

Promoting Investment in Highland Potato Value Chain



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



Background

The FAO's HiHi initiative, launched in October 2019, aims to drive agricultural transformation and rural development, tackling poverty and hunger (SDGs 1 and 2). Nepal, recognized as a priority country since 2021, is advancing its agrifood systems with evidence-based strategies. Key investments in commodities like Large Cardamom, Ginger, Highland Potato, and Timur were showcased at the FAO Investment Forum in 2022, with Nepal set to present again in 2024. This project specifically emphasizes the cultivation of highland potato, underscoring its critical role in Nepal's agricultural strategy.



Sector
Agriculture

Project Rationale

Production and Consumption Dynamics:

- Grown widely from 100 to 4,000 meters altitude
- Output: 3.33 million MT; 5.57% share in Agri-GDP
- Consumption: Reached 88.1 kg per capita annually by 2019

Business Opportunities:

- Import dependency offers the first business opportunity
- Mountain-specific potato varieties as a second opportunity
- Surpass rice and maize in yield potential
- Development of improved or hybrid seeds for increased productivity
- Market potential for specialty potato and healthy seeds as the fourth opportunity
- Currently, 71.8% of seeds used are local

Supply, Demand and Prices:

- Production growth: 4.48% annually; low yields at 15.2 MT/ha
- Growing demand outpacing supply; insufficient raw materials for industrial processing
- Price variations: Mountain potatoes at 1.6x, hill potatoes at 1.4x compared to Indian plains' prices

Growth Target and Capital Requirements:

- Target: Increase output to 6.33 million MT by 2031
- Capital Requirements: NRs 584 million; to be invested in technology, seed production, supply chain, and processing

Economic Implications:

- Benefit Cost Ratios (BCR): Presently local variety at 0.68, improved variety at 1.73 (case of Illam)
- Margins across supply chains: Producers (Rs 9.05), local traders (Rs 2.55), wholesalers (Rs 1.41), retailers (Rs 3.04)

Market Integration and Social Impact:

- Himali potato strengthening market integration across regions
- Positive social impacts: Poverty reduction, food security, inclusive development in mountain areas

Value Chain Challenges:

- Bottlenecks: Access to Himalayan regions, handling losses, seed production facilities, cost-effective technologies, industrial raw materials

Project Outcomes



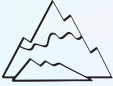
Market Stability and Income for Potato Producers



Enhancement of Food Security in remote mountainous regions



Sustainable Agriculture Practices



Utilization of rugged terrains of mountainous regions



Notable increase in production and yield



Expanding market avenues



Strengthened Seed Potato Value Chain



Value additive processed products (Chips, flakes, frozen products)



Commercial ware potato promotion



Quality seed potato promotion and supply to the domestic and south Asian market

Project Implementation Modality



Public Private Partnership (PPP)

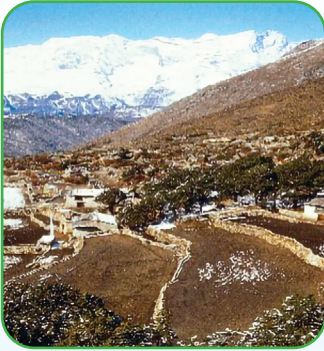
Specific Approach adopted will depend on the investor's preferences and the project's requirements

- The private entity may act as an investor, financing the project.
- Alternatively, the private sector could operate as the producer, with funding sourced from multilateral organizations or other stakeholders.

Project Implementation Timeline



Project Ideation



Additional Information

An investment plan will be prepared followed by networking sessions for investors to connect directly with highland potato producers to potential investors.

By facilitating direct connections between investors and SMEs, FAO catalyzes investment flows into the highland potato sector, driving innovation, expansion, and sustainability.

Relevant Agencies

- Food and Agriculture Organization of the United Nations
Contact: shankar.sapkota@fao.org
- Ministry of Agriculture and livestock Development
Email: info@moald.gov.np
- National Planning Commission (NPC)

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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