



 **SAMARTH**
Nepal Market Development Programme



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Samarth-NMDP is a UK aid funded five-year rural market development programme that aims to reduce poverty in Nepal. The objective of the programme is **to increase the incomes of 300,000 smallholder farmers and small-scale entrepreneurs by the end of the programme period.** The programme focuses on stimulating sustainable and scalable change in the rural market systems in such a way that increasing number of farmers and entrepreneurs will continue to benefit after the programme ends.

THE APPROACH

The perception of development aid as being small, scattered and of limited efficacy has led to a wider re-think towards more systemic approaches. In response, Samarth-NMDP focuses on stimulating wide-scale, sustainable and inclusive change by following **Making Markets Work for the Poor (M4P) Approach** to improve the performance of rural markets, leading to opportunities for better access and improved growth for poor and disadvantaged people.



Following the M4P approach, Samarth-NMDP rigorously applies the following principles:

- 📊 Focus on **causes rather than symptoms** of underperformance in market systems. The programme works to address underlying systemic constraints rather than directly delivering services or financial support.
- 📊 Based around a **market systems** framework. The programme analyses the different functions and players of a market to understand why the combination of functions and players in a market is working or, more importantly, not working effectively.
 - The different functions in a market include the core transaction of supply and demand and the range of functions such as rules, information and inputs
 - The range of players include private sector, community groups and government.
- 📊 Work as a **facilitator**. The programme aims to stimulate private and public sector players to take on new functions and/or behaviours without the programme becoming an active market player itself. The programme acts as a catalyst in the market system.
- 📊 Create **indirect as much as direct impact**. While interventions often involve working with specific players, the purpose is also to stimulate others in the system – to ‘crowd in’ other activity and therefore achieve greater change.
- 📊 Emphasis on **sustainability**. The programme recognises that the process through which market system constraints are identified and addressed is as important as the solution itself. If the system, its functions and players, can be equipped to meet future challenges and continue to meet the changing needs of the poor then impact is sustained.
- 📊 Emphasis on **large-scale impact**. The programme explicitly aims to reach large numbers of poor by harnessing the dynamism of the market system. It does this by alleviating the systemic constraints that restrict equitable participation and provide better terms of access to all those who engage with the system.

THE PORTFOLIO

Samarth-NMDD operates a portfolio approach to development and delivery of interventions. In a portfolio approach, a programme maintains a flexible mix of markets, entry points, partners and types of intervention-activity. Presented here is the current portfolio of Samarth-NMDD, **developed on the basis of its potential for poverty reduction, outreach, feasibility and relevance to public priorities** such as gender and social inclusion, environment, and alignment with the Government of Nepal's priorities. Samarth-NMDD not only develops agricultural markets, but also strengthens other markets that are important to rural development.



CROP PROTECTION



In a country where 81% of the population depend on agriculture, around 83% of them have limited or no access to crop protection inputs (CPIs) which has direct effect on their farm productivity. The farmers who do use CPIs have inadequate knowledge of their proper use which result in overuse of CPIs leading to health hazards.

The crop protection inputs sector, therefore, has a huge market potential to increase the productivity of smallholder farmers and improve their livelihoods. However, the CPI importers have networks only in commercial and peri-urban areas, making it inaccessible for farmers of remote hilly areas. This has resulted in the absence of Crop Protection Inputs in remote areas which has forced farmers of these areas to survive on subsistence farming.

Samarth-NMDD aims to improve the access of high quality crop protection inputs to smallholder farmers by improving the marketing and promotion systems of CPIs throughout Nepal. Simultaneously, Samarth is also working on enhancing the capacity of Agro-vets through trainings to spread awareness of the importance and proper use of CPIs to the smallholder farmers.



DAIRY



Dairy farming is the dominant activity of the crop-livestock integrated farming practice among smallholder farmers in Nepal, with 80% of farm households rearing dairy animals (cows and buffaloes). In addition, the sector is the largest contributor of the livestock sector to Nepal's agricultural GDP.

However, its growth rate is patchy compared to cash crops and industrial crops in the country. Poor status of the use of productivity enhancing products and services (e.g. breeding, veterinary and feeding) and lack of functioning market, constrain productivity and growth. Furthermore, the high degree of informality means that public and private sector investment is a challenge.

Samarth-NMDD aims to address the issue of low-input-low-output economy to which smallholder dairy farmers are trapped in. The project is actively working with different players in the market to strengthen the supply chain of milk by embedding different productivity enhancing services like forage input supply and animal health services; improving management information systems and quality management; and increasing the diversity of dairy products produced and marketed.



FISH



Nepal has over 27,000 fish ponds situated mainly in the Terai districts. The poor are mainly involved as small farmers who either own or lease small ponds to rear fingerlings up to table size for sale through small traders. Several ethnic groups are involved in fish production including the Malaha, Tharu, Mukhiya, Mushar and Majhi. However, only a small minority of ponds are managed by women.

Current productivity levels are low at about 3.8 Mt/ha, but there is evidence that this yield could more than double with improved management. Under-performance at the pond-level is mainly due to poor pond management practices, improper feeding and the use of low-quality seeds (fry and fingerlings).

Samarth-NMDDP is focused on developing new business models for feed manufacturers, aqua chemical companies, hatcheries and nurseries to reduce barriers that prevent them from reaching smaller farmers. Through enhanced promotion and provision of information, the interventions aim to improve access of farmers to inputs and services.



LIVESTOCK FEED



Feed plays an important role in improving productivity of livestock. However, in most livestock sectors in Nepal, access to proper feed is a major constraint. The feed market in Nepal is mostly concentrated in poultry, which covers over 95% of the total domestic feed market.



GINGER



Ginger is indigenous to the Indo-China region, with Nepal being one of the most suitable countries for its production. An estimated 200,000 farmers produce 250,000 t/y, of which the poor produce 30%. Ginger is mainly cultivated in the mid-hills, where many of the socially excluded groups reside, including Janajatis and Dalits.

However, lack of access to appropriate inputs for crop protection and advice on good agricultural practices is leading to diseases such as the rhizome rot disease, threatening quality and production of ginger. Moreover, difficulties in accessing post-harvest technologies and lack of knowledge in trade and marketing are hindering the sector's potential to contribute to the economic growth of smallholder farmers and small-scale entrepreneurs.

Samarth-NMDDP aims to address these constraints, by improving access to disease management products; providing advice on good agricultural practices - including post-harvest storage; and enhancing trade and marketing through diversification of ginger and its derivative markets.

Pig and fish sectors are the two most neglected livestock sectors in Nepal: Fish feeding is irregular and limited to food by-products resulting in high mortality and low productivity. There is evidence that proper feed can increase productivity of pond by 50%; Pigs are perceived as animals living on waste and are mostly fed with household wastes or by-products from breweries or flour mills in smallholder segments.

In order to address these constraints, Samarth-NMDDP is facilitating market access to better feed to smallholder farmers in pig and fish sectors, by partnering with feed manufacturers, to improve the supply and distribution of improved feed; provide appropriate feed and nutrition information to smallholders; and build high demand and supply of feed through informative promotions.



MECHANIZATION



The agricultural sector in Nepal is largely dependent on traditional methods of cultivation - using bullocks and farmhands. Often, plots are left fallow during peak agricultural seasons, due to the shortage of labor.

Mechanization is currently limited mainly to larger farms in the Terai. It is particularly inadequate in the mid-hills of Nepal, due to the unavailability of machinery suitable for use in the narrow and sloped terrain. Only an estimated 15% of productive farmland in the mid-hills is prepared by mechanized means.

Samarth-NMDP is working to catalyze changes in the availability of farm machinery, particularly mini-tillers, suitable for the hills. This includes working with importers and dealers, to capture the market potential for mini-tillers and other varieties of farm machinery. The interventions focus on facilitating effective marketing and after-sales care; and provision of financial and training packages to enable machinery operators to invest in mini-tillers and its attachments.



MEDIA



Over 80% of people in Nepal listen to radio, out of which almost 40% - who fall in the poorest category - listen to radio on daily basis. Therefore, improving the functioning of the media market in Nepal, particularly the radio targeted to rural populations, has the potential to contribute to pro-poor changes in agricultural practice and productivity.

However, despite the growth in the number of radio stations in Nepal, the sector is struggling for sustainability due to a lack of stable revenue from advertisement; variable quality of programme content; and reliance on donor support - all of which contribute to a cycle of low profitability and low performance.

Samarth-NMDP is working to catalyze changes in the media market system to improve the commercial viability of local radio stations. The interventions focus on improving the content of local radio programmes through field based research focusing on agriculture to benefit the rural farm households.



PIG



The Pig sector is large and associated overwhelmingly with poor and disadvantaged groups. More than 90% of the 540,000 households involved in rearing pigs have either one or two pigs as 'fatteners', in simple, low-cost, low-input, small-scale systems. Pigs are reared mostly in rural areas,

mostly by women, as a source of cash for household expenditure as well as for nutritious food security.

Samarth-NMDP aims to improve the performance of the pig sector by facilitating the development of a sustainable pig breeding system, through the development of market agents at the village level, who can provide improved boars and artificial insemination services.

The programme also focuses on facilitating a public-private dialogue to identify the challenges facing the sector; and enhancing small farmers' access to markets by strengthening trade through improved aggregation mechanisms, guaranteed buy-back agreements and provision of hygienic slaughterhouses.



TOURISM



Tourism is a vital component of the economy of Nepal. With its iconic attractions, strategic location and good connectivity; Nepal is ideal for a characteristic short-holiday from regional markets. In addition, adventure tourism (including trekking) is growing rapidly, across both traditional and new source markets, creating good income generating opportunities for the poor in rural Nepal.

The major constraints of the sector are poor destination management; untapped opportunities; and a difficult regulatory environment for high value services and innovative products. As a result, Nepal's tourism industry is trapped in an unsustainable high-volume, low-value model, limiting beneficial participation by the poor as entrepreneurs and employees.

Samarth-NMDP aims to address these constraints by developing innovative tourism ventures; improving marketing efforts; and supporting destination area management to improve the economic opportunities through tourism in rural Nepal.



VEGETABLE



The Vegetable sector has an immense poverty reduction potential in Nepal because of high, unmet domestic demand and the potential for net import substitution from neighboring countries - especially India. The sector also has high potential to benefit women as well as disadvantaged communities.

The sector, however, is constrained by low adoption rate of high quality seeds; lack of access to and informed choice of the use of inputs such as agrochemicals; and lack of information on post harvest handling. Other limiting factors include highly informal and fragmented trade in inputs and produce and limited aggregation of vegetables at the local level.

To address these constraints, Samarth-NMDP works to improve the functioning of the inputs market by stimulating demand and supply of high quality seeds and other inputs; and facilitating private sector investment in organized aggregation and marketing of produces, focusing on the hilly region.

Results Management

Samarth-NMDP's Results Management System is an integral part of project planning and allows strategic and informed management of interventions.

The system has been designed to be technically robust - capturing key information on results generated by interventions – in order to drive programme performance and value for money. The ultimate aim of Results Management is to monitor and measure results, in order to both prove impact and improve performance.

The Results Management system reflects best practice in results measurement in market development. The system has been designed in conformity with the DCED Standard for Results Measurement, which provides a framework for measuring results against established good practice.

INTERVENTION AREAS



CROP PROTECTION

1. Better Marketing and Promotion of CPI
2. Enhance Capacity of Agro-vets and/or JTAs



DAIRY

1. Organize Raw Milk Supply Chain
2. Improve Access to Forage Inputs
3. Improve Production and Marketing of Dairy Products
4. Management Information Systems Development
5. Enhance Quality Standard of Raw Milk



FISH

1. Better Hatchery Management
2. Improve Brood Stock Management
3. Improve Trade and Marketing
4. Enhance Information on Aquaculture



GINGER

1. Strengthen Capacity of NGPTA
2. Improve Trade and Marketing
3. Better Post-harvest Handling and Processing



LIVESTOCK FEED

1. Supply and Distribution of Better Feed
2. Supplement Feed for Pigs



MEDIA

1. Improve Rural Radio Programming



MECHANIZATION

1. Improve Access to Marketing, Financial and Technical Services
2. Increase Efficiency of Traditional Cultivation Equipment
3. Increase Capacity of Technicians to Strengthen After-sales Services



PIGS

1. Improve Pig Breeding
2. Create Business Enabling Environment
3. Improve Trade and Marketing
4. Improve Information on Pig Husbandry



TOURISM

1. Destination Area Management
2. Product and Infrastructure Improvement
3. Industry Standards Improvement
4. Industry Linkage Creation
5. Revenue Stream Enhancement
6. Strategic Marketing Efforts
7. Industry Knowledge & Capacity Enhancement



VEGETABLES

1. Create Business Enabling Environment
2. Supply Chain Management
3. Reduce Post-harvest Loss

Gender Equality And Social Inclusion

Given the high level of poverty and inequality in Nepal, gender and social inclusion is a central part of Samarth-NMDP's goal of improving the underlying pro-poor performance of rural sectors.

Samarth-NMDP carefully selects rural markets on the basis of the potential to benefit disadvantaged groups and develops interventions, which address specific gender and social inclusion constraints in market systems.

In addition, Samarth-NMDP works to build a body of evidence-based research that sheds light on the challenges, opportunities and strategies to follow, in order to increase the participation of women and disadvantaged groups in the market system.

