

Stock Taking Report

Nepal's Private Sector Initiatives, Strategies and Interests in Nutrition

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1. Introduction:

There is growing interest of private sector in food industries. This has come because of growing urbanization and better transportation opportunities as food now can be sent from one location to another at a fast rate than in the past. Moreover, the knowledge of food processing and quality is growing, and private sector has cashed this desire through establishing food processing industries.

Agricultural industries have been the focus of the government since the start of planning for development started from the mid 1950s. The interest in this sector came because of the fact that raw materials are available within the country and thus it will have strong backward and forward linkages. This was considered to have more employment generating impact within the country. But, the fact is that, the development of agricultural industries, i.e., based on food, has not been significant. This is because of the competition from the products coming from other countries, decline in agricultural production (on a per capita basis) and general political environment which has not been conducive for investment.

Food is produced through private sector in Nepal. Millions of farmers work on farm to produce food for themselves and if there is surplus sell in the market. But as discussed above there is very less surplus food produced.

2. Food industries in private sector:

These are considered as private sector. It is difficult to estimate how many food industries are there in the private sector, there is no reliable information. Government's involvement in food sector is minimum except in few cases like DDC (Dairy Development Corporation) or Tea Development Corporation. Again there are many small scale food industries being run as home industries, i.e. operated at household level, which produces products potato chips, roasted peanuts and the like.

A study¹ conducted as early as 2001 reported that only about 20 % of the total industries (apart from domestic industries) were related to food. At that time, there were 462 industries, which means 90 industries were related to food. Most probably, there is no significant change in this. Traditionally, food processing for the market was done at a small scale for the local market. Generally women were involved in the processing of the products, whose durability would be short anyway. The subsistence nature of farming which used to produce a larger part of food at the household level meant that interaction with market for food was small. But as households are

¹ Upadhaya, Umesh. 2001. The big houses in Nepal (www.gefont.org).

increasingly not able to produce enough food and their food self-sufficiency has decline, the dependence on outside food is growing. At present, according to CBS report, 60 % households cannot produce enough food for more than six months. This has given rise to food industries and dependence on market for food. Most of these food industries are rice-mills, flour-mills, biscuits and confectionary, oil, vegetable ghee, sugar, beverages and packed food mainly instant noodles.

The private sector food industries in Nepal rapidly grew in the sectors like instant noodles, biscuits, soft drinks and beer, rice and flour. The production of these products has been growing every year. The other major products are tea, coffee, alcohol and cigarette.

3. Nutritional concern and strategies in private industries:

The nutritional concern is growing in Nepal. Food industries are now trying to improve the quality of the products. Even the foods that are supposedly called junk food, the producers of these foods report that they have added value in the products in terms of nutrition and quality. Broadly, private industries are concerned with quality of their products and here, they also include nutrition apart from diversification and taste.

3.1. CG Foods:

Chaudhary Groups (CG) Pvt. Ltd. is one of the companies which is in forefront in food. They seem to give priority in quality and nutrition of the food products they make. They have also fortified the food products with nutritious elements. It produces Pashupati Biscuits and Wai Wai instant noodles. These are widely marketed in Nepal. In both products, they fortify the food by adding nutrition.

Taking the example of WAI WAI QUICK , a popular brand name in the country, extra protein and calcium are added. Wai Wai is also fortified with Vitamin A. Every Flavored Oil packet inside all Wai Wai contains 50 IU Vitamin A per gram of oil which totals to approximately 150 – 200 IU Vitamin A per packet. Vitamin A is one of the main micronutrient that helps a child improve his or her immune system. It also assists the child in maintaining good eyesight and aids in all round mental and physical development, especially in early years. These are the words they write in advertisement and papers in order to boost their products.

The other product of this company is Instant Meal, which is the first cereal based fortified blended food. Its production facilities are recognised and approved by UN agencies such as WFP & UNICEF to produce and distribute Fortified Blended Food in the South Asian region. They also distributed such foods in Bhutanese refugee camps in Nepal, and this was made possible through public-private partnership. The company also produces wheat flour in a high tech mill.

CG industry has regular training programs for its staff. They also bring food technicians for training of the staff – it was told.

3.2 Nepal Dairy:

It is one of the most popular dairy industries in Kathmandu. This has its main aim of supporting the farmers as well as consumers. Started by the then secretary of Ministry of Agriculture and Co-operatives, this aims in diversification of its products and help farmers to produce more milk. The company manager reported that they bring trainers from foreign countries also. The basic aim is to cater quality food. As milk and milk products are already nutritious, they do not like to fortify the products. But, they have an eye on nutrition, which is also a part of their quality enhancement program.

3.3 Sujal food industries, Pokhara:

This industry used to produce sweets and biscuits, but later on bought government's dairy called DDC. It employs a nutritionist in the factory also. Their main concern is again quality, which they said also includes nutritional aspects.

4. Government's role in promoting private sector with nutritional dimension:

DFTQC (Department of Food Technology and Quality Control) is the main wing of the government to improve nutrition. It has three main functions: research and innovation of nutritious food products, which they want to give it to the private sector for production and marketing, quality checking of the products in the market, and training of the related agencies, people on nutrition and quality control.

Under the first tasks, it has produced 'super flour' – a nutritious flour for the children and which is considered as popular among the people. There is no private company manufacturing this product, but NGOs are producing this using the formulae developed by DFTQC and then have distributed the food. DFTQC has also produced other products, which are nutritious, from local foods, but they have not been marketed well. There is no public-private partnership here. DFTQC personnel want to patent the innovation and then give it to private sector for manufacturing and marketing. Somehow this has not come yet. The training part of DFTQC is weak. There is understanding of the impact of their training. But most likely, the trainees have not used the skills learnt from the training.

DFTQC is also concerned with increasing the capacity to test the quality of the products produced in Nepal. This is to help the private sector to check the quality of their products. The export of the foods from Nepal has been affected by the quality of the products, and there is no testing facility for pesticides residues and veterinary drug residue in the food. Export of two products – honey and butter has been affected by this problem. Nepali honey was rejected in Europe because of the presence of pesticide residue. Gandaki Bee Concern has not sent honey out because of this quality since 2004. Similarly, there is problem in the quality of butter that is going to be exported to China from DDC (Dairy Development Corporation), but quality issue has been raised by China.

There are many dairy industries in Nepal, and most of them are small. Considering even the small ones, there are 500 such industries in Kathmandu alone. The food chain in their case goes up to the village and individual farmers, who produce milk and bring it to the local collection center. From there, it moves towards the urban areas where the demand is.

Government has mandated flour-mills now to fortify the flour. Iron, Vit A and folic acid need to be added in the flour. But question arises as to whether small mills can do this.

5. Quality of foods available in the market:

The products that are sold in Nepal are checked by DFTQC for the quality. In 2009/10 (new report is yet to come), 11 % of the total samples collected (3064 in Kathmandu) were of substandard. About 69 % of the meat and meat products, 50 % of the sweets produced in Nepal, 45 % of pasteurized milk, 33 % of the drinking water, and 92 % of the feeds sample were found to be substandard². On the other hand, private companies are also asked to keep the labeling of the quality including nutritional status of the food in the package.

6. NGOs, community organization and civil organization:

These organizations are also involved in nutrition. For example, NGOs have asked companies to fortified food and supply it in their command area. WFP has also asked for fortified food for distribution, for which it supports a part of the cost. In the food deficit and nutritionally poor communities in Far West and Mid West of Nepal, fortified biscuits are distributed by the donor agencies in collaboration with local NGOs. Of these two organizations were investigated.

AEC (Agricultural Enterprise Center) of FNCCI (Federation of Nepal Chamber of Commerce and Industries):

AEC has helped in linking farmers to marketing agents. In addition, it helps in transferring technology, conducting market study, providing market information and giving training to farmers. It has helped in development of products which are rich in nutrition. For example, It has helped in the production and marketing of Bel Juice (Wood Apple Juice). This juice, considered rich in nutrition, has come into Kathmandu market. Farmers' co-operatives collect Bels from the market and have established factories for the production of juice. Bel is obtained from the common forest. AEC supports three such factories. The main concern of AEC is again quality in the product, and in the quality, they also mention nutrition along with many other things like taste, hygiene.

² Annual Report, 2011, DFTQC.

One of the influential project of AEC is ‘one village one product’, which is followed because it helps in marketing as well as in supplying inputs. It has identified eight products, which are good nutritious food. These products are Lapsi (rich in vit c and other nutrition), Junar (orange), Bel, and Rainbow Trout fish. The other products are the ones bringing cash income. These are coffee, orchid flower, and agro-tourism. It also runs other projects, that basically helps farmers and then linking farmers with the markets.

AEC is concerned with nutrition. This is seen in the hiring of an food technologist with knowledge on nutrition.

AEC personnel feel that nutrition will be future priorities, but they have no any specific strategy in this regard.

The organic village:

This initiative can also be regarded as ‘food quality improvement’ because the reason given for promoting organic foods is again quality, taste and nutrition. Two agencies "The Organic Village Multiple Cooperative Limited" and "LEAD-Nepal" (Leadership for environment and development- Nepal), NGO to tie its scope to the remote places of Nepal. The trainings, workshops, project implementation, monitoring and evaluation are carried out by the NGO, LEAD-Nepal whereas building up the community relation for the purchase of organic products, it's processing, packaging, labeling are carried out by "The Organic Village Multiple Cooperative Limited". Final products are being marketed to national and international level by the private company "The Organic Village". There are outlets in Kathmandu of the organic village. This initiative has been supported by different NGOs & INGOS like UNDP, Micro enterprise development program, Small grant program, GTZ, Winrock to encourage Organic Agriculture.

In terms of nutrition or quality of food, the organization says ‘organic Agriculture often exhibit greater biodiversity with more trees, a wider diversity of crops and many different natural predator, which control pests and help to prevent diseases’.

The organization has backward linkages with forest groups, farmers and communities, and food processors. The forward linkage is maintained with consumers and also value addition agencies and agents in many cities in Nepal.

7. Training (both academic and nonacademic) in Nutrition in private sector:

Nutrition has also become a popular field of study. Private sector is responding to the demand of nutritionist in the market. Because of the growing demand of nurses in Nepal and overseas countries, nursing colleges have grown in private sector, and they also teach a course on human nutrition.

The training institutes for nutrition in Nepal include:

1. Food technology institute in Dharan – which has a 4 year course in food technology in which nutrition course is also delivered. This is under Tribhuvan University (TU), a public university.
2. Under TU, there is a Master’s level course on ‘food and nutrition’ – two year course in Central Department of Home Science and Women’s Study, PK Campus, Kathmandu. This is also under TU – a public university.
3. In purely private institutions, nutrition course is also delivered. For example, human nutrition is taught in private colleges like HICAST (Himalayan College of Agricultural Science and Technology). They have two MA courses – on meat technology and food technology. In both, they have a 4 credit course on human nutrition.
4. One of the fastest growing sectors in the medical campus in Nepal. There are about a dozen of them and, except one, others are private. They also offer courses on human nutrition. BP Koirala Institute of Medical Science in Dharan has started a course on Graduation in Nutrition and Dietetics. This is a semi-government institute.
5. There are five private colleges in Kathmandu which offer a course on nutrition. Golden Gate, Padam Shree, Kathmandu Valley College, NIST and HICAST offer a course on BSc on Food Technology and there is inclusion of human nutrition course here.

Nowadays, private hospitals also started to have one nutritionist and dietician. In the whole care industry, nutrition is also required. As a result, private colleges are cashing this opportunity.

8. Conclusion:

Private sector has just started to bring nutrition in their field. They see future in nutrition, which they consider as quality. Private knows that people now demand quality food, and thus they are cashing this opportunity. Employment of people with training in nutrition is easy compared to others as these graduates can work as nurses in Nepal or elsewhere. Private food companies are also having nutritionist in their staff. As a result, there is prospect for nutrition to be scaled up in private sector.