

GIZ and IPD collaboration in Nepal bearing fruit

SUSTAINABLE ECONOMIC DEVELOPMENT THROUGH EXPORT PROMOTION

January 2018



Within the framework of the “Nepal Trade Integration Strategy” GIZ and the Import Promotion Desk (IPD) are supporting a model project promoting the export of medicinal and aromatic plants. The project shows how specific sectoral support can help establish efficient value creation chains and enable Nepalese firms direct access to the German trade market. The half-time evaluation of the export promotion programme in Nepal showed that in 2016 alone Nepalese producers exported to the EU medicinal plant products worth 1.2 million Euros.

In the Himalayas there are around 1,800 species of medicinal and aromatic plants growing in the wild. But only a fraction of these valuable plants are processed locally to produce essential oils or traditional Ayurvedic remedies. Most are sold unprocessed to Indian distributors who use them to make products for the cosmetics and pharmaceutical industries. These are then sold on the lucrative export market at much higher prices. Due to its lack of production and sales chains Nepal is dependent on intermediaries, which means that the country is losing a great deal of value creation potential. However, Nepalese producers could increase their export volumes if they processed their products themselves and increased their international competitiveness. This is exactly where the “Nepal Trade Integration Strategy” (NTIS) comes in.

ROADMAP FOR PROMOTION

“The NTIS provides the country with a roadmap for promoting the export industry in selected sectors,” explains Dr. Volker Steigerwald, Chief Technical Advisor at GIZ Nepal. “The aim of the NTIS is to enhance the value creation chains for trade in agricultural products and improve the framework conditions for exporting companies.” Here the NTIS is focussed particularly on trade of medicinal and aromatic plants. “The export potential in this sector is particularly high because these products are in great demand on the international markets,” continues Dr. Steigerwald. “Moreover this sector also has high employment potential.”

HOW GIZ AND IPD WORK TOGETHER

GIZ and the IPD have been jointly supporting the Nepalese Trade Ministry in implementing the NTIS since 2014. GIZ is laying the foundations for better marketing opportunities for medicinal and aromatic plants by, for instance, helping companies obtain organic certification and introducing joint brand or origin labelling. GIZ is also promoting sustainable production and processing methods through capacity building, providing advice and training for firms locally and supporting branch associations in development of their own initiatives for export promotion.

“We are working closely with the Import Promotion Desk here,” says Dr. Steigerwald. The IPD is offering its expertise in the field of export marketing and equipping companies with vital knowledge on the EU market, regulations, import requirements and quality standards. →

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»The collaboration between GIZ and the IPD is bearing fruit. The cooperation project for export promotion in the field of medicinal and aromatic plants in Nepal is a success model. It shows how it is possible even in the least developed countries to successfully participate in international trade and enable small Nepalese firms to directly access German and European markets.« Dr. Volker Steigerwald, Chief Technical Advisor, GIZ Nepal



In addition, the IPD is preparing Nepalese exporters for participation in international trade exhibitions and establishing contacts for them within the German and European import industry

At BIOFACH 2017, for instance, three companies from Nepal participated on the IPD exhibition stand, including the exporter Satya International, producer of high quality oils and spices from medicinal and aromatic plants. The IPD helped Satya close orders with 16 German and European exporters.

"Together with the IPD we have succeeded in extending our export business to the European market," says Rabindra N. Shukla, founder of Satya International. "We supply several German traders with products such as Jatamansi oil and Szechuan pepper in certified organic quality."

GINGER AND TURMERIC FROM ORGANIC SOURCES

"We process around 150 tons of turmeric and over 760 tons of ginger each year," says Samir Newa, managing director of the company. "In our cultivation areas in Surkhet and Far West we employ 2,500 small farmers. The higher added value on our organic products allows our farmers to achieve 50 per cent more income."

The local farmers still cultivate aromatic plants traditionally and do not use pesticides. Organic Mountain Flavor is campaigning in the region for a conversion of the entire farming industry to organic cultivation

MODEL FOR DEVELOPMENT IN NEPAL



Through their export promotion programme, GIZ and the IPD are helping to establish sustainable economic growth in Nepal. The specific development support for exporters means that most of the steps in the value creation chain remain in Nepal and many new jobs in processing and sales are created.

The IPD support is not limited to the sector of medicinal and aromatic plants, the initiative is also promoting, for instance, the company Shangrila Agro World, the first organically certified tea producers in Nepal. Shangrila offers black and green teas containing natural ingredients such as orange peel, mint or cinnamon. The company runs its own tea estate and employs 135 small tea growers who also farm according to organic standards. Through its cooperation with the IPD the company has further developed: it has achieved multiple certifications and has already successfully presented its high quality Assam teas at three European trade exhibitions.

END RESULT OF THE PROMOTION PROGRAMME

Since 2015 the IPD has enabled Nepalese exporters to establish more than 700 contacts to over 470 European importers. Nepalese traders in medicinal and aromatic plants have been involved in five European trade exhibitions. Nine exporters from Nepal have been intensively prepared by the IPD for their participation in trade exhibitions. Overall the IPD has supported 17 Nepalese exhibition participations. To date the IPD has registered 49 new business contracts for Nepal. In 2016 Nepalese exporters of medicinal and aromatic plants exported goods worth 1.2 million Euros to the EU, and this number is still growing.

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