Advocacy for the promotion of women’s entrepreneurship in Nepal

INTRODUCTION AND BACKGROUND

Women in Nepal have gradually been entering the business sector, which, for decades was solely male dominated. The increasing trend of women-led businesses—especially small and medium enterprises (SMEs)—is contributing to the national economy. However, women entrepreneurs face multiple hurdles, including a non-enabling policy environment which does not yet address their unique socio-economic needs, in addition to lack of easy access to credit and business services, as well as limited managerial skills.

Some policy provisions attempt to encourage women’s entrepreneurship. For example, the Industrial Enterprise Act (2016) has a special provision for women entrepreneurs offering a 35% discount on industry registration, 20% discount on industrial property registration, priority to establish a business in industrial zones, and access to export loans. However, implementation of such initiatives is weak and not effectively monitored. Moreover, the Constitution of Nepal has mandated that different levels of government (central, provincial, and local) develop their own policies to ensure an enabling environment for women entrepreneurs—a crucial first step.

To better understand the current context and main barriers for Nepal’s women entrepreneurs, the Federation of Woman Entrepreneurs’ Association of Nepal (FWEAN)—the apex body representing women-owned enterprises—conducted a study in June-July 2019 with support from the Feed the Future Knowledge-based Integrated Sustainable Agriculture in Nepal (KISAN) II Project. Through a series of focus group discussions and key stakeholder interviews, the study looked at the main gaps and challenges facing women agro-entrepreneurs from three districts of Nepal. The study assessed nine policy conditions outlined in the guidelines of the International Labor Organization Women’s Entrepreneurship Development (ILO-WED) program. Findings from the study will be used to promote policy dialogue that empowers and capacitates women agri-entrepreneurs and to create favorable enabling environments that attract women entrepreneurs into the agribusiness sector.

KEY FINDINGS AND CHALLENGES

While the specific businesses of women entrepreneurs ranged in sectors, the study found the most successful among them to be homestays, agro-processing, honey, and wholesale/retail businesses. Regardless of sector, the main hurdle for the development of women’s entrepreneurship was found to be the implementation and monitoring of government policies and programs—specifically in terms of resource distribution and continued follow up for effective implementation. Other challenges facing women entrepreneurs include lack of access to finance and marketing constraints.
In the agriculture sector, the main challenges for women business-owners relate to timely availability of raw materials, quality assurance, and price realization—especially without wholesale markets. The supply chain for agricultural commodities is not organized, nor connected with market centers due to lack of volume of production. Many small-scale businesses operated by women entrepreneurs are not profitable due to the high costs of purchasing raw inputs and difficulty competing with the similar products manufactured by big industries. Transportation and logistics management is difficult between rural areas and markets due to lack of sufficient quantity to supply markets, limited connections with traders, and lack of market infrastructure facilities to sell products.

Most women entrepreneurs lack access to quality food processing technologies, packaging, and certification. They also lack the skills to adequately market and brand their products due to limited investment capacity and a disconnect from business service providers. Government subsidy programs in the agriculture sector are not efficient and do not reach actual women entrepreneurs in need of such services. Statistics from the Department of Cottage and Small Industries show an increase in registration of women-owned enterprises due to discounted registration fees. However, once registered, these enterprises do not receive the full support needed to grow their businesses. There is a huge demand for credit at subsidized interest rates, but the government subsidy program designed for women entrepreneurs has not been implemented effectively due to difficulty evaluating and identifying actual entrepreneurs. Furthermore, many women entrepreneurs are unaware of the subsidy loan and its documentation process.

Despite the challenges, women entrepreneurs have found some support networks to turn to. Most women entrepreneurs tend to associate with groups or cooperatives to obtain small loans or to network with other business owners. Existing service providers for women entrepreneurs include the Department of Cottage and Small Industries, Micro Enterprise Development for Poverty Alleviation, Krishi Gyan Kendra, the Federation of Nepalese Chamber of Commerce & Industries/ Agro Enterprise Centre, FWEAN, South Asian Women Development Forum, and the Federation of Business and Professional Women Nepal.

**RECOMMENDATIONS**

The following recommendations can improve the enabling environment for women entrepreneurs and increase their active involvement in Nepal’s agribusiness sector.

- Small businesses should upscale and enhance competitiveness through a collective business model for investment and quality infrastructure through business incubation or Common Facility Center (CFC).
- Profitable businesses women entrepreneurs should venture into are home stay and agro-processing. Increasing competitiveness require subsidies for primary inputs, market infrastructure facilities (Collection Center, Haat Bazaar, storage, modern machinery, etc.), and easy access to business services.
- Promote trade fairs as an ideal platform to showcase products, demonstrate small technologies, and provide an opportunity for entrepreneurs to participate.
- The government should implement policies based on the research and piloting catering to various categories of industries.
- Business loans should be linked with other services such as insurance, financial literacy, capacity building, marketing, etc.
- Educate women entrepreneurs for effective utilization of loans (including loan proposal preparation and application) for up-scaling their businesses.
- Commercial banks should work with business associations (groups, cooperatives, federations, etc.) and projects for raising awareness on entrepreneurship development, financial literacy, and facilitation for loan services.
- Similarly, government bodies should collaborate with the private sector for the dissemination of government information related to policies, guidelines, subsidies, and other incentives to the entrepreneurs.

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