



The Inclusive Development of the Economy Programme



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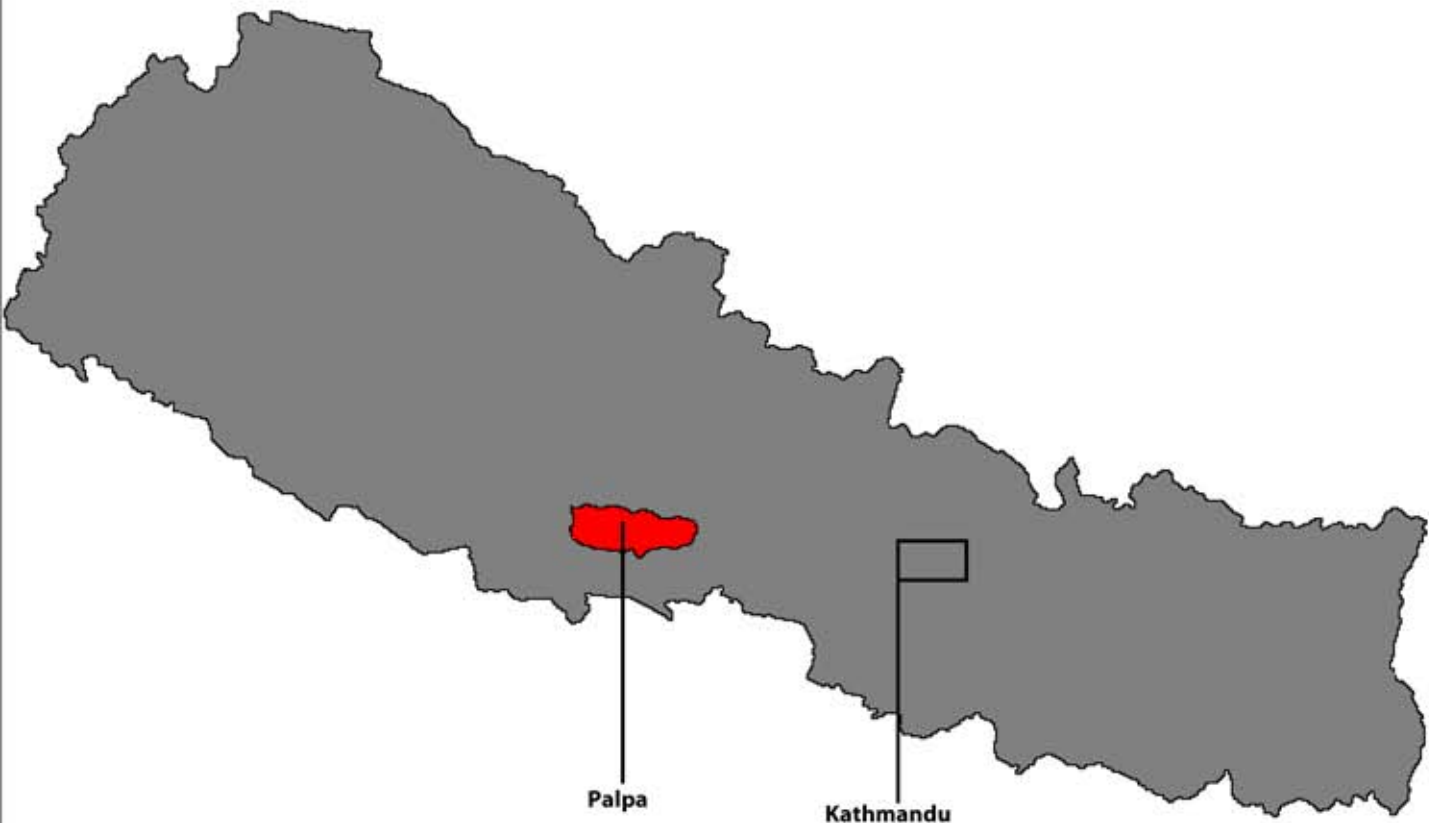
**(INCLUDE)**

Promoting balanced and socially fair economic growth



**Value Chain Development: Ginger**

**Palpa**



# GINGER

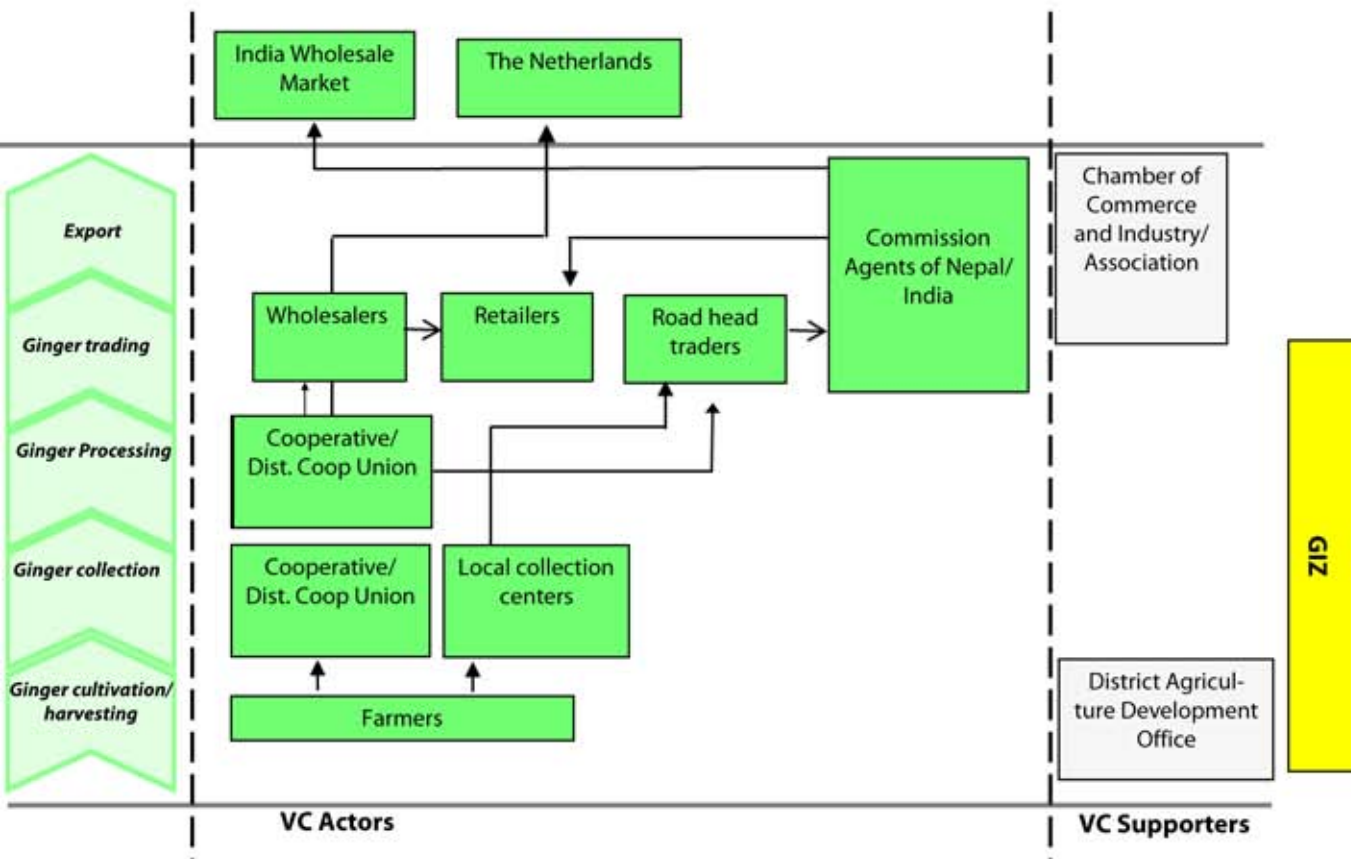


major provider of employment in the programme region with a significant potential for income growth.

Palpa is currently one of the major producers of ginger in Nepal and has a significant potential for further growth in this sub-sector. Looking at the potential of inclusive employment creation and income generation through the promotion of ginger, this sub-sector has been chosen for the assistance through the Value Chain (VC) approach. Nepal is among the top 10 producers of ginger products in the world. In 2008 the country ranked 4<sup>th</sup> and had a total annual production of 158,905mt. India, China, Indonesia and Nigeria are other leading producers among the 32 producer countries of the world. In Nepal, in addition to Palpa, Ilam, Nawalparasi, and Salyan are the major ginger producing districts among 70 ginger producing districts. 60% of Nepal's production in the ginger sub-sector is for export markets.

Based on economic potential studies and stakeholder discussions conducted in 2009, INCLUDE has selected the ginger sub-sector in the Palpa district as an entry point for value chain promotion. The ginger sub-sector has been identified as a

## Ginger Value Chain



## Focus of the intervention

An in-depth analysis of the ginger value chain in the Palpa district has identified a number of bottlenecks, which hamper the full exploitation of the sub-sector's full potential in the district. In particular it was found that:

- Improved ginger production technology had not reached the ginger growers and improved varieties with high yielding, less fiber, high oil and oleoresin content were not yet available. Furthermore, the rhizome rot disease was one of the major constraints and caused substantial losses. Additional heavy losses were caused by different other types of rots during the seed storage period (Dec-March);
- There was little knowledge on cleanliness, quality grading and packaging of ginger among the farmers. E.g. Eastern Palpa farmers produced smoke dried ginger, which was not of international quality and cleanliness. Additionally, the production of value added ginger products had already been initiated but product standardization and commercialization was still not at a satisfactory level;
- Although ten ginger cooperatives had been formed to break the monopolies of traders, there was still some price fixing among trader given the weakness of the new cooperatives. The cooperatives did not have enough funds to buy ginger during the season and did also not have proper storage facilities to hold ginger

until market prices improved. The situation was furthermore worsened by the acute lack of market information available to farmers, cooperatives and the Chamber of Commerce and Industry in this district;

- Cooperative members did not have adequate management and trade negotiation capacities.

A series of activities have been implemented by INCLUDE focused on addressing those bottlenecks and aiming at creating employment and income opportunities for women and disadvantaged groups. INCLUDE has supported the District Ginger Producer Cooperative Union, Palpa in building their capacity in terms of business plan development, participation at exposure visit, development of local resource persons and the organization of processing and marketing trainings. Furthermore, INCLUDE has supported the introduction of quality testing for ginger, installed tunnel solar dryers and trained the local workforce on their use. The programme also supported the development of a business plan for a warehouse receipt scheme and facilitated relationships with commercial banks. The programme further supported the operation of the warehouse, the procurement of digital weighing machines, the operation of an auction yard and the development of promotional materials for marketing purposes.



## IMPACTS and ACHIEVEMENTS (as of May 2011)

- The average income of selected households active in the ginger sub-sector has increased by 30% from annually NPR 24,837 per household in July 2009 to NPR 32,400 per household in July 2010. Similarly, the average household income has increased by 22 percent from annually NPR 32,400 per household in July 2010 to NPR 39,484 per household in May 2011.
- The number of people active in Palpa's ginger sector through cooperative has increased by 14 percent in the period from July 2009 to July 2010 and by four percent in the period from 2010 to May 2011. The number of people active in ginger sector was 7191 (Male 3,916, female 3,275 and disadvantaged group 4,353) in 2009, which increased to 8,207 (Male 4,315, female 3,892 and disadvantaged group 5,106) in 2010. Similarly, the number of people active in the ginger sub-sector increased to 8,512 (Male 4,435, female 4,077 and disadvantaged group 5,273 in May 2011.
- The strengthened cooperation structure in the sector resulted in an increase of the members of the cooperatives and groups by 14 percent between 2009 and 2010 and by four percent between 2010 and May 2011.
- The production of ginger has increased by 14 percent and 42 percent respectively in the above-mentioned reporting years.
- Establishment of rhizome villages in four different VDCs of Palpa district, installation of tunnel solar dryers for quality and mass scale drying of ginger, and training of local trainers (43% female and 33% ethnic group) and resource persons (30% female and 50% ethnic group) are some other achievements. Furthermore, these resource persons are now accredited with the Demand Responsive Service Provider (DRSP) Fund, which has enabled them to organize ginger related trainings for the groups of ginger farmers on their demand and at the cost of the Fund.