



The Inclusive Development of the Economy Programme



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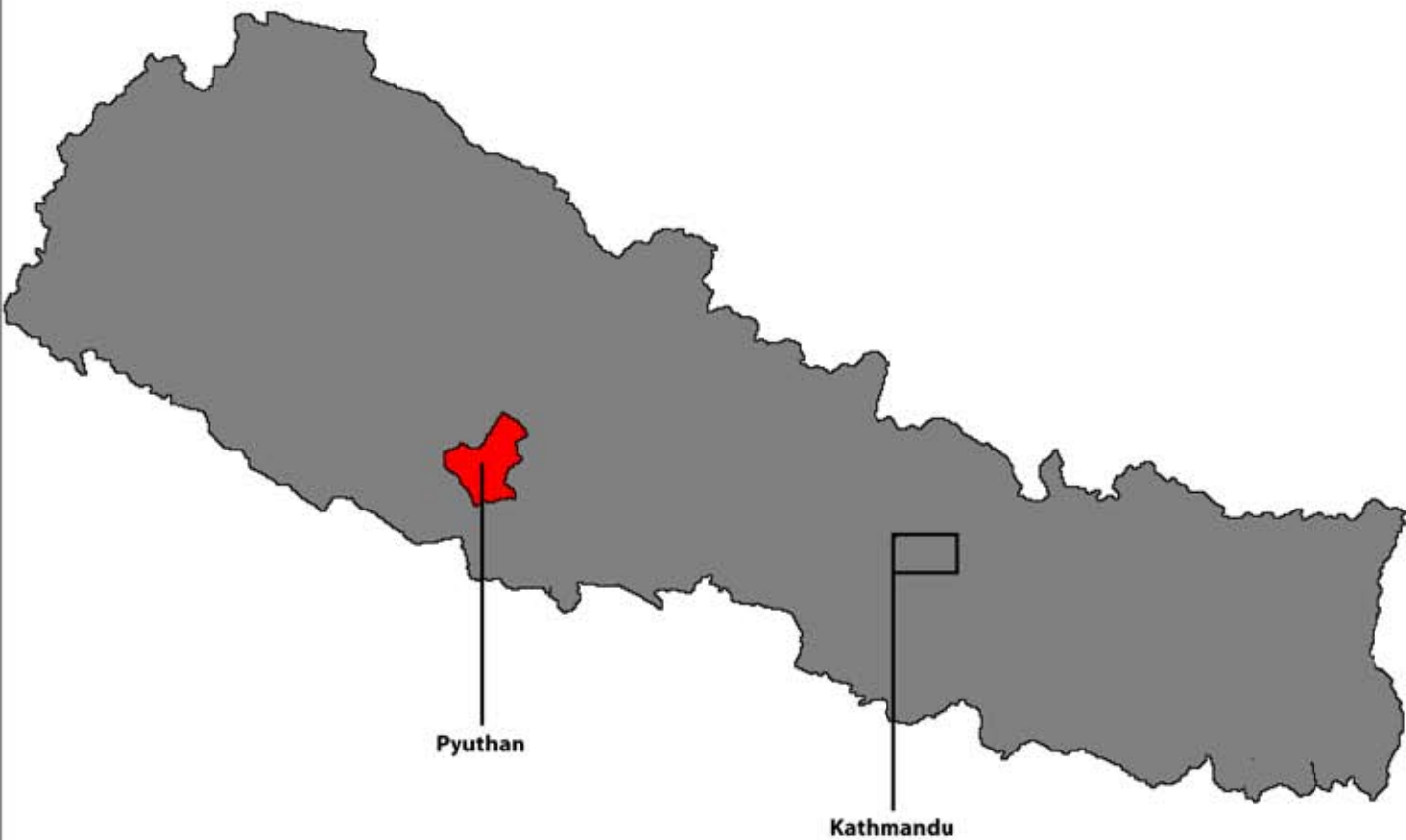
(INCLUDE)

Promoting balanced and socially fair economic growth



Value Chain Development: Ginger

Pyuthan



GINGER

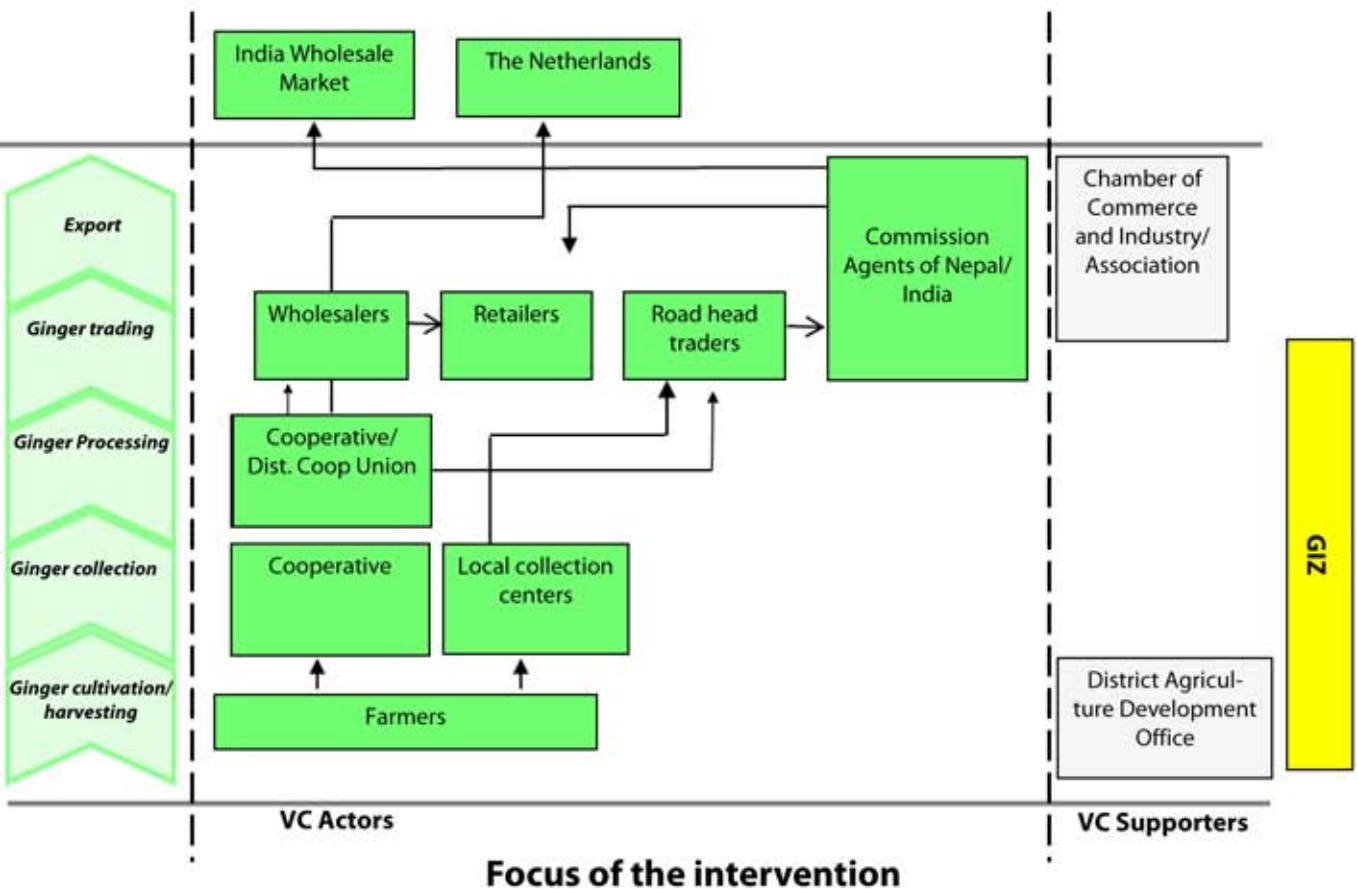


Pyuthan is currently one of the major producers of ginger in Nepal and has a significant potential for growth in this sub-sector. Looking at the potential of inclusive employment creation and income generation through the promotion of ginger, this sub-sector has been chosen for assistance through the Value Chain (VC) approach. According to the Airawati Agriculture Multipurpose cooperative roughly 8% of the people active in the sector in this district are women, Janajatis and members of disadvantaged groups.

Based on economic potential studies and stakeholder discussions conducted in 2009, INCLUDE has selected the ginger sub-sector in the Pyuthan district as an entry point for value chain promotion. The ginger sub-sector has been identified as a major provider of employment in the programme region with a significant potential for income growth.

Nepal is among the top 10 producers of ginger products in the world. In 2008 the country ranked 4th 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.

Ginger Value Chain



An in-depth analysis of the ginger value chain in the Pyuthan 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 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 Airawati Agriculture Multipurpose Cooperative, Pyuthan 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 and other financial institutions working in the district. The programme further supported the development of new ginger products, procure equipment, develop a demonstration plot and create promotional materials for marketing purposes. Additionally, there are thoughts to form a new cooperative union in the district to further promote the ginger value chain in Pyuthan.



IMPACTS and ACHIEVEMENTS (as of May 2011)

- The average income of selected households active in the ginger sub-sector has increased by 125% from annually NPR 33,409 per household in 2009 to NPR 55,000 per household in 2011.
- The number of people active in Pyuthan'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 7,191 (Male 3,916, female 3,275 and disadvantaged group 4,353) in 2009, which increased to 8,512 (Male 4,435, female 4,077 and disadvantaged group 5,273) in May 2011.
- The production of ginger has increased by 22.5 percent from 612 MT in 2009 to 750 MT in 2011.
- Among the achievements in Pyuthan, are the establishment of a ginger collection center, installation of a tunnel solar dryer for quality and large scale drying of ginger, training of trainers and resource persons, training units provided to the farmers as well as exposure visits to farmers in potential ginger production areas.
- The cooperative has started to produce candy, juice, pickle, suttho (ginger powder) and other ginger-based products to add value to its products.
- Total 14 cooperative members including 4 women have received ginger processing training.
- Ginger seeds have been distributed to 30 farmers (16 of which were women) to promote ginger in new areas.
- After 6 days of cooperative management and business plan preparation training, the cooperative members were able to develop a 5 years cooperative development and operational plan themselves.