

**ADB**

ASIAN DEVELOPMENT BANK

Press Release

Government of Nepal and ADB Sign Agreements to Improve Horticulture in Hilly Areas of Nepal

Kathmandu, 7 November, 2022- The Government of Nepal and the Asian Development Bank (ADB) signed financing agreements for the Nuts and Fruits in Hilly Areas Project. The Financing comprises a \$60 million (approximately NRs. 7.79 billion) concessional loan from Ordinary Capital Resources and a \$10 million (approximately Rs. NRs. 1.30 billion) grant from the Asian Development Fund. The bank will also administer a \$9 million (approximately NRs. 1.17 billion) grant from the Global Agriculture and Food Security Program.

The Government of Nepal will contribute about \$14.5 million (Approximately Rs. 1.88 billion) for the project that will benefit over 30,000 households in Province 1, Bagmati, Gandaki, Karnali, and Sudurpaschchim, mainly through the development of around 10,000 hectares of climate-resilient fruit and nut orchard.

The agreement was signed by the Finance Secretary, Mr. Krishna Hari Pushkar and ADB Country Director for Nepal, Mr. Arnaud Cauchois.

“Nepal faces increasing demand for fruits and nuts due to urbanization, income growth and improved knowledge of nutrition which is not met by domestic production. The commercial farming of fruit and nut in Nepal remains marginal and the abandonment of cultivable land in hilly areas is increasing as people are shifting to other off farm employment and relying on external remittances. In this context, this project will help to take advantage of the country’s favorable agro-climatic conditions to produce quality horticulture crops and will also support the government’s declaration of 2016–2026 as the **Fruit Decade**,” stated Mr. Krishna Hari Pushkar, Finance Secretary.

“This agreement is key part of ADB’s overall efforts to address potential risks on food. Through this project, we will support improving the livelihood and climate resilience of horticulture farmers in the hilly areas of five provinces in Nepal.” said ADB Country Director for Nepal Arnaud Cauchois. “The project will also help improve access of local farmers and agribusinesses to agricultural technologies, knowledge, and markets. We hope the project will help retain younger generation in the agriculture sector and offer income opportunities for farmers, from disadvantaged groups, especially women who are heading households after male outmigration.”

Partial grants will be provided to farmer groups and cooperatives to shoulder investment costs, while a credit guarantee fund will be established for farmers who lack collateral to access formal rural finance. The beneficiaries, represented by at least 30% women and 20% from disadvantaged groups, will be trained in climate change adaptation practices, including soil management, crop husbandry, and drip irrigation, among others.

To ensure quality planting materials, the project will improve the institutional capacity for nursery and horticulture sector management. At the national level, the project will develop nursery standards, certification scheme, and an inspection system; upgrade private nurseries and horticulture facilities for testing, cleaning, and maintenance of planting materials; train staff of horticulture facilities to meet global sanitary standards; and commission research on climate resilient varieties of fruits and nuts.

The grant from the Global Agriculture and Food Security Program that ADB will administer will support another 10,000 smallholder farmers, with less than 0.2 hectares and unable to invest in commercial orchard development, in producing irrigated vegetable during the dry season and nutritious food crops during the wet season.