation. The wet parchment is, then, washed to remove the remaining mucilage. The third step involves drying the wet beans for several days to remove the moisture from the beans. Moisture content in the beans has to remain 11% to 13% before it is stored or sold to Coffee Cooperative Unions at the district level. The fourth step involves hulling the beans (the final processing for green beans) and making it ready for market.

The following coffee processing flow chart depicts the steps involved in wet processing:

Figure 1: Wet processing flow chart⁹



2.4 Institutional arrangements at the Production level

In the following section, it is discussed about the different institutions working at the producer’s level and their role.

2.4.1 Primary Coffee Cooperatives (PCCs) and its role

Initially, at community level, farmers are associated in the coffee producers groups (CPG). A minimum of 25 members can form the primary producer cooperatives. Major role of the primary cooperatives is to organize farmers for production of fresh cherry, coffee related training, ICS implementation, manage pulping centres, prepare dry parchment, coordinate with DCCU, facilitate in distributing the benefits among the producers. Due to low volume of production sustaining the PCCs operation has been reported a major challenge. Additionally, to bring non-members in the cooperative structure is very important because cooperatives sustain with the increased membership base. Providing cooperative education needs to be extended to non-member growers so that they will be aware of the benefits of being members with cooperative.

Managing pulping centres through PCCs is the preferred strategy towards sustainable operation of cooperatives. Present arrangement to prepare and sell the dry parchment by pulper operators to the respective PCCs have been found the best strategy to bind the pulper, producer and

PCC, as all belong to PCC. However, in some instances it was reported that pulping centre operators sometimes form clandestine relationship with traders other than associated with the DCCUs.

According to the report by MOALMC, et al. (2014) there are 5,340 producer farmers associated with the primary cooperatives. Given the number of farmers engaged in coffee production, it suggests that around 17% farmers are associated with the cooperative institutional structure. It further suggests that there needs to do a lot of work to bring those out-of-cooperative farmers within the fold of cooperatives in future. For detail see Annex-7.

2.4.2 Coffee Cooperatives Union (District Level) and its role

CCUs are the district level federation of primary coffee cooperatives which have direct contacts with coffee growers through Primary Coffee Cooperatives (PCCs) that are the first tier of cooperatives working at the community level. CCUs provide technical supports to PCCs for growing saplings, maintaining nurseries and distribution of saplings to coffee growers for qualitative coffee production. PCCs help CCUs to collect fresh cherries from the farmers and complete wet processing to prepare dry parchment for sales. CCUs, then sells the dry parchment to traders for supplying to international markets in the form of green beans. CCUs also coordinate with District Coffee Producers Associations (DCPA) at district level for production of coffee and with National Coffee Producers Association (NCPA) for sales of coffee in domestic as well as international markets. CCUs as a focal point in the marketing chain of coffee subsector have a pivotal role to play for maintaining quality and encouraging the farmers for higher production. These CCUs also play crucial roles to get grants on saplings, fertilisers and implements form DADO for the coffee growers at community level. Although some of the CCUs have improved capacity to manage their member PCCs at the backward link and to manage the marketing either by themselves or through recognised traders; there are yet some CCUs which requires strong management and market support to stand on their own in future. These Coffee Producers Associations were the main actors in coffee subsector before CCUs emerged and are still playing crucial roles to provide supports in production and marketing of coffee. (Please refer to Annex 8 for list of cooperatives).

2.4.3 District Coffee Producers Association and Nepal Coffee Producers Association

NCPA was established in 2047 B.S. (1990 AD) as an apex body of the DCPA's as a response to address the production, processing and market management. It's main objective is to organize the coffee producers in the districts through DCPA. In addition to this other objectives are to support farmers to produce high quality Arabica coffee emphasizing the organic production methods and to work on behalf of the farmers particularly for advocating favourable coffee policy and support in marketing. Presently, there are 14 DCPAs. The executive Committee of NCPA is constituted in every two years through a general convention represented by DCPAs.

However, with the new organizational shift in cooperative to manage coffee by the cooperatives in many districts, the role of DCPA has been shrunk. With the presence of CCUs and DCPAs in the districts, some confusion have arisen on "who will be doing what" for coffee subsector. Since many members of CCUs are also members of DCPAs, it will be easier for them to hold meetings regularly and strongly coordinate activities to avoid duplication and competition.

2.4.4 Coffee Traders

To date, 28 traders are registered with NTCDB which are involved in coffee processing and trading (please refer to Annex 5). These business entities are supplying Nepali coffee to the domestic as well as international markets. There are no authentic information about the numbers of café houses

or restaurant and operational scale that are currently providing services in Kathmandu and Pokhara. Also, it is not well recorded as which coffee they sale and whether they get supply of coffee of Nepali origin. It is estimated that around 300 coffee houses are serving Nepali coffee in Kathmandu and Pokhara at the moment. It has been found out that despite some decline in production during the last few years, coffee houses have experienced an increasing trend in consumption of coffee in domestic markets.

Various brands of Nepali coffee are available in the markets such as Necco, Everest Coffee, Morning Fresh, Himalaya Coffee, Jalpa Gold, Mount Everest Supreme, Buddha Organic Coffee etc.

2.5 Pricing mechanism

Every year NTCDB fixes the minimum price for fresh cherries and other products by comprising the representatives from NCPA, CCCU, MOALMC and Board members. This is announced during the Coffee Day in mid-November. General principle to fix the price is largely based on the market trend and to some extent the cost of production. However, it is found that the CCUs and traders most often pay more than the minimum price fixed by NTCDB to get the desired quantity of fresh cherries in time. But quality based pricing system along the production to processing chain is yet to take place. Due to lack of quality based pricing mechanism, it has encouraged to mix low grade coffee with high grade/quality coffee.

In the following table 4, the price fixed by NTCDB for the last five years, shows a secular trend in price increase for all products. However, the price for FC has been more than double within five years.

Table 4: Price trend of coffee during the last five year (2009/10-2013/14)

Year	Fresh Cherry Grade A (Rs.)	Dry Parchment- Grade A (Rs.)
2009/10	30	150
2010/11	35	170
2011/12	40	200
2012/13	50	225
2013/14	62	285
2014/15	80	400
2015/16	83	415
2016/17	83	415

Source: NTCDB, 2017

2.5.1 Export and Import of Coffee

The following table 5, demonstrates a trend of export and import of coffee over the last 14 years. Export of coffee shows an increasing trend in spite decreased quantity of export in some of the years during the last 14 years. The import trend is also decreasing for increased consumption of Nepali coffee in the domestic markets.

Table 5: Export and import of coffee*

Year	Coffee Production MT	Export of Coffee (Kg)	Export in Rs. ('000)	Import in Rs. ('000)
2000/01	88.7	3,677	673	43200
2001/02	139.2	9,075	2455	4621
2002/03	187.5	16,861	5205	142
2003/04	217.5	24,295	5947	410
2004/05	250	35,677	10,792	168
2005/06	391	91,500	27,678	2265
2006/07	270	100,180	40,117	56000
2009/10	429	69,044	24,363	13,861
2010/11	502	279,762	93,089	12,513
2011/12	523	109,442	43,095	20,894
2012/13	457	85,672	45,259	31,733
2013/14	429.4	66,462	52,395	34,815
2014/15	463.58	99,847	99,304	56,456
2015/16	434	112,378	108,191	55,597
2016/17	466	95,000	50,405	84,539

Source: NTCDB, Data for 2007/08 and 2008/09 is not available

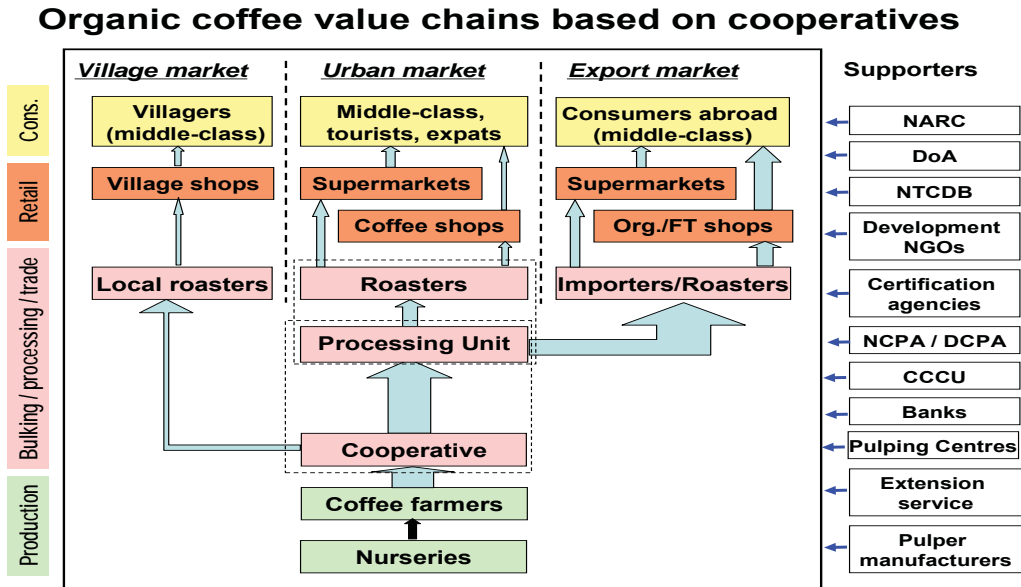
2.6 Coffee Value Chain

Key aspects of the value chain approach include mutual coordination amongst stakeholders regarding input supply, production, processing, market access, improvements of quality and consistency, and reliable deliveries.

The existing value chain of coffee in Nepal indicates that at the bottom of the chain farmers groups and PCCs have the prominent role to organize the farmers, disseminate the technology, manage the pulping centres and play a major role for distributing the benefits to the producers. Then another major actor in the chain is district coffee cooperative union, which in many cases collects the dry parchment for further processing in to green beans. Some of the CCUs, however, sell the dry parchment to the local traders.

As for the enablers (Supporters) of the value chain both government and non-governmental (NGO), private and certifying institutions can be observed in the picture. However, the extent and the degree of their involvement may vary, for example Nepal Agriculture Council's involvement can be less than the involvement of a bank. But each of these enablers have prominent role to make the chain moving.

Figure 2: Coffee value chain map



Source: CoPP, Helvetas.

Given the demand for Nepali coffee, (~6,000 mt) vis-à-vis existing subsistence production system scale economies and intensification of production systems are usually required, either by creating farmers cooperatives or through associative organization of individual farmers to make the value chain more on demand based. Similarly, Nepal coffee is recognized as specialty coffee (organic, high land grown, shade grown, Arabica), the issue of organic certification is very important to consider in future. Provision for subsidy for organic certification through Agri-Business and Market Promotion directorate under MOALMC is in place. This applies only when the commodity is exported. However, given the long duration for ICS implementation and expensive certification almost offset the subsidy amount being received. Therefore, future subsidy program needs to be in place which can address present problem as well as define smart subsidy policy for coffee in a cascading manner.

2.7 Marketing of Nepali Coffee

Fresh cherries from the cluster of villages are sent to the pulping centres for pulping. The owners of the pulping centres are generally the members of Primary Cooperatives to make dry parchment, who then sell DP to the traders or CCU for further processing and selling. In this context, they are also trying to have strong linkages with traders in local markets, Kathmandu and buyers from international markets. CCUs are playing major role to implement organic production methodology and maintenance of quality as with the stipulated standard by providing technical supports so that the green bean meets the requirement for both domestic and international markets. Despite the regular demand of Nepali Coffee in international markets and genuine efforts of CCUs to assist the farmers, delay in payment to the farmers by the traders and also CCUs has been a major concern. Furthermore supplying a quantity to the buyer which is less than the demand is another

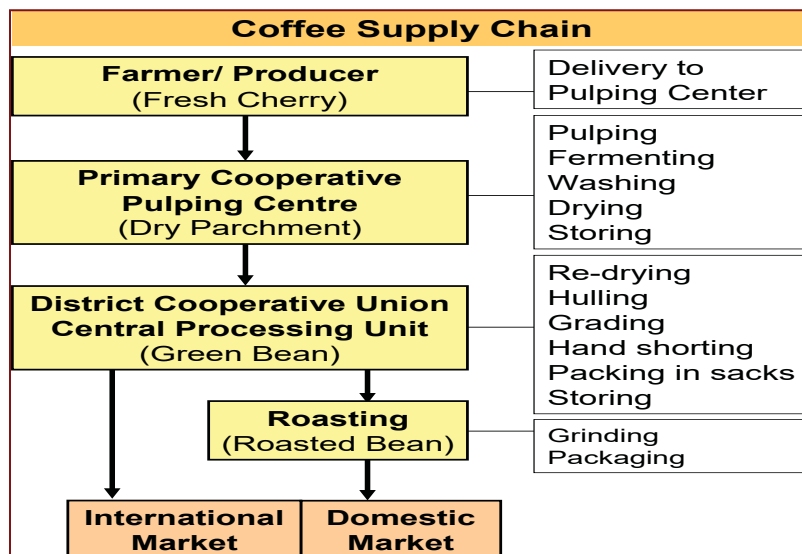
major concern. Some of the traders are buying straightway from the farmers and the pulper operators to sell larger quantity to the international buyers for more profit. This may distort the quality of Nepali coffee with a subsequent negative effects on demand. This is another major concern in marketing of Nepali coffee.

Green beans are mostly exported to the international markets, mostly the Fair Trade groups in South Korea, Japan, Europe and the USA. In the domestic markets, traders sell roasted and grinded coffee in small plastic packages to large retail outlets.

Coffee Traders in Kathmandu have established market linkages domestic as well as international customers and many of them are now using Nepal Coffee Logo. Nepal Coffee Producers Associations (NCPA) and Central Coffee Cooperatives Union (CCCU) facilitate the contacts with the domestic coffee traders and international buyers. NTCDB is also promoting Nepali Coffee by registering Nepal Coffee Logo in many countries of Asia and Europe. All these actors also take part in national and international trade carnivals to promote Nepali Coffee.

The following supply chain Fig 39 provides a clear picture on the flow of Nepali coffee from the farmers level to the domestic and international markets.

Figure 3: Coffee supply chain and processes



⁹Bastakoti, Badri Prasad; Coffee Promotion Program (CoPP), HELVETAS Swiss Intercooperation Nepal's efforts on Capacity Building for Producers Organization, p 4.

2.8 Certification and standards

Presently, organic certification is major initiation taken in the Nepali coffee value chain, particularly at the production and processing level. Three DCCUs have obtained organic certification through different certifying agencies other than Nepalese. Certification process particularly for the smallholders is an expensive exercise; however, it may add more value to the producers by fetching better market price as well as social premiums. As Nepali coffee sub-sector progresses, smallholder producers can increasingly be subject to different types of standards that offer specific conditions for their market incorporation. The proliferation of private and voluntary standards raises questions regarding their real impact on farmers' welfare and their role in upgrading of value chains.

Nepal Coffee Logo, since its inception, few traders have received it. However, rigorous monitoring of it is quintessential both at the country as well as where logo is registered to avoid the misuse of logo.

2.9 Impacts of mega earthquake of 25 April, 2015 on coffee subsector

The decreasing trend of production and export of coffee was further exacerbated by the mega earthquake of 25th April causing a huge destruction of farm land and loss of Fifty Tons of dry parchment (estimated) and pulped beans in Sindhupalchok district. Many pulping centres in Sindhupalchok are also buried under soil thus further weakening the farmers and traders involved in coffee subsector. It has also been reported that the advance amount (Rs. Five Million) paid by District Cooperative Union to the farmers in Sindhupalchok through Beautiful Coffee, a NGO working in coffee subsector, is nowhere now because of loss of farming land, destruction of pulping machines and loss of green bean.

Farmers of Sindhupalchok, Kavre, Lalitpur and Nuwakot districts are mostly affected by the earthquake, as their houses have collapsed, live-stocks buried, household and valuable assets lost and farmland destroyed. They are in need of immediate and long term support for their resilience.

Chapter 3: SWOT and Stakeholders Analysis of Coffee Subsector

3.1 SWOT Analysis

A simple matrix presented below can provide SWOT analysis of Coffee Subsector.

S.N	Strengths	Opportunities
1	Coffee grown in small parcel and marginal land, can lead to higher coverage; 1.2 million ha land along mid-hills suitable for coffee	Utilize fallow, marginal and underutilized land
2	Production of speciality coffee (organic, smallholder, shade grown, altitude range 1000-1600 masl)	Expansion potential in 41 mid hill districts
3	Organised cooperative sector (PCCs for production and CCUs for processing and marketing)	Large numbers of farmers still to be the member of cooperatives
4	Coffee found more rewarding than other crops	Coffee can be grown as major cash crop as an alternative to other crops
5	Modern technologies for production, processing (fresh cherry, green bean) in use, leading to high quality	Proven technology for production and processing easily available for extension
6	Well trained coffee technicians, LRPs and lead farmers in various districts	Growth of sub-sector requires more technicians
7	Wet processing technology adopted for DP making	High potential for Agro/eco-tourism, homestay
8	Organic certification system have been successfully adopted	Replication of the organic system in new districts
9	Market links established with various export destination with high recognition of Nepali Arabica coffee	Huge unmet demand in relation to current production
10	Increasing supports provided by government as well as non-governmental agencies to develop coffee value chain	Coffee recognized as an exportable commodity by the government, inclusion of coffee in ADS
11	Contribution to soil conservation and positive environmental impacts ¹⁰	Opportunity to involve in carbon trade through clean development mechanism and climate change related funding schemes

¹⁰ PACT, p 37

S.N	Weaknesses	Threats
1	Low production volume	Low volume causes diseconomies of scale, thus can make Nepali coffee less competitive Infestation of WSB Other pests and diseases (e.g. rust)
2	Inconsistency in quality Quality has not been consistent for pulping and drying taking place in several centres even within the same district	Traders' interest for higher profit may deteriorate quality of Nepali coffee: International buyers have not raised the quality problem seriously, but if left unaddressed, this may result in loss of international demand
3	Low level technical knowledge at community level for organic farming	Farmers revert to other conventional farming
4	Lack of irrigation and shade	Low quality and low production, high mortality of coffee plants
5	Shortage of technical persons to provide supports to the farmers	Low degree of extension
6	Longer gestation period	Fear of low or no income among the farmers may lead to diversification towards other crops
7	Lack of proper and support infrastructures (e.g. pulping machine, potable water supply), drying yard	Low quality production and entry of pulper operator outside of cooperative members or cooperative structures
8	Lack of sufficient support from the government sector (budget, extension, market promotion, quality and standard, certification, research)	Other international competitors may grab the opportunity
9	Lack of monitoring for standard and quality control at production and processing level	Adulteration and bad quality goods may lead bad reputation
10	Lack of cup tasting facilities and system for awareness raising about quality aspect of coffee	Unaware producers and processors about quality and consistency
11	Insufficient managerial and technical capacity among the Coffee Cooperatives Unions (CCUs)	Poor transparency and governance, weak membership base at PCC
12	Lack of internationally recognized and accredited certifying agencies in Nepal for organic certification, HACCP, CGAP, GMP, Fair Trade so on	Expensive certification may demotivate farmers
13	Many cooperatives, districts still not organic certified	Expensive and complicated certification process retards the process
14	Lack of awareness about other mandatory, voluntary and private standards	Constricts export market potential
15	Lack of quality based pricing; no measures to control bad quality coffee from selling	Demotivation for high quality production and maintenance of good quality
16	Infiltration of coffee through Nepal border	Setback for entire coffee value chain in Nepal
17	Lack of well established coffee farms and estate	Low volume production thus insufficient to meet international demand

3.2 Stakeholder Analysis

NTCDB, in coordination with its stakeholders, has been working for the development of coffee since the enactment of NTCDB act in 2049. The stakeholders have also contributed, based on their scope and limitation, to development of coffee sector since then. The time and context has changed considerably from the initial stage when the act was enacted (2049 BS) to the present context in terms of coffee production, use of land for plantation, consumption pattern in domestic as well as international markets. In such a changed context, NTCDB has to be more aggressive and proactive to collaborate and coordinate activities with the stakeholders for the benefits of coffee subsector.

The following subsections provide information on the stakeholders of coffee subsector in Nepal:

3.2.1 Government Department or Agencies Supporting Coffee Subsector

i. Department of Agriculture (DOA)

Department of Agriculture (DOA), under Ministry of Agriculture, is recognized as an extension body with an office (District Agriculture Development Office- DADO) in each district to provide various support services to farmers. DADO provides saplings of coffee, technical advices conduct training through JTAs/LRPs and extends its grant support to farmers, cooperatives/farms on small irrigation, seeds, implements and fertilisers. NTCDB, in coordination with DADO, is distributing saplings, seeds and fertiliser to the farmers and providing technical assistance to the farmers in the districts.

ii. Coffee and Tea Development Section (CTDS) - Kirtipur

CTSD, established in 1993 under the Fruit Development Directorate of Department of Agriculture promotes tea and coffee production in the country by demonstrating gardens and results derived from field level research. It also provides technical services to the farmers for tea and coffee production based on needs and request. NTCDB can collaborate and coordinate with CTDS for technical advices, trainings to farmers, producers and processors on saplings source centre development, coffee orchards, quality maintenance and overall development of coffee subsector.

iii. National Agriculture Research Council (NARC)

Coffee related research, germplasm collection and preservation are conducted in NARC, for development and maintenance of new breeds, prevention and control of diseases and overcome other technical problems that the farmers face in coffee production. NARC has recently established a research centre in Gulmi with special focus on development of coffee subsector. NTCDB can work in collaboration with NARC for improved seeds as well as saplings, control of diseases and other improved techniques of coffee farming for development of coffee subsector.

iv. Department of Food Technology and Quality Control (DFTQC)

DFTQC can assist to ensure and enhance the quality and safety¹¹ of food products in the country. In this context NTCDB has to work in collaboration with DFTQC to ensure and enhance the quality of coffee of Nepal for quality product supply and maintain quality standard of Nepali coffee in the international markets.

v. Nepal Bureau of Standards and Meteorology (NBSM)

It can provide license to use National Standard mark on industrial product, testing facilities, calibration and laboratory accreditation¹² services. Coffee subsector has to comply with national standard set by NBSM to get the quality certification. NTCDB can develop a good collaboration with NSBM to help the coffee farmers and traders get information on National Standards and comply with them.

vi. Department of Cooperatives – Nepal Government

Coffee production, pulping, parchment and sales are promoted by primary and district level cooperatives in the coffee producing districts. These cooperatives are formed under the cooperative act enacted by the government of Nepal. The Government of Nepal, through stated policy objective has taken cooperatives as one of the pillars to alleviate poverty hence continuously provides technical and managerial supports to cooperatives for their capacity enhancement. Primary, District and Central level of Coffee Cooperatives can get technical supports from this ministry for formation and management of cooperatives.

vii. Ministry of Industry, Commerce and Supplies (MoICS)

MoICS provides licence and legal supports to the coffee traders for export of Nepali coffee to the international markets and helps by formulating the relevant supportive policies.

viii. Project for Agriculture Commercialisation and Trade (PACT) – MOALMC

PACT provides technical, managerial and financial supports to the farmers for commercialisation of agricultural produces including coffee for income generation and agricultural development in the rural community.

3.2.2 Non-Government and Private Sector supporting Coffee Subsector in Nepal

i. Federation of Nepal Chamber of Commerce and Industry (FNCCI)

FNCCI provides supports to the coffee traders for international trade (export and import) using its established linkages and provides other relevant information for expanding linkages and promoting sales. It has a special wing known as **Agro Enterprise Centre (AEC)**, which can facilitate the process of establishing linkages for export of coffee and getting technical as well as financial and other relevant information from the external markets that can be helpful to increase the international transactions of Nepali coffee.

¹¹ GON, DFTQC website

¹² GON, NBSM website

ii. Coffee Producers Associations at District and National Level

NTCDB directly works with coffee producers associations at district (DCPA and NCPA)) and national level for promotion and expansion of coffee production and sales. These associations can directly or indirectly influence the decisions of NTCDB.

The current demand (6,000 mt) of Nepali Coffee in international market, if met, can generate foreign earning of Rs. 4.7 billion at the current rate.

iii. Primary Coffee Cooperatives (PCCs)

PCCs are the front line actors at the community level to support the farmers groups for coffee production by providing technical supports. They are also involved in pulping, fermenting, washing, drying and sorting. They play a crucial role to link the Coffee Cooperative Unions at the district level to the farmers for coffee production, processing and selling.

v. Coffee Cooperatives at District and National Level

Coffee Cooperatives Unions (CCUs) are front line actors in the district to promote coffee plantation, production and selling coffee to outside markets. These associations provide immediate supports to the farmers on technical and financial areas. Coffee Cooperatives Unions at the districts are the second tire organisations which lie between the Primary Cooperatives (formed by the coffee farmers) at the community level in the villages and the Central Coffee Cooperative Union (CCCU) at the national level. They are the immediate buyers of Fresh cherry in villages and they also process the coffee for sales to the external markets. Their capacity to support primary cooperatives or farmers largely determines the production and sales trends in the districts.

vi. Central Coffee Cooperative Union (CCCU)

Central Coffee Cooperative Union at the national level provides policy inputs to the government and NTCDB and also liaises with traders' associations and chamber of commerce for internal control system and international trade of coffee.

vii. Helvetas – Swiss Inter-cooperation Nepal

Coffee Promotion Project (CoPP) a project of Helvetas Nepal had been working for coffee promotion since 1996 and so far has covered 12 districts for its activities. It has worked closely with NTCDB and provided various technical as well as managerial supports to the Board for its plan and activities directed to develop coffee sector in Nepal. Currently it supports for organic production and policy matters.

viii. Trade and Private Sector Development Project (TPSD) (2014-2019)

TPSD, a project funded by European Union is working to promote coffee production, ensure specialty quality of Nepali coffee and expand markets in national and international markets through managerial, technical and policy inputs for coffee subsector.

ix. Good Neighbours International

Good Neighbours International is primarily working for development of agricultural practices in rural communities in Nepal. It is also providing supports to coffee production in Gulmi, Palpa, Syangja and Kaski districts through EU funding and limited VDCs in Parbat district and planning to expand its supports to other districts also.

x. Japan International Cooperation Agency (JICA)

This agency is providing supports to coffee subsector of Nepal through “One Village One Product” modality in some districts and also developing capacity of farmers and traders through skills training.

xi. Beautiful Coffee Nepal

Beautiful Coffee Nepal, a recently established NGO is providing supports to farmers for quality coffee production and also helping the coffee producers to export Nepali coffee to South Korea.

xii. ICCO Cooperation

ICCO's work in Nepal over the past two decades has been geared towards poverty reduction and social inclusion through governance, food security, and economic empowerment. With EU funding, it works in 6 districts, namely: Sindhupalchok, Kavrepalanchowk, Nuwakot, Lalitpur, Kaski and Syangja for coffee promotion.

xiii. Individual Coffee Farmers

Individual coffee farmers are the main stockholders for NTCDB, as its entire objectives and functions are oriented to strengthen the coffee farmers for larger quantity of coffee production and sales. A slight change in the behaviour of coffee farmers can bring about a significant change in the entire coffee sector, which subsequently, compels NTCDB and other stakeholders to change their policies and directions.

3.3 Prospects and Challenges for NTCDB and Need of Strategic Plan for Coffee Subsector

3.3.1 Potential of Coffee Subsector for economic development

More than 30,543 people in 41 districts in mid hills of Nepal are involved in coffee farming and they have cultivated in 2100 hectares of land to produce 530 tons of coffee and generated a sales worth Rs 52,395,000 from export of 66,462 kg Nepali coffee in 2013/14¹³. Current demand of Nepali coffee in international market is over 6,000¹⁴ metric tons which is significantly higher than what is being produced and exported 66.46 MT from Nepal at this time. Such a huge demand, if met, can

¹³ NTCDB briefing note, 2015

¹⁴ *ibid*

generate export sales of more than Rs. 4.7 billion (based on current trend) from international markets. Part of the revenue so generated from sales can be used for development of coffee subsector in the country. It can also generate employment accordingly for coffee farming and processing, thus securing livelihoods of many smallholders in rural mid hills of Nepal.

NTCDB, at the moment, faces challenges to accelerate its activities and while addressing the weaknesses mentioned in above SWOT analysis for development of coffee subsector:

- Increase area of coffee farming land and production quantity rapidly, to meet international demand
- Improve and maintain quality of coffee and getting organic certificates
- Revise coffee standards, logo and comply with other mandatory, voluntary and private standards
- Control of White Stem Borer and Coffee Rust
- Implementation of One Door Policy for program implementation
- Production of the quality saplings in the production areas
- Prepare and deploy sufficient technical persons in all coffee producing districts
- Establishing Traceability for quality control
- Create healthy environment by overcoming competition between CCUs and Coffee Traders
- Strengthen CCUs for taking lead in districts for coffee production, processing and selling (institutionalisation of the process)
- Developing a feeling of ownership among the farmers in the coffee market system

3.3.2 Plantation of Coffee for Carbon Trade and Climate Change Effects

Coffee Plants can grow in shades of other plants and have a longer life span to contribute to the existence of green coverage. It, if grown in a larger area of land and even inside the community forests, can contribute to increased carbon trade in the long run and show positive impacts to resist the climate change effects in the country. It can also help control soil erosion and landslide in the mid hills contributing to protection and safety of people.

Chapter 4: Strategy for Coffee Subsector

4.1 Introduction

National Tea and Coffee Development Board (NTCDB), established in 2049 BS to develop tea and coffee sectors in a planned way with proper use of existing modern as well appropriate technology, has worked in coordination with government, private and non-government sectors for a long period of time. Tea subsector has relatively flourished and established its image in national and international markets, which has resulted in continuously increasing production at the farmers' level in larger area of land. Coffee production, on the contrary, is still erratic and data suggests decline in the previous years.

Prevailing Weaknesses and Challenges in coffee subsector need to be addressed through well-articulated and implementable strategic plan

In spite of slow growth, coffee of Nepal has succeeded to establish itself as specialty organic product with huge demand in the international markets as well as noticeable growth of coffee consumption in domestic markets. The individuals and institutions involved in coffee trade are now more concerned with meeting demand of coffee in the international markets rather than looking for markets as such. Thus the potentials of earning foreign currency, ensuring livelihoods for smallholders and improving economic status of rural farmers from coffee production are quite visible now.

The above mentioned problems and potentials in coffee subsector reflect a need for NTCDB to visualise its future activities systematically. For this NTCDB may bring in many of the activities included in the strategic plan for the year 2012 – 2014 most of which are still relevant to include in the plans for the coming period, i.e. 2016-18. In addition, coffee subsector, at present, has noticed new contexts for planning requiring more emphasis on market oriented value chain. Production, quality control, new or updated coffee subsector policy and capacity as well as institutional strengthening of main stakeholders to address the increased demand of Nepali coffee in international markets and to prepare Nepal for becoming one of the leading coffee exporting countries in future. This needs a serious thought on strategic directions and corresponding activities and involvement of every relevant stakeholder in the process of planning, implementation and monitoring. Strategic Plan for NTCDB to address the contextual coffee subsector issues and NTCDB's own institutional concerns has become essential at the moment. Furthermore, considering the potentials of Nepali Coffee to earn foreign currency and contribute to employment generation and economic development of smallholders in mid hills, NTCDB has to be proactive with well-articulated plans and priorities and work aggressively to get relevant and timely support from its stakeholders to expedite the growth of coffee subsector.

The individuals and institutions involved in coffee trade are now concerned with meeting demand of coffee in international markets

NTCDB, therefore, has developed a strategic plan in close consultation with a variety of stakeholders for the coming three years 2018 to 2022.

4.1.1 Approaches and Methodologies

A mixture of different approaches and methods were adopted in order to formulate the Strategic Plan. Initial assessment of the previous strategic plan provided valuable insights to evaluate the gaps and identify the areas for consideration to include in the currently considered strategic plan.

i. Individual and Group Meetings

Individual and focus group level consultative meetings were held with the Board members of NTCDB, traders, NGOs, cooperatives (CCUs and CCCU), Coffee Producers' Association (NCPA), government staff (DADO) and farmers to get their inputs for the strategic plan. In this regard, a field visit was conducted in Kaski, Parbat, Syangja and Tanahu districts to interact with the producers, producers' cooperatives and District Agriculture Development offices to interact and understand the felt need at the field level and also to understand the program they are going to implement.

ii. Review of Previous Strategic Plans

Both the previous strategic plans (2009-2-11 and 2012 – 2014) were reviewed to understand the sub-sector need in the past and to compare the present need and update many of the strategic activities.

iii. Coffee Related Publications and Reports:

Several other coffee related relevant publications, e.g. annual reports of NTCDB, coffee policy, NTCDB Act, Coffee and Tea Development Section (CTDS) annual report, value chain analysis report from PACT were reviewed. These materials provided valuable insights and ideas on coffee sub-sector development and lessons learned and actions required for future plan.

iv. Stakeholders' consultation:

Strategic plan preparation was done by actively involving the NTCDB officials and in close consultation with the stakeholders representing from producers' association, coffee cooperatives, NARC, CTDS, DFTQC, TEPC, Department of Plant Quarantine, traders and CoPP HELVETAS Swiss Intercooperation. All the participants provided feedback representing their respective institutions and their policy perspectives as well.

4.2 NTCDB's Vision and Mission - specific to Coffee Subsector

4.2.1 Vision

Nepal as "one of the leading producers and exporters of Arabica specialty coffee in the world".

4.2.2 Mission

NTCDB works together with farmers, producers' associations, cooperatives, processors, traders, relevant ministries and district level authorities in Nepal to make Nepali coffee subsector thriving commercially and make reputed in national and international markets thereby improving the livelihoods, creating employment, environment conservation and economic development of the nation.

4.2.3 Goal

Farming of organic Arabica specialty coffee in all potential districts of Nepal through commercial orientation

4.2.4 Objectives

Objective 1: **Increased production of Nepali Arabica Coffee by 100% (to 1000 MT) by the end of 2022**

Objective 2: **Formulate Enabling Coffee Subsector Policy**

Objective 3: **Strengthen Management and Coordination of Coffee subsector**

Objective 4: **Sell Nepali Coffee in domestic and international markets with Nepal Coffee Logo**

Objective 5: **Strengthen Technical and Managerial Capacity of NTCDB and Associated Institutions**

4.2.5 Values

NTCDB, its staff, advisors, volunteers and board members in their day to day operations will be guided by the following core values to achieve the vision, mission and goals of coffee subsector:

- Trust and dignity of people in day to day affairs in all sectors of works
- Partnership in works with DADOs and related institutions to achieve effective results
- Justice and equity in works and regardless of gender, caste, age and health status

These organisational core values of NTCDB will be maintained and assured in different spheres of works such as recruitment, training, award, programme implementation, and representation - by all staff and board members. NTCDB has to coordinate with its stakeholders to implement programmes in the rural hills, villages, urban cities or even in international sectors; an utmost importance to ensure these core values will be given while working with all the stakeholders in villages or cities or at international level.

4.2.6 Guiding Principles

NTCDB's plans and activities will be guided by the following principles at all levels:

- **Accountability:** The staff members and board members will feel accountable to the farmers, all the stakeholders, the government, donors, own organisation, and nation for their activities, conduct and behaviour.
- **Transparency:** All the activities and spending should be transparent to the target groups, stakeholders, the government, donors, own staff members and the nation.
- **Inclusion:** The programme activities and benefits from NTCDB should include all the members from the target groups irrespective of race, caste, gender, religion and health.

4.2.7 Planning Assumptions

NTCDB has moved forward for strategic plan of coffee subsector for the period of 2018 to 2022 with the following planning assumptions:

Contextual

1. Farmers are motivated for coffee plantation in at least half a *ropani* (~500 sq meter) of land and bigger areas of land for commercial production and sales

2. Demand of Nepali Arabica Coffee has continuously increased and stretched markets in countries other than existing ones
3. Favourable climate for Arabica Coffee production (for organic and specialty quality)
4. Coffee importing countries will not change their import policy for Nepali coffee
5. Coffee export will be one of the priorities of national policy for foreign earnings

Institutional

1. NTCDB will develop and continuously maintain better relationship with Ministry of Agriculture Development, Ministry of Commerce and Supplies, Ministry of Industry, Ministry of Finance, Traders, Cooperatives' Union, Producers' Association and other stakeholders to promote coffee production and create conducive environment for coffee export.
2. NTCDB will be able to develop its capacity to provide managerial, technical and institutional support to cooperatives at primary, district and national level and coordinate supports with relevant ministries for development of coffee sub sector.
3. NTCDB will pay full attention to stiff competition arisen in international markets due to growing demand of Nepali Arabica Coffee requiring a greater attention to maintain organic quality and specialty taste.
4. NTCDB will get continuous support from coffee related research works to introduce new techniques of controlling pests and diseases for increasing productivity and maintaining quality
5. NTCDB will be able to generate required fund to implement its planned activities
6. NTCDB will be successful to get favourable policies from the government for coffee value chain, export, production supports, processing machineries and packaging materials to cover larger international markets and expand domestic markets

4.3 Strategic Directions vis-à-vis Objectives of NTCDB's Strategic Plan

NTCDB Strategy will focus on five major strategic directions and relevant activities for achieving relevant outcomes and objectives to contribute to realisation of the ultimate goal of commercial orientation in farming of Nepali Arabica coffee in all forty one districts of Nepal.

4.3.1 Strategic Direction 1: High Quality Production and Enhance Productivity

NTCDB will focus on research to address problems of WSB and Coffee Rust in coffee plants and ultimately manage to prevent or overcome these diseases from coffee plants to increase productivity. NTCDB in strong coordination with NARC and CTDS under MOALMC will support the research works and carry out various activities oriented to aware the farmers on higher yields from coffee production and motivate them to coffee plantation in larger areas of land in all forty one districts of Nepal in a gradual manner. Various activities to manage the pests and diseases in coffee plants will be designed and implemented. This will lead to produce higher quality coffee for maintaining as well as increasing established markets of Nepali Coffee in international and domestic sectors.

4.3.2 Strategic Direction 2: Policy Formulation

This strategic direction will focus on formulation of relevant policy to motivate quality production and increase export of coffee in international markets to yield foreign currency earning significantly. This will provide direction to revise existing coffee policy, for developing linkages in

national as well as domestic markets, increase sales of Nepali coffee to address the growing demand and maintain the images of Nepali organic coffee in international markets. This will guide to formulate E-commerce policy to serve the domestic customers with quality coffee in shorter period of time. This will also direct towards formulating policy to regulate all concerned I/NGOs' coffee subsector related activities through NTCDB with an aim of consolidating the benefits to the smallholders. As well as policy changes are made as according to changing political and economic situation.

4.3.3 Strategic Direction 3: Management and Coordination

Management of coffee subsector development programmes and coordination with relevant stakeholders will lead to achieve efficiency in negotiating and justifying for organic certification, fair trade recognition and larger sales of Nepali coffee in national and international markets. This will also create favourable circumstances for maintaining quality and introducing Nepali coffee in larger segments of international markets. Considering all these, this strategic direction will lead to reconstituting the Coffee Subsector Working group and making it active to coordinate all developmental activities for coffee subsector. This will also direct to establishing a separate Coffee Division in NTCDB to manage, coordinate and consolidate coffee subsector related activities and contribute to expedite planned activities for efficient and effective results. This strategic direction also guides to establish relationship with financial institutions for designing suitable financial products to coffee subsector in order to help farmers and traders have an access to such products in time of need.

4.3.4 Strategic Direction 4: Market Promotion

This will direct the activities towards easing certification process by developing standard, applying quality control measures and maintaining specialty of Nepali coffee to reach larger segments of international as well domestic markets. Activities, if successfully carried out in these areas, will lead to production of high quality coffee that meets international standard to promote Nepali coffee in domestic and international markets. Quality based pricing and traceability system will further motivate the farmers and traders to comply with requirements for reaching international standard of coffee quality. This will also guide to formulate E-commerce policy to serve the domestic customers with quality coffee in shorter period of time (as in Strategic Direction 2).

4.3.5 Strategic Direction 5: Institutional Strengthening and Capacity Development of Coffee Subsector

This will focus on capacity development of NTCDB staff involved in coffee subsector, technical people at the village level (LRP), Primary Cooperatives, District Cooperatives, staff in District Agriculture Development Office, Central Coffee Cooperative Union and Nepal Coffee Producers' Association to assist the producers' groups and farmers in their skills enhancement for quality coffee production in a larger scale. This direction will also focus on providing exposure and training to relevant government staff at policy level for favourable policy and decision making for coffee subsector. Besides, this will emphasize on providing support to cooperatives and Producers' Associations for strengthening their institutional capacity to assist in the efforts of further developing coffee subsector significantly. It also guides to establish a Management Information System (MIS) for coffee subsector to help further planning and research activities in this subsector.

Objective 1: Increased production of Nepali Arabica Coffee by 100% (to 1000 MT) by the end of 2022

Outcomes:

Coffee plants grown healthy and free of pests and any diseases
Coffee Production Area expanded
Productivity of coffee plants improved
Organic certification process established
Smallholders' cooperatives promoted
Dry parchment produced through wet processing
Monitor Mechanism and system established to ensure progress

Objective 2: Formulate Enabling Coffee Subsector Policy

Outcomes:

Revised Coffee Policy made active for promotion of coffee subsector
E-commerce Policy developed for coffee subsector
All institutions (I/NGOs, traders, producers' cooperatives associations and any other relevant organisations) working on coffee subsector development -are regulated

Objective 3: Strengthen Management and Coordination of Coffee subsector

Outcomes:

Coffee Subsector Working Group reconstituted and made functional
Linkages established with Financial Institutions for relevant financial products for coffee subsector
A separate Coffee Division made functional within NTCDB

Objective 4: Sell Nepali Coffee in domestic and international markets with Nepal Coffee Logo

Outcomes:

Nepali coffee sold in domestic and international markets with Nepal Coffee Logo
Organic Production and Fair Trade Certified
Quality based pricing system made operational
Traceability system established and made operational
E-Commerce Policy Developed for Coffee Subsector

Objective 5: Strengthen Technical and Managerial Capacity of NTCDB and Associated Institutions

Outcomes:

Capacity Development plan for NTCDB staff and its stakeholders developed and made operational
Technical knowledge and skills of CCUs, DCPA, Traders and other stakeholders enhanced on organic coffee farming
Internal Organisational Management Capacity of stakeholders (CCUs, PCCs) strengthened
Management Information System (MIS) Developed and Implemented

4.3.6 Concluding Remarks

For its 22 years of journey to develop tea and coffee subsector, there has been some foundational work done to make sub-sector moving in the right direction. Over the years, some

achievements have been made in policy arena and quality and standard formulation, production and marketing promotion in piecemeal basis rather than addressing and overcoming the present opportunities and problems respectively. So, the achievements are not enough but definitely can provide some direction as to where and how the coffee sub-sector needs to go. This proposed strategic plan has been prepared with wider consultation among the stakeholders at a crucial time with huge demand for coffee, promulgation of Agriculture Development Strategy and relatively increased government sector for export crops. It is envisaged that NTCDB will formulate its regular operational planning on the basis of the Strategic Plan. Now, with clear vision and precisely articulated outcomes and activities in its coffee specific strategic plan, NTCDB feels that it will produce desired results with far reaching effects in coffee subsector of Nepal.

Chapter 5:
Action Matrix of Strategic Plan of NTCDB for development of Coffee
Sub Sector in Nepal (2018- 2022)

SN	Objectives and Outcome	Activities	Responsible Agencies	Assisting or Coordinating Agencies	Time Frame	Monitoring Indicators	Monitoring Agencies	Estimated budget (Qty*Districts*Rate*years) in Rs.
1	Strategic Direction: High quality production and productivity Objective: Increase Production of Arabica Coffee by 100% by the end of 2022 - (~1000MT)							
1.1	Outcome: Coffee plants grown healthy and free of any pest and diseases					per coffee plants giving cherry at standard rate/ratio (3.5kg)	NTCDB, CTDS, NARC, CCCU, TPSD, Helvetas	
		Provide Technical Supports/ advices (by LRPs and DADO Technicians) to the farmers for control of WSB, Rust and other diseases	NTCDB	MOALMC, CTDS, NARC, CCCU, NCPA, Helvetas, TPSD,	Throughout the years based on needs	- At least two visits by technical staff to the farmers for technical advices	MOALMC, NTCDB, DADO, NARC, CCCU, NCPA	2*20*20,000*5= 4,000,000
		Provide Training on management system of white stem borer, coffee rust, other diseases	NTCDB	PPD, CTDS, DADO, NARC Helvetas, TPSD	2018 and twice a year	-At least two training in a year	NTCDB, PPD, CTDS, DADO, NARC, Helvetas, TPSD	1*20*10,000*5= 1,000,000
		Preparation of Training and Extension Materials, (Manual, Posters, audio visuals etc.) in Nepali and English	NTCDB	CTDS, DADO, NARC, Helvetas, TPSD,	Second Quarter of 2018	Relevant documents published, prepared and used	NTCDB, CTDS, DADO, NARC, Helvetas, CCCU, NCPA, TPSD,	4*200,000= 800,000
		Facilitate to Conduct research on control of WSB and Rust in coffee plants	NTCDB	NARC, CTDS, CCCU, NCPA, Helvetas, DADO	Throughout the period	2 research conducted, published and disseminated	NTCDB, NARC, CCCU, NCPA, Helvetas	2*500,000= 1,000,000
		Training and Skills Test (from level 1 to 4) to LRPs (old and new) in all coffee producing districts	NTCDB	CTDS, CTEVT, CCCU, NCPA, Helvetas, DADO	2018-2022	1 LRP appointed in One coffee producing VDC – of all the coffee producing districts	NTCDB, CTDS, CTEVT, CTEVT, CCCU, NCPA, Helvetas	2*20*20,000 = 800,000
		Strengthen Association of LRPs for organized services	NTCDB, CCCU, NCPA	CTDS, Helvetas, TPSD, etc.	2018	Association operating professionally and institutionally	NTCDB, CTDS, CCCU, NCPA,	1*5*20,000= 100,000

		to the farmers and cooperatives					Helvetas, TPSD	
		Initiate for inclusion of coffee as special subject in the curriculum for undergraduate and graduate courses	NTCDB	Ministry of Education, Agriculture University CCCU, NCPA	2018	Course taught	MOALMC , NTCDB, CCCU, NCPA	2*50,000 = 100,000
		Conduct relevant technical training to government officials working in coffee sub-sector at district level	NTCDB	MOALMC , CTDS, Helvetas, TPSD, CTEVT	2018-2022	60 Officials trained	MOALMC , NTCDB, Helvetas, TPSD	60*30,000*5 = 9,000,000
1.2	Outcome: Coffee Production Areas expanded					2000 hectare of land for coffee production available or used for coffee plantation	MOALMC , NTCDB, CCCU, NCPA, Helvetas, TPSD	
		Conduct feasibility study in potential Coffee Districts to identify coffee growing areas	NTCDB ,	MOALMC , DADO, Helvetas, CCCU, NCPA	2018 - 2020	2000 Hectares of New Coffee Clusters and farming areas identified	MOALMC , NTCDB, DADO, Helvetas, CCCU, NCPA,	2*20*50,000 = 2,000,000
		provide technical training to farmers on coffee farming in new clusters	NTCDB ,-	MOALMC , CCCU, NCPA, Helvetas, TPSD	2018-2022	1000 New farmers in new pocket areas/clusters received training on coffee farming	MOALMC ,NTCDB, CCCU, NCPA, Helvetas, TPSD,	1000*20,000 = 20,000,000
		Create accessibility for farmers to seeds, plants and implements for coffee farming	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD, Traders	2018-2022	12 No of organisations providing services	MOALMC , NTCDB, CCCU, NCPA, Helvetas, TPSD, Traders	40*20,000*5 = 4,000,000
		Initiate policy dialogue to promote coffee plantation in lease hold forest (also linked to Policy)	NTCDB ,	MOALMC , MOFSC	2018	Technical Committee formed, Dialogue initiated	MOALMC , MOFSC, NTCDB,	2*100,000= 200,000
1.3	Outcome: Productivity of coffee plants improved and new seedlings distributed					Productivity increased by 50%	MOALMC , NTCDB, NARC, TPSD	
		Identify mother plants and establish a system of high quality seed collection	NTCDB ,	DADO, NARC, CCCU, NCPA, Helvetas, TPSD,	2018-2022	At least one seed collection centre established in each DCCU.	NTCDB, DADO, NARC, CCCU, TPSD	20*20,000*5 = 2,000,000
		Provide Nursery Training to the farmers for sapling	NTCDB	DADO, CCCUs, NCPA,	2018-2022	At least one Nursery Training conducted at	NTCDB, DADO, NARC, CCCU,	20*20*20,000 *2= 16,000,000

		production at community level		Helvetas, TPSD,		community level in a year	NCPA, TPSD	
		Production of Quality Saplings by certified nurseries and distribution of seedlings	NTCDB	DADO, NARC, CC CU, NCPA, , Helvetas, TPSD,	2018-2022	At least 200,000 saplings produced by the Nurseries in each commercially oriented district Produce 50,000 seedlings in new districts during the plan period	NTCDB, DADO, NARC, CCCU, Helvetas	A. $12*200,000*10 = 24,000,000$ B. $28*50,000*10 = 14,000,000$ 38,000,000
		Develop Nursery Registration System	NTCDB ,	DADO , NARC, Helvetas, NCPA,	2018-2022	All of Nursery Registered in DADO	NTCDB, DADO, NARC, CCCU, NCPA	$40*5000*5 = 1,000,000$
1.4	Outcome: Organic certification process established					1 Inspector in each DCCU deployed	MOALMC , NTCDB, TPSD	
		Identify coffee farming areas where organic certification system will be established	NTCDB , DADO, CCCU	NARC, CCCU, NCPA, TPSD,	2018-2022	Identified 3-4 number of coffee farming areas in each district for Organic certification	NTCDB ,DADO, NARC, CCCU, NCPA, TPSD	$20*20,000*2 = 800,000$
		Provide subsidy for organic certification process	NTCDB ,	MOALMC ,	2018 - 2022	12 districts received subsidy for organic certification system	MOALMC , NTCDB, DADO, CCCU, NCPA	$12*300,000 = 3,600,000$
1.5	Outcome: Smallholders' cooperatives promoted					Increase in number of producers and primary cooperatives in districts by 25% each year	MOALMC , NTCDB, DCCU CCCU, NCPA	
		Facilitate and support formation of producers' groups at the community level	NTCDB	MOALMC , Helvetas, TPSD	2018-2022	Producers' Groups at community level increases by 25% each year	MOALMC ,NTCDB, (DADO), TPSD, NGOs working on coffee	$40*20,000*5 = 4,000,000$
		Provide Training and technical supports to the producers' groups on cooperative education and management	NTCDB ,	DADO, CCCU, NCPA, TPSD	2018-2022	All Members receive at least one cooperative education training All Executive committees	NTCDB, DADO, CCCU, NCPA, TPSD, NGOs working in coffee	$40*20,000*5 = 4,000,000$

						receive at least one management training (every year)		
		Facilitate and support for the formation of primary cooperatives at village level (from the groups)	NTCDB ,	DADO, CCCU, NCPA, TPSD,	2018 - 2022	Formation of at least 8 primary cooperatives to enable establishing DCCUs	NTCDB, DADO, NCPA, TPSD, CCCU, NGOs in coffee	40*20,000*5 = 4,000,000
		Facilitate and support establishment of district coffee cooperative union (new districts or districts where coffee cooperatives have not yet been formed)	NTCDB ,	DADO, CCCU, NCPA,	2018- 2022	DCCU established in all coffee producing districts	NTCDB, DADO, CCCU, NCPA, NGOs in coffee	28*20,000 = 560,000
		Provide regular technical, managerial and marketing support to DCCUs, DCPAs including training	NTCDB	CCCU, Cooperative Office, NCPA, Helvetas, TPSD,		All CCUs receive support	NTCDB, Cooperative Office, CCCU, NCPA,	450,000*5= 2,250,000
1.6	Outcome: Dry parchment produced through wet processing					100% dry parchment with wet processing	MOALMC , NTCDB, CCCU, NCPA, TPSD	
		Establish Model Pulping Centre in each district	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD	2018- 2022	1 Model Pulping Centre established in each district	MOALMC , , NTCDB, CCCU, NCPA, Helvetas,	20*500,000= 10,000,000
		Provide equipment and infrastructure supports to PCCs for wet processing	NTCDB	MOALMC , CCCU, NCPA, TPSD	2018- 2022	50% of PCCs received required equipment and infrastructure support,	MOALMC , NTCDB, CCCU, NCPA,	120*30,000 = 3,600,000
		Provide Support to Green Bean Processing Units (CCUs) with necessary technology and equipment	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD	2018- 2022	80% CCCUs received required supports	MOALMC , NTCDB, CCCU, NCPA, Helvetas,	20*200,000 = 4,000,000
		Provide support to implement Quality and Standards at all level of processing (to PCCs, CCUs)	NTCDB	MOALMC , CCCU, NCPA, TPSD	2018- 2022	All PCCs and CCUs receive supports	MOALMC , NTCDB, CCCU, NCPA, CTDS	40*20000*3 = 2,400,000

1.7	Outcome: Monitoring mechanism and system established to ensure progress					Periodic Monitoring Report (quarterly and annual) prepared by NTCDB Number of monitoring visits led by NTCDB	NTCDB, MOALMC, NARC, CCCU, NCPA, Helvetas, TPSD	
		Develop indicators and reporting system to monitor progress for planned activities	NTCDB	DADO, NARC, CCCU, NCPA, TPSD	2018	- Regular periodic (quarterly) reporting of progress to Executive committee by NTCDB	NTCDB, DADO, CCCU, NCPA, Helvetas	60,000*5 = 300,000
		Carry out regular monitoring of coffee production and processing activities to ensure larger production quantity and better quality	NTCDB	DADO, CCCU, NCPA, TPSD	2018-2022	Quarterly visits to districts (led by NTCDB),	NTCDB, DADO, CCCU, NCPA, Helvetas	60,000*5 = 300,000
2	Strategic Direction : Policy Formulation Objective : Formulate Enabling Coffee Subsector Policy							
2.1	Outcome: Revised coffee policy made active for promotion of coffee subsector					Coffee policy reviewed twice a year involving stakeholders	MOALMC, MOCPA, NTCDB, TPSD	
		Conduct periodic study on effectiveness of coffee policy	NTCDB	MOALMC, NARC, CCCU, NCPA, TPSD, Traders	2018-2022	No of study conducted	MOALMC, NTCDB, CCCU, NCPA,	20,000*5 = 100,000
		Revise and Develop (if necessary) coffee policy and submit it to the Government of Nepal for approval	NTCDB	MOALMC, NARC, CCCU, NCPA, Traders,	2018	Revised Coffee Policy under discussion - by the government of Nepal	MOALMC, NTCDB	50,000
		Get endorsement for the new/revised Coffee Policy from Government of Nepal	NTCDB	MOALMC, CCCU, NCPA,	2018	Published new coffee policy in the government gazette	MOALMC, NTCDB	50,000
		Inform about policy changes to all relevant stakeholders	NTCDB	MOALMC, CCCU, NCPA, Helvetas, Traders	2018	All stakeholders receive copy of coffee policy	MOALMC, NTCDB, CCCU, NCPA,	50,000

						as revision occurs		
2.2	Outcome: E-commerce Policy developed for coffee subsector (see also objective 4 – sell Nepali coffee... with Nepali logo)					E-commerce policy developed and implemented	MOICS, NTCDB, NCPA, CCCU, FNCCI, TPSD, , NBF	
		Develop E-commerce policy for Nepali Coffee	NTCDB	NCPA, CCCU, FNCCI, TPSD, Helvetas, Nepal Business Forum	2018	E-commerce Policy document developed	NTCDB, NCPA, CCCU, FNCCI, TPSD	200,000
		Endorse E-commerce policy by GoN	MOALMC, NTCDB ,	MOC , NCPA, CCCU, FNCCI, Helvetas, Nepal Business Forum,	2018-2022	Policy comes into effect	MOALMC , MOICS, NTCDB,	50,000
		Facilitate establishment of E-commerce/online buying system for Nepali Coffee by CCCU and Traders focusing on the domestic customers ¹⁵ first	NTCDB	CCCU, NCPA, TPSD, Traders			NTCDB , CCCU, NCPA, Traders,	50,000
2.3	Outcome: All institutions (I/NGOs, traders, producers' cooperatives associations and any other relevant organisations) working on coffee subsector development -are regulated					All coffee related programme implementation channelled through NTCDB	MOALMC , NTCDB,	
		Develop and submit regulatory policy to Nepal Government for approval -	NTCDB	MOALMC , CCCU, NCPA,	2018	Regulatory policy under discussion (at the government level)	MOALMC , NTCDB, CCCU, NCPA	20,000
		Approve one door policy by the government	NTCDB	MOALMC , CCCU, NCPA	2018	Policy comes into effect	MOALMC , NTCDB, CCCU, NCPA	50,000

¹⁵ Ecommerce for international buyers needs developed infrastructure (such as courier, ease of exchange of foreign currency etc. that needs a considerable works and strong linkages with international organisations, hence it would be practical to start ecommerce with the domestic customers first – to learn lessons and develop gradually.

3	Strategic Direction: Management and Coordination Objectives: Strengthen Management and Coordination of Coffee Sub-Sector							
3.1	Outcome: Coffee Sub-Sector Working Group reconstituted and made functional					Bimonthly meeting held	MOALMC , NTCDB, CCCU, NCPA,	
		Reconstitute Coffee Sub-Sector Working Group to strengthen and develop coffee sub-sector	NTCDB	-	2018	Bimonthly meetings of Coffee Sub Sector Working Group held regularly	NTCDB	20,000
		Establish Coffee development basket fund to implement the strategic plan	NTCDB	MOALMC , NARC, NCPA, CCCU, Traders, Donors	2018-2022	Basket Fund established Operational Guidelines prepared	MOALMC , MOCPA, NTCDB, NARC, NCPA, CCCU, Helvetas, Traders, Donors	50,000
3.2	Outcome: Linkages established with Financial Institutions for relevant financial products for coffee subsector					3-4 Financial Institutions linked through MOU	MOALMC , NTCDB	
		Assess Needs of Financial Products for Coffee Producers, Processors, Traders and cooperatives	NTCDB	MOALMC , CCCU, NCPA, TPSD	2018	3-4 financial packages identified	MOALMC , NTCDB, CCCU, DCPA, NCPA	200,000
		Identify the financial institutions for developing MOU for relevant financial products	NTCDB	MOALMC , CCCU, NCPA, TPSD	2018	3-4 financial institutions identified	MOALMC , NTCDB, CCUs, CCCU, DCPA, NCPA, NGOs in coffee	100,000
		Develop and sign MOU	NTCDB	MOALMC , CCCU, NCPA,, TPSD	2018-2022	MOU signed	MOALMC , NTCDB, CCUs, CCCU, DCPA, NCPA	50,000
3.3	Outcome: A separate Coffee Division made functional within NTCDB					Separate coffee division established and functional	MOALMC , NTCDB	
		Establish separate Coffee Division	NTCDB	MOALMC	2018	Coffee Division established	MOALMC , NTCDB	50,000
		Recruit required staff for separate coffee division	NTCDB	MOALMC	2018	Required staff deployed	MOALMC , NTCDB	
		Equip the separate coffee division with necessary infrastructures	NTCDB	MOALMC	2018	Sufficient logistics and infrastructures arranged	MOALMC , NTCDB	200,000

4	Strategic Direction: Market Promotion Objective: Sell Nepali coffee in domestic and international markets with Nepal Coffee Logo							
4.1	Outcome: Nepali Coffee sold in domestic and international markets with Nepal Coffee Logo					80% of Nepali coffee sold with Nepali logo	MOALMC , NTCDB, CCCU, NCPA	
Revise standards for Nepal coffee logo in line/compliance with international standard		NTCDB	MOALMC , NARC, DFTQC, NBSM, NCPA, CCCU, Helvetas, TPSD,	2018-2022	Standard revised for logo	MOALMC ,NTCDB, NARC, DFTQC, NBSM, CCCU, NCPA, TPSD	100,000	
Conduct workshop to inform relevant stakeholders about the implementation procedures and regulation to use logo		NTCDB	MOALMC , NARC, DFTQC, NBSM NCPA, CCCU, TPSD,	2018-2022	2 workshops per year	MOALMC , NTCDB, NARC, DFTQC, NBSM NCPA, CCCU, TPSD,	2*30,000 = 60,000	
Revise and update operational guidelines for coffee logo implementation		NTCDB	DFTQC, NBSM	2018-2018	Operational guidelines in use	NTCDB, DFTQC, NBSM	2*40,000 = 80,000	
Develop Organic Coffee Certification system		NTCDB	CCCU, NCPA, Helvetas, TPSD	2018-2022	8-10 CCUs with Organic certification system introduced, 6 CCUs received organic certificate	NTCDB, CCCU, NCPA	200,000	
Develop product standard in line/compliance with international standard for production, dry parchment and green beans		NTCDB	MOALMC , Helvetas, TPSD, DFTQC, NBSM, Private Sectors	2018	Product standards developed	MOALMC , MOICS, NBSM, DFTQC, NTCDB	100,000	
Develop national standard for Nepali coffee		NTCDB	NBSM, TEPC, Traders, TPSD	2018	National standard for Nepali coffee developed	NTCDB, NBSM	500,000	
Organise market promotion campaign through domestic and international Trade Fairs		NTCDB	MOALMC , TEPC, CCCU, NCPA, TPSD, Traders	2018 - 2022	-1 Trade Fairs attended annually 2 Trade relations established with 5 new buyers	MOALMC , NTCDB, TEPC, CCCU, NCPA, Traders,	2*500,000*5 =5,000,000	

		Conduct cup tasting to ensure quality and raise awareness about quality of coffee	NTCDB	CCCU, NCPA, Traders, Helvetas, TPSD and NGOs involved in coffee subsector	2018-2022	12 of cup tasting conducted in Kathmandu and in all CCUs	MOALMC , NTCDB, Traders, CCCU, NCPA, Helvetas, TPSD, and NGOs involved in coffee subsector,	12*100,000 = 1,200,000
		Establish Coffee tasting lab (in NTCDB)	NTCDB	MOALMC , Private sectors, TPSD	2018-2022	1 Coffee Tasting lab established	MOALMC , NTCDB	1*300,000 = 300,000
		Register Nepali Coffee Logo in 10 new countries	NTCDB	MOALMC , TEPC CCCU, NCPA, FNCCI,	2018-2022	Nepali Coffee Logo registered in 10 new countries	MOALMC ,NTCDB, TEPC , CCCU, FNCCI, NCPA	10*200,000 =2,000,000
4.2	Outcome: Organic production and Fair Trade certified					Four districts obtained Fair Trade certificates	MOALMC , NTCDB, CCCU, NCPA	
		Conduct TOT on Organic and Fair Trade Certification (to develop facilitators/internal inspectors)	NTCDB	MOALMC , CTEVT, Helvetas, TPSD	2018-2022	No. of facilitators trained, No. of inspectors trained	MOALMC , NTCDB , CTEVT, TPSD	40*50,000*2 = 4,000,000
		Conduct Organic and Fair Trade principle training/workshop for CCUs and Traders	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD, Traders	2018 - 2022	All districts where DCCU exists	MOALMC , NTCDB CCCU, NCPA, TPSD, Traders,	40*50,000*2 = 4,000,000
		Facilitate the process to establish linkages with organic and fair trade certification agencies	NTCDB	MOALMC , CCCU, NCPA, Helvetas TPSD, Traders	2018-2022	Linked with 4 Certification agencies at national and international levels	MOALMC , NTCDBCCU, NCPA, Traders,	20,000*5 = 100,000
		Initiate Fair Trade Certification process in CCUs	NTCDB	FTG, CCCU, NCPA, Helvetas, TPSD Traders	2018 - 2022	2 Districts received Fair Trade Certificates		2*400,000 = 800,000
4.3	Outcome: Quality based pricing system made operational					-Prices of coffee set based on quality of coffee -Coffee sold on prices set for different qualities	MOALMC , NTCDB, NARC, DFTQC CCCU, NCPA, TPSD,	

		Develop Standard for quality based pricing system	NTCDB	MOALMC , NARC, DFTQC CCCU, NCPA, Helvetas,	2018	Standard for different quality of coffee set	MOALMC ,NTCDB NARC, DFTQC, CCCU, NCPA, Helvetas	20,000*5 = 100,000
		Inform the stakeholders the categorisation of Coffee Quality based on scientific standard	NTCDB	MOALMC ,NARC, DFTQC, CCCU, NCPA, TPSD,		No. of workshop held on standard of different categories of coffee quality	MOALMC , NTCDB, NARC, DFTQC, CCCU, NCPA	50,000*5 = 250,000
		Establish pricing system based on quality of coffee	NTCDB	MOALMC , NCPA, CCCU, TPSD	2018-2022	Quality based pricing system followed by producers, processors and traders	MOALMC , NTCDB, NCPA, CCCU	100,000*5 = 500,000
4.4	Outcome: Traceability system established and operational					Traceability system piloted	MOALMC , MOCPA ,NTCDB, CCCU, TPSD, NGO working in coffee	
		Develop guidelines for traceability for Coffee Value Chain	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD, Traders	2018 - 2018	Guidelines prepared and adopted	MOALMC , NTCDB, CCCU, NCPA, Traders	100,000
		Provide Orientation to PCCs, CCUs and Traders in selected districts on Traceability Mechanism	NTCDB	MOALMC , CCCU, NCPA, TPSD,	2018-2022	30 PCs, 3CCUs and Traders getting orientation on traceability	MOALMC , NTCDB CCCU, NCPA	12*50,000*5 = 3,000,000
		Piloting Traceability in selected districts	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD,	2018 - 2022	Traceability system implemented and inbuilt in 3 selected districts	MOALMC , NTCDB CCCU, NCPA	3*50,000*2= 300,000
5	Strategic Direction: Institutional Strengthening and Capacity Development of Coffee Subsector Objective 5: Strengthen Technical and Managerial capacity of NTCDB and associated institutions							
5.1	Outcome:1: Capacity Development Plan for NTCDB staff and its stakeholders Developed and made operational					-No. of staff trained -No. of institutions supported -No. of training conducted	MOALMC , NTCDB, CCCU, NCPA, TPSD	
		Review Needs Assessment for capacity development of NTCDB staff and stakeholders	NTCDB	MOALMC , MOCPA, CCCU, NCPA, TPSD	2018	Areas identified for training and capacity strengthening	MOALMC , NTCDB,	100,000

		Develop Capacity Strengthening Plan of NTCDB staff and its stakeholders to strengthen management and coordination of coffee subsector	NTCDB	MOALMC , CCCU, NCPA, TPSD	2018	Capacity Development Plan prepared	MOALMC , NTCDB, CCCU, NCPA	100,000
5.2	Outcome 2: Technical knowledge and skills of CCUs, DCPA , Traders and other stakeholders enhanced on organic coffee farming					No of exposure visits No of training	NTCDB, DADO, CCCU, NCPA, TPSD	
		Organise exposure trips for knowledge and skills development of (DCCU, DCPA etc.) and NCTDB staff	NTCDB	MOALMC , TPSD, and NGOs involved in Coffee Subsector	2018-2022	6 exposure trips – (2 in each year) organized for farmers, DCCU/CCCU, members, NCPA/DCPA members, NTCDB staff and Staff from MOALMC	MOALMC , NTCDB	10*200,000*5 = 10,000,000
		Conduct TOT on Organic Coffee Production, Processing, Marketing, Quality and standard For NTCDB, DADO and CTDS personnel	NTCDB	MOALMC , TPSD, Helvetas, and NGOs involved in Coffee Subsector	2018-2022	3 TOTs conducted in three years	MOALMC , NTCDB, TPSD, Helvetas	500,000*3= 1,500,000
		Provide support to Conduct Organic Coffee Production, Processing, Marketing, Quality and standard training on coffee production to CCCU, DCCUs, NCPA	NTCDB	DADO, NARC, CCCU, NCPA, Helvetas, TPSD,	2018-2022	12 CCUs 12 training	NTCDB ,DADO, NARC, CCCU, NCPA,	3*500,000*3 = 4,500,000
		Organise Training on Quality, Standards and Market Networking for Traders	NTCDB	DFTQC, TEPC, Helvetas, TPSD	2018 - 2022	5 training	NTCDB, DFTQC, TEPC,	200,000*5 = 1,000,000
5.3	Outcome 3: Internal Organisational Management Capacity of stakeholders (CCUs,				2018 - 2022	- Annual Plan of Operation - Monitoring Mechanism in place and operational	NTCDB, DADO, CCCU, NCPA, Helvetas, TPSD,	

	PCCs) strengthened	Provide support to develop production plan for PCCs and Business plan for DCCUs and regularly revise the same	NTCDB	MOALMC , TPSD, Traders (national and international), NGOs in coffee subsector	2018 - 2022	All CCUs and PCCs received the training	MOALMC , NTCDB,	20* 50,000*5 = 5,000,000
		Provide support on office equipment and operational cost to CCUs and PCCs	NTCDB	MOALMC , NTCDB, Traders (national and international), NGOs in coffee subsector	2018 - 2022	- relevant equipment supported, -Support on operational cost	MOALMC , NTCDB, NGOs working on coffee	20*200,000 = 4,000,000
5.4	Outcome 4: Management Information System Developed and implemented					Developed MIS Package	NTCDB, Helvetas, TPSD	
		Conduct MIS needs analysis	NTCDB	MOALMC , TEPC,CCCU, NCPA, TPSD, Helvetas, Traders,	2018	In-depth analysis of MIS needs completed	MOALMC , NTCDB, TEPC, CCCU, NCPA, TPSD, Helvetas, Traders	50,000
		Prepare MIS implementation guidelines	NTCDB	MOALMC , CCCU, NCPA, Helvetas, TPSD, Traders	2018	User friendly guidelines prepared	MOALMC , NTCDB, CCCU, NCPA, TPSD, Traders, TEPC, NGOs working on coffee	50,000
		Conduct MIS implementation and operation training to NTCDB and other relevant staff under MOALMC	NTCDB	TPSD,	2018-2017	No. of training No. of participants	NTCDB, TPSD NGOs working on coffee,	150,000
		Arrange necessary provision for equipment and expertise	NTCDB	MOALMC , TPSD,	2018 - 2017	Necessary equipment deployed in	MOALMC , NTCDB ,TPSD	800,000
Total Budget for the plan period in Rs.								241,040,000
Proportionate annual budget in Rs.								48,208,000

Section B.

Capacity Needs Analysis of NTCDB and Recommendations

Background

NTCDB, despite having funding and policy supports from the government ever since its establishment in 2050 BS (NTCDB Act, 2049) has not been able to expedite the growth of coffee subsector in a full swing as envisaged. Its plans and program activities have been adversely affected by low level of capacity among the staff members for technological and managerial inputs, and other institutional reasons as well. In this context, it becomes imperative for NTCDB to analyse its capacity in relevant areas that may affect the overall performance of the organisation. Hence, a capacity needs analysis has been carried out by applying an analytical framework (please refer to Annex --- for the analysis). Based on the findings and observations of the needs analysis, a summary has been prepared and relevant activities have been recommended for immediate actions:

Summary of Findings of Capacity Needs Analysis

For the last twenty years, NTCDB has been solely working based on NTCDB Act 2049 and its relevant policies for development of coffee subsector. It was assisted by CoPP, Helvetas Swiss Inter cooperation to have coffee specific strategic plan since 2009 to 2011 and again 2012 to 2014, but they were not fully utilized for various reasons. Absence of specific Coffee Division and insufficient capacity available within NTCDB to implement the plans were among the main reasons for minimum use of those plans during the last six years.

The Board Members of NTCDB come from diverse areas and have strong capabilities of defining vision, mission, goals and objectives of NTCDB for coffee subsector. However, their own busy schedules and transfers of many regular board members from one ministry to another might have hindered their willingness to set clear vision and drive coffee subsector strongly. This has shifted greater responsibilities of driving NTCDB and coffee subsector towards growth to the shoulder of Executive Director. Due to shortage of experienced Management Team within NTCDB, the Executive Director has also found it difficult to expedite the growth of coffee subsector systematically. As NTCDB is understaffed, it needs to fulfill the designated positions for effective operation and form a senior management team to assist the ED in program planning, implementation, monitoring and overall efforts of expediting the growth of coffee subsector.

Human Resource Development Plan in terms of recruitment, training and career progression presently does not exist in a stated manner in NTCDB requiring a greater attention from the Executive Board and MOALMC to recruit, retain and train staff for effective program planning, implementation and overall growth of coffee subsector.

In the context of increasing number of coffee growing districts in Nepal, NTCDB needs to show its presence in all districts through deployment of technical staff to assist the farmers and PCCs for coffee production, processing and quality assurance.

NTCDB follows government system of budget planning, accounts keeping and auditing. It still needs training on Line Ministries Budget Information System (LMBIS) and computerized accounting system to be in line with changes taking place in financial management.

NTCDB receives operational and program budget from MOALMC, hence it does not have to look for additional funds for its survival. However, there might be several activities related to infrastructure creation and specific program activities which it may have to manage from additional funds. In such a situation, NTCDB may have to raise funds through proposals and other specific

understanding with donors. NTCDB needs special capacity development plan for funds raising as well.

NTCDB has developed linkages and partnership with national and international actors involved in coffee subsector; however it still needs to expand its linkages with other relevant institutions and strengthen its established linkages with Indian Coffee Board to bring in knowledge and skills for overall development of coffee subsector in Nepal. Knowledge management system within NTCDB can be established through enhanced national and international linkages.

NTCDB, despite having its own land in Kathmandu, is still functioning through a rented house and lacks sufficient furniture and equipment to run the office effectively. It reflects a need of having own building and sufficient furniture and equipment for efficient operations. NTCDB, can explore various sources of funds for this – from government or donors.

Developing strategy to address the identified needs

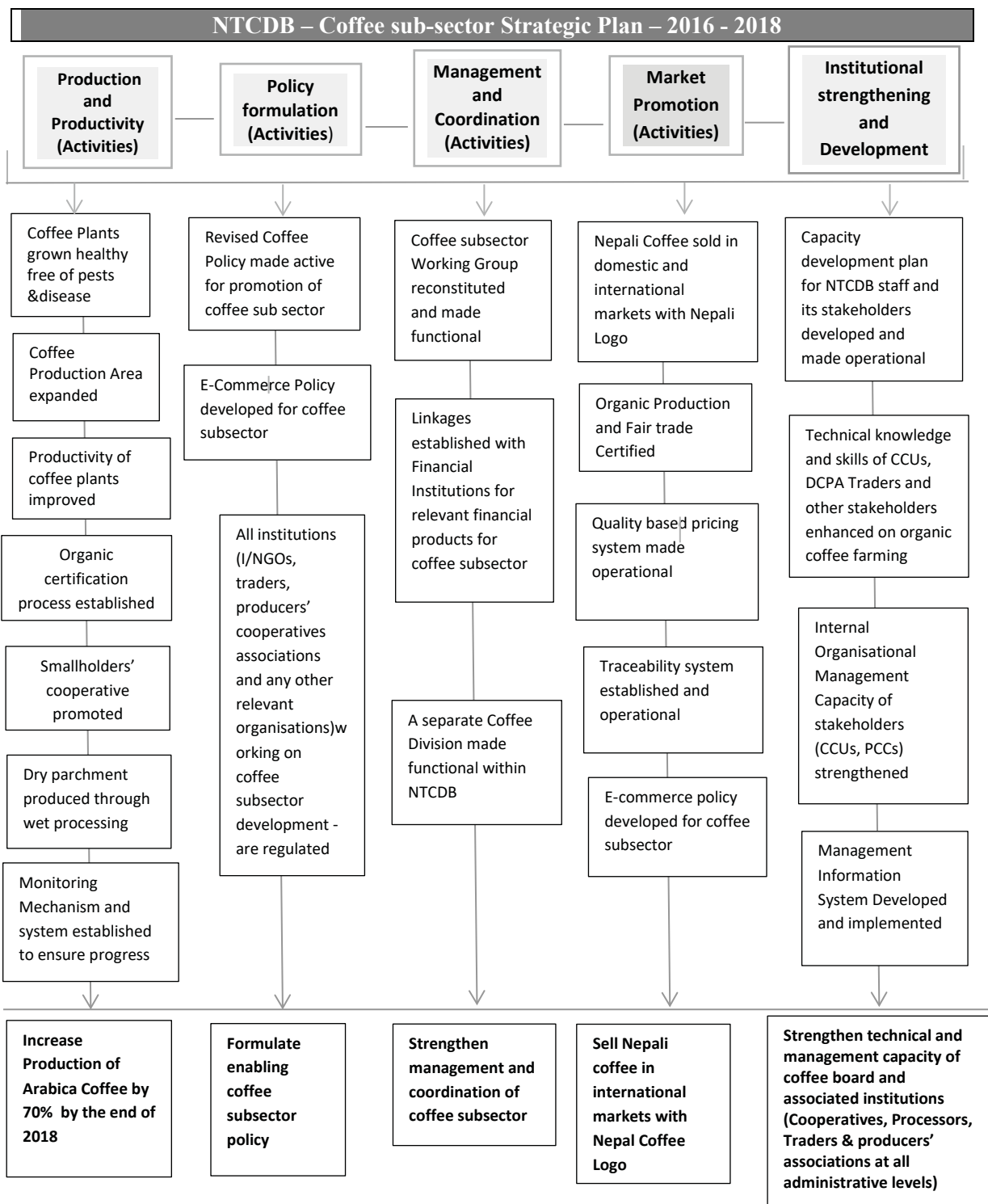
The following table highlights the activities that are necessary for NTCDB to plan and fully implement as soon as possible for institutional strengthening and human resource development. These recommended activities should be taken as part of strategic plan and given utmost priorities.

Table 6: Strategic activities for institutional strengthening and capacity development of NTCDB

S N	Areas to be Addressed	Activities to be carried out	Time Frame	Supporting Organisations
Institutional Strengthening				
1	Future Orientation of NTCDB	Formulate Strategic and Operational Plans	2018	MOALMC, Helvetas, TPSD
2	Program Design, Program Performance Analysis and overall programme management	-Establish Separate Coffee Division; -Recruit and Train staff as per Human Resource Development Plan	2018 - 2019	MOALMC
3	Policies and Linkages	-Policies should be updated regularly; -Organisational linkages should be developed with production, quality and marketing related organisations – national and international level	2018 - 2019	MOALMC,
4	Knowledge Management	-Strengthen Linkages with Indian Coffee Board and other renowned institutions in the world, -Exposure Trips and Training, -Establishment of Library, Collection of journals and publications; -Dissemination of lessons learnt to stakeholders	2018 - 2019	MOALMC, Helvetas, TPSD and development partners
5	Funds Raising	-Training on Proposal Development and Donor Linkages, -LMBIS Training for Budgeting	2018 - 2019	MOALMC,
Human Resource Development (Staff Capacity Development)				
1	Human Resource Development	-Develop HR Plan (for Recruitment, Job Description, Training, Career Progression, Incentives and long term benefits) -performance appraisal instituted and practiced regularly -	2018	Executive Board and MOALMC,
2	Technical and Management Capacity and Senior Management Team	-Recruitment of qualified and experienced staff for management team; -Management, Group Dynamics, Team Work and Leadership Training; -Business Management Training (TOT) -Exposure Trips – to staff members and Management Team -Technical Orientation on Coffee Production, ICS, GPS	2018 - 2022	Executive Board and MOALMC, TPSD, NGOs working on coffee

S N	Areas to be Addressed	Activities to be carried out	Time Frame	Supporting Organisations
3	Technical Assistance to farmers and presence of NTCDB in communities	-Technical Training on Coffee Production Processing, ICS practice and Certification; -TOT on Business Planning, value chain analysis to integrate the sub-sector to NTCDB staff	2018 - 2019	Executive Board and MOALMC, Helvetas, TPSD, CTEVT and development partners
4	Organisational Development (Coffee Subsector)	-Training on Operational Planning and Internal Monitoring System – to NTCDB Staff	2018 - 2018	Executive Board and MOALMC
5	Programme Development and Management	Training on: -Programme Design -Project Cycle Management -Monitoring and Evaluation -Programme Reporting –to NTCDB staff	2018 - 2019	Executive Board and MOALMC, TPSD, NGOs working on coffee

Annex 1 Framework for NTCDB coffee sub-sector strategic plan



Annex 2 Capacity Analysis and Findings – NTCDB Coffee Subsector

Capacity Needed	Clear Need for Increased Capacity	Basic Level of Capacity in Place	Moderate Level of Capacity in Place	High Level of Capacity in Place	Observations and Recommendations
1. Strategy, Policy, Governance and Program Development					
Mission and vision clarity				XXX	<p>Board members have capacity to state the mission and vision of NTCDB based on the NTCDB Act 2049.</p> <p>The National Tea and Coffee Development Act 2049 has broadly explained the objectives of the Board itself, but it does not specify the mission and vision of Coffee subsector. The mission and vision should be written clearly for coffee subsector and it should be linked to its goal and objectives to formulate strategic plans.</p>
Goals/ Objectives			XXX		<p>Existed for the previous years' strategic plans.</p> <p>However, there were not any strong measures to follow up such goals/objectives during past, since a practice of monitoring the progress based on indicators was missing. This urges for clearly defined indicators and objectives and a system of monitoring the progress.</p>
Organisational Strategy and Strategic Plan		XXX			<p>Strategy existed for coffee subsector, but not for internal organizational development. Hence, It did not have that much influence on day to day behaviour of NTCDB specially for coffee subsector</p> <p>A special division to implement and follow up the planned activities in strategic document was missing. A strategic plan for coffee subsector should be developed and there should be special division to follow the coffee subsector strategic plan for day to day activities (for development coffee subsector). A separate Coffee Division can contribute to preparation of strategic and operational plan for coffee subsector.</p>
Board Governance		XXX			<p>Board Meetings are held twice a year which is not sufficient for the board members to regularly review the performance of the senior staff and become involved in setting internal reporting system and supervising the financial process to ensure compliance of rules and policy.</p> <p>Board Meetings should be held on quarterly basis and programme and financial reports should be prepared accordingly to allow the board members have detailed discussions on them. Board's decisions and directives should be made available to all concerned staff and stakeholders.</p>
				XXX	Some of the Board Members come from Coffee Subsector and some others come from ministry, bank

Board's Composition and Commitment					and corporate sector. This indicates a good composition of diverse skills and knowledge
Policies and Guidelines for Fiscal, Administrative, Operational and Human Resources			XXX		<p>Broader Coffee Subsector Policy is in place, but it has not been updated for long. NTCDB Act 2049 is followed for accounts keeping and auditing. Internal operational guidelines are also based on the act but only some of them have been updated –not all. Human Resource Development Guidelines do not exist.</p> <p>Policies Guidelines (day to day operation, fiscal, and Coffee Subsector Programme related) should be updated. Human Resource guidelines should be developed to get qualified and competent staff and also to retain them for development of coffee subsector.</p>
New Programme Development and Support		XXX			<p>The available capacity – number of staff and technical skills in coffee subsector cannot develop new programmes for coffee nor can it work considerably for growth of coffee subsector. As there are two staff in central office and two in regional office to work for coffee subsector, it is difficult for them to address coffee subsector related problems, develop linkages, monitor programs and provide support to develop capacity of relevant stakeholders (such as CCUs and Farmers Groups).</p> <p>Coffee subsector has grown tremendously over the last few years in terms of increased demand of Nepali coffee in domestic as well as international markets. Furthermore there are some growing problems of pests and quality. Only a limited number of staff cannot address the need of coffee subsector. Sufficient number of staff should be recruited and a separate coffee division should be established.</p>
Program Performance Measurement Analysis and Adjustments		XXX			<p>Program Performance is rarely measured. There is a limited practice of working on set targets, hence measuring program performance is not that applicable to such a context. However, there is a system of reviewing programme on trimester basis, which also needs considerable improvements. There is a practice of annual planning and setting targets for the coming year. Programmes are reviewed during the annual board meetings. However program performance analysis is not carried out quarterly to adjust the programmes immediately if they are not performing well.</p> <p>Training on target settings, activities planning and monitoring is necessary. Capacity of NTCDB staff on Programme Performance Analysis and Programme Adjustment (Project Cycle Management) should be developed.</p>

2. Financial Systems and Management					
Financial Planning and Budgeting			XXX		<p>Financial plans and Budgets are well developed on annual basis, and they are also updated regularly.</p> <p>A need of capacity strengthening on financial projection for longer term projects seems to be necessary. Training on LMBIS (government budgeting system) is also necessary for the admin and planning staff.</p>
Accounting System				XXX	<p>Government Accounting System is followed.</p> <p>A government accounting system is in place. However, computerised accounting system can be used for specific donor projects (in future), hence staff could be developed with specific training for future sake. It is needed even for general government system.</p>
Office Building, Furniture and Equipment	XXX				<p>NTCDB does not have its own building, though it has its own land in Kathmandu. The office of the organization is housed in rented premises with reasonable space, furniture and equipment.</p> <p>NTCDB can plan for its own building and organize the office with sufficient furniture, computers and necessary equipment.</p>

Note: LMBIS: Line Ministries Budget Implementation System

3. Human Resources Management					
Human Resource Planning and Management	XXX				<p>There is a lack of HR planning and development in NTCDB, hence it is understaffed and no capacity development plan for the staff exists. There has not been recruitment of required staff for noticeable period resulting in a number of staff working on contract basis. NTCDB is understaffed and there is no plan to retain qualified staff.</p> <p>NTCDB has to plan the number of staff it needs for coffee division/coffee subsector and recruit them immediately. Relevant technical and managerial training should be designed and conducted for them to help perform better. Staff on contract should be provided with opportunities to follow the process of becoming permanent staff. An HR plan should be immediately developed for the coming three to five years in order to have complete set of trained staff, set guidelines for recruitment, training and career progression.</p>
Job Description of Staff and Performance Appraisal System		XXX			<p>Staff gets appointment letter with description of some areas of works to be performed. No detailed job description is prepared and there is not effective annual performance appraisal system in place. There is a system of providing a best staff award annually, but it looks different from regular performance appraisal of every staff, which also includes areas of improvements and staff development provisions.</p>

					Job description needs to be updated and performance appraisal system to be strengthened.
Management and Senior Staff Experience		XXX			<p>There are very few staff who are experienced in coffee subsector in NTCDB. This has an adverse effect on planning and implementation of programs oriented to growth of overall coffee subsector in Nepal.</p> <p>Experienced staff in senior level position should be deployed. Training should be designed and conducted for other staff who do not have good exposure of coffee subsector.</p>
Management Team and Dependence on Executive Director		XXX			<p>Since Senior management team does not exist in NTCDB there is high dependence on ED for internal organisational management and growth of coffee subsector.</p> <p>As the ED is appointed by the Government, much depends on his/her desires, aspirations, and capacities to push coffee subsector towards growth. This indicates an urgent need for NTCDB to have qualified, skilled and experienced senior management team to work for organisational development as well as growth of coffee subsector.</p>
Knowledge Management	XXX				<p>There is not any established system of knowledge management. There are few annual reports published and disseminated, but a practice of recording and preserving information on important lessons learned, technical improvements, environmental impacts, improved processes or mechanisms etc. does not exist nor has it been emphasised.</p> <p>Knowledge Management is important for coffee subsector for technical aspects associated with it and dynamism in market and environmental forces. A system of gathering information from coffee subsector to print, preserve and disseminate looks to be indispensable.</p> <p>Linkages can be strengthened with Indian Coffee Board and other international institutions for bringing in skills and knowledge on coffee subsector through exposure and training programmes. As there is very little or almost none existence of knowledge management practice within NTCDB, strengthened linkages with neighbouring countries (Indian Coffee Board) and other institutions involved in coffee subsector can help receive supports to get technologies and knowledge transferred to Nepal. A special library can also be established with different scientific and practice journals, publications and books on coffee production, processing, quality and marketing.</p>

4. Funding Model, Fund Raising, and Revenue Generation

Funding Model	XXX				NTCDB is completely dependable on funds from the Government (MOALMC). It does not have a practice of exploring funds from other sources.
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					Capacity to write proposals for funding and increasing linkages with funders for specific activities planned for coffee subsector can be developed. Specific training on proposal writing and funds raising can be designed.
Sufficient and Sustainable Source of Funds (External and Internal)			XXX		It gets funds from MOALMC for its operations hence it does not feel an urgent need to raise funds from other external sources. It can also raise funds from external donors for its specific activities – such as exposure trips, training, workshops, infrastructure creation etc. Training to its relevant staff on funds raising and proposal writing is a need for this.
Revenue Generation and Creation of Internal Fund	XXX				It has a system of generating revenue for getting registered by the traders in the Board, but it is nominal. NTCDB is an autonomous entity and as per the policy it can generate funds for its activities from registration and levy from importers, producers and exporters. But NTCDB has not been aggressive to raise funds through these sources. NTCDB can explore the ways to increase its revenue and create a fund for specific purposes such as HR Training and Development etc.

5. External Relationships, Networking, and Partnership					
Partnerships and alliances development			XXX		NTCDB has developed linkages with local actors and some international agencies also. It is still insufficient to accelerate the pace of growth of coffee subsector. NTCDB has to be aggressive to develop linkages with national and international actors to propel the growth of coffee subsector. NTCDB, as mentioned above, can strengthen linkages with Indian Coffee Board to develop international partnership for coffee subsector in Nepal. NTCDB has to explore other relevant and renowned institutions and establish linkages with them for the benefits of coffee subsector in Nepal.
Local Community Presence and Involvement		XXX			NTCDB is engaged with the community in a way or other by distribution of sapling or grant in seeds etc. It has to make its efforts robust to be with community for addressing their problems. Deployment of technical staff at the community level to assist farmers and producers' groups is one of various ways of being with community.

Annex 3 Capacity Development of CCUs

Coffee Cooperative Unions (CCUs) at district level play an important role to provide supports to Primary Cooperatives and Farmers Groups at the community level for quality coffee production. However, the existing capacity of CCUs is still low, hence they need strong supports, without any delay, from NTCDB, MOALMC, their central level organization (CCCU) and donors on the following areas:

SN	Weak Areas	Supports Needed	Supporting Organisations
Institutional Strengthening			
1	Institutional Direction and Strategic Planning	Strategic and Operational Planning	NTCDB, CCCU, Donors
2	Office furniture, equipment and operating cost	Support for office furniture, equipment (computers, printers etc.) and operating cost	NTCDB, Donors
3	Machineries for processing of coffees	Supports on Pulping Machines, Hullers	MOALMC, NTCDB, Donors
4	Linkages with Coffee Cooperatives in other countries	Support on exposure trips for the CCU members to other countries for linkages	MOALMC, NTCDB, Donors
5	Funds Raising	Training on Proposal Development and Donor Linkages	NTCDB, CCCU, NCPA
Human Resource Development (Staff Capacity Development)			
1	Program Development	Training on Program Development and Design Exposure Trips	NTCDB, Helvetas, TPSD and development partners
2	Technical and Programme Management Capacity	Training on: - Coffee Farming and Processing Technical) - ICS and Certification Process - Business Planning - Program Planning, Implementation and Monitoring - Project Lifecycle Management - Market Linkages	NTCDB, Helvetas, TPSD and development partners
3	Internal Organisational Management Capacity	Training on: - Leadership and Institutional Development - Team Work and Group Dynamics - Accounts keeping and budgeting (computerised) - Internal Supervision and Monitoring System - Internal Inventory Management - Report Writing - Information collection and presentation - Human Resource Management Policy	NTCDB, MOALMC and development partners

Annex 4 Districts and Areas covered by Coffee production

SN	Name of Districts	Coffee Plantation Area (ha)	Production (MT)	No. Of Farmers	Potential Areas (ha)
1	Argakhanchi	108	18.4	1600	44,106.1
2	Baglung	53	8.8	1300	12,740.1
3	Bhojpur	7	1.5	145	23,198.5
4	Chitwan	1	0.2	40	12,937.1
5	Dadeldhura	1	0	35	51,330.0
6	Dailekh	2	0	105	43,445.6
7	Dhading	44	12.8	300	33,384.7
8	Dhankuta	4	1	135	15,623.9
9	Dolakha	2	0	40	10,711.8
10	Doti	2	0.1	45	64,800.8
11	Gorkha	27	5.2	700	23,848.9
12	Gulmi	140	28	1700	36,801.1
13	Ilam	48	14.4	550	26,470.7
14	Jajarkot	6	0.1	100	31,336.0
15	Kaski	117	24	2500	22,838.4
16	Kavrepalanchowk	116	28	1900	31,678.8
17	Khotang	15	3.6	250	28,385.60
18	Lalitpur	90	27.2	900	8548
19	Lamjung	88	11.2	1250	23,371.50
20	Makwanpur	23	8.8	710	39,953.80
21	Myagdi	20	5.6	425	8,490.30
22	Nuwakot	111	27.2	1100	16,460
23	Okhaldhunga	3	0.5	60	15,909.20
24	Palpa	100	22.4	2100	55,933.70
25	Panchthar	36	8.8	400	18,251.40
26	Parbat	76	10.5	1800	11,587.10
27	Pyuthan	21	5.6	400	45,806.40
28	Ramechhap	3	0.3	60	22,544.90
29	Rasuwa	37	4.4	350	3867.4
30	Rolpa	1	0	30	36,917
31	Rukum	3	0.3	70	22,921.30
32	Salyan	1	0	25	75,769.90
33	Shankhuwashava	23	4	350	27,008.10
34	Sindhuli	5	1.2	100	53,627.70
35	Sindhupalchowk	95	26.4	1500	19,427.90
36	Surkhet	4	0.2	80	74,830.80
37	Syangja	261	43	2920	26,416.20
38	Tanahun	26	3.2	600	20,800.90
39	Taplejung	1	0.2	40	10,433.90
40	Tehrathum	2	0.5	40	10,077.90
41	Udayapur	6	1.6	100	28,175.60
	Total	1729	359.2	26855	1,190,769.0

Source: Coffee Database in Nepal, 2014 - CoPP..

Annex 5 List of Coffee Industries / Companies and their Brands

S. N.	Industry	Address	Brand	Contact	Contact	Tel / Fax	E mail
1	Highland Coffee Promotion Company Limited	Sano Bharyang , Kathmandu	Himcafe, Necco	Krishna Prasad Ghimire	9851023451	6635688 (Factory)	hpcpl@info.com.np
2	Royal Everest Coffee Mill	Lokanthali , Bhaktapur	EVEREST Coffee	Shanta Lama		4413959 4410925	late@mos.com.np
3	Nepal Organic Coffee Products	Madan Pokhara, Palpa	NOCPs Himalayan Arabica Coffee, Morning Fresh	Dhakeswar Ghimire	9851091677 9841210677		nocp1989@hotmail.com
4	Beans Coffee Pvt. Ltd.	Kupondole, Lalitpur	Mustang Coffee, Trekkers Easy Dripping Coffee	Phul Kumar Lama	9851027466		lamapk@hotmail.com
5	Himalaya Coffee Products	Lalitpur, Harissiddi	Himalaya Coffee	Kiran Tamrakar	9841241725	5531836	himalaya_coffee@hotmail.com
6	Planteck Coffee Estate Pvt. Lt.	Nuwakot	Jalpa Gold (Espresso blend, Jalpa Gold Mount Everest Supreme	Ujjwol Rana	4416327 9851026297	4416327	unicomtrade@wlink.com.np
7	Nepal Mountain Coffee Products (shut down)	Bagdole, Lalitpur	Nepal Mountain Coffee	Purna Bahadur Thapa	9841329735	5538656	
8	Buddha Organic Coffee Industries Pvt. Ltd.		Buddha Organic Coffee	Dinesh Khandel		014280599	buddha.organic@yahoo.com
9	Coffee Cooperative Union Ltd. Lalitpur	Thapagaun , Lalitpur	Lalitpur Organic Coffee, Jureli Coffee	Bal Bdr KC	9841028799 (Bal KC) 9751028966 (Sashi)		
10	Organic Coffee Cooperative	Kusma, Parbat	Dhaulagiri Coffee	Bhawani Pd Sharma	985763046	067690599	organiccoffee parbat@gmail.com
11	Alpine Coffee Estate		Katman Du Coffee				
12	Lekali Coffee Estate		Lekali Single Estate Premium				
13	Annapurna Organic Coffee Industry		Mareng,3 Argakhanchi	Sabitra Lamsal b			
14	Pathavaiya Deurali Gharelu Coffee Uddyog	Lekhath, Kaski	Machhapuchhre Flying Bird	Arjun Lamsal	9846046028	061692775	

			Natural Coffee				
15	District Cooperative Union Gulmi	Gulmi	Gulmi Coffee	Hari Gautam		079 520320	gulmi_coffee@yahoo.com
16	Gazzab-Co Tea Industry	New Baneshwor, Ktm	Danda-Pakha Organic Coffee	Shivraj Ghimire		01 6913123	gazzabkotea@gmail.com
17	Nepal tea and Coffee Promotion Center	Thamel, Kathmandu	Tealaya Rare & Organic Coffee			01 4216268	sakhejung@gmail.com
18	Camel Coffee (Nepal) P. Ltd.(Kaldi Coffee, Japan)			Usha Giri			
19	Greenland Organic Farm Pvt. Ltd.	New Baneshwor, Kathmandu	Himalayan Arabica	Raj Kumar Banjara	98510230 82	01 4780919	info@himalayanArabica.com
20	Great Himalayan Organic Coffee Estate	Rasuwa		Santa Lama			
21	Machhapuchhre Organic Coffee Uddyog	Malepatan, Pokhara	Machhapuchhre Organic Coffee, Himalayan Drip Coffee	Shovakhar Adhikari	98461513 15	061 524141 06146534 6	
22	Himalayan Java	Kathmandu	Himalayan Java			01 4422519	info@himalayanjava.com
23	Himalayan Ontop Organic Coffee Estate	Nalang, Dhading		Din Nath Regmi			
24	Nepal Everest Coffee Mill Pvt. Ltd.		Everest Coffee	Surya Lama	98511376 18		
25	Everest Lauda Coffee Industry Pvt. Ltd.		Everest Lauda Coffee	Santa Bir Tamang	98510231 30		
26	Himalayan Espresso Pvt. Ltd.			Biseswor Tandulkar	98510903 92		
27	Shivapuri Tea and Coffee Industries Pvt. Ltd.	Taame, Nuwakot	Nuwa Coffee	Bandinima Sherpa	98414905 33		
28	Dhaulagiri Organic Products	Kusma, Parbat	Parbat Coffee, Myagdi Coffee, Baglung Coffee	Samikshya Sharma	98576261 99	067 420001	dhaulagiriorganic@gmail.com

Annex 6 Name of persons consulted during the review of Strategic Plan of NTCDB

SN	Name	Designation	Organization
1	Mr Aananda Subedi	Chair Person	CCU Kaski
2	Dr Badri Bastakoti	Key Expert	TPSD
3	Mr Bal Bahadur KC	Deputy Chief	Beautiful Coffee, Nepal
4	Mr Basudev Regmi	Senior Agr. Dev. Officer	DADO - Parbat
5	Mr Bhawani Prasad Sharma	Chair Person	CCU Parbat
6	Mr Bholu Shrestha	Team Leader	CoPP, Helvetas
7	Mr Bishwabandhu Pokhrel	Chairperson	CCU Kaski
8	Mr Bodh Raj Aryal	Member	CCU Syangja
9	Mr Chitra Bahadur Thapa	Member	CCU Syangja
10	Mr Dhan Bahadur Rana	Under Secretary	Regional Agriculture Office - Pokhara
11	Mr Dol Raj Adhikari	Member	CCU, Lalitpur
12	Mr Farsuram Acharya	Coffee entrepreneur	Kathmandu
13	Mr Gaurab Luitel	Planning Officer	NTCDB
14	Mr Hasta Bahadur Rai	Senior Food Technology Officer	DFTQC, Kathmandu
15	Mr Him Prasad Pathak	Office Chief	Horticulture Research Centre, NARC Pokhara
16	Mr Krishna Bhakta Rai	Ex-Board Member	NTCDB
17	Dr. Kamal Paudyal	Senior Researcher	PACT
18	Ms Kamala Lamichhane	Treasurer	CCU Kaski
19	Mr. Kulchandra Adhikari	Farmer and Advisor	CCU Kaski
20	Mr Manahar Kadariya	Horticulture Officer	DADO – Pokhara, Kaski
21	Ms Maya Tiwari	Office Manager	CCU Syangja
22	Mr Omnath Adhikari	Treasurer	NCPA
23	Mr Phani Narayan Aryal	Chair Person	CCU Syangja
24	Mr Prachanda Shrestha	Chief	Beautiful Coffee, Nepal
25	Mr Prem Acharya	Regional Head, Pokhara	NTCDB
26	Mr Prem Nidhi Dhakal	Technician, Pokhara	NTCDB
27	Mr. Puroshottam Lal Hada	Program Chief	National Plant Quarantine Program
28	Mr Raghupati Chaudhari	Deputy Director	NTCDB
29	Mr Rajendra Kumar Malla	Senior Agri. Dev. Officer	DADO – Damauli, Tanahun
30	Ms Ranjana Mishra	Program Officer	CoPP, Helvetas
31	Mr Sarad Pandey	Agriculture Information Officer	CTDS, Kirtipur
32	Mr Sheshkanta Gautam	Executive Director	NTCDB
33	Mr Shiva Raj Dhakal	Office Manager	CCU Kaski
34	Mr Shiva Bohara	Chair Person	CCU, Tanahun

35	Mr Shridhar Adhikari	Senior AD Officer	DADO - Syangja
36	Mr Shyam Prasad Bhandari	Chair Person	NCPA
37	Mr Shobhakar Adhikari	Coffee Trader	Pokhara, Kaski
38	Dr Shambhu P. Khatiwada	Director	Crops and Horticulture Section, NARC
39	Mr. Sudhir Shrestha	Senior Agriculture Officer	Ministry of Agriculture Development
40	Mr. Sunil Singh	Senior Agriculture Economist	Ministry of Agriculture
41	Mr. Suvarna Lal Joshi	Section Officer	TEPC
42	Mr. Yogesh Pokharel	Chairperson	CCCU

Annex 7 Coffee Plantation and Production over the years

Year	Plantation (Ha)	Production green bean (MT)
1994/95	135.70	6.48
1995/96	220.30	14.60
1996/97	259.00	18.68
1997/98	272.20	27.95
1998/99	277.10	22.25
1999/00	314.30	36.20
2000/01	424.00	44.35
2001/02	596.00	69.60
2002/03	764.00	93.75
2003/04	952.00	109.00
2004/05	1078.00	125.00
2005/06	1285.00	195.50
2006/07	1295.00	270.00
2007/08	1450.00	265.00
2008/09	1531.00	334.00
2009/10	1630.00	429.00
2010/11	1752.00	502.00
2011/12	1760.00	523.00
2012/13	1750.00	457.00
2013/14	1911.00	429.40
2014/15	2381.00	463.58
2015/16	2618.00	434.00

Source: NTCDB, 2017

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