NEPAL’S UNTAPPED COFFEE INDUSTRY

Coffee production in Nepal is limited, but growing. With only 500 tons (approximately 25 containers at 38,500 lbs. each) of specialty Arabica coffee being produced in the country annually and only 20 percent of this volume currently exported, the local industry has yet to reach its full potential in the international market. The good news is that farmers’ awareness of the earning potential of coffee is increasing as is their willingness to grow it. Experts estimate that Nepal has the potential to increase the area of land dedicated to coffee farming by more than 80 percent in the coming years.

Arabica coffee is presently cultivated in 42 mid-hill districts in Nepal, 22 of which have organized production under the Nepal Coffee Producers Association (NCPA). The coffee presently grown by Nepal’s 30,000 small-scale farmers is organic by default as they typically do not use expensive (imported) chemical pesticides or fertilizers. The Government of Nepal is dedicated to promoting the fledgling industry, having established the Nepal Coffee and Tea Development Board in 1993. It also instituted the National Coffee Policy in 2003 to provide direction and resources for coffee farmers, private sector actors, and non-profit efforts to increase coffee production, improve processing and secure more export channels.

However, many challenges remain which hinder Nepalese coffee on the international market. Though farmers dedicate some of their time and land to coffee, it is rarely their primary crop. Their means of producing coffee at the scale and quantity necessary to turn a profit are limited, largely due to a lack of technical expertise in coffee farm management and processing.

In addition, farmers’ coffee trees are generally under-fertilized and in need of pruning, negatively affecting coffee quantity. Post-harvesting processes are lax (i.e. poor separation of cherries before de-pulping, inadequate management of fermentation, washing, and drying practices, etc.), affecting coffee quality in the cup. Without improving these aspects of coffee production, Nepalese coffee will continue to be seen as only a “novelty” on the international market rather than a coffee that has earned a reputation for its high quality.

OPPORTUNITIES

Lutheran World Relief (LWR) has conducted a study of the status and conditions of coffee production in three districts of Nepal, where we have experience working: Gorkha, Lamjung, and Tanahu. The study revealed that there are 2,550 coffee farmers organized into 22 farmers’ groups, 30 primary coffee cooperatives, three district coffee cooperatives, and three district coffee producers’ associations, who are farming an estimated 141 hectares of coffee in the region.

Helvetas, a Swiss international development agency, has established a Coffee Promotion Programme (CoPP) in the Chepe-Dordee-Marsangdi watershed, which spans across these three districts. They estimate that there is potential...
to increase the area of land dedicated to coffee production in the region to **68,022 hectares**. With such immense prospects for regional growth in coffee, LWR sees an exciting opportunity to build on the foundation laid by Helvetas/CoPP and other INGOs.\(^1\) We seek to help local farmers take advantage of this potential in order to improve their livelihoods as well as contribute to the overall development of the specialty coffee industry in Nepal.

In collaboration with the Government of Nepal, private sector partners, peer organizations, and producers, LWR is poised to:

- **Increase coffee quantity** by providing trainings on proper coffee cultivation and processing techniques and farm management while expanding access to inputs, such as seedlings and tools, as well as incentivizing farmers to expand their allotment of land to coffee.

- **Improve coffee quality** by encouraging cooperatives to build coffee processing facilities, training members on their appropriate use and management, and offering sensory training for farmers so that they can better understand the impact their farming and processing practices have on their coffee's quality through cupping.

- **Engage marketing opportunities** by cultivating relationships between farmers, cooperatives, and international buyers through networks and events, assisting cooperatives in developing business plans, and training members on the pricing of the international and local coffee markets, as well as on the benefits and mechanisms of collective marketing.

**PARTNERING WITH LWR**

Lutheran World Relief has nearly 75 years of demonstrated expertise helping communities living in extreme poverty adapt to the challenges that threaten their livelihoods and well-being. Our international team of experts develops the most effective tools to help people achieve self-sufficiency. We apply solutions specific to the needs of each community, such as providing access to capital for small businesses or helping farmers adapt to changing climate conditions. Our long history of partnership with local communities, businesses, and governments enables in-country professionals to lift up local knowledge and leverage relationships that drive results. By investing in people, their skills, and strengthening their ability to adapt, LWR enables those living in extreme poverty to build the resilience they need to thrive.

LWR has partnered with coffee farmers across the globe for nearly 30 years and continues this work today under *Ground Up: The LWR Coffee and Cocoa Initiative* ([lwr.org/groundup](lwr.org/groundup)). We have worked with more than 427,000 farmers and their families (more than 40% of whom are women) in coffee and cocoa development projects and have built expertise in helping small-scale farmers gain the skills, tools, and networks necessary to increase the quantity and quality of their coffee production. We strive to include all stakeholders in the coffee value-chain — from the farmer in Nepal to the roaster in Seattle — in our efforts to contribute to a more robust, sustainable, and equitable global coffee industry.

Since 2009, LWR has worked with local partners in Nepal implementing agriculture, food security, climate change adaptation and disaster risk reduction projects. We immediately responded to the 2015 earthquakes, which devastated much of the country, collaborating with the Government of Nepal, local NGOs, and affected communities to meet basic needs, rebuild homes, and strengthen livelihoods. Through our long-term earthquake recovery projects in Lamjung and Gorkha Districts, LWR has established trusted partnerships and a positive reputation, which allow us efficiently and effectively carry out our work in these areas. Our experience and relationships in Nepal, and our work in coffee production, equip us with the necessary skills, knowledge and networks to successfully promote the cultivation and international sale of Nepalese coffee. We are a ready partner for businesses looking to invest in growing Nepal's organic specialty coffee industry.

For more information, please contact

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