

Promoting Women's Micro, Small and Medium Enterprises(WMSMEs) in Nepal



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Investing in women and girls is the right thing to do. It is not only fair for gender equality, it is smart economics.

World Development Report 2010



Women's Economic Participation

- Women's participation important for inclusive growth and growth in general.
- National and international commitments also increases accountability of the state towards women.
- Nepal ranks 122nd in Global Gender Gap Index (2013) which covers 141 countries. The lowly status is still better than India, B'desh or Pakistan!
- Nepal with gender inequality Index of 0.479 in 2013 is in the 98th position. The average is 0.586 for the low human development group.
- Registered women entrepreneurs (30,000) account for 0.1% of the population in Nepal (IFC).
- Female labor is concentrated in the informal economy.



An Ongoing Study on WMSMEs

Objective of the study is to identify constraints faced by women in WMSMEs, including issues related to access to regional markets such as NTBs and provide policy.

Methodology followed:

- Literature Review
- Enterprise Survey: Total of 107 respondents (52 employees, 42 KII and 13 employers)
- Case Studies
- Focus Group Discussion: 4 FGDs
 - i) National Level
 - a. Policy makers
 - b. Other Stakeholders
 - ii) Sub-national level
 - a. Sankhuwasabha
 - b. Dolakha
- Coordination Mechanism-Formation of a Steering Committee
- National Consultation Workshop



Products and District Selection

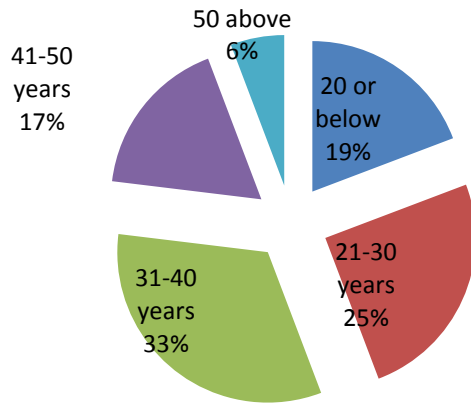
- Five possible products were “long-listed”: silver jewellery, pashmina, natural fibre “allo”, medicinal herbs and handmade paper
- Two products were then identified in view of their export potential and employment opportunities for women.
- Based on the selected products i.e Allo (*Girardinia diversifolia*), known as Himalayan nettle and handmade paper made out of lokta (*Daphne Bholua*), five districts were chosen for enterprise survey, including Kathmandu which is important for the identification of non-tariff barriers.
- The selected districts offer limited economic opportunities for women, which makes the two products important for their livelihoods.



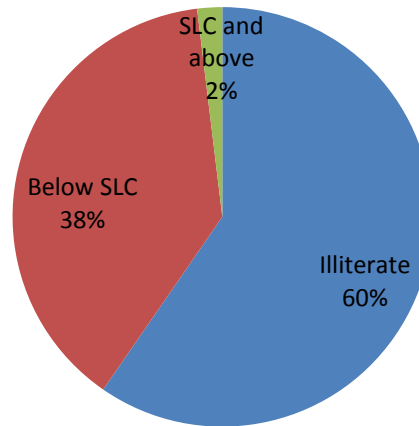
Research findings

Employee Survey

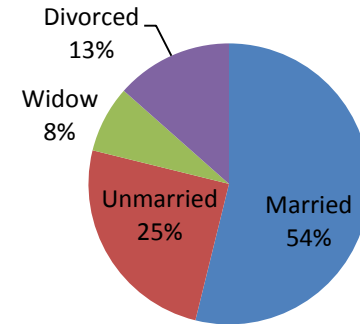
Distribution of age groups



Educational status



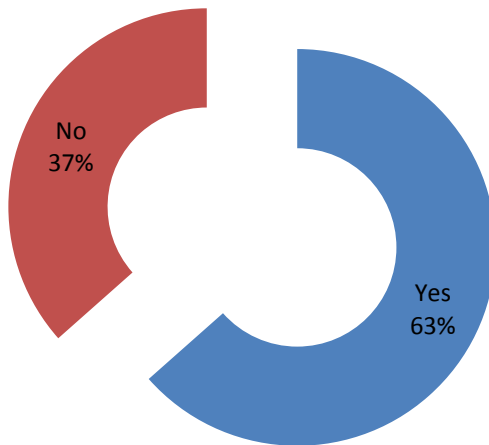
Marital status



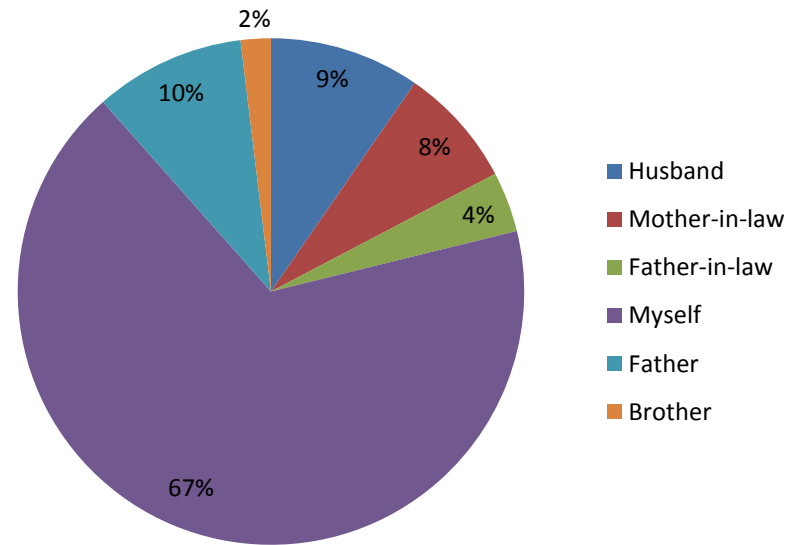
Our finding shows that majority of women involved in this business are in the age group of 20-40 years with no education and almost half of them are single women.

Employee Survey.....contd

Able to keep any of your earnings to oneself ?



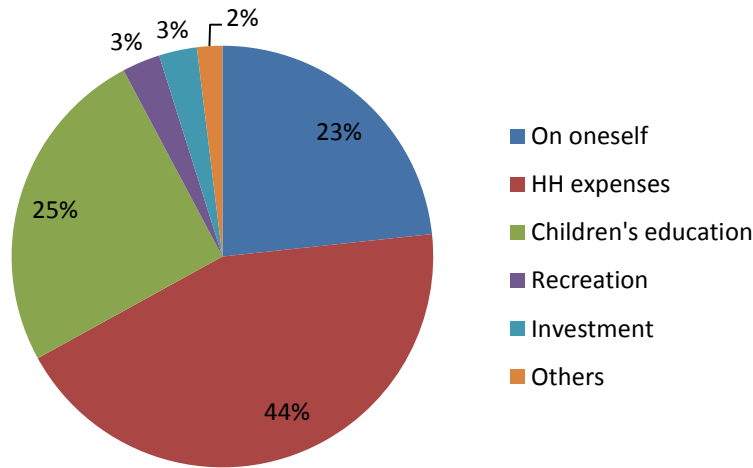
Who controls your earnings?



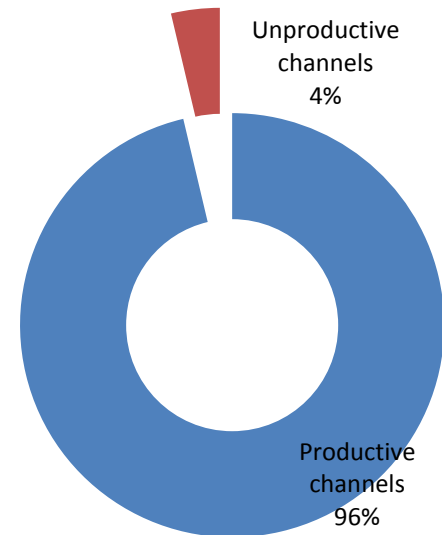
63 percent of the respondents said that they were able to keep some of the earnings to themselves and 67 percent controlled the earnings themselves

Employee Survey.....contd

Income spending

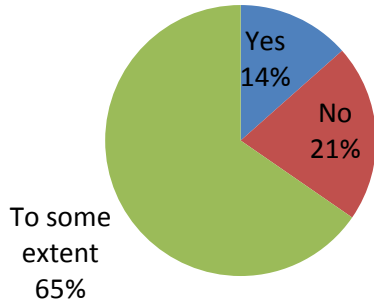


Perception on income spent on different channels



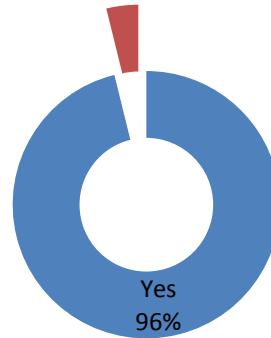
But most of their earnings were spent on either household requirements or children’s education and only 23 percent of the respondents spent their income on themselves. Recreation and Investment did not even feature anywhere for almost all of the respondents, nevertheless they felt that they were spending their income on productive channels.

Do you consider yourself successful?

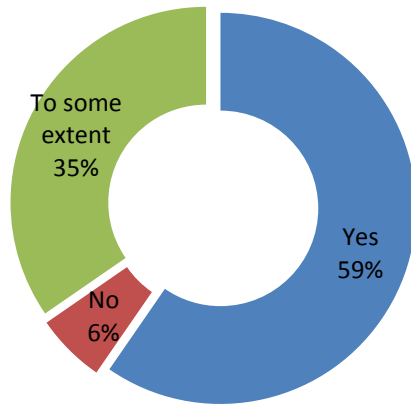


Are you better-off now?

No
4%



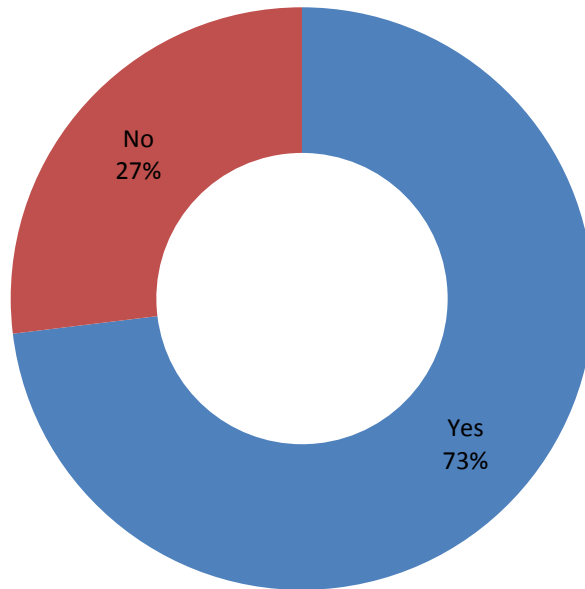
Are you satisfied with your work?



The satisfaction of the respondents showed a positive picture

Employee Surveycontd

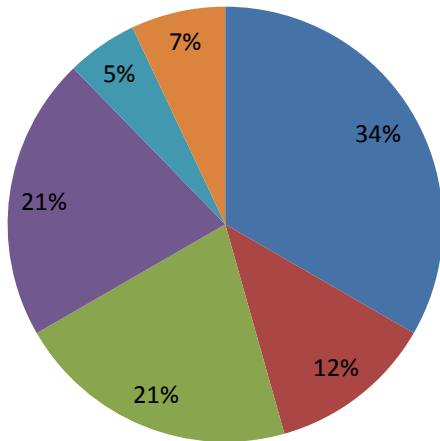
Have you taken any training related to your business



Though 73 percent of the respondents said that they had taken a training related to the business, the quality, relevance and period of the trainings can be questioned. The rest of the respondents employed their traditional knowledge.

Employee Survey.....

Health hazards



- Stress to eyes
- Difficulty in cutting thread
- Allo dust and caustic soda are harmful
- Tiresome to legs, hands and back
- Smell causes headache

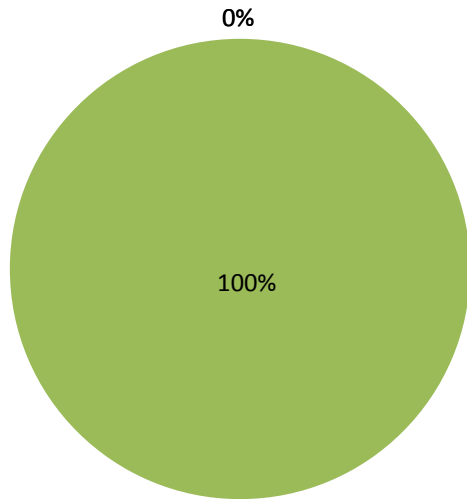


Though the satisfaction showed a positive picture, the tasks carried out by them were not free from health hazards.

Employee Survey.....

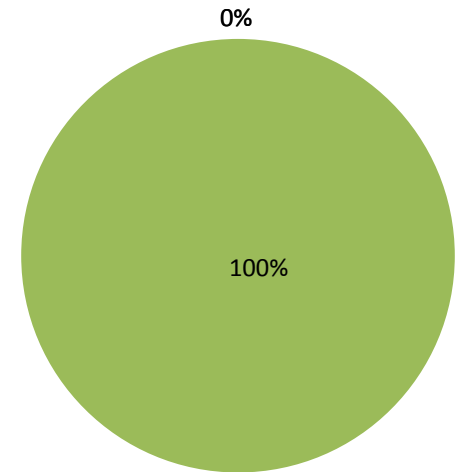
Do you think you have enough support from the government in carrying out your job?

■ Yes ■ No ■ Don't know



Are there any rules and regulations which you feel are restrictive of your growth?

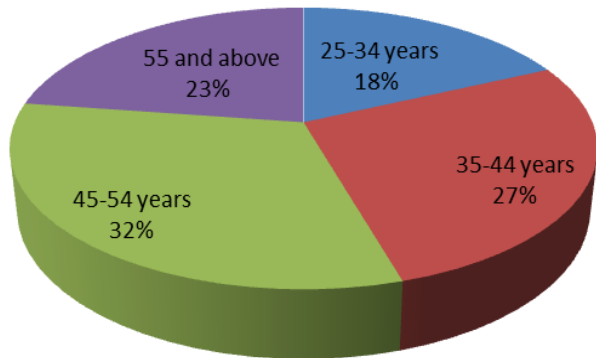
■ Yes ■ No ■ Don't know



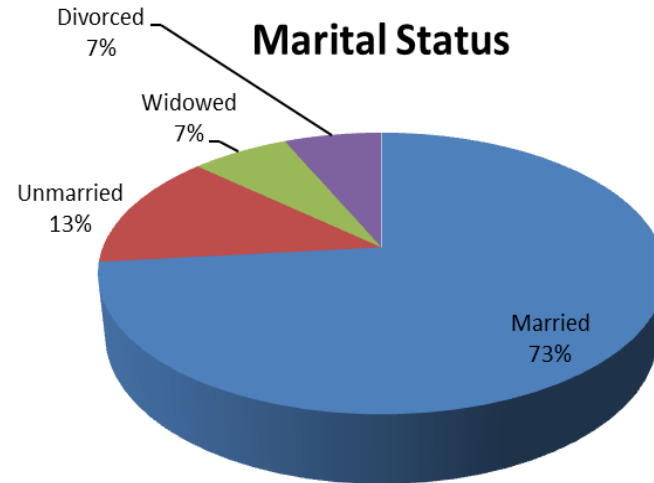
As far as the rules and regulations and government support are concerned the respondents were totally ignorant about it.

EMPLOYER SURVEY

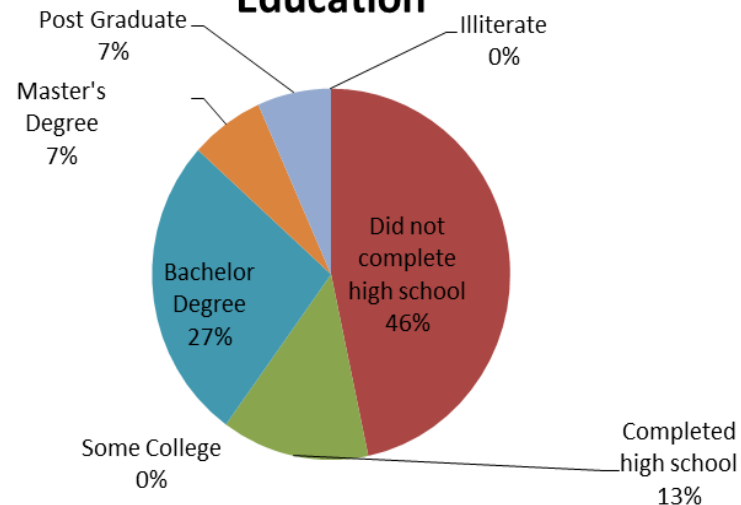
Age Group



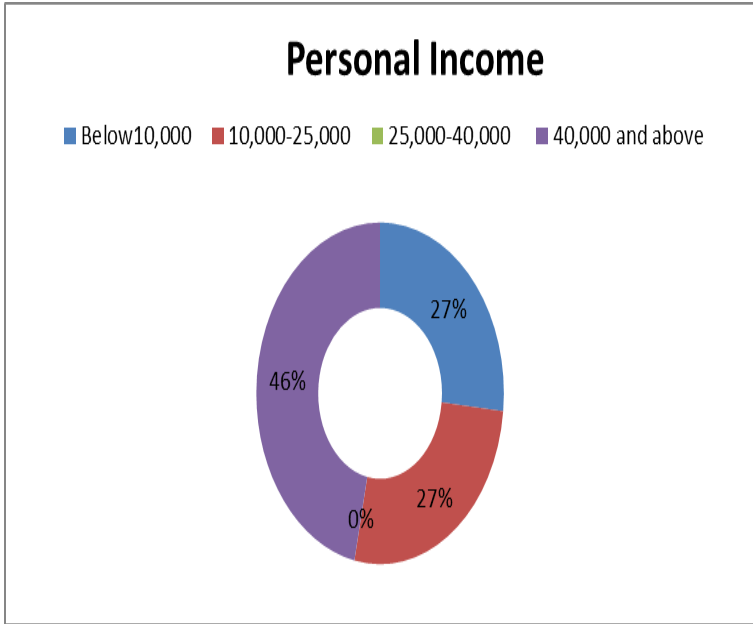
Marital Status



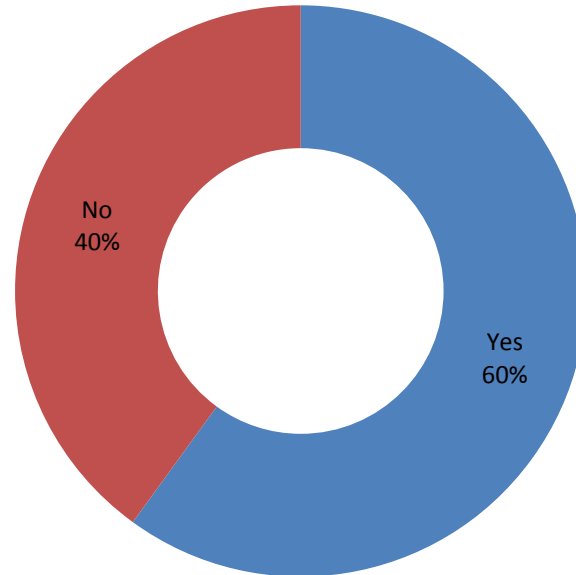
Education



Employer Survey.....

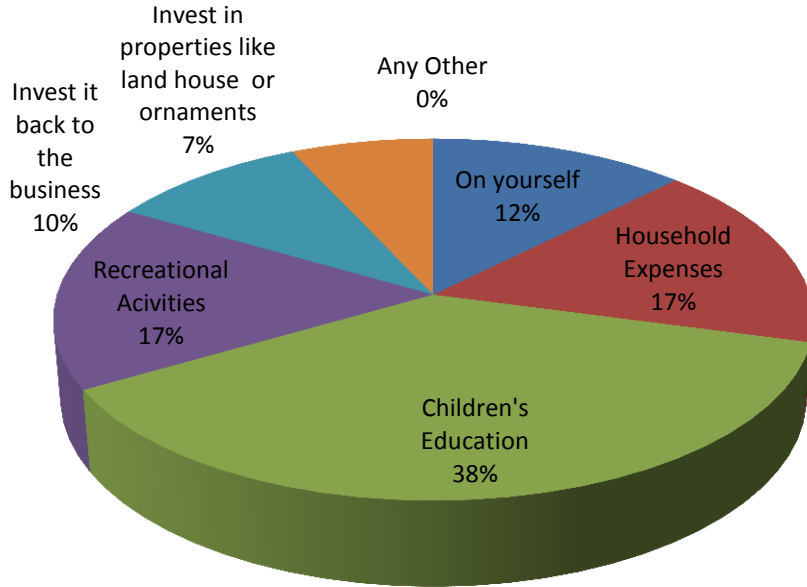


Are you able to keep your earnings to yourself?

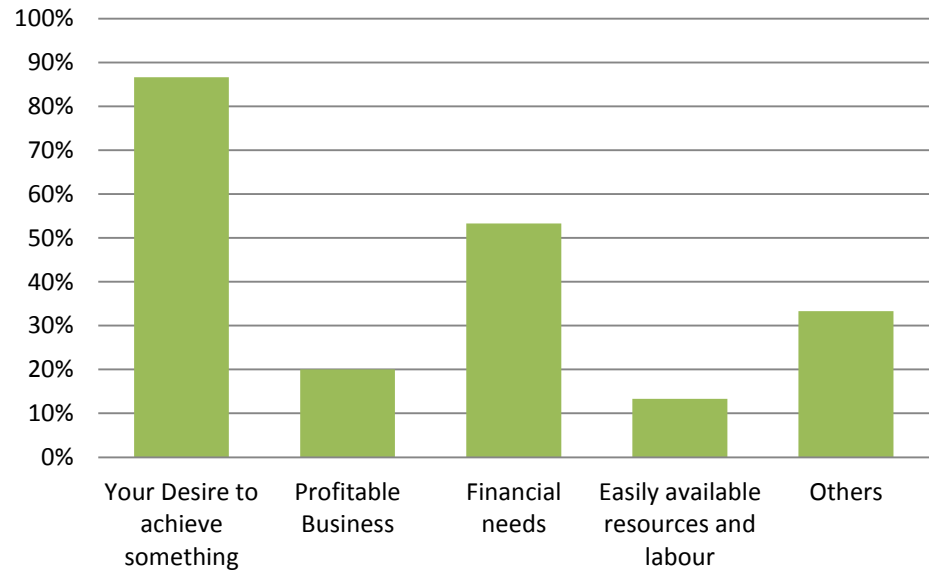


46% of the employers earned more than NRs 40000, none of them earned below NRs 10,000 while all the employees earned less than NRs 10000. 60 % of them kept the earnings for themselves

Income spent on



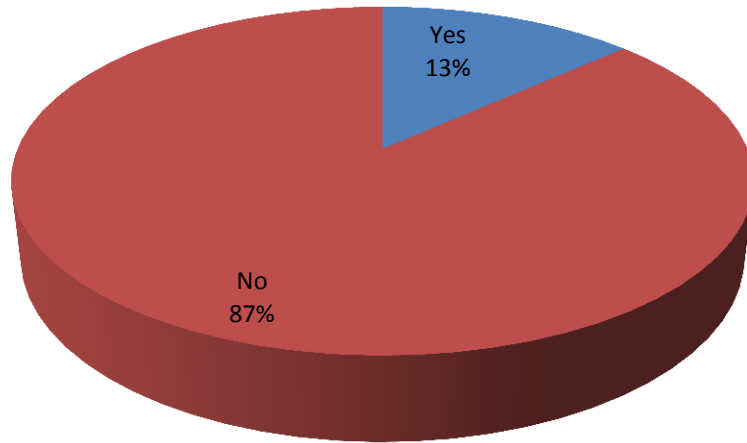
Reasons for taking up the business



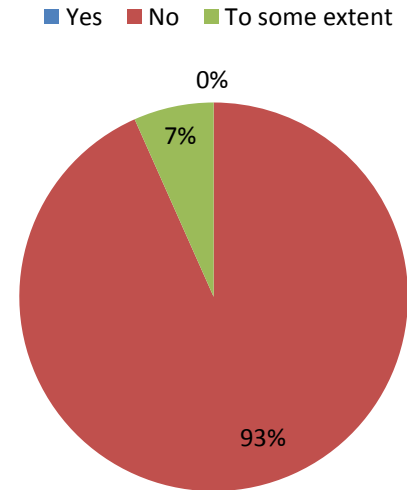
It was interesting to note that the reasons for taking up the business for the employees was to fulfill their financial needs while for the employers it was their desire to achieve something. Whatever the reasons, the income was spent mostly on household activities and children's education, which matched the expenses that employees made. But while recreational activities featured in the employers expenses, it was nowhere in the employees expenses

Employer Survey.....Policy Environment

Clarity on rules and regulations



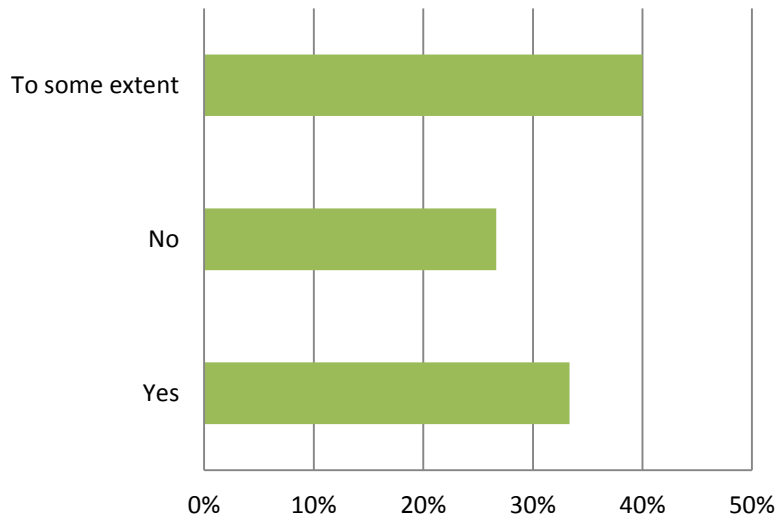
Adequate policy support from the government?



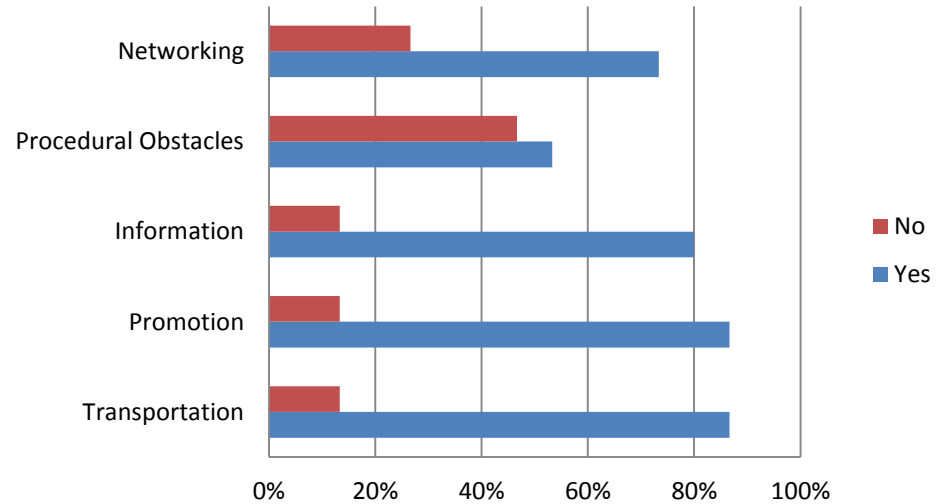
87 % of the employers admitted that they were not very clear on government rules and regulations and 93% even said that there were no adequate support from the government. This finding does not support the priority given by the government to the MSMEs keeping in mind the employment opportunities it creates to improve the economic status of low-income people

Employer Survey.....Access to market

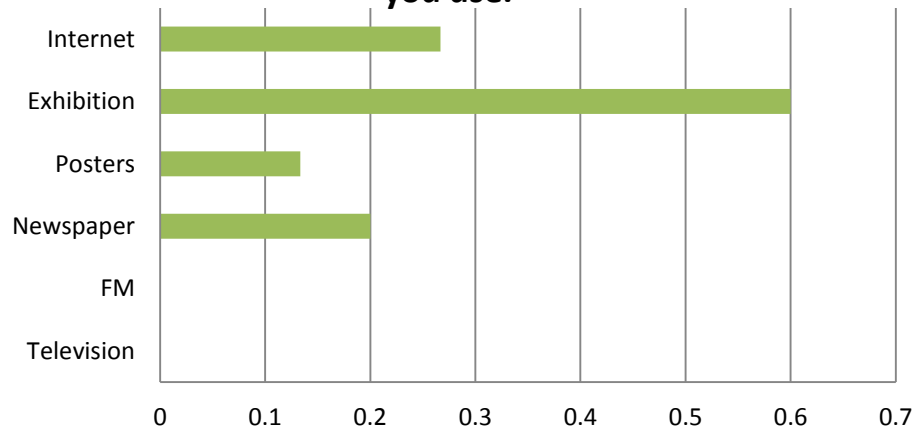
Market potential awareness



Are there any specific marketing problems?

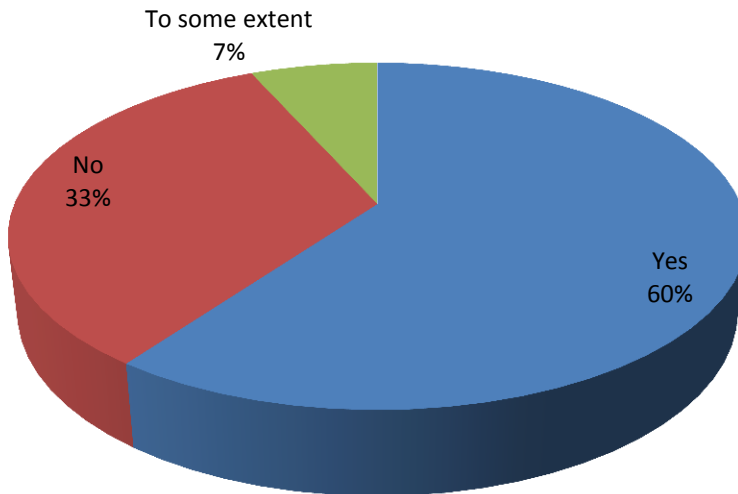


Promotional medium that you use.



Employer Survey.....

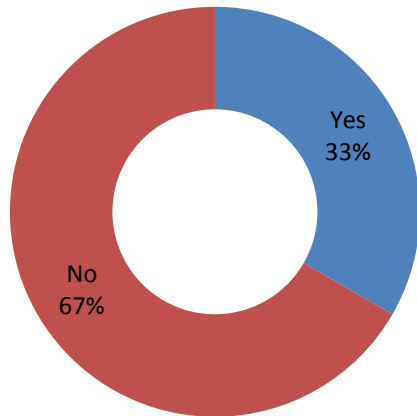
Are there any women related disadvantages?



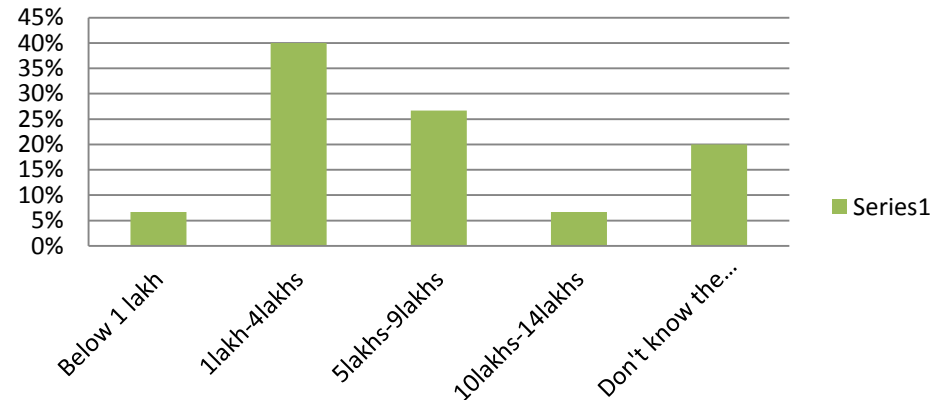
- Weak decision making power.
- No long term vision for themselves.
- They cannot be at par with men mainly because of their family responsibilities.
- Added burden as they need to manage household activities and work.
- Mobility problems due to various reasons like security.
- Inefficient and irregular due to time constraints .
- Lack of knowledge limiting their ability to analyze the business prospects and act accordingly.
- All this led to their inability to export.

Access to finance

Have you taken loan from the business?



Level of investment



There were many procedural difficulties to access the soft loan that government was providing.

The entrepreneurs either do not have property in their name or they have them in the villages which the banks do not recognize as collateral.

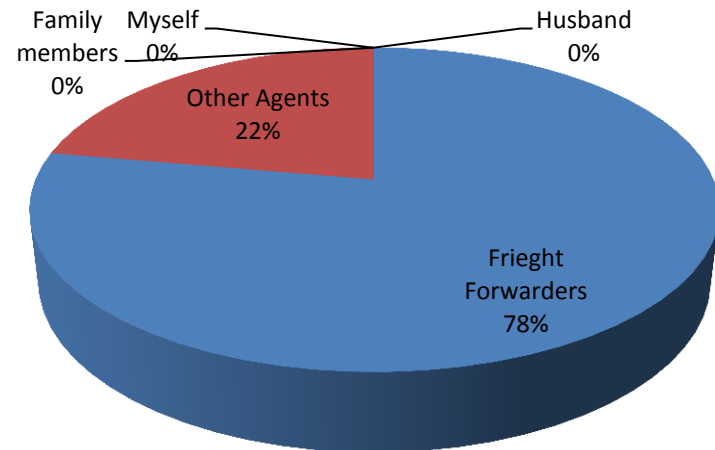
Hence maximum number i.e. 67% of the respondents had not taken any loan and they said they would avoid unless in dire situation.

Challenges while exporting

86.3% barriers in South Asian (SA) trade are related to Sanitary and Phytosanitary Measures*. But the study shows that there are other challenges hindering exports of Allo and handmade paper products to the SA countries mainly to India

- **Transport problems**
 - products become expensive
 - No specific categorization of Allo products for transport permit (they are seen as “other products”)
- **Documentation Hassles**
 - delays in processing documents
 - procedure needs to be repeated for each and every consignment

Who handles export?



Challenges while exporting.....contd

Procedural Obstacles in the Customs

- Obstacles faced by the exporters while exporting to South Asia specifically to India
- Unnecessary disruptions and rent seeking behavior on the other side of border

Transit Problems

- Not unique to the product but still hindering exports of Allo and handmade paper

Lack of Branding

- Unable to present as unique Nepali products
- Threat of cheap duplication

Key findings (Preliminary)

- Allo and handmade paper are unique products of Nepal. Both involve painstaking process of production.
- Women face more challenges to the overall business environment than to specific NTBs.
- Technology is either non-existent or hasn't been utilized which is restricting business expansion.
- Women entrepreneurs resort to their own funds or informal credit sources which in some ways restricts their business expansion.
- Almost half of the women associated with the business are single and fully dependent on it so the expansion of business means a lot to them.
- Women were found mostly dependent on middlemen to market their products because of lack of knowledge on market information



Key findings: Contd

- Government efforts towards promotion of the products are almost negligible. The stakeholders do not have enough resources to do it on their own
- Increased export faces two supply side constraints: finishing (quality) and quantity.
- Women are more involved in the cumbersome process in the value chain; they are invisible as exporters.
- Business activities are fragmented, with no emphasis on economies of scale
- There are more difficulties in exporting to South Asian countries (mostly to India) than to third countries.
- Custom clearance agents tend to exercise discretionary powers leading to harassment and informal payments.



Recommendations.....I

Marketing /Promotional activities

- Facilitation of market linkages
- District wise central warehousing or export housing facilities
- Provision of a craft village in Kathmandu
- Value marketing
- A collective trademark
- Undertake promotional activities using the services of related organizations

Research & Development and Technology Up gradation

- Support Research and Development, especially in terms of production growth, commercial farming, sustainable farming and sustainable harvesting of the raw materials in different districts.
- Technology Transfer

Recommendations II

Policy environment

- Recognition of women's practical and strategic needs. This requires a major policy shift!
- Conducive policies for enhanced access to finance with simpler procedures
- Provide export incentives to different countries, in particular India
- Provision of specific policy related to lokta and Allo especially create a new HS code for Allo and Allo products to ensure their smooth exports.
- To avoid the hassles of collection of tax by the local authorities at different points, Allo could be exempted from such provisions required for Non-Timber Forest Products(NTFP).

Trainings and Awareness Programs

- Undertake training and capacity building focusing on:
 - production process,
 - product-designs,
 - management/networking/awareness programmes
 - Field-based interactions with relevant (e.g., Ministry of Forest, Ministry of Industry, Department of Cottage and Federation of industries)
- Carry out post-training activities including monitoring, evaluation and continuous follow up to ensure that trainings leads to increased output

Recommendations III

Access to information

- Facilitate the use of mobile phone-based information system for women workers to get updated information related to allo and lokta products' price, good agricultural practices and trends, government rules and regulations

Expediting Border clearance

- Procedural obstacles in the customs are seen to be one of the major barriers for exports particularly to India; the border agencies should be made more effective by holding regular meetings to resolve the issues



Thank you

