



**A REPORT
ON
FOURTEENTH
ENTERPRISE DEVELOPMENT
NETWORK MEETING**

July 14, 2006



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1. ACKNOWLEDGEMENT

We thank and acknowledge the dynamic participation of all the members and new participants who attended the meeting on Enterprise Development Network, July 14, 2006 and shared their views and perceptions and interacted actively.



2. EXECUTIVE SUMMARY

Enterprise Development Network meeting on “Marketing of Rural Product” was organized on July 14, 2006 in HAN meeting hall. A total number of 38 members (including new participants) attended the meeting.

Ms. Muna Shrestha welcomed all the participants for the meeting. Ms. Shrestha gave an overview of the program and invited the entire participant for the open discussion. Ms. Shrestha nominated and introduced Ms. Shyam Badan Shrestha (Director, Nepal Knot Craft) as the moderator for the forum and over the floor to her.

Ms. Shyam Badan Shrestha moderated the forum passionately, presenting a suggestive conclusion to each discussion of the forum.

Two presentations were done in the forum. The first presentation was done by Mr. Om Thapaliya, National Coordinator, HomeNet Nepal. He present on how HomeNet Nepal is helping the rural product produced by poor household to find the market.

The Second Presentation was made by Mr. Brajesh Baidya, Vaconet Pvt. Ltd. Mr. Vaidya presented how Vaconet Nepal as a Private company is promoting the rural products and benefiting the poor community ultimately.

Towards to the end Ms. Shyam Badan Shrestha, moderator for the forum wrapped up the forum saying that Nepalese rural sector have been very depended on funds of donor agencies and we should have solution towards this system. There are immense natural resources inside our own country and we should make use of it.



3. PROCEEDINGS OF THE MEETING

3.1 Review of the Forum

Ms. Muna Shrestha, Assistant Manager Networking Initiatives of Lotus Opportunities started the Fourteenth Enterprise Development Networking meeting held on July 14, 2006. She greeted and welcomed the present participants.

As per the feedback obtained from the members in the Thirteenth EDN, the topic of the Fourteenth EDN was decided as the “Marketing of Rural Product”. Ms. Shrestha introduced the two presenters for the forum (Mr. Om Thapaliya, HomeNet Nepal and Mr. Brajesh Vaidya, Vaconet Nepal Pvt. Ltd). Ms. Shrestha also introduced the moderator for the forum Ms. Shyam Badan shrestha and handed over the floor to her.

Ms. Shyam Badan Shrestha (Nepal Knot Craft), moderator of the forum welcomed all the participants in the forum and invited the first presenter of the forum Mr. Om Thapaliya to start with his presentation.

3.2 Mr. Om Thapaliya, National Coordinator, HomeNet Nepal presentation on Marketing of Rural Product

Mr. Thapaliya made the first presentation on Rural Product Marketing. He started with a brief introduction of HomeNet Nepal. He mentioned that HomeNet Nepal (HNN) since its establishment in 1999 has been incessantly working towards the preservation, promotion and protection of the Home Based Workers (HBWs). They work in 34 districts in Nepal and its major responsibility is to provide facilitation towards the production, promotion and marketing of HBW's products. HNN is the only national organization, which works directly with the HBWs and retains the status of a focal point of HomeNet South Asia (HNSA).

He then brought up the most prominent features of rural products that they are 100% value added and these products are made from raw material found in Nepal. He pointed out that Nepal being an agricultural country, varieties of significant agro-based products are found in every part of the country and there are no villages that lack raw materials in Nepal. At the same time there are abundant varieties of forest-based products. Such products are indigenous /ethnic and produced through traditional methods focusing on bio-diversity issues. He stated that the products nowadays are mostly used/consumed locally for domestic/religious/agriculture usages according to the need of the villagers. The products are sold through different channels such as traditional haat bazaar, by barter system, seasonal marketing, door-to-door marketing, outlet shops, through network chain and export/import. The target groups for the products produced by HBWs are the households, local market, regional market, national market and international market.

Mr. Thapaliya mentioned that it has always been a major problem for the villagers to reach the market on time. People living in rural area use horses, donkeys, yaks etc as a means on their transportation. They even carry their products on their back in local and regional level. If they use fuel-consuming vehicles, like jeeps or planes for international level, it becomes



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much expensive for them. The major problem in rural product marketing is that our product quality is not accepted globally yet. The producers have problem in designing skill, lack of knowledge about the national and international market and season-based availability of raw materials. Since most of the rural people/households have agriculture as their main occupation, the production of rural products has been taken as their side and additional income generating activities. As they are not directly linked and in communication with the consumers, they are unaware about the latest demand of the consumers. With all these constraints, he gave some suggestion on the basis of HomeNet's experience that the skill of rural households should be uplifted in every part of the production and marketing in order to make them competitive. There should be a direct communication between the buyer and the seller in order to have the better view of demand in markets. Mainstream all the demand and supply chain and formulate the cooperatives amongst the various groups and do the product mapping of rural products and categorize them into the sectors. Along with this frequent market research should be conducted in regular intervals to know the need and choice of the buyers and the consumers. Also provide exposure visits and exhibition to those products and develop the linkages amongst the like-minded and concerned organizations to facilitate them towards marketing their products.

With this he concluded that there is a need of special organization for the building the capacity of SMEs in the production Level.

Discussion:

Ms. Anjana Tamrakar, FNCSI, raised a question asking the role of HomeNet Nepal, how is it doing marketing for the rural product producers and if HomeNet Nepal is also doing research on new products?

Mr. Thapaliya replied that in the past six years HomeNet Nepal has made 37 members in different district of Nepal. Through the members in the districts they are able to reach 11,025 producers. All these producers and groups of producers are able to access market through HomeNet. HomeNet Nepal's major responsibility is to provide facilitation towards the production, promotion and marketing of HBW's products. There is no middleman and take only 5% commission. They provide medicinal and other facilities to their groups. Their aim is to get direct marketing for 15000 producers. They also export their products in 18 countries. In one of the exhibition in Pakistan they won "Best Display" award. Also, they are doing research on different medicinal plants found in different parts of our villages.

Mr. Salil Bhattarai, RAP raised a question asking how does HomeNet link with the group? What are the good and bad experiences while doing so? What are the main products that are they marketing?

Mr. Thapaliya replied that they identify the product first and accordingly they form a group of 5 people in which 3 has to be women. Then further they form a number of 35 similar groups, they nominate a president among themselves who is responsible to directly communicate with HomeNet Nepal. So far they are doing the marketing of jute, incense stick, basket etc. their best products, which have good market, are silver jewellery, traditional fibers (such as Allo, Tea and other herbal products). They have good experience in Nepalese ethnic products.



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Mr. Suhrid P. Chapagain, Lotus Opportunities raised a question asking who does the funding to maintain supply chain?

On this Mr. Thapaliya replied that there is some INGOs such as UNIFEM, ILO and FNE Netherlands are funding HomeNet Nepal. And they have adopted micro finance mechanism for their HBWs for strengthening their supply chain.

There was a question raised collectively from the participants asking how do they choose the district and if HomeNet Nepal were willing to add more groups?

On this question Mr. Thapaliya replied that they choose the district according to the importance and the product available in the district. If anyone takes initiative on linking more groups to them, then they are ready to add more members. If the group is potential, then they will find the fund for it.

With this informative sharing by Mr. Thapaliya the discussion session came to an end. He thanked EDN for providing this opportunity to present in the forum. Mr. Shyam Badam Shrestha, moderator for the evening gave a brief conclusion to the presentation of Mr. Thapaliya saying that the session was informative and useful for the participants present in the forum. Further the moderator invited the second presenter to take the floor for his session.



3.3. Mr. Brajesh Baidya, Vaconet Pvt. Ltd presentation on Marketing of Rural Product.

Mr. Brajesh Baidya made the second presentation of the forum. He gave a brief background on how the Vaconet Pvt. Ltd (its full form being Valley Cooperative Network) was established in 2003 by a NGO-Love Green Nepal. Its mission is to market high quality agro products, which would contribute the sustainable agriculture development, protection of environment, human health and conservation of the natural products. Vaconet generally does marketing of agro products, which are produced naturally or organically by rural poor farmers, cooperatives, women groups and donor supported agencies or producing on their own. They work in 6 districts and their target groups are Nepali consumers.

Mr. Baidya presented the functioning modality of Vaconet as promotion of sustainable market management for high quality agro products and bringing it to the market in fair price. The farmers are made aware about the importance of agro products and help access to the market by organizing festivals, exhibitions etc for market promotion. He further explained the marketing mechanism of VACONET; they have a retail shop at Bhaisepati named as “Prakriti” through which they are displaying the products. Prakriti is providing 50% of the profit generated for the sustainable agriculture development activities and the rest is used on the promotion of the high quality agribusiness. So far, they have 6 collection centers, 7 cooperatives, 1020 farmers, 12 women groups, 15 NHGs/CBOs, 6 donor agencies and 5 private companies as alliance. As a success story, Vaconet has been successful in marketing the concentrated Bael juice (produced by Alternative Herbal Products Pvt. Ltd), which has been cherished all over the country as Marmelous. Marmelous is now available in 300 retail shops. Initially, INGOs supported to develop and implement the concept of promoting under utilized fruit to bring it to the mainstream, and now the private businesses have taken the initiative to bring it to real life.

Mr. Baidya said that at both production level as well as in the supply level, there are many problems such as the farmers being core producers of the agro products lack technical knowledge of best farming practices, emphasis given by farmers on quantity rather than quality, and lack entrepreneurship quality like having short term vision of profit. He mentioned that a reprocessing component needs to be developed for damaged goods. Also, a retail outlet in the central region market is needed to establish for all non-commercial rural products. For the strengthening of production and marketing of rural products, VACONET is planning to initiate a Nation-wide Product Identification Drive (PID), through different organizations, launch awareness raising publicity campaign targeting both producers and consumers. They are also preparing to formulate production-strengthening projects. Also, build alliance among all the agro product related groups and organizations.

With this Mr. Baidya came to an end of his presentation and thanked EDN for providing this opportunity to share his experience and introduce Vaconet to the members of EDN. The moderator thanked Mr. Baidya for the informative presentation and opened the floor for question and answer round.



Discussion:

There was a collective question from the participant asking how many district have Vaconet reached/worked so far?

Mr. Vaidya replied that so far Vaconet have links in Kathmandu, Lalitpur, Bhaktapur, Makawanpur, Sindhupalchowk and Nuwakot. Their target consumers have always been Nepalese.

Mr. P R Neupane, MEDEP raised a question asking what is Love Green Nepal specialized in and if there are any strategy for its expansion?

On this, Mr. Vaidya answered that they do have a vision to expand. Love Green Nepal is focused on agriculture without using chemicals and their products are very natural.

Ms. Anjana Tamrakar, FNCSI, raised a question asking will Prakriti always remain marketing medium for the farmers?

On this he replied that Prakriti would support the farmer in marketing if they do not capacity to market their product. He added that incase the farmers and farmers group bale to market their product themselves then Prakriti need not need to support them anymore.

Mr. Suhrid P Chapagain, Lotus opportunities raised a question asking what difference has he experienced while working with private and development organizations?

Mr. Vaidya answered saying that while working with private organizations it is lot more easier then working with development organization. Private invest their own money and there is a do or die situation so they work hard whereas in development organization the investment comes from grant money so people are not much serious as in private organization. In the private organization one has to earn through the investment made while in development organization one does not give importance if there is any profit or not and if the products are sold or not.

Luxmi Poudel, FECOFUN raised a question asking where does VACONET collect Bael fruit from? She added in Ramechhap, many farmers produce Bael friut but due to difficulties in transportation they are unable to sell it in the central market and what is the solution for it?

On this Mr. Govind Ghimire, Alternative Herbal Products (P) Ltd (manufacturer of Marmelous Bael Sorbet), answered her question saying that they collect Bael mostly from Siraha and Saptari. They also had approached Ramechhap bael farmers for collect (buying) Bael fruit from them but the farmers in Ramechhap disagreed to sell their product for other brand. They wanted to sell there the juice product themselves (individually). But he suggested that it is always better to come together in a network and work together and finally he added there are any such linkages to be made then they can contact VACONET.

With this the discussion session came to an end.



4. WRAP UP AND CLOSURE

Ms. Shyam Badan Shrestha wrapped up the forum saying that we have been very depended on funds of donor companies. From this forum we have also realized that it is more fruitful to work with private companies. There are immense natural resources inside our own country and one should make use of it. Research and development is the most important factor to realize the importance of the natural resources that are available in the country. And the working skill must be developed among the rural people. Finally she thanked the coordinator of the forum Ms. Muna Shrestha for organizing forum in the particular topic, which was a useful for members present. She also thanked all the speakers and participants for making the forum fruitful.

Towards the end Ms. Muna Shrestha invited the participants for refreshment.

5. ANNEXES
Annex 1: List of Participants

SN	Name	Organization
1	Akim Shrestha	TITI
2	Andrea Schwunk	DED
3	Anjana Tamrakar	Creative Women's Craft/FNCSI
4	Braz Baidya	VACONET Pvt. Ltd.
5	Damodar Khanal	TITI
6	Dhan Lal Shrestha	PSDP
7	Francis Chhetri	World Vision
8	Govinda Ghimire	AHP Pvt. Ltd.
9	Gyanendra Poudel	Tuki Association
10	Indira Vaidya	VACONET Pvt. Ltd.
11	Iris Kobek	DED
12	Januka Bhattarai	BCCI
13	Jhank Narayan Shrestha	Poverty Alleviation
14	Luxmi Poudel	FECOFUN
15	Manika Kayastha	BCCI
16	Narayan P. Gyawali	VACONET Pvt. Ltd.
17	Nirmal P. Chapagain	Lotus Opportunities
18	Om Thapaliya	Homenet Nepal
19	P R Neupane	MEDEP
20	Pooja Pradhan	SKILL-Nepal
21	R. B. Shrestha	TCGDA-SMIG/WI



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22	Rajendra Poudyal	Planet Finance Nepal
23	Raju Shrestha	BCCI
24	Ram Hari Lamichhane	TfE
25	Ramesh Adhikari	RUPP /UNDP
26	Reema Shrestha	SRBDN Forum
27	Salil Bhattarai	RAP
28	Shilpa Shah	World Vision
29	Shyam B Shrestha	Nepal Knot Craft
30	Sitara Rajbhandari	Spicy Home Spices
31	Suhrid P. Chapagain	Lotus Opportunities
30	Sulochana Choudhary	Skill Nepal
33	Tanka Upreti	RRN
34	Umesh Dahal	Shree Herbal Industry
35	Upendra Shrestha	Oriental Group
36	Urmila Shrestha	BCCI



Mr. Om Thapaliya, National Coordinator, HomeNet Nepal



Mr. Braz Vaidya, Director, VACONET Pvt. Ltd.



Leather Bags displayed by Skill-Nepal. The Leather bags are produced by group of 14 trainees in 37 days training conducted by Skill Nepal. These groups of trainees are from Kalyan Pokhara Sipapokhara, 8 Sindhupalchok.

The raw material used is from the dead animal hide.