

SECTOR BRIEF

Issue #12, March 2016



Sector: Vegetable

Interventions: Improved Supply Chain Management

Districts: Dadeldhura, Doti, Baitadi

Farmers of far-west benefit from the sub-trader model

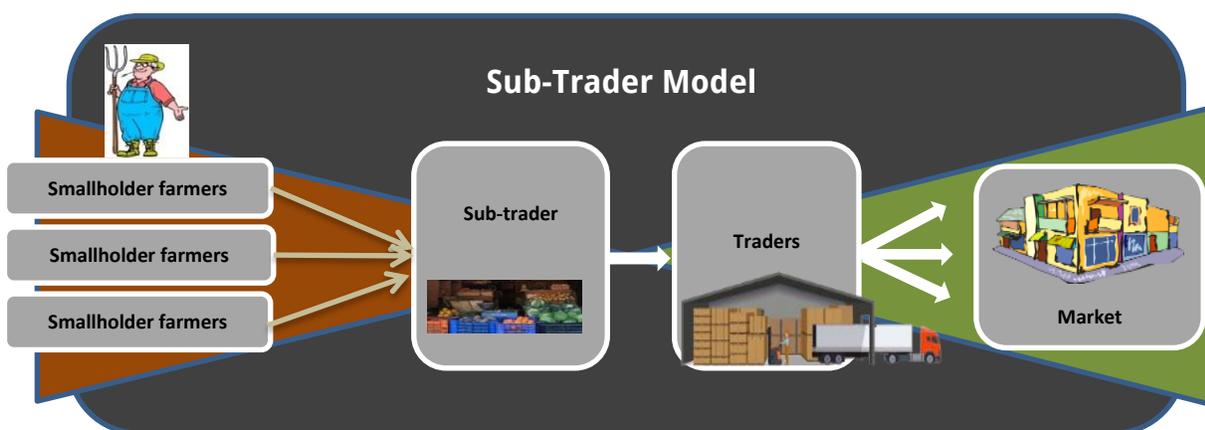


The far-western region of Nepal is one of the least developed regions of the nation with highest incidence of poverty in the country. Difficult geographical terrain with lack of proper road facility makes it very challenging for local smallholder farmers of this region to access the market. This problem coupled with lack of knowledge on market demand and production management has led to below-potential production of vegetables in the region.

The vegetable sector, however, has a huge potential in improving incomes of the majority of the smallholder farmers of the region. Vegetables grown in the hills of Nepal are preferred to those produced in the plains of Terai or those imported from India, due to their taste. Hilly areas also have agro-ecological advantage over the plains during the monsoon season when the flow of vegetables from the Terai region and India decreases sharply. If the demands of the market for variety, quality and volume can be met by this region; there would be an assured all-year-round market, drastically increasing incomes of smallholder farmers.

Samarth introduces a sub-trader model

A market assessment conducted by Samarth-NMDP in the far-western region of Nepal confirmed that poor linkage between smallholder farmers and the market is a major constraint in the sector, particularly in the hills and mid-hills of Nepal. Traders operating in these districts typically collect vegetables only from those farmers close to their collection points. Farmers of remote villages have no option but to walk for hours to reach the main market. To address this constraint efficiently and sustainably, Samarth-NMDP developed a **sub-trader model** to create market linkage between the smallholder farmers and traders and address other constraining factors.



In a sub-trader model, a sub-trader works as an intermediary between traders and smallholder farmers. The sub-trader collects vegetable produce from emerging vegetable production pockets, including remote villages, through collection centers¹ or collection points and sells them to traders. In addition, a sub-trader provides essential market information to farmers and informs them about proper techniques and practices of vegetable production.

Through the introduction of this model, Samarth mainly aims to improve market access to smallholder farmers enabling them to be a part of a vegetable supply chain and consequently receive increased income. The model has been piloted in three far-western districts of Nepal: Dadeldhura, Doti and Baitadi. Out of the three pilot districts, the model was best adopted in Dadeldhura.

¹ A *collection center* is a built infrastructure with required materials for transaction as opposed to a *collection point* which is a place of transaction without any infrastructure.

Samarth works with a cooperative in Dadeldhura to promote the sub-trader model

To implement this model in Dadeldhura – a remote far-western district of the nation - Samarth-NMDP partnered with Dadeldhura Farmers' Cooperative Society (DAFACOS). DAFACOS - a cooperative with 900 member farmers – only traded seeds before the intervention. Samarth gave them both the incentive and the capacity to work in the vegetable sector.

After partnering with Samarth, DAFACOS ventured into the vegetable business through the adoption of sub-trader model. The cooperative hired a sub-trader to collect vegetables from the nearby vegetable production pockets and trained him on production management, post-harvest loss, and marketing. Samarth also helped set up a collection point in Mastamandu – a VDC 150 Km from the main market in Dhangadi and provided them with weighing scale and vegetable crates required for efficient functioning of the collection point.

The sub-trader model in Mastamandu, Dadeldhura, proved to be efficient. Farmers of Mastamandu were guaranteed total sales of their produce, immediate remuneration and easy access to the market. DAFACOS was able to make profit by aggregating vegetables produced by numerous smallholder farmers and selling them to traders/wholesalers in the region.



A vegetable production pocket area in the far-west

DAFACOS now aims to expand its reach to another vegetable pocket in Amargadhi and other VDCs that take hours to reach from the main market of Dadeldhura.

“Samarth-NMDP supported us to implement the sub-trader model in Mastamandu VDC. The model has turned out to be very beneficial for both the cooperative as well as the local farmers. We then constructed a collection center there where we started collecting vegetables from additional three adjoining VDCs of Manilek, Ganeshpur and Nawa Durga. We also have expanded to Amargadhi ward-3 where we operate a collection point and plan to replicate this model in other VDCs of Dadeldhura and neighboring districts of Doti, Baitadi and Kailali. We plan to reach around 1,500 households this year with our current expansion plans.

Chandra Ojha
General Manager, DAFACOS

Smallholders benefiting from the sub-trader model

Improved access to the market

The aggregation centers or collection points set up by sub-traders not only allows easy access to markets to small farmers but also allow women to actively participate in the selling of their produce. The assurance of market for their produce is a huge relief to smallholder farmers who are consequently encouraged to increase production of vegetables.

Market information and assurance

Huge fluctuation in vegetable prices is one of the problems plaguing vegetable farmers of Nepal. Based on the market information received from traders, sub-traders assist farmers to manage their production according to the market demand. This allows farmers to grow vegetables based on market demand and requirement leading to less price fluctuation and better rates for their produces.

Awareness on production management

Sub-traders provide training on techniques and methods to produce off-season vegetables; and create a linkage between farmers and agro-vets so that farmers can have access to information on how to apply proper techniques in harvesting vegetables as well as precise use of crop protection inputs and fertilizers. This helps smallholder farmers to cultivate higher quality and off-season vegetables which in return will increase their income.

Ganga Khatri is one of the beneficiaries of the sub-trader model. She first started farming on her neighbour's land where she was able to earn Rs 4,000 as well as provide vegetables for the landowner as compensation. Now she has bought a small piece of land through which she has increased her earnings to Rs 13,000 on the second season.



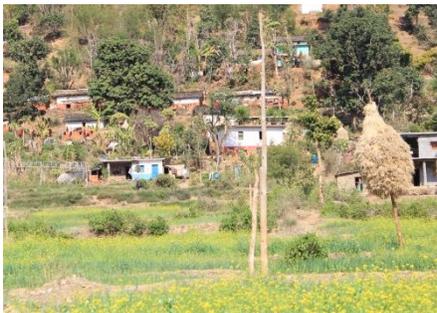
"We had to walk three to four hours just to reach the main market in Dadeldhura. Now it's just twenty minutes' walk from our village to the collection point. This saves us lot of time and money. Apart from that, we don't have to worry about our products not being sold or bargaining over price with customers. We now just take our produce to the collection point where we get remunerated right away."

**Lalita Devi Palley,
Amargadhi Municipality,
Ward-3**



"Before I started vegetable farming, the only source of income came from my husband who is working abroad. It was very difficult to manage all the household expenses with just his income. Now I don't have to entirely rely on my husband's income. Besides that, vegetable farming keeps me occupied and has given me a sense of purpose in life. I also want to encourage other women in our village to grow vegetables as it is very profitable."

Ganga Khatri, Bel Danda, Nawa Durga VDC



Ganga Khatri's village in Bel Danda Gaun



Ganga Khatri's vegetable plot in Bel Danda Gaun



Newly established collection center in Matsamandu, half-an-hour walk from Bel Danda Gaun

Way forward

After a successful run of the sub-trader model in Dadeldhura through DAFACOS, Samarth has signed a partnership agreement for the second phase to provide support to DAFACOS in expanding its reach to 4 VDCs and 5 wards of Amargadhi in Dadeldhura. The partnership with DAFACOS is expected to directly benefit 1,500 more households through the efficient implementation and expansion of sub-trader model. Samarth is in the process of making new partners in the mid-western region, particularly Surkhet, to replicate the model.

Samarth aims to conduct a comprehensive impact study to prove the validity of the sub-trader model by 2017 and ultimately disseminate a case study and success stories of the model in order to expand the model to many more districts in the mid and far-west regions of the country. Samarth expects the dissemination of such studies to crowd-in private sectors that can use the model to ensure steady supply of vegetables including off-season vegetables.