

NATIONAL PASHMINA SECTOR EXPORT STRATEGY

2022-2026



International
Trade
Centre



Government of Nepal

Ministry of Industry, Commerce and Supplies

2022



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Within the framework of the European Union–Nepal Trade and Investment Programme, the International Trade Centre (ITC) methodology and technical assistance helped to develop this Executive Summary and Plan of Action of the Pashmina Sector Export Strategy.

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About the International Trade Centre

ITC is the only multilateral agency fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs). ITC's mission is to foster inclusive and sustainable growth and development through trade and international business development. ITC headquarters is located in Geneva, Switzerland. ITC projects and programmes contribute to the global efforts to achieve UN Global Goals for Sustainable Development and the Aid for Trade agenda.

About the TIP project

The EU-Nepal Trade and Investment Programme (TIP) is a four-year programme funded by the European Union (EU), to assist the Government of Nepal to achieve sustainable and inclusive economic growth and poverty reduction by increasing trade and participation in regional and global value chains.



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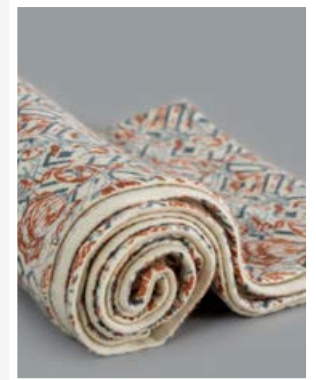


Government of Nepal



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EXECUTIVE SUMMARY AND PLAN OF ACTION NATIONAL PASHMINA SECTOR EXPORT STRATEGY 2022-2026



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ACRONYMS AND ABBREVIATIONS

Please note: Unless otherwise specified, all references to \$ in this document are to US\$.

B2B	Business-to-business	NCS	Nepal Council for Standards
EU	European Union	NLSIP	Nepal Livestock Sector Innovation Project
FHAN	Federation of Handicraft Associations of Nepal	NPIA	Nepal Pashmina Industries Association
FNCSI	Federation of Nepalese Cottage and Small Industries	NTIS	Nepal Trade Integration Strategy
FWEAN	Federation of Woman Entrepreneurs' Associations of Nepal	PoA	Plan of Action
ITC	International Trade Centre	SES	Sector Export Strategy
MoALD	Ministry of Agriculture and Livestock Development	SME	Small and Medium-sized Enterprise
MoICS	Ministry of Industry, Commerce and Supplies	TEPC	Trade and Export Promotion Centre
NARC	Nepal Agricultural Research Council	TIP	Trade and Investment Programme
NBSM	Nepal Bureau of Standards and Metrology	TVET	Technical and Vocational Educational and Training

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The National pashmina Sector Export Strategy was developed under the aegis of the Ministry of Industry, Commerce and Supplies (MoICS), with technical assistance from ITC within the framework of the European Union (EU)-funded Nepal Trade and Investment

Programme. The document benefited particularly from the inputs and guidance provided by the members of the National Pashmina SES core team that steered the formulation of the sector strategy, as listed below.

Name	Position	Organization
Mr. Toyam Raya	Secretary (Commerce and Supplies)	Ministry of Industry, Commerce and Supplies
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Mr Sakti Golyan	Industrialist, core team member	Tricot Industries Pvt. Ltd.
Mr Karan Gurung	President, core team member	Mustang Chyangra and Pashmina Farmers' Association
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Technical support and guidance from ITC was rendered by the following people:

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NOTE FOR THE READER

This is the short version of the National Pashmina Sector Export Strategy (SES). It includes the background and the Plan of Action (PoA), which was built on strong value chain analysis and research. A full value chain diagnostic and more detailed information can be found in the full National Pashmina SES.

The Pashmina SES was developed on the basis of a participatory approach. Consultations to finalize key sector competitiveness issues and priority activities were held with more than 45 pashmina manufacturers, 35 farmers, and concerned public sector representatives. Besides in-depth qualitative and quantitative research and value chain analysis, consultations were complemented by direct inputs received from government agencies, the Nepal Pashmina Industries Association (NPIA), and individual members. These inputs and suggestions guided the strategy with insights and market intelligence as well as buyers' requirements.

The Pashmina SES builds on ongoing initiatives in areas of private sector development, regional integration, investment and youth economic empowerment. Equally importantly, the Pashmina SES is complemented by an effort to establish the proper implementation responsibilities among key stakeholders to ensure timely implementation of activities. Such implementation may be undertaken by the public sector, private sector or international development agencies. This coherent and comprehensive export strategy for Chyangra Pashmina is endorsed, together with its five-year detailed PoA and implementation management framework.

Direct data from ITC Trade Map was used for all the analyses presented under trade statistics.

This SES has been approved as the export strategy for the pashmina sector 2022–2026 by MoICS of the Government of Nepal.

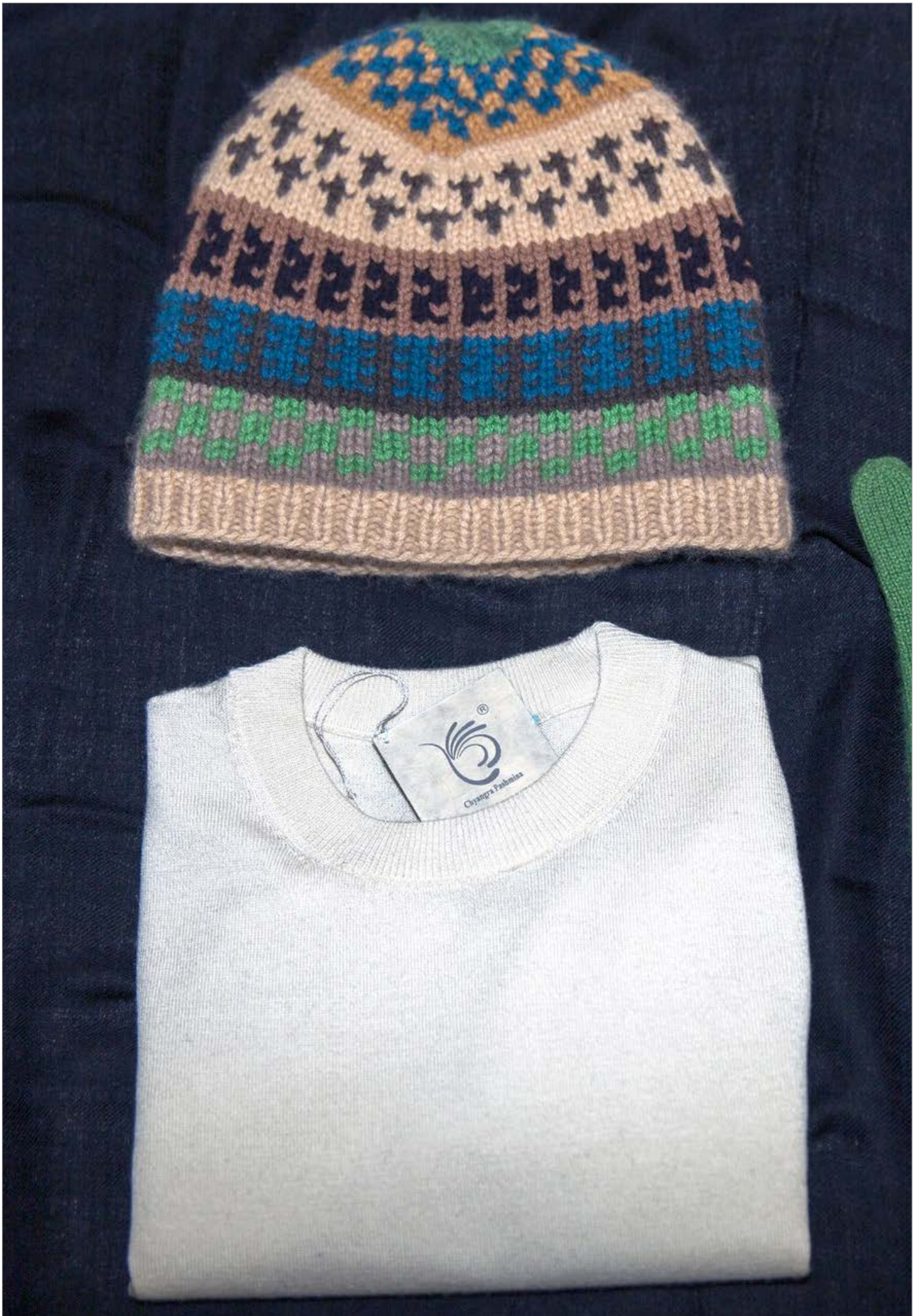


Photo: ITC

Hon'ble Damodar Bhandari
Minister
Ministry of Industry, Commerce and Supplies

Government of Nepal



Ref No: २०७९/८०

FOREWORD

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The Government of Nepal has taken a series of initiatives to promote exports to achieve sustainable and inclusive economic growth, poverty reduction and improvement in the living standard of the people. These initiatives are also aligned with the Government's long-term vision 2043 of "Prosperous Nepal, Happy Nepali", as envisaged in the Fifteenth Plan.

Chyangra Pashmina is one of the promising exportable products of Nepal as enlisted in the Nepal Trade Integration Strategy. It is a "low-volume, high-value" product in the niche market-driven sector which commands high earnings.

Over the years, Nepali pashmina has received a special recognition in the international market for its quality and traditional craftsmanship. The growing consumer market for sustainable and authentic Chyangra Pashmina coupled with the positive socio-economic impact on the entire gamut from farmers and producers to exporters, emphasizes the need to focus on the sector's development.

On this backdrop, the Ministry of Industry, Commerce and Supplies has prepared the Chyangra Pashmina Sector Export Strategy with technical assistance from the International Trade Centre and financial support from the European Union. This strategy has been formulated in close consultation with all stakeholders by identifying pertinent challenges and opportunities of the Chyangra pashmina sector of Nepal.

I am confident that this strategy will serve as an action-oriented blueprint to enhance trade performance of Nepal. I expect support from all stakeholders in joining hands to effectively implement the strategy.

26 January 2023




Damodar Bhandari
Minister



Ref: No. 2079/80

Government of Nepal
Ministry of Industry, Commerce and Supplies



FOREWORD

Nepal is a country rich in cultural heritage and traditions. Chyangra pashmina is a perfect example, highlighting Nepal's heritage in craftsmanship, and it has the capacity to boost strong export potentials. Furthermore, the sector's contribution to the improvement of livelihoods of smaller income households, especially the positive impact on women employment, makes it even more compelling potential sector.

The Ministry of Industry, Commerce and Supplies (MoICS) takes immense pleasure in welcoming the first holistic Chyangra Pashmina Sector Export Strategy 2022–2026, which has been developed with the technical assistance of the International Trade Centre (ITC) and the support of the European Union (EU).

The strategy was developed by engaging relevant stakeholders through extensive and fruitful discussions among public and private sectors including development partners. This allowed for a realistic evaluation of the challenges and opportunities the sector currently facing while defining the best way forward. The work of the dedicated sector stakeholders outlined a five-year plan of action in the strategy to improve backward linkages, boost the Chyangra Pashmina trademark, and strengthen the business environment. The Government of Nepal is incorporating Pashmina as one of the priority exportable products in the revised Nepal Trade Integration Strategy (NTIS).

In addition, this strategy has been formulated in an effort to integrate and mainstream trade to address the competitiveness challenges posed by the export sector in close complementarity with the current Industrial Policy, Trade Policy, and Nepal Trade Integration Strategy.

The strategy's vision sets out to achieve authentic quality and sustainability in the Nepali Chyangra Pashmina Sector to deepen socioeconomic gains through more competitive exports. However, to realize this, Nepal must first reorganize its pashmina sector and build capacities, improve productivity and regain the quality reputation that it once enjoyed. In this regard, this strategy offers a common ground equipped with clear priorities laid down for long-term sector development.

Simultaneously, efforts have been made to further develop the product segment. The country should build on its prior successes and expand sales in international markets, namely in the United States of America, the European Union, India, and Japan while pursuing growth in the domestic tourist market.

Building on the results of these efforts, the time has now come to envisage a common future for the Himalayan Chyangra Pashmina Sector into one integrated value chain. The Government of Nepal is committed to the implementation of this strategy with a view to realizing the vision and strategic objectives as set out in the strategy. Finally, I look forward to an intensive collaboration and support of all concerned ministries, agencies, donor communities, private sector and other stakeholders to play a significant role as indicated in the plan of action and help to achieving the strategy's objectives.

26 January 2023

Madhu Kumar Marasini
 Secretary
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FOREWORD BY H. E. NONA DEPREZ, EU AMBASSADOR TO NEPAL



The European Union and Nepal are long-standing partners.

The National Pashmina Sector Export Strategy is a part of the comprehensive EU–Nepal Trade and Investment Programme (TIP) initiated to assist the Government of Nepal to achieve sustainable and inclusive economic growth and poverty reduction by increasing trade and participation in regional and global value chains.

The project is closely aligned with priorities of Nepal's 15th periodic plan and the Nepal Trade Integration Strategy (NTIS) 2016, and in line with the EU's Multiannual Indicative Programme (MIP) 2014–2020 for Nepal, the European Consensus on development priorities "Prosperity", "People" and "Planet", and the UN 2030 Agenda for Sustainable Development.

The EU is the largest market for pashmina products from Nepal, and the people of the EU want international trade to go hand in hand with social, economic and environmental sustainability. They want trade policy to have a positive impact on consumers, workers, small producers and businesses in the EU and beyond.

In this context, opportunities provided by the new and dynamic global trading environment have fuelled the need for Nepal to formulate policies that centre on assisting trade and improving competitiveness to drive development.

In Nepal, as in many other countries, micro, small and medium-sized enterprises are vital to the overall growth of the country, employing approximately 1.7 million people and contributing to 22% of gross domestic product (GDP).^{*} Medium and small enterprises, which account for the majority of jobs and businesses, are an important test for checking the country's economic growth and resilience.

The strategy's aim is to pool together lessons learned to shape a future where small and medium-sized enterprises can benefit from improved backward linkages and trade export. I hope this strategy will help Nepal's pashmina industry to move forward with a clear purpose, promoting linkages between various actors and diversifying its export basket and target markets.

The production of this strategy has been lead and owned by the Government of Nepal while the implementing partner of the EU-funded project, International Trade Centre (ITC) has been instrumental in bringing together expertise and knowledge as well as identifying the steps to promote pashmina trade from Nepal.

^{*} Kharel, P. and K. Dahal (2020). Small and Medium-Sized Enterprises in Nepal: Examining Constraints on Exporting. ADBI Working Paper 1166. Tokyo: Asian Development Bank Institute. Available from <https://www.adb.org/sites/default/files/publication/623281/adbi-wp1166.pdf>.

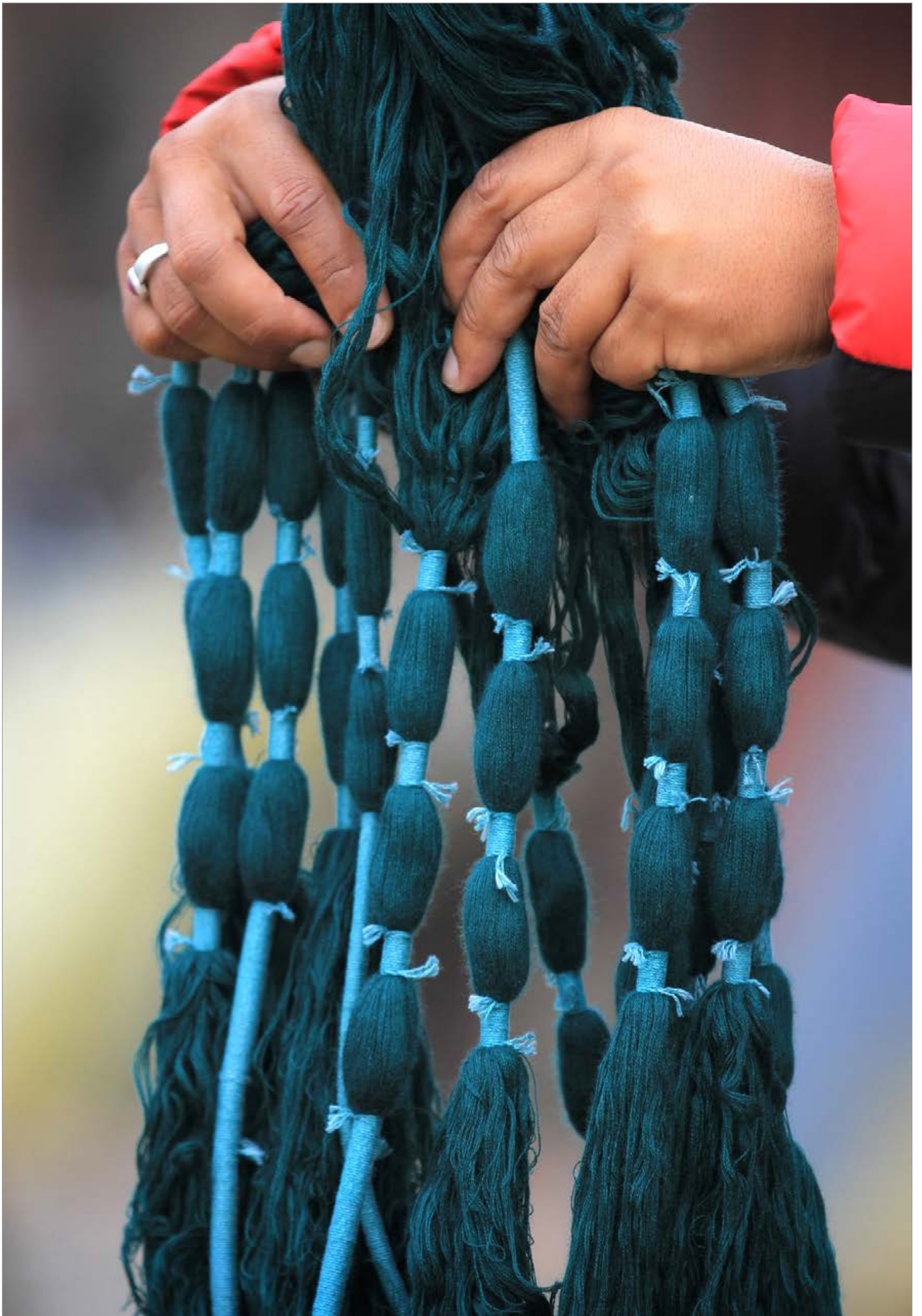


Photo: ©ITC, A Nepali woman holding up a branch of Pashmina yarns

FOREWORD BY MS. PAMELA COKE-HAMILTON, EXECUTIVE DIRECTOR, INTERNATIONAL TRADE CENTRE



Nepal is a country rich in tradition and natural resources, and both come together in Chyangra Pashmina. Handweaving and traditional craftsmanship transform the rare fibre from the Chyangra goats of the upper Himalayan regions into high-quality pashmina shawls and garments, creating a unique, high-value product.

As it seeks to leverage international markets for growth and job creation, the Government of Nepal identified pashmina as a high-potential sector. In 2019, Nepal exported 2.2 million pieces of pashmina products worth \$27.6 million. Although its importance in the country's export basket is relatively low, the Chyangra Pashmina sector supports the achievements of several socioeconomic goals. Capitalizing on the sector's potential would contribute to increasing livelihood opportunities, especially for farmers, women and youth employed in the sector.

To transform potential into reality, ITC, with EU support, helped the Government of Nepal design the Pashmina SES. It aims to achieve the vision of 'Contribute to achieving national prosperity through increased and sustainable export of Chyangra Pashmina from Nepal'. To this end, it provides an end-to-end diagnostic of the export value chain and a practical, comprehensive and detailed five-year roadmap for building stronger backward links, diversifying production and regaining market share.

Additionally, to sustain the appeal of Chyangra Pashmina products in the long term and build a sound international reputation for authentic Nepali cashmere, the Pashmina SES reinforces the development of rigorous quality standards. It revisits the need to ensure quality assurance of the collective trademark initiated during the ITC-Pashmina Enhancement and Trade Support project and promotes the Chyangra Pashmina brand by developing and disseminating the story behind the product. Moreover, it lays the foundation for the private sector, key public institutions and development agencies to work together.

While ITC is proud to support Nepal, ownership of the Pashmina SES lies with the country's many stakeholders.

The Pashmina SES was developed under the coordinated effort of MoICS, with the engagement of the Ministry of Agriculture and Livestock Development (MoALD) and in close partnership with sector associations and development agencies. As a truly coordinated effort, the Pashmina SES belongs not to a specific institution but to the whole country.

During the strategy's design, extensive consultation with sector stakeholders drove concerted action. That momentum must be maintained. As Nepal continues its journey towards greater economic development, ITC will accompany pashmina stakeholders on this road and stands ready to support the implementation of key activities.

The Pashmina SES is part of the EU-funded Nepal TIP assisting the Government of Nepal to achieve sustainable and inclusive economic growth and poverty reduction by increasing trade in regional and global value chains. Launched in 2020, the project enhances the capacities of MoICS and the Trade and Export Promotion Centre (TEPC) to: formulate trade policies; negotiate and implement trade agreements; develop a toolbox to facilitate trade and export policies; and provide assistance to the sustainable and inclusive development of Nepal's coffee and pashmina value chains, with a focus on export development.

ITC has a long-standing commitment to support Nepalese trade impact for good. This includes the GreenToCompete Hub, which provides integrated solutions and tools for Nepalese SMEs in the implementation of green business practices. Since its launch in 2020, the Hub has piloted sustainability-related offerings for SMEs active in the tea, coffee, medical and aromatic plants sectors, such as training on compliance with voluntary sustainability standards.

As our efforts focus on recovering from the damage caused by the COVID-19 pandemic, it is more important than ever to establish a favourable policy and regulatory framework, and to reinforce institutional capacity to access markets. In this regard, ITC thanks the EU for supporting this strategic initiative as part of its EU-Nepal TIP.



Photo: ITC

EXECUTIVE SUMMARY

Chyangra Pashmina is internationally recognized as cashmere of the highest quality and is one of the world's most desired fibres. It is sourced from native Himalayan mountain goats called Chyangra in Nepal. Pashmina has been identified as a priority export potential sector in Nepal Trade Integration Strategy (NTIS), 2016 and the Commerce Policy 2015. The sector has comparative advantages and high potential to contribute to export promotion, employment generation and poverty reduction, particularly for women and youth living in rural and remote areas. In this context, MoICS of the Government of Nepal has prepared this strategy to harness the immense potential of the sector.

CURRENT SITUATION OF CHYANGRA PASHMINA IN NEPAL

Nepali pashmina products include shawls, stoles, scarves, mufflers, blankets and pullovers. They are unique heirlooms and traditionally handwoven using indigenous technology. Some of these items are customized through embroidery, dyeing, beading, printing and painting, enhancing their value and appeal. Nepal produces minimal raw pashmina (cashmere) yarn but has long experience in manufacturing pashmina products. Major Nepali manufacturers import pashmina yarn from other countries (mainly China) to produce the final pashmina products. Over the years, there have been significant improvements in production processes, especially with private sector entrepreneurs investing in modernization of weaving and introduction of knitting mechanisms. Both production and export of knitted products have been increasing in recent years. The current annual production capacity of all types of Chyangra Pashmina products, woven and knitted, is estimated at 4.5 million pieces.¹

Despite its distinctive characteristics, the Chyangra Pashmina sector is not living up to its potential in terms of export development and employment creation, especially in rural areas of the upper Himalayas. The reasons are manifold, including the absence of a comprehensive and inclusive sector strategy; a disconnected value chain between

Chyangra goat farmers who produce the cashmere fibre and manufacturers of final products destined for world markets; and missing links to the luxury market segment.

There is little data on the actual population of Chyangra goats. In the most recent official data available for 2015, the Chyangra population of Nepal was estimated to be approximately 131,695.² Based on information collected through surveys and consultations, it is estimated that the Chyangra population in 2020 lies between 111,600 and 143,000. Studies conducted by the Government of Nepal have identified 15 districts in the high-mountain region of Nepal – including Mustang, Mugu, Jumla, Dolpa and Manang, among others – as potential areas of Chyangra goat rearing.

The pashmina industry employs over 20,000 people, of which around 50% are women. The majority of Chyangra Pashmina manufacturers are SMEs. These can contribute to rural employment creation through improved backward links. Chyangra farms and scenic pastureland can contribute to rural tourism in the Himalayan trails.

The Government of Nepal has emphasized the development of the sector through various policies, plans and programmes in the form of targeted interventions in value chain development, processing and export promotion. Chyangra Pashmina products are part of the top priority products identified in the Fifteenth Plan, Commerce Policy 2015 and NTIS 2016. The Fifteenth Plan (2020/21–2024/25) has the aspiration of 'Prosperous Nepal, Happy Nepali', along with achievement of the Sustainable Development Goals and middle-income country status by 2030. In order to materialize this overarching goal, the Plan focuses on developing a resilient economy through sustainable export promotion.

The Chyangra Pashmina sector is among the priority sectors identified under the NTIS. Other priority areas of intervention include reducing the cost of doing internal and external trade; protection and promotion of trade-related intellectual property rights; and strengthened diplomacy and negotiation mechanisms. Similarly, the Agriculture Development Strategy 2015–2035 has highlighted the importance of the governance, productivity, profitability,

1. Data source: TEPC.

2. This estimate took into consideration the data from only five districts but there could be other potential districts not included in this. The HIMALI project study report by the Asian Development Bank estimated 109,861 Chyangra goats in Nepal. However, the World Bank report prepared for the Nepal Livestock Sector Innovation Project estimated 325,435 Chyangra in Nepal. It is important to mention that the Chyangra population could also be lower than national estimates, as farmers are gradually leaving this profession.

commercialization and competitiveness of the sector and has ranked goat value chains seventh out of 15 shortlisted value chains. In a similar vein, the Commerce Policy 2015 focuses on strengthening supply-side capacities, improving market access and intellectual property conditions, and ultimately increasing exports of products and services. Chyangra Pashmina fibres and silk, and Chyangra Pashmina fibre products are also priority products in the policy. This strategy has envisioned the indicative growth of Chyangra Pashmina products export from about \$30 million in 2021 to \$75 million at the end of 2026.

EXPORT PERFORMANCE OF CHYANGRA PASHMINA

In 2019, Nepal exported 2.2 million pieces of pashmina products worth \$27.6 million (approximately 2.7% of Nepali exports). Pashmina exports have benefited from the Generalized System of Preferences and the zero duty/tariff facility provided by the EU, the United States, Japan, the Republic of Korea and Australia. Nepali exporters of pashmina products have been able to capitalize on

some of these facilities, as their major importers include European countries and the United States.

Nepal has the potential to transform its pashmina handloom traditions into new market opportunities. The Himalayan origin of Chyangra Pashmina products and market novelty provide the Nepali pashmina sector with a solid competitive advantage in the international market. Pashmina is a niche market driven by quality-conscious buyers. Both the government and the private sector have recognized the importance of taking proactive measures to stimulate the sector.

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND CHALLENGES ANALYSIS OF CHYANGRA PASHMINA

This analysis of the pashmina sector was done by combining supply-side (value chain mapping) and demand-side (market study) considerations.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Constant supply of raw materials due to suitable climatic conditions and presence of <i>Carpa Hircus</i> – Chyangra goat • Preferential market access conditions • Quality and designs are unique selling points in niche markets • High employment opportunities • Ability to handle small-volume, high-value orders • Chyangra Pashmina collective trademark registered in more than 47 countries 	<ul style="list-style-type: none"> • Lack of fibre processing facilities • Lack of modern dyeing plants and facilities • Limited use of high technology • Inadequate skilled human resources • Limited market and product diversification • Insufficient intersectoral policy coherence
Opportunities	Challenges
<ul style="list-style-type: none"> • Scope to increase production and export to new markets • Market potential for handwoven and knitted products made from authentic pashmina • Value addition of Nepali fibre could help minimize the impacts on market entry requirements (double transformation) due to graduation from least developed country status in destination markets • Demand for diversified pashmina products is increasing • Potential to increase investment in domestic processing industries, including yarn production 	<ul style="list-style-type: none"> • To be competitive in international markets, especially given the presence of China and India, which dominate the market at present • To develop and retain skilled labour • To assure quality and control counterfeit products • To retain herders in the profession • To commercialize Chyangra farming • To improve access to finance for commercial Chyangra farming

The strategic focus for the Nepali pashmina sector identified during the strategy design process can be summarized through the following five major components:

- 1. Fibre production:** Increase and improve overall Chyangra fibre production in the country for greater authenticity and sustainability.
- 2. Volume and quality:** Ramp up production volume and establish industry-wide quality standards and ensure their attainment by the majority of the sector's firms for better market access and higher firm revenues.
- 3. Traceability:** Establish traceability along the value chain, including compliance with a genuine code of conduct, and a portfolio of fully traceable products able to be exported for future sector growth.
- 4. Knitted products:** Develop capacity to produce knitted garments for product diversification and access to new niche markets.
- 5. Product design:** Develop local design capacity to target international buyers and develop unique positioning.

THE VISION AND STRATEGIC OBJECTIVES

Increasing global demand for genuine cashmere products creates a favourable environment for the sector in Nepal to make significant socioeconomic contributions through the domestic market and export-led growth. In order to realize this potential, competitive constraints and structural deficiencies along the value chain nodes (namely input supply, production, marketing and distribution) will be addressed, and identified opportunities will be leveraged.

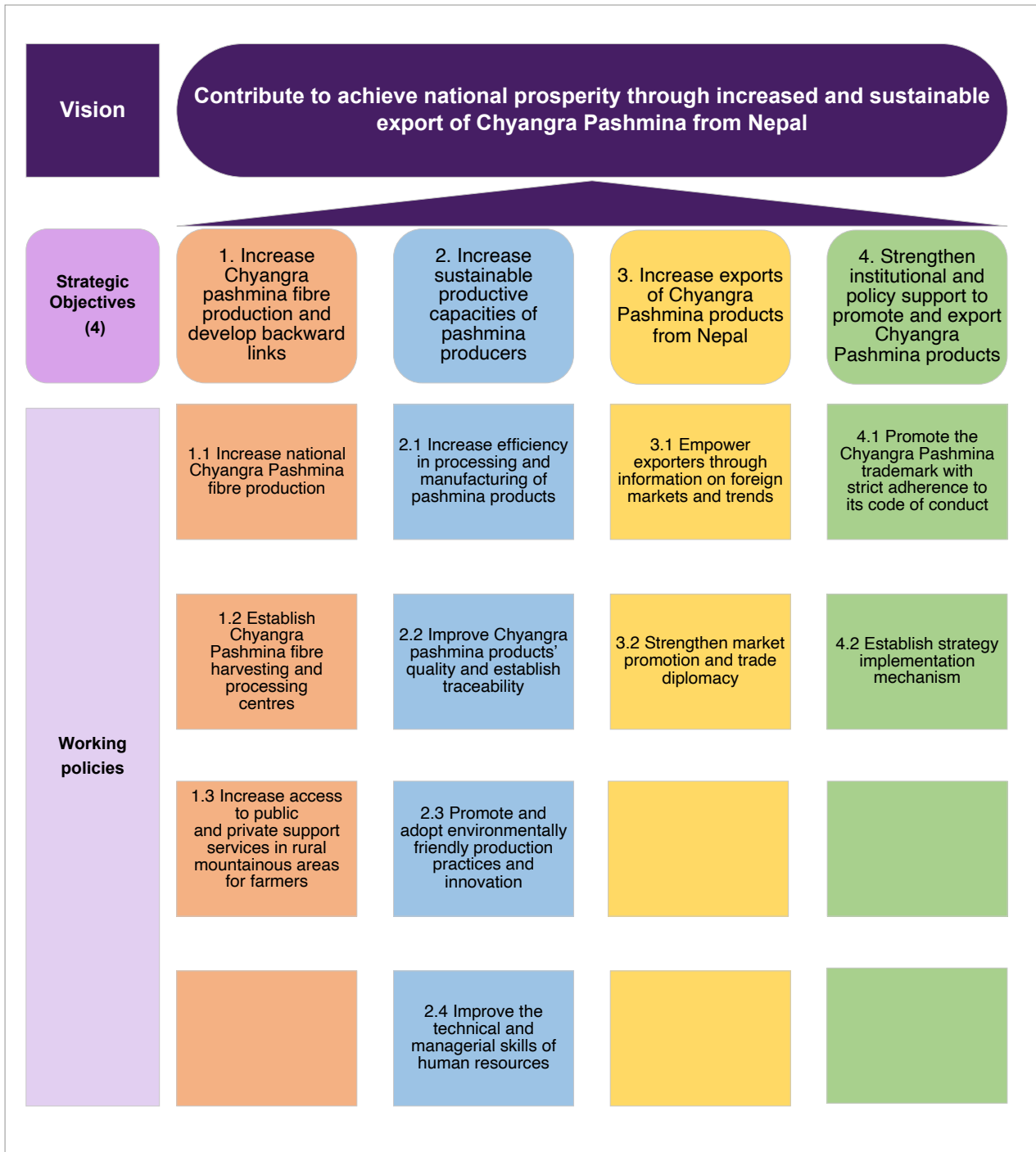
Exports of genuine pashmina products will bring greater revenue and resilience to Nepali producers but they need to be carefully framed. In addition, producers' capacities need to be built to meet the constantly growing quality requirements of key markets.

A great deal of consultation with public and private sector stakeholders took place to identify priority areas. Figure 1 is a delineation of the proposed vision and strategic approach, built around the key areas that require specific interventions in the next five years. Achieving these strategic objectives requires a focused and coordinated effort around the detailed PoA. The PoA specifies a series of activities to be implemented during the five-year period of this strategy. Successful implementation of the PoA will strengthen Nepal's positive image as a genuine Chyangra Pashmina producing and exporting nation.



Photo: ©ITC

Figure 1: Vision and strategic objectives of the National Pashmina SES



Goal: Achieve \$75 million of exports of quality Himalayan Chyangra Pashmina by 2026.



Photo: ©ITC

DESCRIPTION OF THE PLAN OF ACTION ACTIVITIES

Strategic objective 1: Increase Chyangra Pashmina fibre production and develop backward links³

Working policies

1.1. Increase national Chyangra Pashmina fibre production

1.1.1. Raise awareness through media promotion campaigns and radio programmes for policy support and outreach

- Conduct an effective communication programme – radio spots, jingles and public service announcements, etc. – during the pashmina fibre harvesting months, targeting mountain districts.
- Prepare and distribute behaviour change communication materials as part of the awareness campaign. Use these materials during the training programme specified in 1.1.2., and display them in major institutions (farmers' associations, cooperatives and groups) and other public gathering places.

1.1.2. Train Chyangra owners on best practices, including improved shed management, proper feeding knowledge and emergency veterinary care

- Develop and implement a communication plan for outreach and conduct awareness-raising campaigns in major Chyangra pockets on the best practices for harvesting pashmina fibre.
- Conduct a feasibility study to assess the mineral requirements for improving fibre production. This can be done by developing a model farm that could act as a regional training centre.

1.1.3. Nurture entrepreneurship among Chyangra farmers to undertake fibre production as a viable business by designing an entrepreneurship development training programme

- Design an entrepreneurship development training programme and educate farmers on the multiple benefits of Chyangra rearing and fibre harvesting.
- Motivate Chyangra farmers to shift from rearing Chyangra goats for meat purposes to fibre production, resulting in higher income. This can be done by establishing links between farmers and pashmina manufacturers with support from public and private sector trade support institutions.

3. The activities mentioned under Strategic objective 1 in the PoA stem from the findings presented in a separate study on Chyangra rearing and pashmina fibre production in Nepal.

Strategic objective 1: Increase Chyangra Pashmina fibre production and develop backward links³

Working policies

1.2. Establish Chyangra Pashmina fibre harvesting and processing centres

1.2.1. Improve fibre quality by establishing a Chyangra Pashmina fibre certification and traceability system

- Provide modern tools and equipment at the local level to improve fibre quality and to facilitate the establishment of a Chyangra Pashmina traceability system, with a certification scheme for the end product.
- Improve access to technical support services, and ensure that competitive grants available under projects reach smallholders by reducing the complexity of documentation and mitigating geographical difficulties.
- Use Mustang as the model district for technology transfer and disseminate the lessons learned from Mustang to other fibre-producing districts.
- Reach target beneficiaries with key messages using radio programmes, mobile text messages, mobile applications and other means of communication.
- Disseminate proper harvesting techniques by conducting capacity-building programmes, communicating the benefits of fibre harvesting, and changing the perception of local communities on learning new skills.
- Design training packages to build the capacity of farmers in groups of 15–20, including training on good fibre extraction practices, storage and transportation methods.
- Introduce a traceability system and a chain of custody for fibre harvested in Nepal. Create a chain of custody guideline relying on paper-based trails of scope, transaction certificates, barcodes and records from individual actors managing their own systems. At a later stage, deploy a virtual system using digital solutions such as blockchain.
- Carry out a chain of custody pilot using a paper-based traceability system. The format will be adapted from the chain of custody designed by the Sustainable Fibre Alliance. This will take the form of hard copy transaction receipts, bag tags and transaction certificates, as well as the use of barcodes in bales as suitable. The transaction receipt will have the following records:
 - » A unique reference number, which doubles as the batch reference number.
 - » Details of the buyer – company name, type of buyer, contact number – and details of the seller – organization / company name, location of the seller (town / city, province, country), contact number.
 - » A product description, listing the number of bags of each fibre colour, their bag identification numbers, date, weight and price.
 - Individual bag tags will be securely attached to each bag of cashmere fibre and will contain information on the seller's name, address / location, batch reference, fibre type, colour, weight and date. This will allow each bag to be linked to a specific transaction and tracing of the fibre through the supply chain. Bags will be numbered 1–X in a particular batch and labelled with the unique batch reference corresponding with a transaction receipt.
 - The transaction certificate will have the details from the transaction receipt along with a detailed item description, batch reference and product weight. It will also contain the transaction certificate number.

1.2.2. Develop a fibre grading system based on adjusted quality parameters

- Develop a two-step fibre grading system as follows:
 - » Grading at the farmer level based on the percentage of coarse fibre. This is based on the visual appearance of the harvested fibre – the cleaner (i.e. free from impurities and coarse fibre), the better.
 - » Grading of actual cashmere fibre based on not only the visual appearance (colour) but also the test parameters performed by the Nepal Bureau of Standards and Metrology (NBSM), which includes the length and diameter (micron). This is done later and cannot initially be factored into the prices paid to farmers. However, once the tests are performed, prices can be retroactively adjusted.
- Define quality parameters with the support of NBSM (Nepal Council for Standards (NCS)) for the pashmina fibre harvested in different districts to limit quality variations, e.g. a mixture of fibre length (length uniformity), fibre strength, fibre diameter (micron) and colour.
- Link the grading with a pricing mechanism to incentivize well-performing farmers, and pay them the correct price for the fibre retroactively after conducting the tests. Share the results with the farmers for their knowledge and awareness. Using the International Committee for Animal Recording guidelines for cashmere goat identification and fibre grading, pricing will be determined based on the following parameters:
 - » Fineness (fibre average diameter – micron)
 - » Fibre length (fibre average length – mm)
 - » Medullation (percentage – %)
 - » Contamination and impurities (greasy yields – %)
 - » Colour.



Photo: ©ITC

Strategic objective 1: Increase Chyangra Pashmina fibre production and develop backward links³

Working policies

1.2.3. Establish collection centres and common facility centres for fibre aggregation and processing at the local level

- Establish a common facility centre along with a raw materials bank and processing unit. The centre will be run primarily by women's support groups and farmers from the region.
- Provide continuous training on fibre aggregation, grading, sorting and cleaning for women's support groups and farmers.
- Pilot a buy-back agreement (contract farming) system to motivate farmers to harvest the fibre. There will be an institutional arrangement with provision of a revolving fund for purchasing raw pashmina fibre from farmers through the collection centre. The government and the private sector would facilitate by providing working capital to buy raw fibre from farmers.
- At the common facility centre, support managerial capacities and knowledge on product development and marketing skills, and run the centre with the help of the private sector, women's organizations, development projects and government institutions.
- Attract local investment in a processing facility for value addition (fibre to yarn); once a sufficient quantity and quality of fibre is determined, invest in a fibre processing facility.
- Establish a processing facility for the conversion of fibre into yarn through a public-private partnership model. Choose an ideal location with proper electricity, water supply and basic fabrication workshop facilities.

1.2.4. Improve statistics on the Chyangra goat population and the farmers producing Chyangra fibre by using information and communications technology, and blockchain

- Establish a database and a reporting system by developing a management information system on the Chyangra goat population at the rural municipality level. Data recording and reporting formats should be developed based on the online database. Some ways to strengthen the database:
 - » A pilot initiative to see whether blockchain technology is viable for the Chyangra Pashmina products segment. Blockchain is an open-source operating platform that helps track real-time data through a mobile-based application. It gives access to all digitized data, and transparency, with the help of QR codes. In the agriculture sector, the blockchain system has been introduced in Nepal, maintaining and tracking a digital database of all indicators at various levels of supply chains.
 - » Build rural municipality capacities on the data collection and reporting system through providing training on information and communications technology, computers, data management, etc.
 - » Conduct constant monitoring and evaluation to maintain the database and records.
- Conduct research and development activities and studies in collaboration with rural municipalities and Krishi Vigyan Kendra at the provincial level.
 - » Have the Central Bureau of Statistics conduct an agriculture census, with MoALD collecting data on the Chyangra goat population separately from other goat species as part of the overall census.
 - » Conduct a feasibility study on the number of Chyangra goats that can be sustained for producing fibre in the country. This will provide the basis for a cost-benefit analysis on establishing a fibre processing plant and/or a spinning factory.

Strategic objective 1 : Increase Chyangra Pashmina fibre production and develop backward links³

Working policies

1.2.5. Strengthen research and development activities in close collaboration with the Nepal Agricultural Research Council (NARC) and agricultural universities

- Develop bilateral links with research institutes in other countries rearing Chyangra goats for cashmere fibre such as Mongolia (Mongolian Wool and Cashmere Association; Mongolian National Federation of Pasture User Groups), Tibet (China), Afghanistan and India (Central Institute for Research on Goats; All Chyangra Pashmina Growers Cooperative Marketing Society Ltd, Ladakh).
- Conduct exposure visits to other countries harvesting cashmere (pashmina) fibre, and organize regular coaching and capacity-building programmes with experts in the field.
- Establish a Chyangra Research Centre under NARC in collaboration with the private sector, for breeding goats and processing fibre. There is a need to conduct scientific research on Chyangra health, nutrition, pastureland management, breeding and veterinary needs, for which necessary resources should be allocated. Other research areas can include:
 - » Effects of altitude and xerophytic climatic conditions on fibre production in Chyangra
 - » Effects of different types of feed and nutrition on Chyangra fibre production
 - » Fibre harvesting techniques and the use of modern tools
 - » Conduct a feasibility study and prepare a business plan for establishing a modern processing unit for pashmina fibre.
- Establish a processing facility, taking into account the need to assess the capacity of processing machines (dehairing and spinning) given the availability of raw materials in Nepal. If the cost–benefit analysis of establishing a spinning unit is negative or the fibre requirements are too high, hand spinning is still a viable option and will be considered. A detailed business plan will be prepared to understand the investment and management opportunities for both options.
- Carry out a pilot project to set up a sample portable machine for grading, dehairing, removal of impurities in a blow-room, carding, drawing, spinning, etc., particularly to establish links between fibre processing areas and the domestic markets of pashmina industries.

1.3. Increase farmers' access to public and private support services in rural mountainous areas

1.3.1. Strengthen Chyangra farmers' access to banking and insurance services

- Expand banking and insurance services in the mountainous regions, targeting Chyangra farmers, and customize them to their needs.
- **Banking:** Channel investments in the sector through banking services by promoting:
 - Lower or subsidized interest rates
 - Hassle-free documentation and procedures, and priority lending
 - Saving and credit activities in groups / cooperatives.
- » **Insurance:** The insurance services offered should include free or subsidized insurance; reduced complexity in terms of documentation, claim procedures and claim-related documentation; and simplified renewals.
- Organize door-to-door financial literacy and awareness-raising campaigns for farmers to educate them on banking and insurance services.

1.3.2. Strengthen rural municipalities and other local institutions, with financial support from federal and provincial governments, to improve service delivery to farmers and other stakeholders

- Improve veterinary services by providing training at the rural municipality level on animal husbandry, feeding and nutrition management, veterinary treatment, vaccinations, etc. Cross-breeding with imported breeds for research purposes should be carried out to examine performance.
- Build and expand rural infrastructure such as irrigation facilities and rural roads, and create a shed improvement programme, through regular funding from all tiers of government, including collaboration with development partners.

1.3.3. Build the capacities of existing Chyangra goat farmers' associations through capacity-building and training, and develop new chapters in all potential districts

- The model of the Mustang Chyangra and Pashmina Farmers' Association should be extended to other Chyangra-producing districts of Nepal. Such associations will build their capacities through regular interactions with their members and outside participants. The associations should also be capable of conducting training for their members and managing funds from development projects.

Strategic objective 2: Increase the sustainable productive capacities of pashmina producers

Working policies

2.1. Increase efficiency in the processing and manufacturing of pashmina products

2.1.1. Introduce and allocate funds to promote modern technologies in fibre processing

- Provide concessional duties for the importation of machinery for processing and value addition, and disburse subsidized credits in establishing manufacturing and processing plants for the private sector.
- Create an enabling environment for technology transfer through attracting investments in manufacturing activities to enhance efficiency and competitiveness.

2.2. Improve Chyangra Pashmina products' quality and establish traceability

2.2.1. Introduce a formal import inspection of the yarn and export inspection of the final product to assure the quality of Chyangra Pashmina from Nepal

Establish a system of regular NBSM inspection mechanisms to assure the quality of raw materials and final products of Nepali Chyangra Pashmina, in collaboration with NPIA.

2.2.2. Disseminate, verify and enforce the standards regulating pashmina fibre determined by NCS and NBSM

All manufacturers and exporters must comply with the specific quality requirements developed by NCS (NS:543:2075) for exports and local sales. Those who do not adhere to the standards are subject to existing legal actions.

2.2.3. Strengthen NBSM capacities to test cashmere products (including fibre length and fibre strength) with international accreditation, technical skills and equipment

The NBSM Chemical and Microbiology Laboratory is accredited for testing 11 products and 82 parameters by the National Accreditation Board for Testing and Calibration Laboratories, India (TC-5847). NBSM will be strengthened to provide the required equipment and human resources for testing and certification.

2.3. Promote and adopt environmentally friendly production practices and innovation

2.3.1. Conduct technical research on suitable technology and the availability of machinery in neighbouring countries

Nepal's Chyangra Pashmina production was traditionally handwoven. However, in recent years, motorized weaving and knitting machines have become more popular and are imported into the country. Any introduction of appropriate machinery and tools for improved production efficiency and productivity should be based on prior technical research. The sector association, along with the government and experts in the field, should analyse the different types of machinery available and help select the ones suited to industry needs. Other important steps include:

- Provide matching funds to farmers and manufacturers to purchase modern equipment and smart tools –combing, sorting, scouring, dehairing and spinning machinery, among others – to develop the Chyangra Pashmina sector value chain
- Encourage the adoption of low-emission and energy-conserving machinery and equipment to reduce the environmental impact and develop a sustainable pashmina industry in Nepal
- The sector association should publish a list of identified machinery and equipment – along with their features, suppliers and contact details, and price range – to act as a reference for investors
- Conduct research on the technology used in other countries such as Bangladesh, India, China and Italy to produce fine woollen products
- Carry out study visits in coordination with relevant stakeholders
- NPIA should coordinate with machinery suppliers to conduct a training and trial session for the industry to reduce the downtime of machines. Likewise, vocational training courses to enhance expertise in machine maintenance should be provided.

Strategic objective 2: Increase the sustainable productive capacities of pashmina producers

Working policies

2.3.2. Upgrade to environmentally friendly production practices through the use of efficient inputs in production, and waste disposal

- Upgrade the capacities of manufacturers to improve factory environmental conditions by providing technical assistance on a needs basis.
- Introduce a common effluent treatment plant where a cluster of wet processing industries is established, including dyeing, to reduce the burden on local small-scale wet processing plants.
- In case of difficulties in establishing a common effluent treatment plant, a portable effluent treatment plant is suggested, which is suitable for small-scale manufacturers.
- Ensure an external expert or third-party auditing and monitoring team to ensure that all manufacturers / traders comply with the *environmental balance* standards of the Chyangra Pashmina trademark. Environmental balance means the internal environment of the industry (including relations between the business and labourers), relations with the community, waste management, water usage and any other steps required to ensure minimal negative environmental impacts from the business.
- Gather information and prepare a comprehensive assessment of the government's policies on the environment and sustainable production to support SMEs. Draw comparisons on good practices from other countries from which Nepal can learn and adapt, such as the zero-waste policy.
- Conduct a feasibility study to see if alternative energy sources such as solar power can be used; disseminate information on the advantages of this kind of energy. From the study, build awareness and develop best practices guidelines on energy-efficient and environmentally sound technologies and housekeeping measures suitable for pashmina manufacturers.
- Increase access to and awareness of quality natural dyeing products: disseminate the advantages and benefits of natural dyeing to producers through seminars and workshops, along with a list of potential natural dyes and a list of providers.
- Coach companies on resource efficiency and circular production methods, developing action plans at the company level.
- Encourage and support manufacturers in procuring, maintaining and observing internationally recognized and sustainable standards, such as the Good Cashmere Standard, the Sustainable Fibre Alliance Standard, or the Global Organic Textile Standard certification.

2.3.3. Organize regular technical knowledge-exchange programmes between Nepal and other leading industries and exporting countries

Knowledge-exchange and technical programmes with small-scale producing industries / training centres in other countries such as India, Japan and China, would give Nepali manufacturers and technical schools exposure to international markets and fashion trends that enable them to meet international standards and market demand, and customize their production accordingly. Another important component is South–South cooperation and the possibility of learning from other producing developing countries in Asia such as Mongolia, India and China.

2.4. Improve the technical and managerial skills of human resources

2.4.1. Improve existing training systems at universities through a public–private partnership model

- Conduct a skills gap and needs assessment study in pashmina manufacturing industries in close collaboration with all stakeholders. Carry out a benchmark analysis with other countries with similar scale of production.
- For the sector to become self-reliant, there is a need to strengthen existing technical and vocational educational and training (TVET) programmes through the following measures:
 - » Assess existing training programmes, curricula and educational capacities, with a focus on technical knowledge of pashmina production.
 - » Given the depth of technical knowledge needed, a background in sciences will be a prerequisite before enrolling in technical training courses such as chemical dyeing, and printing.
 - » For general courses, adapt existing course curricula in training schools and universities, reinforcing the TVET offering to tackle the problems of an untrained domestic labour force. Specific technical areas requiring skill reinforcement for weaving and knitting operations are:
 - Fibre / yarn / fabric dyeing, printing and finishing processes
 - Fibre processing, including through hand-spinning
 - Handloom weaving
 - Product development and design
 - Packaging and labelling.
- Strengthen training institutions' capacities and create highly specialized short-term courses (2–4 weeks). For specialized training, 3–6 weeks may be required. Decide on the timeline while developing the courses.
- The apprenticeship programmes as part of the TVET curriculum will be one way for university graduates to get attractive employment opportunities, which will retain youth in the sector.
- Facilitate the transfer of know-how from Indian, Chinese or Bangladeshi training institutions to TVET in Nepal to reinforce vocational training programmes.



Photo: ©ITC, Chyangra from Mustang.

Strategic objective 2: Increase the sustainable productive capacities of pashmina producers

Working policies

2.4.2. Conduct upskilling training programmes in manufacturing, focusing on design, quality management and managerial skills

- Introduce a programme for skilled and semi-skilled workers – in collaboration with NPIA, universities, government and international experts – providing training on managerial skills and design development. Under the programme, a master trainer would train semi-skilled or skilled workers on the latest market trends, soft skills, middle management skills and social media marketing skills; as well as skills needed for value addition, including product development and design, and dyeing,
- Develop a curriculum for training needs in different aspects of Chyangra Pashmina products in collaboration with NPIA and the Council for TVET. This will ensure that the syllabus is up to date and meets industry needs.
- Support NPIA to work with the selected training institutes to ensure that the curriculum is followed and matches industry needs. This will include internships, factory visits and sending staff from factories to share their expertise.

2.4.3. Raise awareness among youth of the benefits of working in the pashmina sector through trainings, campaigns and exposure visits

Since the involvement of youth in the sector is currently low, there is a need for awareness-raising campaigns to attract them to the sector. In collaboration with the ministries responsible for industry and trade, agriculture and livestock, and labour; as well as product associations and civil society, conduct a public education campaign for the Council for TVET and universities on the work culture around pashmina production, specifically targeting the artisanal heritage. Another way to reach youth is through social media campaigns on popular platforms such as Facebook and Instagram. Sharing success stories of the pashmina industry and highlighting the advantages of working in the sector, competitive wages, social benefits and training opportunities will be another way to raise awareness.

2.4.4. Empower women at all levels of the value chain

Women play an important role in the sector, as workers in the manufacturing of pashmina products. The sector has the potential to provide greater opportunities to women, including access to higher levels of responsibility, acquiring technical skills and generating income throughout the value chain. Below are some areas where women will be empowered:

- Establish women-led business groups to collect and process pashmina fibre in mountainous areas to generate income for rural households:
- Strengthen existing women's associations that mobilize women in mountainous areas and marginalized communities to establish women's groups to process pashmina fibre.
- Train women's group on processing techniques, including sorting, cleaning and carding (dehairing).
- Create links between farmers, women-led SMEs and manufacturing companies, which are mostly based in Kathmandu.
- Conduct the abovementioned activities in collaboration with the Federation of Woman Entrepreneurs' Associations of Nepal (FWEAN) and the Federation of Nepalese Cottage and Small Industries (FNCSI). Identify and support women to become business leaders and steer the long-term development of women's groups and associations.
- Improve access to formal credit and loans for women-owned businesses by establishing alternate collateral requirements.
- Ensure women's representation and participation in managerial and leadership positions in sector associations.

Strategic objective 3: Increase exports of Chyangra Pashmina products from Nepal

Working policies

3.1. Empower exporters through information on foreign markets and trends

3.1.1. Facilitate pashmina companies' participation in international exhibitions and trade fairs in target markets, accompanied by a wider promotional approach

Participation of exporters in international trade fairs should be increased to gain exposure to and understanding of the international market. Exhibitors should participate as pavilions instead of as individuals.

- Include a list of international exhibitions and trade fairs for pashmina products in the Nepal Trade Information Portal.
- Arrange group trade fair participation, including matchmaking events; TEPC to conduct business meetings during participation in the international trade fairs and exhibitions.
- Ensure that all exporters get a fair chance by assessing the availability of exhibitions in the sector, seeking invitations, and securing visas and participation booths, which is currently done by TEPC. Collaboration with the private sector and establishing bilateral cooperation with host countries will also ensure transparency and greater access for the industry.
- Implement a system of annual and continuous participation in selected clothing and textile or pashmina-specific fairs and exhibitions organized in two major markets: Europe and the United States. A regular presence at such events would reassure internationally reputed buyers looking for sustainable business links.
- Involve Nepali diplomatic missions and the Nepali diaspora in promotional activities in target markets.

3.1.2. Actively monitor the status of the Generalized System of Preferences in countries to which Nepal has preferential market access

The United States Trade Facilitation and Trade Enforcement Act 2015 lists pashmina shawls among the 77 preferential products until 2025. It is relevant to promote and inform buyers about this preferential market access for them to take advantage of the United States market. It is equally important to inform exporters of the preferential advantage given by other Generalized System of Preferences facilities provided by countries such as the EU (Everything But Arms), Canada and Japan. The government will periodically, or as necessary, provide information on the status of tariffs and the Generalized System of Preferences, especially highlighting any changes that have occurred, to keep exporters abreast of the most recent developments.

3.2. Strengthen market promotion and trade diplomacy

3.2.1. Improve existing cottage and handloom methods and increase focus on their potential to tap new products and new market segments

Traditionally, woven shawls and stoles were the only products exported from Nepal. Over time, international demand has shifted to knitted products such as pullovers, cardigans, blankets, ponchos and gloves. Chyangra Pashmina manufacturing in Nepal should respond to current market trends and market demand. Nepal should expand to these products by increasing its market share in existing markets and penetrating new markets.

- Promote the handloom and cottage industries, especially to targeted buyers and markets, since Nepali pashmina products have a strong heritage of being traditionally handwoven.
- Set up a cooperation framework to exchange and disseminate pashmina-specific trade information among government agencies, media, academia, research organizations, trade and investment support institutions, and the private sector.
- Build the capacities of NPIA and TEPC to develop market profiles for selected target markets using market analysis tools and research techniques. The market studies should include information about consumption trends, market requirements, product standards, Customs duties, prices, shipping and contracting practices, and potential business contacts.

3.2.2. Diversify the product basket to add contemporary trends, including cashmere blends

Demand from buyers is increasingly shifting to cashmere blends. To some extent, this can be attributed to the fact that buyers are looking for cheaper alternatives to 100% cashmere, and blending with fibres such as silk and wool reduces the product's cost. Cashmere blends find application in apparel such as leisurewear, workwear and occasion wear. In contrast, 100% cashmere products are mostly used as occasion wear. Chyangra Pashmina manufacturers in Nepal need to enhance their blended product manufacturing capabilities to capture this new buyer base.

3.2.3. Conduct a regional market assessment to identify opportunities for Chyangra Pashmina products

Conduct market studies to assess the market potential and export opportunities offered by immediate trade partners in the region such as India and China; and further to the east, Japan and the Republic of Korea.

- Conduct a specific regional market study to assess competition, market access conditions and market opportunities. The study should include a competition / price analysis and recommend concrete steps that should be taken into consideration by firms to capture these markets.
- Organize trade missions to target markets with support from Nepali diplomatic missions, presenting well-developed export products with fact sheets, new designs, new packages and samples. This will allow manufacturers to highlight traditional Nepali products.
- Mobilize Nepali diplomatic missions in key destination markets for promotion of Chyangra Pashmina exports through strengthening business-to-business (B2B) relations and enhancing collaboration with the Nepali diaspora.

3.2.4. Promote Chyangra Pashmina product authenticity and share stories through promotional and communication campaigns

- Depict the story of Chyangra Pashmina in Nepal to persuade buyers of the product. For this, traceability in the product manufacturing cycle is a must.
- Relate the narrative to the Sustainable Development Goals, such as the promotion of green products and the economic empowerment of women from remote mountain areas.
- Focus on the product and production of the finest quality to attract more buyers and repeat orders. Maintaining a tag of purity, whether it be pure cashmere products or cashmere blend products, would be crucial to gaining long-term buyers in target markets.
- Add products based on the latest trends in the product basket to attract buyers. Using forecasting tools available online to predict colours, silhouettes and styles for upcoming seasons, and incorporating them to make high-demand cashmere products, will reinforce buyers' confidence in Nepali Chyangra Pashmina manufacturers.
- Conduct regular trend analyses to adapt to fast-paced changes taking place in the cashmere market and keep up with annual trends.

3.2.5. Provide training on e-commerce and digital trade

E-commerce users are increasing at a fast pace both in Nepal and around the globe. This opens cross-border trade opportunities for all types of sellers, including micro, small and medium-sized enterprises / SMEs. Ecommerce platforms can be established by product associations so that small individual brands can get a large platform to portray their products to the world. Depending on financial and management bandwidth, individual brands can also come up with portals to e-retail luxury / premium Chyangra Pashmina products.

Influencer marketing could help gain large-scale community acceptance and respect. Incorporating digital marketing tools along with a careful selection of influencers will help develop a strong consumer base. Using popular social media influencers, social activists, United Nations representatives or Nepali celebrities who have international recognition to be brand ambassadors for Chyangra Pashmina will increase global recognition of the products.

3.2.6. Target buyers that match the scale of production in Nepal through market prospection, B2B meetings and diplomatic missions

Fast fashion brands need large-scale capacity and standardized products. However, Nepal currently lacks both these aspects. Given this context, Nepal is better placed to work with mid to premium brands. Such brands require small quantities, which fit well with Nepal's capacity. However, a high-quality product with contemporary design and style needs to be offered. Nepal will be able to cater to such buyers by manufacturing standardized products of cashmere, keeping consistent quality. This would require a common approach among manufacturers.

Strategic objective 4: Strengthen institutional and policy support to promote and export Chyangra Pashmina products

Working policies

4.1. Promote the Chyangra Pashmina trademark, with strict adherence to its code of conduct

4.1.1. Review and renew the Chyangra Pashmina collective trademark registered in existing markets, and regulate trademark and label infringement issues in local and international markets

The objective is to revamp the Chyangra Pashmina trademark and rejuvenate the sector's holistic brand image by distinguishing genuine Nepali pashmina products from fake and adulterated pashmina items. The priority is thus to reinforce trust in the products coming out of Nepal with the Chyangra Pashmina label, and regulate trademark and label infringement issues in local and international markets. For this, it is important to implement the code of conduct as it was originally developed, further elaborate it where necessary, and improve the compliance mechanism through the following measures:

- Review and revise the standards for the Nepal Chyangra Pashmina trademark logo. Strengthen the code of conduct in line with international standards such as the Good Cashmere Standard, the Sustainable Fibre Alliance Standard or Global Organic Textile Standard certification.
- The trademark-issuing committee must have the required knowledge of the product as well as the code of conduct, its parameters and other standards listed above. Capacity-building activities for committee members are recommended.
- Broaden the base of Chyangra Pashmina label users: currently, only NPIA members can use the logo; however, not all pashmina manufacturers are a part of the association. NPIA should open up – under certain terms and conditions and with commitment to the code of conduct – to non-members who want to use the Chyangra Pashmina label at a nominal fee.
- Increase awareness of and training on compliance and testing in Chyangra Pashmina label users.
- Involve key buyers from important importing markets who are willing to develop a partnership with sector stakeholders.
- Establish different levels of the Chyangra Pashmina label conforming to the requirements of the branding guidelines – platinum, gold and silver – depending on the composition of the different fibres in the product. For example, platinum is for everything sourced and made in Nepal; gold is for 100% cashmere but not necessarily coming from Nepal; and silver is for 51% cashmere and the rest a mix or blended fibres of cashmere (pashmina) and other natural fibres. Clearly state this in the hangtag, creating complete transparency and trust.

4.1.2. Select an independent third-party organization to monitor Chyangra Pashmina trademark compliance

To ensure that the trademark is used properly, a reliable independent third-party agency must be involved to make regular tests from randomly selected samples at the point of export or from domestic stores selling Chyangra Pashmina products within Nepal. It is important to build buyer confidence. Strong action should be taken against companies misusing the Chyangra Pashmina trademark label.

Establishing routine checks and balances – to ensure that pashmina manufacturers who use the Chyangra Pashmina trademark label in their promotional efforts follow the regulations defined under the code of conduct – will also assure correct use of the label.

4.1.3. Develop a new communication strategy to promote the Chyangra Pashmina collective trademark

Global demand for environmentally sustainable products is increasing among consumers concerned about issues like climate change and biodiversity. Firms can, through sustainability certifications, access these markets to fuel green growth. Launching a new communication strategy and revamping the Chyangra Pashmina brand around the story of authentic Himalayan Chyangra Pashmina will improve the image of Chyangra Pashmina abroad. This new communication strategy will include:

- Develop pashmina quality communication campaigns and promotional material to promote the benefits of using the Chyangra Pashmina trademark through social media platforms.
- Promotion through local tourism (pashmina trail: from the Chyangra goat to the handloom).
- Cross-promotional activities with other Nepali export products with unique and genuine origins such as Lokta paper to give an authentic backstory to products originating from Nepal.
- Organize marketing and promotional activities through trade fairs and fashion shows such as the Textile Sustainability Conference, Fashion Accessories Trade Show, India International Garment Fair, Garment Technology Expo, International Exhibition on Textile Industry, Fashion Access and Cashmere World, International Handicrafts Trade Fair, and Tokyo International Gift Show.
- Host online seminars to showcase efforts and improvements made in the quality of Chyangra Pashmina products to international buyers.



Photo: ©ITC, Chyangra Farmer Meeting at Lomanthan.

4.2. Establish a strategy implementation mechanism

4.2.1. Establish an intergovernmental mechanism to coordinate for smooth implementation of this export strategy

To strengthen forward and backward links, harmonization of policies and programmes among the three tiers of government – federal, provincial and local – is essential. For this, an intergovernmental mechanism will be established. It will help develop and guide policymaking; mainstreaming; and aligning, supervision and monitoring. This coordination will take place under the aegis of the government and the NPIA, which will conduct periodic update meetings on the development of a new support strategy for the industry, along with a clearly defined role for all stakeholders. The main objective is to monitor implementation of this strategy and set up a mechanism to evaluate the support services offered by each public agency or industry association for SMEs in the pashmina sector.

- The priority activity is to create awareness and organize regular team-building activities for manufacturers to understand that the only way to grow the sector is to collaborate and to move jointly into new markets and product areas.
- Establish and operate a 'National Chyangra Pashmina Forum' for coordination between government, the private sector and farmers.

4.2.2. Promote public–private dialogue between sector associations and the government to address issues related to the business environment and export policy reforms

Build NPIA capacity in policy advocacy to streamline administrative and export-specific processes through rounds of public–private dialogues focusing on topical issues such as:

- There are regulations on the imports of harmful azo dyes as listed by the 'Baniya Digidarshan'. Enforcement of governmental regulations and quality control in dyes and chemical imports is required for the pashmina industry to comply with sustainable production practices.
- Trigger policy reforms to make the Chyangra Pashmina sector more profitable and competitive, and able to attract investment.
- Revision of existing procedures on Exim code renewals and introduction of more simplified or online services and support systems.
- Develop an e-commerce system with a secure payment mechanism, and a simplified Customs policy for shipment or refunds, by introducing regulatory and promotional provisions to enable online business and payments of exports through courier or airfreight services.
- Support the development of customized foreign direct investment promotional material for the sector.
- Advocate for the improvement of trade logistics conditions and airfreight handling.
- Revision of the credit guarantee system to help exporters cater to buyers that ask for open credit terms.



PLAN OF ACTION 2022-2026

The PoA is structured along the four strategic objectives and working policies described in the previous chapter. In order to translate the strategic objectives and working policies into action, the PoA has been prepared with detailed activities and their implementation modalities. The structure of the PoA is explained below.

- **Priority level:** Priority 1 is the highest and 3 is the lowest.
- **Period:** The desired time frame of the activity.
- **Beneficiaries:** The target groups that would benefit from implementation of the activity.
- **Targets:** Quantifiable targets that allow monitoring of the activity from the implementation stage to completion.
- **Leading implementing partners:** One accountable lead institution per activity.
The institution may have a technical role or solely an oversight and coordination role.
- **Supporting implementing partners:** Any institution that should be involved at any stage of the activity's implementation.
- **Existing programmes or potential support:** To identify and build synergies with other ongoing projects and policies

Working policies	Activities	Priority (1 = high, 2 = med, 3 = low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 1: Increase Chyangra Pashmina fibre production and develop backward links												
1.1. Increase National Chyangra Pashmina fibre production	1.1.1. Raise awareness through media promotion campaigns and radio programmes for policy support and outreach	1					Farmers	Media campaign carried out; increase in the number of farmers harvesting	Department of Livestock Services	Rural municipalities, Ministry of Forests and Environment, NARC, MoIC, Veterinary Hospital and Livestock Service Expert Centres, Krishi Gyan Kendra	TIP, World Bank Nepal Livestock Sector Innovation Project (NLSIP), World Bank Forests for Prosperity Project	
	1.1.2. Train Chyangra owners on best practices, including improved shed management, proper feeding knowledge and emergency veterinary care	1					Farmers	Training on best practices provided to 250 farmers in 15 potential districts	MoALD	NARC, Annapurna Conservation Area Project, Krishi Gyan Kendra, rural municipalities	TIP, NLSIP	
	1.1.3. Nurture entrepreneurial spirit among Chyangra farmers to undertake fibre production as a viable business by designing an entrepreneurship development training course	1					Farmers	An increase in the number of farmers in the profession	MoALD	Rural municipalities, NPIA, Krishi Gyan Kendra	TIP	
1.2. Establish Chyangra Pashmina fibre harvesting and processing centres	1.2.1. Improve fibre quality by establishing a Chyangra Pashmina fibre certification and traceability system	2					Farmers, manufacturers	Premium price received on higher quality	MoALD	NARC, rural municipalities, Krishi Gyan Kendra, provincial government	NLSIP	
	1.2.2. Develop a fibre grading system based on adjusted quality parameters	2					Farmers' groups, cooperatives, manufacturers	Price of pashmina fibre as per the grading	NBSM	MoALD, NPIA, Rural municipalities, NARC, Krishi Gyan Kendra	NLSIP	
	1.2.3. Establish collection centres and common facility centres for fibre aggregation and processing at the local level	1					Farmers' groups, cooperatives, manufacturers	1. Common facility centre established in the main producing district 2. Measured through the increase in the fibre aggregated from the baseline 3. Amount of premium received due to value addition and processing	MoALD	Gaunpalika, Krishi Gyan Kendra, NPIA, NARC, provincial ministry	TIP, NLSIP	
	1.2.4. Improve statistics on the Chyangra goat population and the farmers producing Chyangra fibre by using information and communications technology, and blockchain	1					All levels of government	Initiation of a regular data-collection programme. Piloting a blockchain system for traceability	Central Bureau of Statistics	MoALD, MoCIT, provincial ministry, NPIA	NLSIP, eSatya and Green Growth have launched a pilot project for <i>jumars</i> in <i>Sindhuli</i>	
	1.2.5. Strengthen research and development activities in close collaboration with NARC and agricultural universities	1					Farmers	Investment in and allocation of funds to research and development	NARC	MoALD, NPIA	NLSIP	

Working policies	Activities	Priority (1 = high, 2 = med, 3 = low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 1: Increase Chyangra Pashmina fibre production and develop backward links												
1.3. Increase access to public and private support services in rural mountainous areas for farmers	1.3.1. Strengthen Chyangra farmers' access to banking and insurance services	1					Farmers' groups, cooperatives	Increase in the number of farmers using banking and insurance services	Banks	MoALD, MoICS, Nepal Rashtra Bank, Krishi Gyan Kendra, insurance companies, rural municipalities, provincial ministry		
	1.3.2. Strengthen rural municipalities and other local institutions, with financial support from federal and provincial governments, to improve service delivery to farmers and other stakeholders	1					Farmers	Changes in the capacity to deliver targeted services to farmers, measured through outreach	MoALD	Krishi Gyan Kendra, rural municipalities		
	1.3.3. Build the capacities of existing Chyangra goat farmers' associations through capacity-building and training, and developing new chapters in all potential districts	1					Farmers' groups, cooperatives	Increase the number of members in the association; develop the association in other districts	Mustang Chyangra and Pashmina Farmers' Association	MoALD, NPJA, rural municipalities	TIP, NLSIP	

Working policies	Activities	Priority (1=high, 2=med, 3=low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 2: Increase the sustainable productive capacities of pashmina producers												
2.1. Increase efficiency in the processing and manufacturing of pashmina products	2.1.1. Introduce and allocate funds to promote modern technologies in fibre processing	1					Manufacturers, processors	Various government support measures and funds	MoICS	Ministry of Finance, MoALD, Nepal Rastra Bank	Regular budget and programmes	
2.2. Improve Chyangra Pashmina products' quality and establish traceability	2.2.1. Introduce a formal import inspection of the yarn and export inspection of the final product to assure the quality of Chyangra Pashmina from Nepal	2					Manufacturers	Training and deployment of inspectors	NBSM	MoALD, MoICS, TEPC, Department of Commerce		
	2.2.2. Disseminate, verify and enforce the standards regulating pashmina fibre determined by NCS and NBSM	2					Manufacturers, exporters, retailers	Conduct at least three information seminars with manufacturers, exporters and retailers	NCS	NBSM, MoICS		
	2.2.3. Strengthen NBSM capacities to test cashmere products (including fibre length and fibre strength) with international accreditation, technical skills and equipment	2					Manufacturers, exporters	Accreditation of NBSM	NBSM	MoICS, TEPC, NPIA		
2.3. Promote and adopt environmentally friendly production practices and innovation	2.3.1. Conduct technical research on suitable technology and the availability of machinery in neighbouring countries	1					Manufacturers, exporters	Research on machinery and equipment completed and available to use. Adoption of the latest technology and equipment	NPIA	MoICS, TEPC		
	2.3.2. Upgrade to environmentally friendly production practices through the use of efficient inputs in production, and waste disposal	2					Manufacturers, exporters	Adoption of environmentally sustainable production by manufacturers	NPIA	Ministry of Forests and Environment, TEPC		
	2.3.3. Organize regular technical knowledge-exchange programmes between Nepal and other leading industries and exporting countries	2					Manufacturers, exporters, farmers	Conduct at least two visits a year	NPIA	MoICS, TEPC	Regular participation in International trade fairs with support from TEPC	

Working policies	Activities	Priority (1 = high, 2 = med, 3 = low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 2: Increase the sustainable productive capacities of pashmina producers												
2.4. Improve the technical and managerial skills of human resources	2.4.1. Improve existing training systems at universities through a public–private partnership model	2					Workers	1. New curricula developed 2. Requirement of one internship programme per diploma established	TEPC	Micro, Cottage and Small Industry Promotion Centre, Council for TVET	Skills for Employment Programme, UK Aid	
	2.4.2. Conduct upskilling training programmes in manufacturing, focusing on design, quality management and managerial skills	2					Workers, managers	1. At least one industry visit 2. Tie-up with international / national design schools 3. Memorandum of understanding signed	Council for TVET training institutes	TEPC	Skills for Employment Programme, UK Aid	
	2.4.3. Raise awareness among youth of the benefits of working in the pashmina sector through trainings, campaigns and exposure visits	2					Farmers, manufacturers, processors	Awareness raised among at least 500 youths	TEPC	Rural municipalities, NPIA, Ministry of Youth and Sports	Skills for Employment Programme, UK Aid	
	2.4.4. Empower women at all levels of the value chain by: » Establishing sustainable women-led business groups » Strengthening women's associations » Training women's groups on processing techniques » Creating links between farmers, women-led SMEs and manufacturing companies	1					Existing and potential women entrepreneurs	At least 300 women from marginalized communities receive training and support	Department of Women and Children	Ministry of Women, Children and Senior Citizens; FWEAN, Federation of Nepalese Chambers of Commerce and Industry	Skills for Employment Programme, UK Aid	

Working policies	Activities	Priority (1 = high, 2 = med, 3 = low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 3: Increase exports of Chyangra Pashmina products from Nepal												
3.1. Empower exporters through information on foreign markets and trends	3.1.1. Facilitate pashmina companies' participation in international exhibitions and trade fairs in target markets, accompanied by a wider promotional approach in target markets	1					Manufacturers, exporters	1. Fund established 2. Number of firms attending trade fairs	TEPC	NPIA, MoICS		
	3.1.2. Actively monitor the status of the Generalized System of Preferences in countries to which Nepal has preferential market access	1					Sector value chain actors	Regular updates released	TEPC	NPIA		
3.2. Strengthen market promotion and trade diplomacy	3.2.1. Improve existing cottage and handloom methods and increase focus on their potential to tap new products and new market segments by: » Reviving and promoting the handloom and cottage industries » Setting up a cooperation framework to exchange and disseminate pashmina-specific trade information » Building the capacities of NPIA and TEPC to develop market profiles	1					Sector value chain actors	Implemented within the first two years of the strategy	Council for TVET	District offices of Micro, Cottage and Small Industry Promotion Centre; TEPC, FNCSI, Federation of Handicraft Associations of Nepal (FHAN)		
	3.2.2. Diversify the product basket to add contemporary trends, including cashmere blends	1					Manufacturers, exporters	Trainings on sourcing, processing and blending. Brand ambassadors and social media influencers, celebrities	NPIA, FNCSI, FHAN	TEPC		
	3.2.3. Conduct a regional market assessment to identify opportunities for Chyangra pashmina products	2					Manufacturers, exporters	Assessment of the change in exports and destination markets	TEPC	MoICS, NPIA		
	3.2.4. Promote Chyangra Pashmina product authenticity and share stories through promotional and communicational campaigns	2					Manufacturers, exporters	Brand promotional programmes developed and circulated	TEPC	MoICS, NPIA		
	3.2.5. Provide training on e-commerce and digital trade	2					Manufacturers, exporters	Increase in digital literacy, and attendance at digital trade fairs	FNCSI	MoICS, NPIA	Enhanced Integrated Framework, NECTRADE	
	3.2.6. Target buyers that match the scale of production in Nepal through market prospection, B2B meetings and diplomatic missions	1					Manufacturers, exporters	At least three interactions with diplomatic missions, B2B meetings held per year	TEPC	Diplomatic missions, NPIA	TIP	

Working policies	Activities	Priority (1 = high, 2 = med, 3 = low)	Starting period					Beneficiaries	Target measures	Leading institution	Supporting implementing partners	Existing programmes or potential support
			2022	2023	2024	2025	2026					
Strategic objective 4: Strengthen institutional and policy support to promote and export Chyangra Pashmina products												
4.1. Promote the Chyangra Pashmina trademark with strict adherence to its code of conduct	4.1.1. Review and renew the Chyangra Pashmina collective trademark registered in existing markets, and regulate trademark and label infringement issues in local and international markets	1					Manufacturers, exporters, buyers	Producers incentivized to increase use of the Chyangra Pashmina trademark and logo	TEPC	Department of Industry, NBSM, NPIA		
	4.1.2. Select an independent third-party organization to monitor Chyangra Pashmina trademark compliance	1					Manufacturers, exporters, buyers	Audit reports produced	Department of Industry	MoICS, NPIA, TEPC		
	4.1.3. Develop a new communication strategy to promote the Chyangra Pashmina collective trademark	1					Manufacturers, exporters, retailers, buyers	Information, education, communication and promotional materials on pashmina	NPIA	TEPC		
4.2. Establish a strategy implementation mechanism	4.2.1. Establish an intergovernmental mechanism to coordinate for smooth implementation of this export strategy	1					Sector value chain actors	Mechanism instituted, and regular meetings and interactions organized	MoICS	MoALD, provincial ministries		
	4.2.2. Promote public–private dialogue between sector associations and the government to address issues related to the business environment and export policy reforms	1					Sector value chain actors	Strong communication and coordination channel established	MoICS	TEPC, NPIA, MoALD, Ministry of Finance, FWEAN, FHAN, FNCSI	TIP	



IMPLEMENTATION MANAGEMENT FRAMEWORK

The comprehensive Pashmina SES of Nepal endeavours to generate the conditions for a favourable expansion of the sector to contribute to overall socioeconomic development. Nevertheless, a strategy in and of itself is not enough to ensure the sector's sustainable development. Such development will require the elaboration and coordination of various activities. While the execution of these activities will allow the strategy's targets to be achieved, success will depend on the ability of stakeholders to plan and coordinate actions in a tactical manner. Activities must be synchronized across the public sector, private sector and NGO communities to create sustainable results.

The Pashmina SES is not the strategy of any specific institution; rather, it is the strategy of Nepal and, to ensure its success, it is necessary to foster a conducive environment and create an appropriate framework for its implementation. The following section presents some of the key conditions considered necessary for the strategy to be effectively implemented, to successfully achieve self-sustainability and long-lasting benefits for Nepal.

There are four strategic objectives, 11 working policies and 36 activities. The total resource required to implement the SES is NPR 588,250,000 (\$4.5 million). Out of the total resource required, 33.4% (NPR 196,475,500) is expected to be invested by the private sector and 66.6% (NPR 391,774,500) is expected to be mobilized from the public sector. Below are the estimated resources required for implementation of each strategic objective:

- Strategic objective 1: NPR 224,750,000
- Strategic objective 2: NPR 81,500,000
- Strategic objective 3: NPR 257,500,000
- Strategic objective 4: NPR 24,500,000

A National Steering Committee for the Pashmina SES will be constituted under the Chairpersonship of the Secretary of MoICS, with a view to ensuring effective coordination for Pashmina SES implementation through policy and strategic guidance, monitoring and mobilizing resources. The composition of the National Steering Committee for the Pashmina SES 2023 is shown in table 1.

Table 1: National Steering Committee for Pashmina SES 2023

Chair	Secretary, MoICS
Member	Joint Secretary, Multilateral Trade and Trade Cooperation Division, MoICS
Member	Joint Secretary, Industrial and Investment Promotion Division, MoIC
Member	Joint Secretary, Agriculture and Livestock Business Promotion Division, MoALD
Member	Joint Secretary, Ministry of Finance
Member	Joint Secretary, National Planning Commission
Member	Executive Director, TEPC
Member	Province Secretary, Ministry of Land Management, Cooperatives and Poverty Alleviation
Member	President, NPJA
Member	Representative of Chyangra farmers (nominated by MoICS)
Member	Chief of National Animal Breeding and Genetics Research Centre, NARC
Member Secretary	Undersecretary, Trade Policy and Trade Cooperation Section, MoICS

MONITORING AND EVALUATION

MolCS will monitor Pashmina SES implementation and share its findings with the National Steering Committee, which will meet twice a year. Inputs and outputs will be monitored against the indicators and targets in the PoA. An independent midterm review and evaluation will be carried out by MolCS in coordination with any agencies concerned.

SECTOR FORUM AND SECTOR CORE TEAM

A sector forum and sector core team will need to be established in line with NTIS 2016. This formal dialogue platform will require high-level involvement by trade support network members (public and private) because their role is crucial and will influence the effectiveness with which the strategy is implemented. Likewise, the ability of the private sector to provide inputs to the Pashmina SES implementation process will significantly influence the strategy's success.

The stakeholders' group consulted during the strategy design process was composed of a panel of representatives of key institutions, involving ministries and trade support network members as well as representatives of the private sector. As such, once its mandate is appropriately adjusted, this group of stakeholders, together with additional human resources as required, is best positioned to serve as the public-private dialogue platform. Two members of the forum have been identified and appointed as strategy navigators. The sector forum and the navigators are responsible for the coordination of strategy implementation.

The Undersecretary of the Trade Policy and Trade Cooperation Section of MolCS is the focal point for the Pashmina SES.

The main functions of the public-private platform, or sector forum, among others, should be:

- Act as a consultative group pertaining to the pashmina sector, enabling the private sector and government representatives to identify priority issues
- Coordinate and monitor implementation of the strategy by the government, private sector, institutions or international organizations so as to ensure strategy implementation is on track
- Identify and recommend allocation of resources necessary for implementation of the strategy
- Elaborate and recommend revisions and enhancements to the strategy so that it continues to best respond to the sector's needs and long-term interests
- Propose key policy changes to be undertaken based on strategy priorities, and promote these policy changes among national decision makers.

As discussed above, the public-private platform should be supported by a sector core team to complete the operational work related to implementation management of the strategy. The core responsibilities of the sector core team should be to:

- Support and organize regular meetings of the sector forum (public-private platform)
- Monitor the progress and impact of strategy implementation
- Coordinate strategy implementation partners
- Mobilize resources to implement the strategy in line with NTIS 2016.

Specific tasks falling under these broad areas of activities include:

- Formulate project proposals, including budgets, for implementation of strategy activities
- Develop an annual and twice-yearly workplans for approval by the sector forum
- Collect information from project implementation and prepare regular monitoring reports to be submitted to the sector forum, the TIP National Steering Committee, the NTIS National Implementation Unit and donor facilitator
- Advocate in favour of the strategy to public and private partners, and development partners
- Execute any other tasks required by the sector forum.



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