

Cardamom and Ginger (CaGi) Program

Duration : June 2008 – August 2010
Donors : Artemis Great Kindrochit Quadrathlon, Phoenix Fund, Small change
Amount : US \$263,000
Region : East
Beneficiaries : 5,688 members of 948 farming households (545 HH in cardamom and 403 HH in ginger)

Sectors : Agriculture and Financial Access
Partners : Large Cardamom Entrepreneurs' Association of Nepal; Nepal Ginger Producers and Traders Association; Sri Srijana Youth Club; District Agriculture Development Offices; District Chambers of Commerce and Industry; Cardamom Development Center; Rampur Agriculture Institute.

The Challenge

The agriculture sector employs over 70% of Nepal's economically active population - particularly lower income households in rural areas - yet contributes only 39.2% of GDP (Gross Domestic Product). Traditional, low-yielding cultivation methods, fragmented agricultural land holdings, lack of knowledge, and inadequate availability of improved technologies have resulted in low agricultural and labor productivity, which in turn have limited the commercial success of the sector despite Nepal's geo-climatic advantages.

The cultivation of high-value spice crops such as cardamom and ginger has been increasing in Nepal, particularly on marginal lands. Unfortunately, farmers have received relatively low prices for their products from intermediaries due to inferior product quality and disorganized, undifferentiated marketing strategies. These challenges have been aggravated by remoteness, social exclusion, lack of access to information, and disorganization across the entire cardamom and ginger industries.



The Opportunity: Strengthening the Value Chain of High Impact Commodities

Agriculture in Nepal is unique in many ways, particularly because of the country's favorable climatic conditions for a wide range of crops due to its topography, ranging between 90 meters to 8,848 meters above sea level. In the Dhankuta, Ilam, Jhapa and Panchthar districts of Eastern Nepal, Mercy Corps is working with partners to improve the value chains of two "high-impact commodities" - cardamom and ginger - along Nepal's Mechi and Koshi economic corridors.

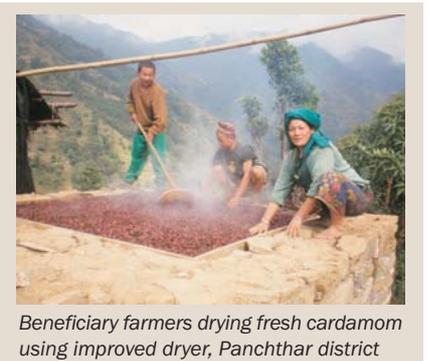
Cardamom and ginger are important commodities for Nepal's economy: they are cultivated by a high number of smallholder farmers, many of whom are members of traditionally disadvantaged groups; have substantial profit potential, particularly for premium varieties; and, can be farmed in an environmentally sustainable manner.



Furthermore, these commodities also have potential for significant contributions to the national economy and/or foreign exchange earnings due to its high demands in export markets in general and the Indian market in particular.

At the production level: Increasing farmers' collective bargaining power

Mercy Corps and its partners are working with 38 cardamom farmers' groups and 33 ginger farmers' groups to strengthen their organizational capacity; improve business skills; improve technical practices in the areas of varietal selection, cultivation, disease management, and post-harvest handling; and, forge links with traders, wholesalers and exporters by facilitating collective marketing, information sharing, and contract farming.



To promote premium product quality, Mercy Corps is encouraging cardamom farmer groups to improve primary processing functions such as grading and small-batch drying; and, is encouraging ginger farmers to utilize low-fiber seed varieties, low-cost storage techniques, and enhanced post-harvest handling techniques. Disease management training is provided for farmers of both crops, both to reduce farmer risk and ensure product quality. Finally, Mercy Corps is working with a micro-finance institution to pilot improved agricultural savings and loan products for farmers groups.



Cardamom farmers negotiating for premium price with trader in Phidim bazaar



Beneficiary farmers holding the cardamom grading sieves

At the trade level: Increasing collective marketing and facilitating the creation of an enabling environment

Mercy Corps is facilitating interaction between stakeholders at various levels - farmers, traders, wholesalers, exporters, government representatives, members of the local and national media, and local NGOs - to improve negotiation, coordination, and communication between these value chain actors. Specifically, Mercy Corps has been working with trade associations so that actors can collaborate and address issues that affect the entire value chain. Mercy Corps facilitated the formation of the Large Cardamom Entrepreneurs' Association of Nepal (LCEAN) under a pilot project in December 2007. Mercy Corps continues to support the Association's effort to gain wider representation, advocate for improved trade conditions, standardize grades and sales practices, and improve links with key export markets.

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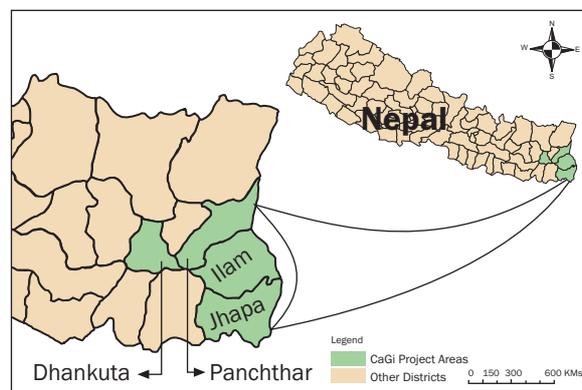
Cardamom farmers heading towards Phidim bazaar to sell their cardamom



Ginger packed in plastic crates - ready to be transported to markets

Similarly, Mercy Corps is working with the Nepal Ginger Producers and Traders Association (NGPTA) to promote premium quality ginger, initiate links with export markets, and advocate for reduced barriers to trade. To date, these partnerships have resulted in the abolition of the Fawa system, which required farmers to provide 41 kilograms of cardamom for every 40 kilograms sold; and, to the reduction of various ginger trade taxes levied by identity-based movements in the East. Mercy Corps will continue to work with these partners to enhance conditions for the sustainable, market-oriented growth of the cardamom and ginger chains.

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Updated June 2009

You must be the change
You wish to see in the world.
- Gandhi



Be the change