

# **Development of Fresh Agri-food Value Chains in Nepal: Barriers and Entry Points**

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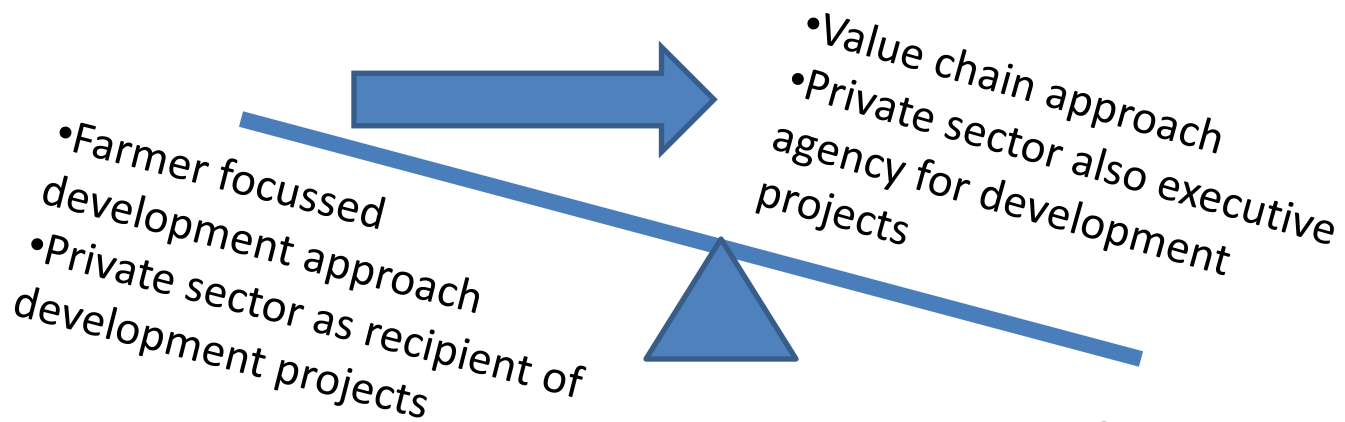


# Nepal and Value Chain Approach

- Nepal: Located in South Asia
  - Between India and China – the two most populous countries in world
- Agriculture is the mainstay for the economy and its people
  - The largest contributor to the national economy
  - Directly employs 2/3<sup>rd</sup> of the economically active population
  - Livelihood provider to 90% of rural families, which account for 80% of the population
- Value chain approach currently becoming the dominant development approach in donor funded agricultural projects
  - Commercial Agriculture Development Project funded by ADB
  - Project on Agriculture Commercialisation and Trade funded by WB
  - Raising Incomes of Small and Medium Farmers Project funded by ADB
  - High Value Agriculture Project funded by IFAD and co-funded by SNV
  - High Mountain Agribusiness and Livelihood Improvement Project funded by ADB

# Shifting Paradigm in Development Projects in Nepal

- Shift in traditional mindset in terms of
  - Adoption of chain approach to development
  - Involvement of private sectors in development projects



The value chain is heavily promoted  
as a development framework, but  
poorly represented in practice

Nepal is no exception



# From a VC development perspective

Collaboration is an important (Ho et al. 2002, Cadilhon & Fearne 2005) but difficult to practice feature of chain management (Barratt 2004).



# Questions

## Objective

To develop a collaboration framework for value chain development in Nepal

- What are the constraints to value chain development ?

- Are there examples of value chain collaboration? If any, what are the circumstances or features of these examples?

# Inquiry Approach

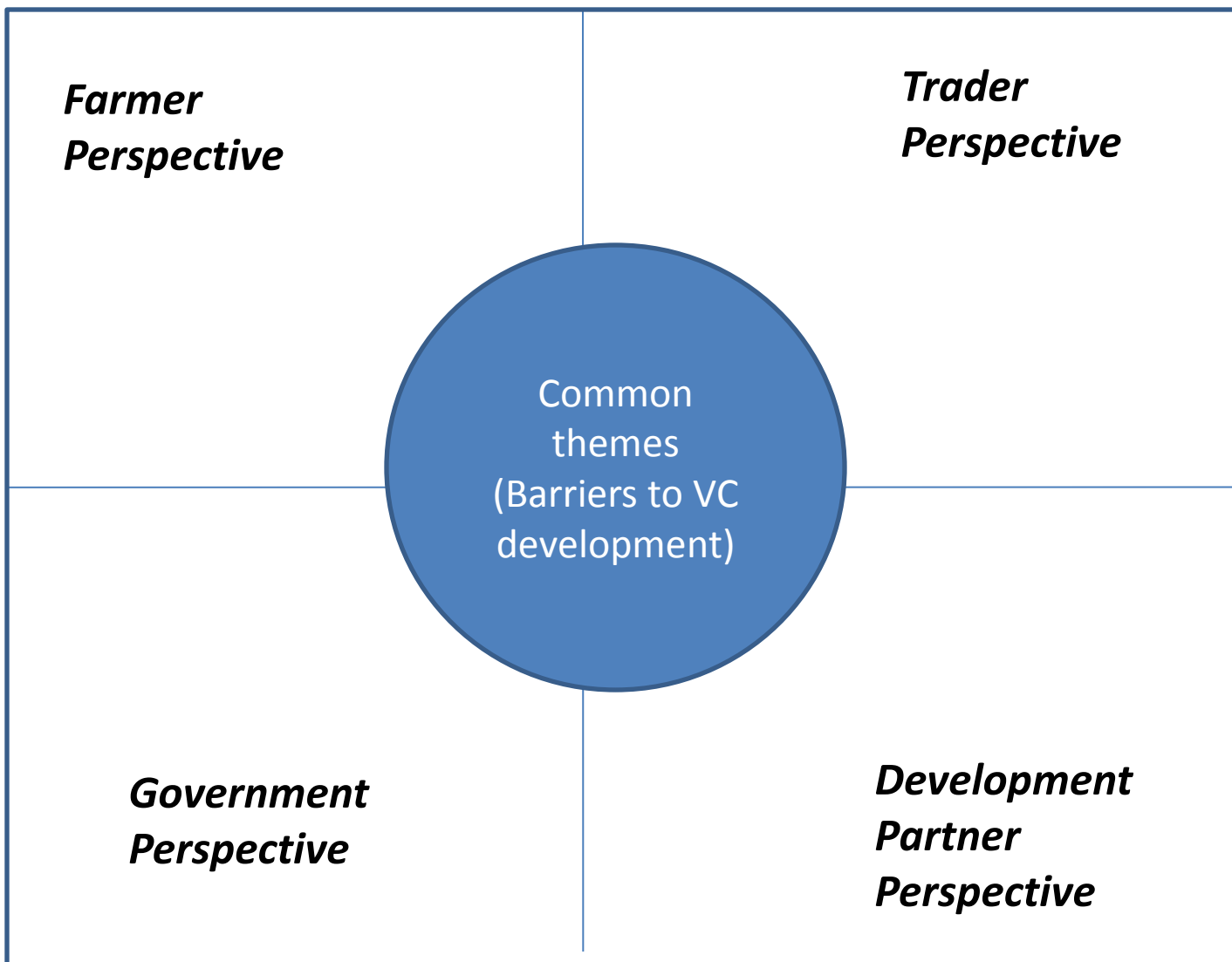
- Case study of a network of value chains
- Based on interviews of a small number of purposive samples
- Naturalistic inquiry
- Evaluation of pilot-scale interventions for VC development
- Thematic analysis
- Data managed and analyzed using Nvivo software





# Constraints to VC development

RESULTS







# Constraints to VC development

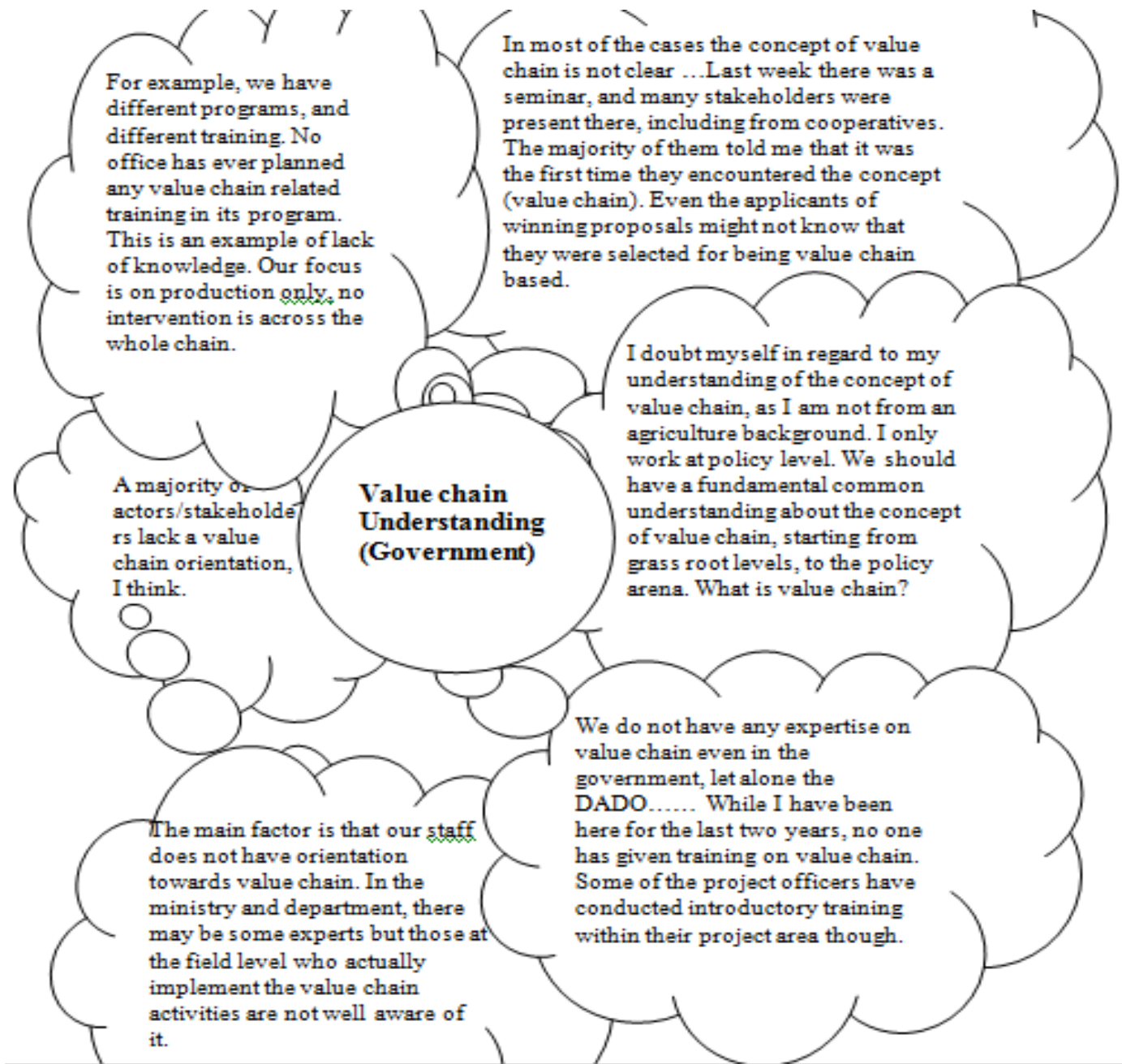
<p><b><i>Farmer Perspective</i></b></p> <p>Lacked capability, resources and VC knowledge, poor relationships with others, and lack of a champion.</p>	<p><b><i>Trader Perspective</i></b></p> <p>Limited capability and knowledge, no appreciation of relationships, lack of championing orientation , and worth of engagement overlooked</p>
<p><b><i>Government Perspective</i></b></p> <p>Lacked VC-specific expertise within its human capital, organisational structure not suitable to chain approach, and a drive (championship) among its staff for VC development not evident.</p>	<p><b><i>Development Partner Perspective</i></b></p> <p>Small organisational capacity to serve a larger section directly, Constrained by donor mandate and recipient country's lead role in implementing development objectives. Abundance of VC specific knowledge and experience (exception)</p>

Lack of VC specific knowledge (except in DPs), lack of capability, lack of championship and poor compatibility

# Entry Point for VC Intervention

- All barriers can be traced back to a lack of value chain specific knowledge.
- Government officials lacked critical knowledge of the concepts and processes of value chain development.
- Lack of value chain specific knowledge among government officials, who were the main sources of knowledge for farmers and market actors, became a crucial barrier, creating a vicious cycle.
- Being compatible with all stakeholders due to its natural role, a starting point to overcoming those barriers may be to provide government officials with the necessary value chain specific knowledge on concepts and processes.





# Can VC collaboration be a reality?

- Evidence of activity based collaboration among members of the value chain
- Collaboration at micro level – localised collaboration
- Activity based collaboration supported by institutional structure/mechanism
- Existence of shared perspectives among members
- Examples of collaboration at all levels of VC but limited to proximate members
- Collaborative VC actors or stakeholders each demonstrating core areas of collaboration



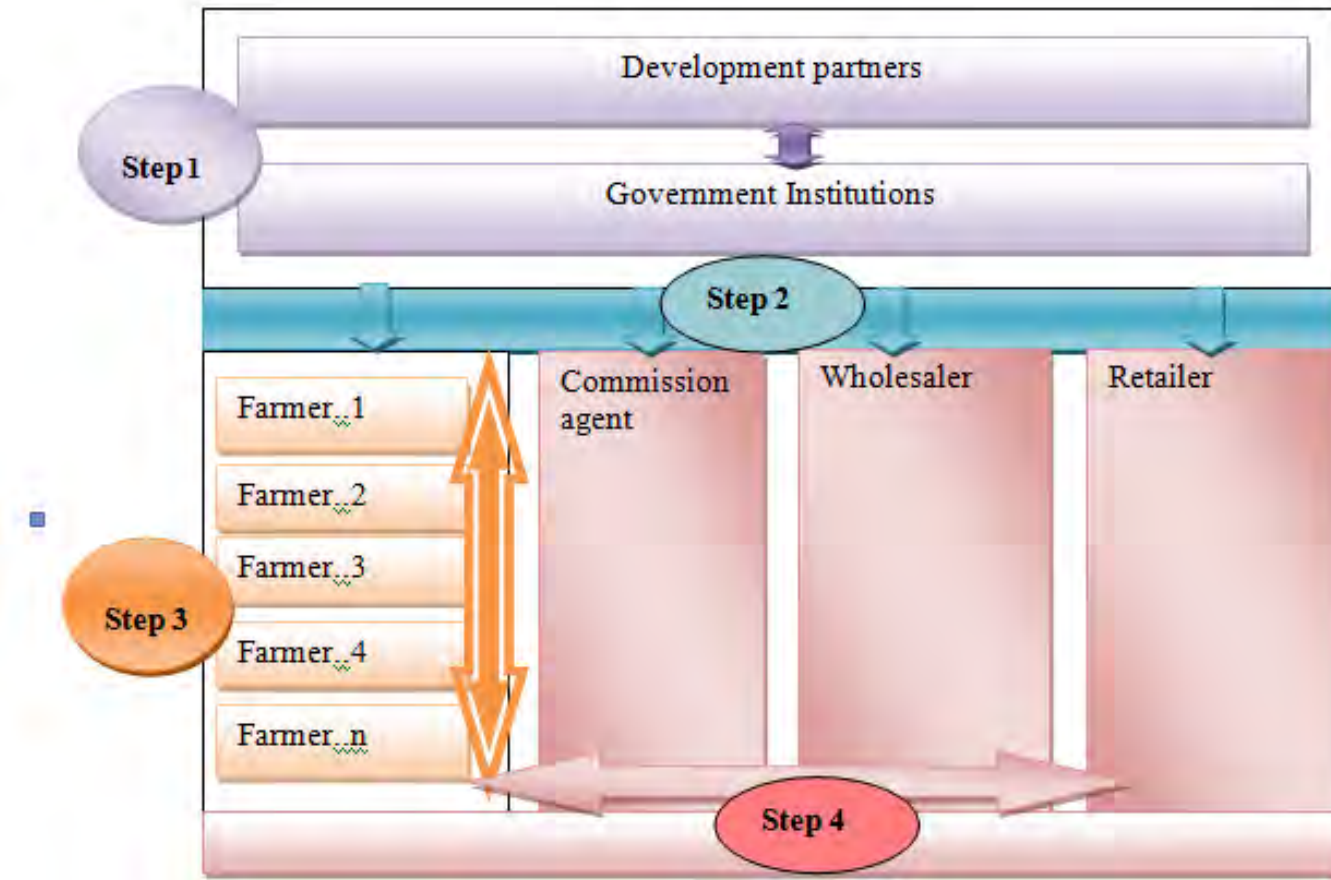
# Value chain collaboration

- Level of collaboration: from co-action through coordination to cooperation
- Modes of collaboration: Structure based (complex but continuing) and activity based (simple but short lived)
- Duration of collaboration: episodic, periodic or continual



# VC Collaboration Framework

PROPOSED



Development of fresh agri-food value chains in Nepal : barriers and entry points



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# Validating Cases

- *Stakeholder-Actor Collaboration that Appreciated Consumer Value*
- *Stakeholder-Actor Collaboration that Promoted Group Cohesion (VC capability) at Farmer Level*
- *Stakeholder-Actor Collaboration that Integrated Chain Processes*
- *Government–Development Partner Collaboration to Promote VC Development*
- *Horizontal Collaboration at Farmers Level*

# Thank You

