



APPROACH PAPER ON OPERATIONALIZATION OF UNIFIED LANDSCAPE BRANDING (ULB) FOR LCPV-DI PROJECT



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An Approach Paper on Operationalization of Unified Landscape Branding for Marketing of Agricultural Products from Lake Cluster of Pokhara Valley

1. Introduction

The project **'Market-led Approach to Sustainable Management of Agrobiodiversity for Livelihood Outcomes'** implemented by LI-BIRD in partnership with 10 organizations in Lake Cluster of Pokhara Valley (LCPV) is funded by the Darwin Initiative (DI) of the Department for Environment, Food and Rural Affairs, UK¹ for the period of three years (June 2019 – April 2022). As an innovative element in the project, a market-led approach, namely Unified Landscape Branding (ULB)², is being piloted and the learning thus generated will be derived for wider application. Since ULB is relatively an unproven approach in Nepal, the approach paper on operationalization of the ULB has been prepared with the objective of appraising LI-BIRD management, project team and partners, and key stakeholders on the subject matter. Having said that, the project team acknowledges that they may not be able to anticipate all the conditions nor will they have all the solutions to the problems encountered while operationalizing the ULB approach. But, one thing is certain, the project team will regularly review and reflect on the progress made, and make incremental improvements on the implementation approach.

In the approach paper, the project team presents the rationale and objective of the document, followed by the conceptual framework of the ULB and the operational modality. While presenting the operational modality we will analyze structure/composition and role of different entities, including the role of facilitas (civil society organizations) and policy enablers (government bodies at national, provincial and local levels).

1 http://www.libird.org/app/projects/view.aspx?record_id=84

2 Unified landscape branding (ULB) is a market-led approach where local produce (agriculture, livestock, forest, fish etc.) including place-based services (homestays) from in and around Lake Cluster of Pokhara Valley (LCPV) will be marketed under a unique label or brand. A certain percentage of the profit from the business will be reinvested in the sustainable management of biodiversity in the region.

2. Objectives of the Unified Landscape Branding Operational Mechanism Document

The LCPV-DI project is embarking on developing a mechanism whereby market-led approach (ULB) leads to sustainable management of biodiversity while directly contributing to livelihood outcomes of intended beneficiaries. In doing so, operationalization of ULB is instrumental to achieving the project objective. Specifically, the document has following objectives:

- Provide a conceptual and operational framework on Unified Landscape Branding to concerned parties for developing a common understanding on the subject matter; and
- Serve as a facilitating document to initiate concrete action towards formation of the mechanism, further discussion and refinement of the ULB mechanism, and document the learning leading to sustainable stewardship of biodiversity resources in LCPV area

Before moving onto Unified Landscape Branding (ULB) operational mechanism, let us look into the criteria for any product to qualify for ULB product, which includes the following:

- Agriculture, livestock, fishery and forest based products originating (produced) from in-and-around Lake Cluster of Pokhara Valley (LCPV)
- Products produced applying Good Agricultural Practices (GAPs) or sustainable harvest
- Producers willing to contribute a small portion (3-5%) of their net profit to Biodiversity Conservation Fund (BCF)

3. Conceptual Framework of Unified Landscape Branding Model

The conceptual framework of the Unified Landscape Branding (ULB) is presented in Figure 1. Basically, the conceptual framework has two components:

LCPV- Unified Landscape Branding (ULB) Operational Mechanism

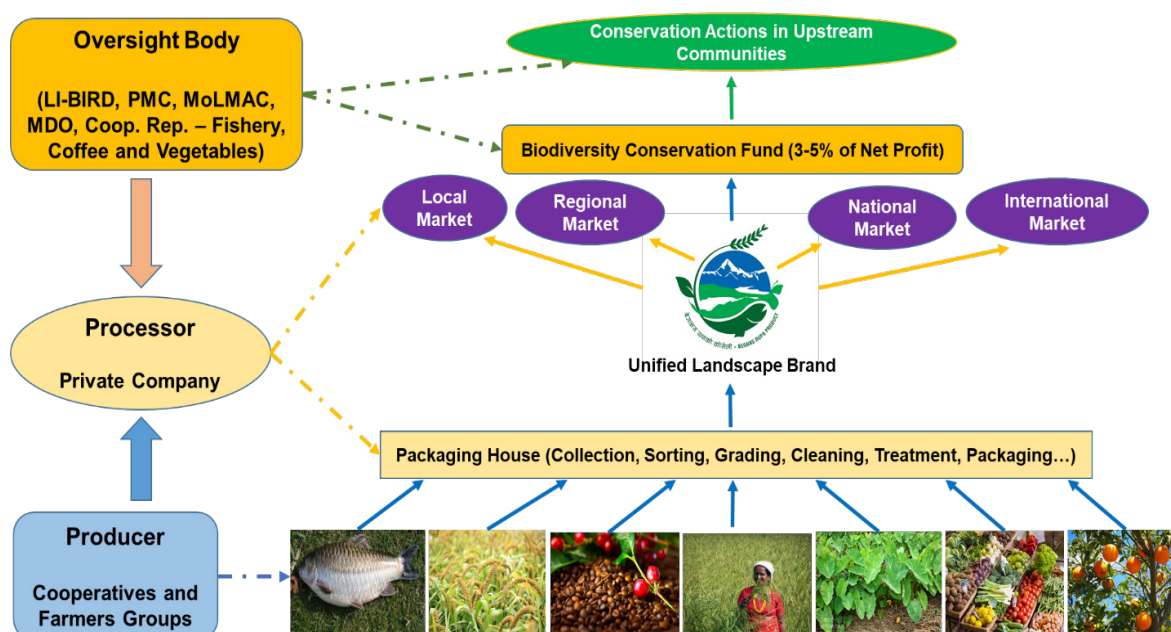


Figure 1. Conceptual framework of LCPV-DI Unified Landscape Branding, 2019.

the structure or acs such as producers, processor and oversight/regulay body, and the roles and tasks these acs perform for the ULB mechanism to function properly.

Deliberation on the ULB conceptual framework entails analysis of the aforementioned components (structure and function) on elaborated manner. At first, we would like to analyse the structure that we have proposed followed by the function the proposed structure will perform for the delivery of results. Without further ado, let us advance the discussion. The foundation of the structure comprises 'Producers' roughly composed of 47 farmers' groups and cooperatives involving 4050 households. The number is most likely to increase because of project interventions. Also, these figures do not include some individual large producers or agriculture firms that may be interested to supply their produce to 'Packaging House'³, identified as 'Processor' in the structure. The packaging house will be financed and operated by private company, though producer groups and individuals can also purchase shares of the company. The third element in the structure includes 7-member Oversight/Regulay Body

³ Packaging House or Pack House in short is a private entity responsible for sourcing agricultural products from farmers' groups, cooperatives and individual firms, process them and market the finished products under the Unified Landscape Branding to local, regional, national and international markets.

with members from LI-BIRD, Pokhara Metropolitan City (PMC), Ministry of Land Management, Agriculture and Cooperative (MoLMAC), MDO, and three members from producer cooperatives representing fishery, coffee and fresh vegetables (Figure 1).

While describing the functions, analysis of producers' function paves the way. Farmers within LCPV area either in groups or cooperatives or individual firm are responsible for producing agricultural products of highest standard employing good agricultural practices (GAPs). Since these are mostly smallholder producers, aggregation of produce through Collection Points or Collection Centres ensuing collective marketing to bringing the produce to Pack House for processing and subsequent marketing. In theory, whatever is produced by the farmers in the LCPV region can be marketed by the Pack House, provided there is a viable demand for the produce in the market. However, in practice, the Pack House will focus on certain high value products having assured market, such as Jethobudho and Anadi rice, coffee, fresh vegetables, honey, foxtail millet, yam and taro, mushroom, fruits, pulses and spices, at least in the beginning. Fish marketing will be directly done by the fishery cooperatives themselves, though they will also accept the ULB mechanism whereby certain percentage (3-5%) of their net profit will be transferred

to Biodiversity Conservation Fund (BCF), as outlined in Figure 1. The Pack House will be responsible for value addition to primary products through sorting, grading, cleaning, processing, packaging and labeling as appropriate followed by marketing these produce. The 7-member Oversight Body's function is to ensure that private company and cooperatives (fish) fully honour their pledge to deposit pre-agreed percentage share of their net profit to the BCF. They are also mandated to safeguard that the generated fund is appropriately utilized in the biodiversity conservation efforts in the region.

In a nutshell, the essence of developing a functional Unified Landscape Branding mechanism is to have a perpetual source of revenue for investment in biodiversity conservation of the LCPV region while at the same time improving farmers' wellbeing.

4. Operational Mechanism of Unified Landscape Branding Model

The project team recognizes that operationalization of the ULB mechanism is never going to be easy for the fact that this is an uncharted territory for NGOs with limited experience to rely on while moving forward. Secondly, there is limited scope for mistakes because of high investment cost that would be incurred in establishing and operationalizing Pack House. Thirdly, the devil is in the details, which we are not sure of yet. Henceforth, the project has adopted a more deliberate approach wherein potential risks are weighed and assessed before proceeding further. A brief description of the ULB operational mechanism is presented in Table 1.

Table 1. Summary of Unified Landscape Branding Operational Mechanism, 2019

SN	Particulars	Producers	Processor	Oversight Body
1	Composition	Individual farmers, farmers' groups, cooperatives primarily from LCPV area	Private limited company where producers can also buy shares	7-member regulatory body led by LI-BIRD with members from PMC, MoLMAC, MDO, Coop. Rep. from Fishery, Coffee, Fresh Vegetables
2	Nature of Entity	Membership based for profit making	Private for profit	Independent oversight entity for non-profit
3	Current Status	Farmers' groups and cooperatives are functional but capacity building required	Private entity is yet to be formed; business plan development underway; entity will be registered by August 2020	Oversight body is yet to be institutionalized; preliminary discussion amongst partners underway; entity will be created within March 2020
4	Function	<ul style="list-style-type: none"> Production of agricultural products of highest standard using GAPs Honour business agreement with Pack House for regular supply of local products Actively engage with Pack House to expand products having high market demand 	<ul style="list-style-type: none"> Source quality products from farmers of the LCPV region of priority basis, process them and sell in market under ULB Ensure fair price to producers for their products to entice quality and regular production Set aside 3-5% of net profit for Biodiversity Conservation Fund (BCF) 	<ul style="list-style-type: none"> Periodically monitor Pack House sales record and ensure accurate records are maintained & promised amount is transferred to BCF account Monitor cooperatives have robust mechanism to utilize the amount collected in BCF for conservation initiatives Facilitate policy dialogues with policy makers for removing policy and trade barriers

4.1. Producers (Farmers' Groups and Cooperatives)

Through baseline studies (sampled household survey, need assessment of cooperatives and farmer groups, and market study), the project has developed a fairly accurate account of potentials and limitations of farmers' groups and cooperatives. With the same token, we have identified areas to focus on for these producers to make significant contribution, especially towards increased production and productivity along with quality of keystone crops/species (Jethobudho and Anadi rice, fish, coffee, fresh vegetables, foxtail millet, honey, mushroom, taro and yam etc.).

Capacity strengthening of cooperatives and farmers' groups on good governance (financial management, compliance management, institutional development etc.), technical matters (good agricultural practices) and business skills (business plan development, cost-of-production and price fixation, and marketing skills) has emerged as precursory elements for these organizations to contribute meaningfully to project objectives. Hence, the facilitas (LI-BIRD and MDO) with support from other expert agencies (NARC Fishery, The Bazaar, District Coffee Cooperative Union) will intimately engage in capacity building activities at war footing from the beginning of 2020 and may run for a year. Within December 2019, the project team will develop a comprehensive capacity development action plan and the associated budget, which will be approved by the Project Steering Committee.

At this juncture it's important to understand that not all products are amenable to processing and marketing through Pack House⁴. For instance, fresh fish are sold on location, coffee is sold through District Coffee Cooperative Union and live animals (chicken and goat) cannot be processed in Pack House, at least not during the initial phase. Nonetheless, the ULB mechanism still needs to be applied on these items that would require convincing fishery cooperatives and other farmer groups/cooperatives for livestock products. The project team in partnership with cooperatives will have to contrive an acceptable alternative ULB mechanism for the aforementioned products.

⁴ The Pack House that has been envisioned in the project is basically for handling cereals, pulses, spices, coffee, honey, fresh vegetables and fruits, to being with.

4.2. Processor (Pack House)

Despite knowing the fact that the processing plant (Pack House) needs to be up and running as soon as possible, things cannot be rushed because establishment of a private company to operate the Pack House will have to be taken up by people who are passionate about what they do. Having said that, background work in terms of understanding the legal, technical and financial aspects of establishing a packaging house is steadily moving ahead. A business plan will be shared with the project team/partners within March 2020. Optimistically, the company may be able to do business by September 2020. Preparations are underway to meet that deadline.

The project team will keep a close eye on the development in this front. Wider consultation on the Pack House with potential farmers' group, cooperative members and individual farmers from the LCPV area will be organized within January – February 2020 to solicit their opinion as well as to gauge investment interest on the venture. Ideally speaking, some producers should also invest by purchasing company shares but that would entirely depend on individual's interest because groups and cooperatives cannot invest in private companies.

4.3. Oversight/Regulatory Body

Formation of 7-member Oversight/Regulatory Body followed by formal approval of the same by the Project Steering Committee (PSC) within December 2019 is the top most priority action for the project team. Accordingly, the team is developing a terms of reference (TOR)⁵ for the Oversight Body. Meanwhile, respective cooperatives (Fishery, Coffee, and Fresh Vegetables) are being contacted to choose their candidates to represent them in the body. It's expected that the independent body will be led by LI-BIRD, which has the technical expertise on the subject matter coupled with longstanding empathy with producers' networks at grassroots level, and excellent relationship with government agencies giving credibility to arbitration role the Oversight Body might have to often perform. Since the function of

⁵ The Terms of Reference will define Oversight Body's *modus operandi* as well as authority, roles and responsibility.

the Oversight Body is to regulate proper functioning of ULB mechanism, which also includes monitoring the production practices of producers to ensure they meet the standards agreed upon by the ULB, the private sector has not been represented in the entity at present given potential conflict of interest.

4.4. Facilitating Agency (LI-BIRD and MDO)

The important role the facilitating agencies, namely LI-BIRD and MDO, play cannot be over emphasized. They along with other partners and wider stakeholders are responsible for steering the whole process and making sure a fair and transparent ULB mechanism is established and function properly. To begin with, approval by PSC of the modified logo of ULB would be the major breakthrough for the project. Once that's done, the new logo will be applied consistently across for marketing of all the keystone species produced in the LCPV region.

Capacity building interventions, grounded on need assessment study, directed to farmers' groups and cooperative members constitute the most fundamental action leading to local communities taking stewardship of biodiversity conservation programmes, which is one of the primary objectives of the project. Within December 2019, the project team will develop a detailed implementation plan of customized capacity building interventions suitable to different farmer's groups and cooperatives. The year 2020 has been designated for rolling out the implementation plan. While doing so, LI-BIRD and MDO will seek expert services from independent consultants/firms, and local resource persons to expedite the capacity development process.

The production in the LCPV region is rooted to agro-ecological principles ultimately leading to organic production. It's expected that in future the products from LCPV area will formally pass through organic certification process and come to the market with certified brand. LI-BIRD and MDO team will play instrumental role in increasing visibility of the products from the LCPV region as well as to communicate the story (what the ULB does and what it means to support the ULB products) behind the products. They will also support project team in policy matters.

4.5. Policy Enabler (Government Agencies)

Finally, the project must take into account various favourable policies and programmes advanced by federal, provincial and local governments. As a matter of fact, there are instances where government bodies have extended their arm for collaborative programmes, which the project needs to capitalize by closely working with the Municipalities and Ministries to present an integrated programme to the communities. Harmonization and synchronization of activities across organizations for efficiency and effectiveness of the programmes is the demand of the day. Hence, the project will take initiative to visit Municipalities and organize dialogue with relevant professionals and engage in joint planning, implementation, monitoring and co-funding, where relevant and feasible. This action will be reflected in project staff's plan for action prepared for the year 2020, which will be regularly monitored and reflected.

For more information

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