

Export Oriented Agriculture Wholesale Market



Government of Nepal
**Ministry of Agriculture and
Livestock Development**



Background

This project, situated in Butwal Sub-Metropolitan City, Lumbini Province, is strategically positioned to leverage the agricultural abundance of the region, including key crops like potatoes, onions, cabbages, and bananas. With its proximity to the Indian border and the Gautam Buddha International Airport, approximately 30 km away, the project is ideally located for both domestic supply and future export opportunities. This initiative aims to transform the local agricultural sector by promoting market-oriented production and enhancing farmer access to crucial market information, thereby stimulating economic activity. Additionally, the market's location next to the main East-West Highway ensures excellent connectivity, augmenting its potential as a federally regulated hub for vegetables, fruit, and spice wholesale, thereby boosting the national economy.



Sector
Agriculture



Location
Semlar, Butwal Sub-Metropolitan City,
Rupandehi District, Lumbini Province



Area
10.47 hectares

Salient Features:

- Modernized Wholesale Market with Comprehensive Facilities
- Flexible Storage Solutions (Wholesale shutters with optional conversion to cold storages)
- Reserved Spaces for farmer's cooperatives and individual farmers
- Export Potential: Focus on commodities like ginger, cardamom, coffee, and honey
- Expansion Capabilities: Ample area reconfirmed for future growth
- Management Committee Operation: Structured oversight by a designated management committee with defined roles

Project Rationale:

- Prevalent Agricultural Surplus: Lumbini Province has a surplus in key crops
- Enhances Agricultural Marketing: Motivates farmers towards market-oriented production
- Improves National Economy: Wholesale market impacts economy positively
- Strategic Location Advantages: Close to airport and Indian border
- Environmental Considerations Addressed: Site is a non-critical community forest
- Support Agricultural Value Chain Development: Enhance forward integration
- Create Positive Socio-Economic Impact: Improve local economy and livelihoods
- Recognized as National Priority Project

Project Outcomes



Enhanced Farmer Income:
Direct economic benefits to producers



Job Creation:
Generates significant employment opportunities



Economic Boost:
Contributes to national economic growth



Agricultural Expansion:
Promotes broader agricultural production in the province



Safe, Affordable Food:
Ensures consumer access to quality food



Environmental Improvement:
Facilitates organic waste management



Increased Exports:
Supports foreign exchange earnings through exports

Project Components

- Administration Building / Agriculture sub-service Centre
- Rapid Bioassay of Pesticide Residue Analysis Laboratory
- Washing, Sorting, Grading and Packing Building
- Market stalls for small farmers
- Canteens (No.: 2)
- Guest Houses
- Farmer's Market and Auction Centers
- Wholesale Shutters (Numbers: 126)

Project Phases

Phase I

Initiation: Feasibility and EIA already completed.

Construction: Build wholesale market and cold storage with a capacity of 7,850 Mt.

Phase II

Initiation: After operation of completed market facilities.

Further Development: Construct additional amenities as listed separately.

Financial Indicators

Estimated Project Cost



39,720,400



Project IRR
0.98%



NPV
Euro 29,562,076

Project Implementation Modality



Public Private Partnership
(PPP)

Build Own Operate Transfer
(BOOT)

(First phase by GoN, Second phase by private investor)

Project Implementation Timeline

Approved by MOFE in
September 2023



Additional Information

International Fund for Agriculture Development (IFAD) is an international financial institution and a specialized agency of the United Nations dedicated to eradicating poverty and hunger in rural areas of developing countries.

Negotiation between Government of Nepal and IFAD has been completed for this project.

As the financial indicators might not be encouraging for the private sectors, the major construction of the project will be done by the government investment in support with the development partner, the investment is sought from the private sectors in the later stage of the project however there is prospect of investment in collection center/satellite market as agriculture trading and marketing company, as service provider within the market and vicinity.

(Source for project components: Technical and Financial Feasibility Study Report, March 2023 produced by Royal HaskoningDHV as part of the Feasibility Study Developing Agriculture Value Chains in Nepal)

Relevant Agencies

- Lead Agency: Ministry of Agriculture and Livestock Development (MOALD),
- International Fund for Agriculture Development (IFAD) (who will be funding the construction of the project in Phase I
- Butwal Sub-metropolitan City Office, Butwal, Rupandehi
- Private Sector : Upgrading and Management

About the Agency

Ministry of Agriculture and Livestock Development

The Ministry of Agriculture and Livestock Development (MoALD) is a governmental body of Nepal responsible for the growth and development of the agriculture sector in the country and making the country self-reliant in agricultural production. The Ministry began its operation institutionally in 1978 with the primary objective of translating policies and implementing programs related to agriculture development according to the country's needs and potential. Focused on achieving food security and poverty alleviation through a commercial and competitive agriculture system, the Ministry aims for high and sustainable growth by modernizing and diversifying agricultural production.

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