

# Sustainable Livelihoods in the Kailash Sacred Landscape

## Promotion of the Allo (Himalayan Nettle) Value Chain in Nepal



ICIMOD



FOR MOUNTAINS AND PEOPLE



The Kailash Sacred Landscape Conservation and Development Initiative (KSLCDI) includes remote portions of the Tibet Autonomous Region of China and contiguous areas of Nepal and India. The landscape is environmentally fragile and its people are highly vulnerable to climate change and environmental degradation. KSLCDI aims to improve livelihoods by carrying out activities in farm and non-farm sectors while simultaneously promoting ecosystem management and the efficient use of natural resources including water and energy. The mountains of this landscape provide a rich variety of high value, low volume products, such as non-timber forest products and medicinal and aromatic plants. The mountain terrain is also suitable for cultivating temperate and off-season crops. However, the primary producers and collectors of these products generally receive a relatively low share of the return due to limited access to markets and credits, insufficient knowledge of the market chains, lack of processing facilities, and inadequate quality control. There is a need to ensure participation of the local communities through value chain development in order to increase their incomes.

In Nepal, KSLCDI has identified potential value chains in selected pilot sites. These value chains include allo (Himalayan nettle), nigalo (Himalayan bamboo) and rittha (soap nut). For 2015 and 2016, the Kailash Nepal Chapter has prioritized upgrading and promoting these value chains through product development and improving market linkages, which is explained for the allo value chain below.

## What is allo?

Allo (Himalayan nettle, stinging nettle) is a perennial shrub belonging to the Urticaceae family (*Girardinia diversifolia*). The stem bark of allo contains fibres with unique strength, smoothness, and silk-like lustre.

Nepal produces around 1,805 tonnes of allo each year. Half of the production is consumed within Nepal and the other half is exported. The demand for allo fabric is high in the international market. It is one of the most popular souvenir products of Nepal. Allo fibre also has great cultural significance among hill communities in Nepal. An estimated 20 tonnes of allo bark are produced in Darchula, of which 8–9 tonnes are produced in Khar Village Development Committee (VDC), where the plant is found in abundance. About 50% of allo from Darchula District is sourced from Khar VDC alone.



## Reasons for choosing the allo value chain for the Kailash Sacred Landscape (KSL) in Nepal

As a seasonal product, allo is primarily collected during the lean season when there is no rush for agricultural production. Local communities, especially women, have long been using allo to make various articles of daily use such as ropes, fishing nets, bags, sacks, clothes, carpets, jackets, and tumplines used by porters for carrying loads.

There is high potential for value addition in local, state, and international markets.

Positive aspects of the allo value chain:

- The products are high in value, yet low in volume, which is favorable in regions with limited accessibility.
- It is non-perishable, can be stored, and is, hence, not a high-risk product for value chain actors.
- It is rooted traditional knowledge of local people.
- It has high market demand at the local, state, and international levels
- It is a pro-poor value chain, with high participation of women and disadvantage groups
- Allo is available in abundance in the area
- There are possibilities to reach high production and sales through cooperative measures, so that the economies of scale are practicable
- There are various steps in the value chain which have high potential for value addition

Present weaknesses of the allo value chain:

- Existing technologies are simple but time consuming and tedious: improved technology for processing fibre from dried bark is needed
- Inconsistent quality of thread makes it hard to meet international standards and compete with products in larger markets
- Dependent on import of chemical dyes from India
- Excessive use of caustic soda might lead to environmental degradation
- Increased demand for fuelwood for processing allo might lead to deforestation

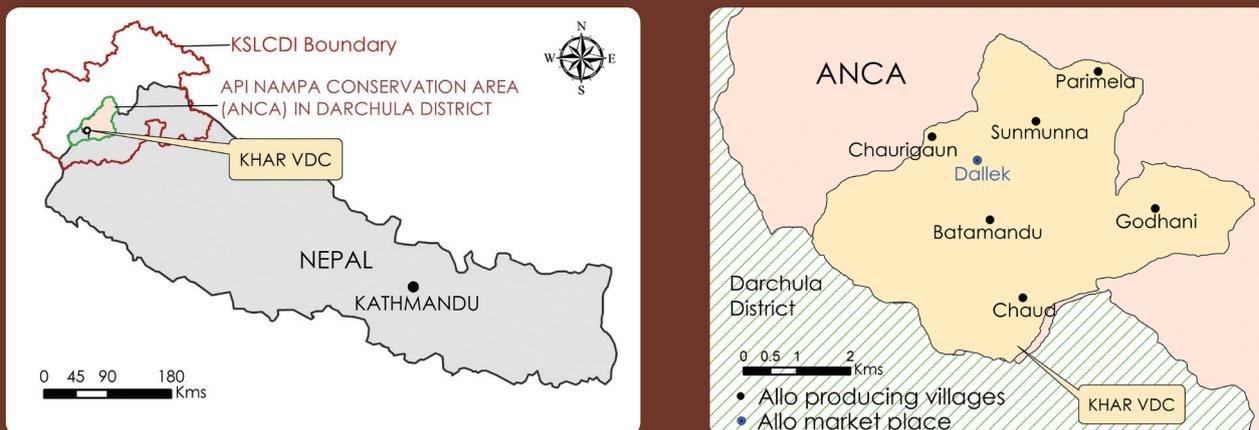
## About the KSL allo pilot site

Khar VDC of Darchula District has been selected as a pilot site for the promotion of the allo value chain (see map). The district is situated in the hilly region of far-western Nepal. It is bordered by India to the west and China to the north. Its neighbouring districts are Bajhang and Doti to the east and Baitadi and Dadeldhura to the south (see map).

Khar VDC is situated within the Api Nampa Conservation Area (ANCA). It covers an area of 25.95 km<sup>2</sup> and has 698 households with a total population of 4,272 (2,056 male and 2,216 female), according to the National Population Nepal Health Professional Council (NHPC 2011).

Khar VDC is rich in natural resources, fresh water springs, forests, flora and fauna, water bodies, and agricultural products. Services and remittances are the main sources of income. The average annual income

Figure 1: Map of allo pilot site



per household is NPR 20,908, which is less than one US dollar a day. About 76% of the households do not have enough food supply for three months of the year.

### Steps in the allo value chain in KSL Nepal

Studies indicate that collectors are the least benefitted actors in the allo supply and value chain. This is due to insufficient knowledge of market chains, inadequate processing facilities, and inadequate quality control. A value chain approach is needed to optimize the use of this non-timber forest product (NTFP) by identifying key market-related issues, including entry points for conservation and development interventions. This approach will help answer several key questions: Where are the market players? How are they organized? Is allo available in abundance, and what must be done to ensure long-term conservation? How can environmental degradation from the use of caustic soda be prevented?

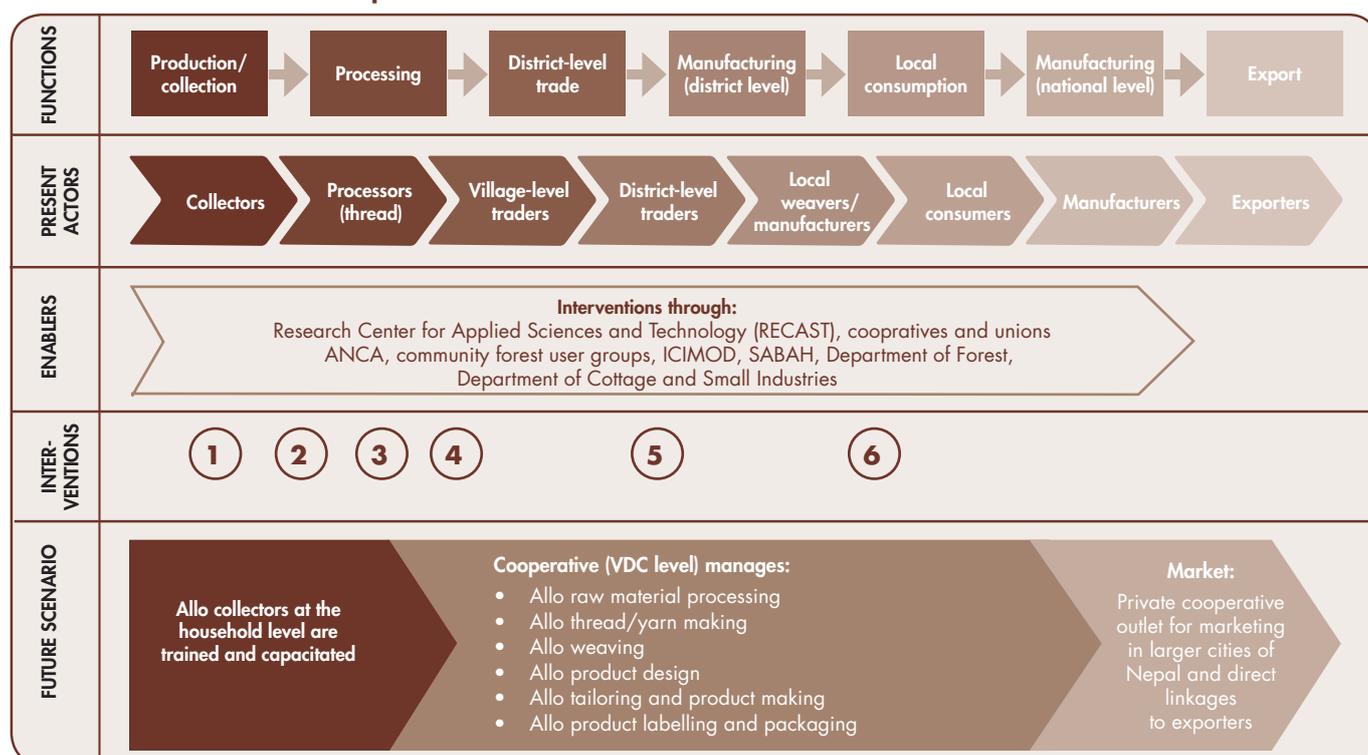
Allo trade begins with the collection of allo bark from forests and ends with the export of allo products. Allo thread made in Khar VDC is first brought to Khalanga, the district headquarters of Darchula, and is then taken to Kathmandu, where it is sold to entrepreneurs or exporters. Local entrepreneurs in Khar often make various articles from allo thread and sell them in the domestic market. Owing to its quality, most of the thread goes to the carpet industry. Improving the quality of yarn and promoting value-added products in Khar VDC will greatly contribute in alleviating poverty in the area.



### Guma Devi Tamata, allo collector and processor in Khar VDC, Darchula

Guma Devi Tamata, permanent resident of Khar VDC in Darchula District, has been collecting allo for the last 15 years. She collects 500–800 kg of allo from the forest and sells semi-processed bark at the district headquarters for NPR 40–80 per kilogramme. She also produces about 200 thick threads for use with livestock and for the production of damlo (rope to carry loads) and sells them at a rate of NPR 200 each. All together she makes around NPR 35,000 in a year from her allo enterprise. Ms Tamata says, “There is a lack of appropriate technology and skills in the allo sector. We use the traditional method to make thread. This is time consuming and the thread is not as smooth as the one produced by a commercial manufacturer”. She is not satisfied with the price she gets. Transporting the product is also a problem because of the limited road network.

## Steps for value addition in the allo value chain in KSLCDI



### Allo value chain interventions and upgrading strategies

<b>1</b>	<b>Conduct scoping studies and value chain analysis:</b> A study on the status and scope for choosing allo as a major value chain for intervention was conducted through consultation meetings with stakeholders as well as ICIMOD's government partners. Major actors and areas of intervention have been analysed.
<b>2</b>	<b>Promotion of local institutions:</b> Allo businesses are currently organized at the household level in villages in Khar VDC. Farmers are being mobilized to form groups and cooperatives, with two groups already formed. This will help in customizing input services from development sources, attaining economies of scale (volume supply), increasing bargaining power, and developing value-added products with quality standardization.
<b>3</b>	<b>Product value addition and development:</b> Existing traditional methods generate poor quality allo thread, which has a low value and is only used in the carpet sector. The private sector was brought to Khar VDC to demonstrate how the product can be enhanced and diversified. The introduction of efficient weaving techniques and handloom techniques and tailor machines for common use in the community processing units are planned.
<b>4</b>	<b>Capacity building at the community level:</b> Communities have been trained on allo nursery management, and allo saplings have been distributed for plantation. Activities are planned to build farmers' capacity for entrepreneurship, business planning, and cost-benefit analysis. Trainings are planned on specific aspects of allo production, from harvesting and thinning to weaving and building market linkages. To address the sustainability of the value chain, improved stoves and alternatives to caustic soda are being provided to ensure better management of water and energy.
<b>5</b>	<b>Access to credit and finance:</b> Farmers' access to credit and finance can be facilitated through groups and cooperatives, particularly through the promotion of local savings groups or joint liability groups.
<b>6</b>	<b>Promotion of linkages with other private players in the value chain:</b> Linkages can be facilitated by sending allo producer groups to various trade fairs. A workshop on private sector engagement in the allo value chain was organized in Kathmandu to assess the possibilities of allo buyback for international and regional markets. Linkages between the local allo groups and cooperatives and the national and regional players is being strengthened to promote allo products in the high-end market.



### For further information contact

**Anu Joshi Shrestha**      [anu.shrestha@icimod.org](mailto:anu.shrestha@icimod.org)  
**Bijay Raj Subidee**      [gurusubedi@gmail.com](mailto:gurusubedi@gmail.com)

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International Centre for Integrated Mountain Development

GPO Box 3226, Kathmandu, Nepal

Tel +977-1-5003222      Email [info@icimod.org](mailto:info@icimod.org)      Web [www.icimod.org](http://www.icimod.org)

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