

Advocacy Strategy Paper Final

SUBMITTED TO: FEDERATION OF WOMEN ENTREPRENEURS' NEPAL (FWEAN), BISHALNAGAR, KATHMANDU, NEPAL



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Acronyms

ICT	Information and communications technology
A2F	Access to Finance
BDS	Business Development Services
CBS	Central Bureau of Statistics
CTEVT	Council for Technical Education and Vocational Training
FGDs	Focused Group Discussion
FWEAN	Federation of Women Entrepreneurs Nepal
FY	Fiscal Year
GBV	Gender Based Violence
GESI	Gender & Social Inclusion
GoN	Government of Nepal
GRB	Gender Responsive Budget
GSMA	Global System for Mobile Communications
HBR	Harvard Business Review
ILO	International Labour Organization
INGO	International non-governmental organization
IP	Intellectual property
IT	Information technology
MoF	Ministry of Finance
MSME	Medium, Small and Micro Enterprises
NAST	Nepal Academy of Science and Technology
NGO	Non-governmental organization
NRB	Nepal Rastra Bank
NTIS	Nepal Trade Integration Strategy
SME	Small and Medium Enterprises
UKaid	United Kingdom Aid
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WEDF	Women Entrepreneurship Development Fund

Contents

1. Executive Summary	4
2. Objective of the Study.....	5
3. Methodology	6
4. Major Policy Areas for Advocacy Strategy	7
4.1 Socio-Cultural Aspects.....	7
4.1.1 Situational Analysis:.....	7
4.1.2 Data analysis:	7
4.1.3 Recommendations:.....	8
4.2 Access to Market- Market linkage- Value Chain Development.....	9
4.2.1 Situational Analysis:.....	9
4.2.2 Recommendations:.....	11
4.3 Labour Force: Education, Capacity Building and Training efforts.....	13
4.3.1 Situational Analysis:.....	13
4.3.2 Data analysis:	14
4.4.3 Recommendation:.....	14
4.4 Access to Finance (A2F).....	16
4.4.1 Situational Analysis:.....	16
4.4.2 Data Analysis:	18
4.4.4 Recommendations:.....	20
4.5 Digital Economy and Adoption of ICT.....	21
4.5.1 Situational Analysis:.....	21
4.5.2 Data Analysis:	23
4.5.3 Recommendations:.....	23
5. Conclusion:	24
References:.....	26
Annex I	28

1. Executive Summary

Women constitute 51.5 % of the population of Nepal, according to the 2011 Census. People belonging to 125 ethnic groups live in Nepal, and 59 of them are legally recognized as indigenous communities¹. In a traditionally patriarchal society with multiple ethnic, linguistic, religious diversities and geographic specificities, realizing the rights of women in all its aspects on equal footing with men is extremely important not just for ensuring equality and justice in society, but also for judicious socio-economic transformation of the nation for inclusive and sustainable development.

However, ensuring equal opportunity and enabling equitable access for women entrepreneurs is still a far cry in various parts of the world including Nepal. Research has pointed out that small businesses of women which mostly employ women workers and are at the bottom of global value chains (UNDP 2020). They also face multiple survival challenges, such as getting into business, surviving in the market, and growing/or expanding businesses. Women entrepreneurship is a significant tool for uplifting women's status within a society. With rise in economic activities in the country, Nepali women's participation in entrepreneurial activities has also been rising. Many organizations have also begun to provide professional exchange bases for women entrepreneurs. They also provide mentorship to assist them in upgrading their business skills. Women are accepting entrepreneurship and many of them are successfully leading their businesses.

However, onset of COVID-19 and extended periods of lockdowns have imposed a serious challenge for the survival of women led enterprises, many of which were just starting to take a shape. Disruption in global and local supply chain has severely restricted availability of raw materials forcing some of the enterprises to halt their causing serious damage to their cash flow management. Due to lack of production and no other income source, many women are worried about how to repay their bank loan. Many of the firms which are somehow managing to operate are facing the issue of human resource management. Furthermore, market linkages which are not as smooth as earlier is adding another layer of challenges. Lack of idea and knowledge on predicting the financial status of business, gaps in technical know-how to adjust their business sustainability plan, and limited ideas on how to manage accounting, taxation, and business renewal issues at such time and absence of proper, knowledge on using digital channels for marketing, etc. have raised a big question mark on the survival and sustainability of many of the women run enterprises.

Therefore, to contribute towards decent employment creation through resilient enterprise recovery and help Women entrepreneurs advocate for evidence-based policy reforms, it is crucial to address these challenges to support resilient and green recovery from COVID-19. For this purpose, the following policy brief has been drafted identifying key areas for priority policy recommendations on enabling business environment for women entrepreneur in Nepal s who are badly affected by the first and second wave of COVID-19.

¹ As mentioned in the schedule of National Foundation for Upliftment of Adibasi/Janajati Act, 2002.

2. Objective of the Study

The COVID-19 pandemic has impacted people all over the world and with its end still uncertain it is important to develop resilience to pandemic. Women and marginalized groups continue to be the most significantly impacted groups. According to UN Women, across every sphere, from health to the economy, security to social protection, the impacts of COVID-19 are exacerbated for women and girls simply by virtue of their gender. Compounded economic impacts are felt especially by women and girls who are generally earning less, saving less, and holding insecure jobs or living close to poverty. Similarly, women also need to spend three times more time on unpaid domestic work than men, limiting their time for professional activities.²

With lower salaries and fewer savings, women are more vulnerable with limited social protection. This makes them less resilient to the severe economic impacts of COVID-19. Some of the challenges that women entrepreneurs ordinarily face include:

- Limited access to markets
- Limited access to finance
- Socio Cultural discrimination
- Barriers to the adoption of digital technology

Another factor that needs to be considered is that even though women entrepreneurs' contribution to economic growth is substantial, COVID-19 has imposed a more serious challenge for the survival of these women led enterprises. Some of the enterprises have already halted their production because of the scarcity of raw materials. Due to lack of production and no income source, many women are worried about how to repay their bank loan. In addition, most of the firms are also facing the issue of human resource management. Further, supply chain and market linkages are not as smooth as earlier. Lack of idea and knowledge on predicting the financial status of business, business sustainability plan, accounting, taxation, business renewal, marketing, market research etc. have further created a dilemma for the survival and sustainability of women's enterprises.

Therefore, this study has been conducted to "*Develop briefing paper on priority policy recommendations on enabling business environment for women entrepreneurs and policy advocacy strategy*". Its aim is to formulate policy recommendations to improve the general business environment for women and to increase their resilience to the COVID-19 pandemic and other adverse situations that may arise in future.

The key objectives of the study include:

- i. Identifying the areas for priority policy recommendations on enabling business environment for women entrepreneurs who are badly affected by the wave of COVID-19.
- ii. Development of a policy advocacy strategy document as the means through which the advocacies related to specific policy gaps and recommendations can be brought into action for support in business recovery.

² Policy Brief: The Impact of COVID-19 on Women, United Nation (UN),09/04/2020

3. Methodology

The study was conducted utilizing a combination of quantitative and qualitative approach to collect required information and primary data. For primary data, a survey was carried out with MSMEs affiliated to FWEAN and a series of FGDs were carried out with different groups including FWEAN executive board members, banks and financial institutions, provincial government officials as well as federal government official (**Annex I**). Secondary information was collected mainly through literature review of reports published by Nepal Rastra Bank (NRB), World Bank, International Labour Organization (ILO), United Nations (UN) organizations as well as other documents that were relevant to this study.

Survey was conducted with a total of 52 MSMEs affiliated to FWEAN. The respondents were chosen while ensuring inclusiveness in terms of different business sectors, business types and geographical areas. Respondents from Province 1,6,7, Bagmati Province, Lumbini Province and Gandaki Province were a part of this study. 19 districts were represented in this study. Careful consideration was also taken to ensure inclusiveness of participants from different age groups. The primary objective of this survey was to understand the impact of COVID-19 on women MSMEs of Nepal and to analyse the ease of doing business for women in Nepal. The information collected was carefully analysed by the consultant team and presented under five major policy areas as mentioned below:

- Socio-Cultural Aspects
- Access to Finance
- Access to Market – market linkage- value chain development
- Labour Force: Education, Capacity Building and Training efforts and
- Digital Economy and Adoption of ICT

This policy paper highlights some of the key issues related to:

- Impact of COVID-19 on women entrepreneurs of Nepal.
- General business environment for women entrepreneurs of Nepal
- Factors affecting business of Women Entrepreneurs of Nepal

Policy recommendations have also been made to help reduce factors adversely affecting female led businesses of Nepali with the objective of improving the general business environment to boost their business growth.

4. Major Policy Areas for Advocacy Strategy

4.1 Socio-Cultural Aspects

4.1.1 Situational Analysis:

As per the 15th national plan (2019-2024), through a gender perspective aims to establish conducive environment for livelihood for women through institutionalizing the “Gender accountable” governing system, and ensuring equitable access of women in resources, opportunities and benefits for women leadership in economic development of the country. In similar lines, the Gender Responsive Budget (GRB) Formulation Guideline, 2012 was issued by MoF with the objective of making national budget and programs more gender responsive; establishing relationship between program and budget for gender equality; measuring gender sensitivity of the budget objectively with the help of numerical scores; and evaluating the achievements of projects based on benefits received by the women or not. Additionally, Gender Based Violence (GBV), unpaid work, and caste-based discrimination can negatively impact women entrepreneurs. A safe, clean, respectful and inclusive working environment, where women can freely commit their time and energy into the business activities should be strongly promoted. GRB indicators such as capacity building, women participation in formulation and implementation, women’s share in benefits, support in income generation, and minimizing women workload are strong tools which need to be properly utilized for efficient implementation. As per the FY budget of 2020/21 the government has allocated NRs. 1.20 bn for women, children and senior citizens. Social security and protection based on life cycle to all Nepalese Citizens has also been inferred. Furthermore, the government has hiked up all the social security allowance by 33%, which would benefit the social-economic structure of the country. Although the government provided various relief packages to combat Covid-19, from our data survey, more than half (62%) of the women entrepreneurs shared they were not aware of the governments COVID-19 relief packages (**Fig 9**).

4.1.2 Data analysis:

Majority of the women entrepreneurs stated they were not aware and had high difficulty in taking advantages of these relief packages that could have benefited their enterprises. Similarly, when asked if they were satisfied with the government relief packages, 66% responded negatively. This shows a large gap in information dissemination and awareness that needs to be followed to monitor actual impact of

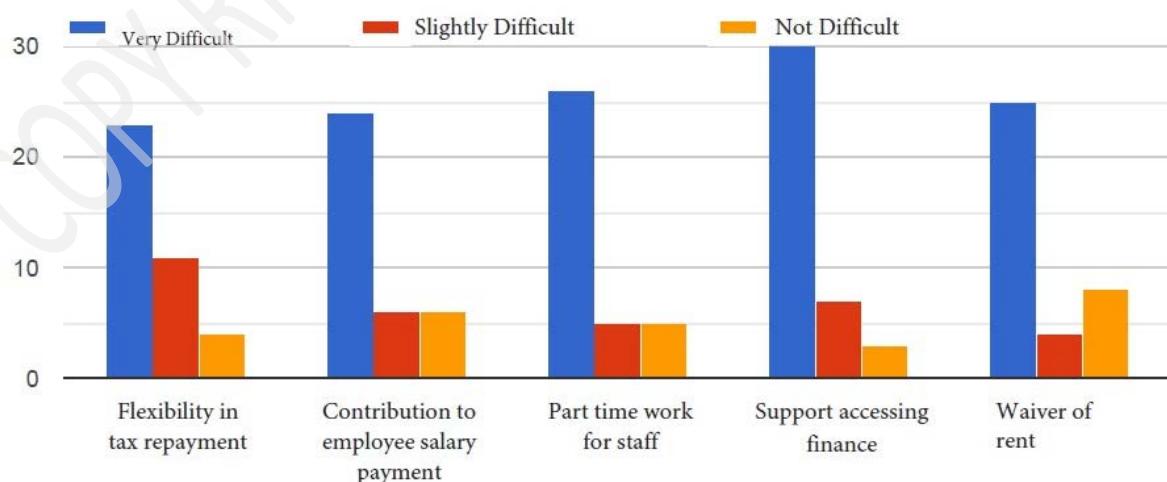


Fig 1: Access measures implemented by the Government

provisions. Many of the provisions are blanket approaches, and not specifically geared towards needs of the women entrepreneurs. This lack of differentiation and focus makes it difficult for women to adequately utilize the provisions due to various gender constraints and inflexibilities. Without this change in mindset, any proposed subsidies, credit allocation, and other measures aimed towards women may not bring about the change needed.

4.1.3 Recommendations:

MSME policies and strategies must also recognize the issue of women as workers and formulate strategies and action plans that specifically promote women's enterprise development to address the challenges businesswomen and potential businesswomen encounter, given Nepal's patriarchal society. Acknowledging this social-cultural angle, following are the recommendations to provide an enabling business environment for women entrepreneurs:

- **Adopting an explicit 'zero tolerance policy' toward all forms of violence** –including discrimination, encouraging the reporting of violent incidents, providing support to victims of violence and other affected employees and instituting sanctions for perpetrators of violence. Designating safe spaces/shelters for women where they can report abuse without alerting perpetrators, e.g. in grocery stores or pharmacies and even expanding the capacity of shelters for victims of violence by repurposing other spaces, such as empty hotels, or education institutions, to accommodate quarantine needs, and integrating considerations of accessibility for all.
- **Perform periodic education and training of managers and supervisors on work-family balance**, workplace violence and other health and safety issues from a gender perspective. This should also include awareness and implementation on Institute formal flex time arrangements, self-scheduling, schedule exchanges, options for periodic unscheduled leave, telework / virtual work, paid or unpaid leave for family emergencies, prolonged illness of a family member, and parental leave after the birth or adoption of a child.
- **Consider an occupational health promotion agenda** that address issues of interest to women (e.g. health screenings, migraines prevention programmes, lactation programmes, sexual health education, domestic violence outreach, etc.). Facilitating access to medical and counselling services that are gender sensitive, if possible, within the work premises during work hours. Support groups that are inclusive and promote establishing gender friendly infrastructure that allows differently abled women to partake in facilities/provisions available to them.
- **Unpaid care work should be recognized as productive work**; a transformative approach should be followed in which recognition of the value of unpaid care work, redistribution of care work, appropriate mechanisms of reward for care work and promotion of the representation of care workers in decision-making and policy processes will be required. The value of women's unpaid work to families and communities needs to be acknowledged by offering tax deductions and providing subsidies for the development of care infrastructure- such as better toilets, ease of transportation, etc, which are inclusive and can be used for differently abled women. The government has not fully factored familial care into the social policies- such as maternity leaves and childcare expenses.³
- **Encouragement and motivation to women entrepreneurs in starting and expanding their businesses.** Societal change is a gradual and slow process which does not occur overnight; women require initiation into professional work, and they need to recognise their own (phycological) needs and be convinced that their skills and knowledge if utilised properly can provide them with profitable occupation. They

³ Emerging lessons on women's entrepreneurship in Asia and the Pacific, the Asia Foundation and ADB, 2018

must be motivated to be actively involved in entrepreneurial activities. Further receiving appreciation for their work motivates them to perform even more efficiently.

- **Promote sole ownership registration for women entrepreneurs with holistic and simplified approach.** An alternative would be to assist Joint ownerships registration for microenterprises; wife-husband (or other types of female-male family members) with simplification and cost reduction of registration processes in areas where limited asset ownership by women is a major bottleneck.
- **Encourage corporate codes of conduct as a medium of promoting gender equality issues.** A number of forums and networks of women SMEs that provide a platform for women SMEs to raise their concerns to the government, need to be tapped to have representation and voice of women in business sector. One of the main such forum is the Women Entrepreneurs Development Working Group (under the Nepal Business Forum) which gives prime focus on the challenges faced by women entrepreneurs reinforcing alteration in the policy level by recommend.
- **Data collection and formalizing Gender & Social Inclusion (GESI) dedicated sections in the ministries** and government bodies such as in health and population, agriculture and cooperatives, education and federal affairs and local development, to institutionalize gender equality and social inclusion. Disaggregated data collection that incorporates data on work-related accidents and illnesses by sex, health hazards faced by women including occupational health issues from a gender perspective. Based on the data, health safety and gender related issues need to be addressed and encouraged to be shared in all social groups. This can be done in collaboration with local universities in collecting and generating gender-related data and longitudinal socio-economic studies in order to develop case studies of good practice.⁴

4.2 Access to Market- Market linkage- Value Chain Development

4.2.1 Situational Analysis:

Strong market linkages allow female entrepreneurs to progress their MSMEs- by having the opportunity to earn incomes, and grow their businesses. However, it is not always easy to seek out the proper support network for women entrepreneurs it is contingent on her education, family situation and the state of the economy.

Despite preferential access to major markets, Nepal has not been able to integrate with the global market, as per its comparative advantage on goods and services based in The Nepal trade Integration Strategy (NTIS) 2016. Procedural obstacles, logistical issues and sub-optimal warehousing facilities and customs infrastructure, along with lost time and high cost are reasons behind Nepal's inability to secure enough markets. Nepal along with women entrepreneurs needs to harness its comparative advantage in agriculture as a priority, given unique and diverse agroclimatic conditions with high potential for niche products that could advance economic diversification and commercialization. Apart from market access policies and treaties, women also face other challenges in the form of lower confidence, limited access to technology, low mobility, insufficient knowledge of business including products differential and labelling and packaging, limited access to networks, including large scale purchases, making them reluctant to take the plunge.

⁴Building Healthy and Equitable Workplaces for Women and Men, WHO, 2011

Further, majority of small and medium enterprises owned by females lack prior market research and business knowledge due to which women proprietors face severe problems during business operation. Lack of access to marketing networks, marketing information and appropriate business education deprive women entrepreneurs of voice and say in mainstreaming their concerns.⁵

The issue was highlighted in the survey as well, which showed that access to market was amongst the top 3 issues faced by women entrepreneurs. This was also led by high cancellation of orders which correlated to reduction in profits sales and profits. (**Fig 2**)

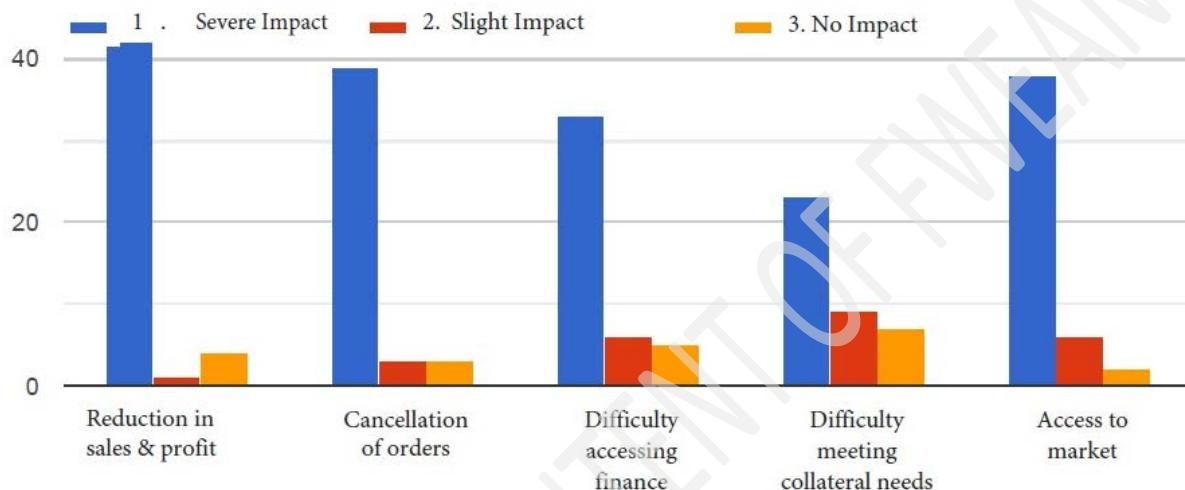


Fig 2: Impact of Covid-19 on Business

The Intellectual property (IP) rights in Nepal being enacted, can also provide protection for industrial property including patents, designs and trademarks which would ensure products and services are in line with the international IP standards, allowing better access to markets. Additionally, the public procurement policies, including the procurement policies of the private sector and development partners need to be gender sensitive, enhancing opportunities for women-owned enterprises. The government aims to launch the National Standard Policy to ensure supply of quality products, as per the FY 2021/22 budget speech. This will ensure access and reach to broader international market by establishing and improving quality testing labs and quality certification units (labelling & packaging) for women led enterprises- e.g., Nepal Academy of Science and Technology (NAST).

A lack of access to trade and market intelligence places Nepali women SMEs with export potential at a disadvantage with competitors. However, the government has plans to introduce “Made in Nepal and Make in Nepal” campaign, which aims to promote local products and produce that can be viable commercially. Similarly, the GoN has plans to begin ‘Virtual Trade Shows’, that would allow products to be showcased and where one can attend remotely and capitalise on the digital economy. One of the biggest drawbacks seen by women entrepreneurs is having to import all the raw materials and by doing so it increases the prices of their products and their dependency on other countries. To ease out the market access the government has plans to buy agricultural products of farmers to encourage them for farming, which can be beneficial for women entrepreneurs in the rural and agricultural sector, given that the new budget has allocated Rs 45.09 billion for this sector. Increment in agricultural production and productivity

⁵ <https://www.westcliff.edu/wp-content/uploads/2019/08/Acharya-Pandey-2018-22.pdf>

and assurance of food protection, seems a priority taken forward by the GoN. Furthermore, the budget states that 40% of the products established in Special Economic Zones will be sold in the domestic market, allowing women entrepreneurs access to a wider market area. Further, reducing infrastructure gaps and strengthening connectivity across provinces is needed to massively scale-up in connectivity in backward provinces like Karnali and Sudurpaschim. Relaxing supply side bottlenecks, reducing production and transaction costs, attracting investment in productive areas, augmenting markets and enhancing more equitable development all demand strategic policy shifts across the three tiers, operating in a coordinated, non-redundant and efficient way. Unlike in the past, connectivity has to be linked with strategies that induce production, businesses and services, and facilitate multiple spill over effects.

Majority of the respondents were motivated to start their business due to potential market growth; market demand and family business traditions were the other two key drivers. However, to match the women entrepreneurs' motivation, GoN must ensure proper trade policies, and provide subsidized rates for importing raw materials and exporting local goods for women MSMEs.

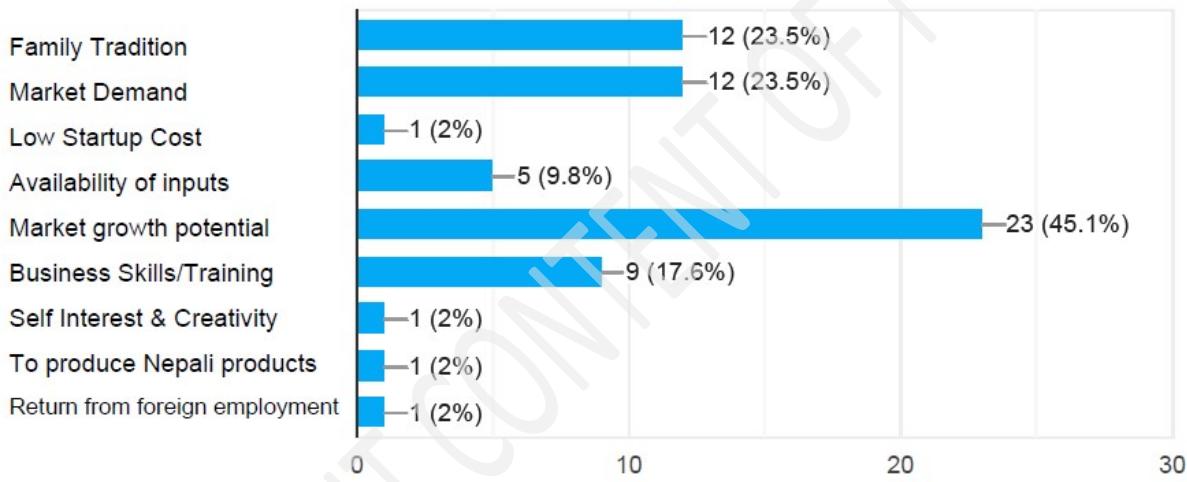


Fig 3: Motivation to start your business

4.2.2 Recommendations:

To help women enterprises access broader national and international market the following areas are recommended:

- **Promoting exports and reducing imports, where possible.** A trade policy focused simply on stimulating imports, neglecting incentives to the domestic investors and eroding the productive base of the economy has to be reversed. Raising the competitiveness of exports requires reducing transaction and other trading costs. Easing the process of export through transit points e.g.: Kolkata port; and increase in trade agreements with multiple countries that focus on local products and harmonized trade is required. The agreement should consist of measures to avoid tariff and non-tariff barriers in cross border trade. The pegged exchange rate system should also be reviewed to correct the mis-alignment of prices that encourages imports and erodes export competitiveness.
- **Undertake a value chain analysis focusing micro-meso-macro linkages to** identify opportunities for women's broader participation in markets with a focus on forward and backward linkages to maximize ripple effects in global value chains where women cluster as workers and also as producers. Linkages with service providers that assist entrepreneurial access to markets including developing gender sensitive market access promotion programmes incorporating gender-inclusive

value chain analysis need to be established. Customised programmes to support the growth of female-owned enterprises, in business planning and management, which will incorporate linkages with finance programmes is required. Apart from value chains in production, supply chains through cooperatives should be promoted via policies to integrate agricultural markets throughout the country.

- **Transforming high-potential sectors for high-quality growth and prosperity should be a priority.** Province 2, for instance, possess very high potential in agriculture and a simultaneous industrialization drive. Large areas of Province 1 have huge potential for commercial agriculture and scope for agro-industries. All provinces possess comparative advantages in various types of manufacturing, as do all provinces except Province 2 in energy. The 20-year Agricultural Development Strategy (2015-2035) needs a new roadmap under the federal structure for creating a sustainable, competitive and inclusive agricultural sector across provinces sectioning areas for women entrepreneurs. This should include improving incentives for export of agri products, including freight costs. Most SME exporters use the services of logistics companies/freight forwarders. Facilitating interactions between freight forwarders and women SME producers could help the latter establish contacts in export markets.
- **Promote rural women in agricultural entrepreneurship** to recover the trade deficit of Nepal training them to produce exportable well valued food crops and cash crops that can compete in international markets. E.g., improve contract farming policies. This will further improve agricultural entrepreneurship to enhance farming innovations and prevent stigmatization of women in remote areas whose primary occupation is agriculture. This should also include diversifying exports from a narrow range of agriculture and low value-added manufacturing products to high value-added industrial products (natural fibres – allo, dhaka, silk, tea, coffee, jewellery), which will improve competitiveness and strengthen women's productive capacity and advancing to a higher growth trajectory. As per governments provision exporters who manage to export more goods compared to last fiscal year will be provided with subsidies extended to the production level. This provides an opportunity to tap into a niche product/market base for export businesses for women entrepreneurs.
- **Promote clustering and networking for women producer groups allowing them to access services collectively,** which they might not be able to purchase as individual entrepreneurs, due to societal norms. Similarly promote domestic, regional, national and international networking opportunities for women entrepreneurs which facilitate access to domestic and international trade fairs, arts, and crafts bazaars. The government should allocate funds to subsidize participation in trade fairs; create the provision of export intelligence, and undertake other export promotion activities that specifically target women SMEs.
- **Strong awareness campaigns** to ensure the exporting community is fully aware of the preferential market access opportunity under SAFTA. SME owners/managers need to be made aware of the available tax exemptions and concessions and other incentives and schemes. Even if on a limited scale, these could help SMEs reduce their cost of production and trade costs. Dissemination of such information could be a joint undertaking of the government and business associations like the Federation of Nepal Cottage and Small Industries.⁶
- **Resource pooling for different types of women entrepreneurial products/services** to a central buying office. A programme to build the capacity of women owned enterprises to supply according to requirements and standards could be developed and rolled out as a part of the procurement policy reform. Facilitate subcontracting and other public procurement opportunities for female-

⁶Traders are not aware of provisions in trade agreements with neighbouring countries. For example, while Nepali products face high customs duties and para-tariff barriers in Bangladesh, customs duties, if not para-tariffs, are lower for some products of export interest to Nepal due to preferential treatment provided by Bangladesh under the Agreement on South Asian Free Trade Area (SAFTA).

owned enterprises and develop monitoring and evaluation procedures for compliance and feedback.

4.3 Labour Force: Education, Capacity Building and Training efforts

4.3.1 Situational Analysis:

With increased impetus on foreign employment and the lack of good employment opportunities mean that Nepal faces a shortage in the supply of skilled labour. According to data published by a recent study, Nepal is expected to face a labour shortage of 3.6 million by 2030 if this situation is allowed to continue⁷. As per the FY 2021/22 budget speech NRs 14 bn has been allocated for the Ministry of Labour, Employment and Social Security. In similar lines, the Prime Minister Employment Programme has been continued which plans to create 200,000 jobs. The central bank gained a NRs 50 billion fund for refinancing. A scheme of direct employment for more than 700,000 people will operate through the Prime Ministers Employment Program, the Prime Ministers Agriculture Modernization Project and other local development programmes. Agriculture, manufacturing, energy and infrastructure are designated as major drivers for reviving the economy, generating employment and enhancing resilience. However, the current demand-supply mismatch in skills is a clear manifestation of education policy failure. The average literacy rate is about 56 percent in Nepal. Out of that, female literacy is just 43 percent. As far as literacy rate is concerned, about 69 percent of the economically active population of Nepal is illiterate (CBS, 2001). Access to quality education for all calls for substantial reforms in public education with a particular focus on equitable access to quality learning. High dropout rates at secondary level must be reduced. The GoN has dedicated a total of NPR 180.04 billion to the education ministry. This portfolio needs to be segregated to benefit young girls and women from an early age to impart an entrepreneurial mindset.

The 15th Plan aims to transform education with specific targets. It focuses on early childhood education, equitable quality education, technical and vocational skills for employment, and capacity development, among other priorities all of which also needs to be focused on women entrepreneurship. Numerous government programs and I/NGOs have been conducting workshops for enhancement of women entrepreneurship skills. Despite the workshops, due to the illiteracy, they lag in upgrading their entrepreneurship education and skills. Female participation in workshops is also low, due to their household responsibility and restrictive mobility women face. Training is needed for women to enhance their negotiating skills to convince husbands/fathers to allow their choice of business to become a women entrepreneur. The conundrum that lies is that Nepal has a significant level of unemployment yet employers struggle to find qualified skilled human resources as needed. SMEs in some sectors are faced with a shortage of workers with the required skills. There is a limited match between the requirements of industry and human resources produced by the government-run Council for Technical Education and Vocational Training (CTEVT). There is a lack of industry-led training centers. There is hardly any link between academic institutions, vocational training institutions, and industry. There is potentially room for government-industry collaboration. The FY 2021/22 budget has allocated NRs 400 million for skill development training. This can be capitalized through proper and effective Technical and Vocational Education and Training (TVET) initiatives.

Furthermore, networks and business associations play an important role in support, training, information management, and access to mentors, role models, and resources (Sattar, 2010)

⁷ The Nepal Labour Market: A Four Sector Case Study, Supporting Economic Transformation Nepal, October 2017

4.3.2 Data analysis:

70% respondents planned to move forward their businesses by adopting to new technology. Many of which, also stated this could only be done through proper training and capacity building efforts ensuring they moved with the times. Increasing production and adding new products and services was also under the top 3 motives for business growth seen. The facilitating factors for these areas include training, mentoring and exposure to a business environment.

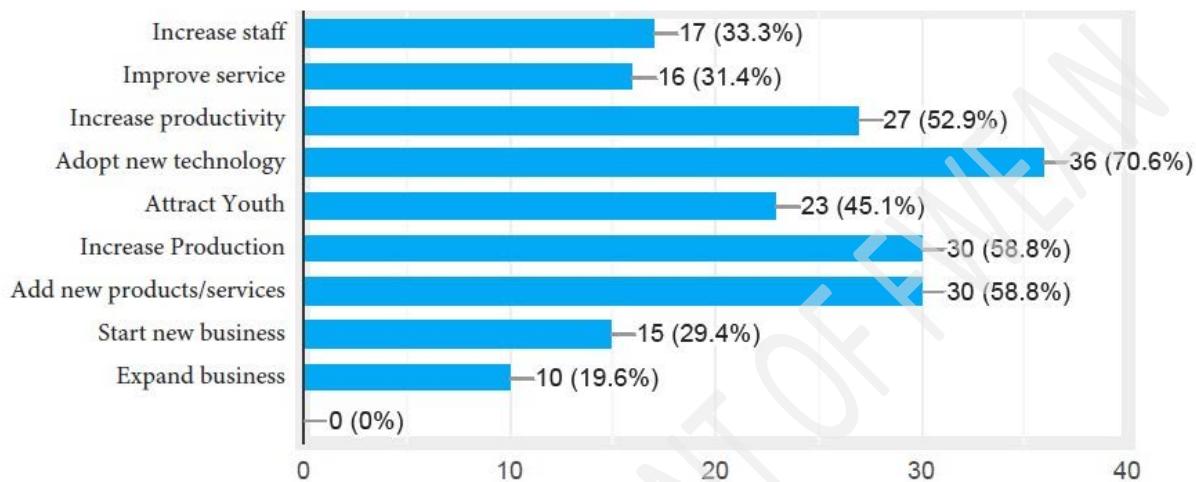


Fig 4: Capacity enhancement areas to expand their businesses

4.4.3 Recommendation:

Policy-makers must bring together the public and private sector as well as other relevant partners to strengthen vocational training and apprenticeship, and inculcate entrepreneurial and employment skills among youth and women that are well aligned with labour market demands. This should include skills and trainings related to business development, creating networks and opportunities, providing start-up incubation services and ensuring access to capital. A few recommendations to build an entrepreneur ecosystem are based on the following sectors are:

i/ Education:

- **It is very important to invest in women education in basic level as well as in STEM fields** to close the digital gap and enable women to prepare for, and be aligned to the post-COVID- 19 economy which will have increased virtual elements in every sector of the economy. Introducing 'entrepreneurship' as a subject after 8th grade will promote early childhood education and foster confidence in young girls with ideas to become women entrepreneurs.
- **Targeted scholarship programmes for girls need to be more effective and linked to clear results.** Wide gaps in education across provinces must be eased through effective coordination with the federal and local levels. Reforms, changes and priorities should be incorporated in the proposed Education Sector Plan (2022-2030).
- **Conduct mass educational awareness campaign programs, promoting entrepreneurship** on regular basis to provide information on and promote the importance of education to females. These should be localized based on local culture, language, politics, economic and geographic

status to impart the needed knowledge for women entrepreneurs in establishing successful businesses.

ii/ Access to Labour Market

- **Design skill-based training programs that focus on market needs.** Developing marketable labour skills to ensure obsolete skills are not being passed on repetitively, is very important. The existing skill set of most female employees included agriculture, construction labour, care giving in the hospitality or household sector, etc. To secure employment for the short term, these women need employment in the industries that can utilise their existing skillset while in the longer term, women require capacity building trainings to take part in economic activities in the transforming job market.
- **Develop labour banks and portals to bridge the mismatch between the demand and supply of skilled labour for entrepreneurs, particularly women.** Use of data from Prime Ministers Employment Fund can be utilised to segregate women who are unemployed and match them with jobs or provide capacity building trainings to begin their own entrepreneurship journey. Establishment of wage rates that are in the interest of both the workforce as well as entrepreneurs need to be developed to ensure equality.
- **Establishing a strong support network and association among women MSME owners and employees,** such as women's business associations and chamber of commerce and labour unions. Promotion of strong labour market institutions such as employment protection, trade unions and collective bargaining, and wage policies are key mechanisms for ensuring gender equality at work. Adopting and advocating on mentorship and counselling activities can act as an important strategy for expanding business opportunities and reaching aspiring women entrepreneurs. It has been seen that woman "over mentored and under sponsored.", (HBR, 2010) Meaning that actively facilitating useful connections an opening up networks for new entrepreneur can have greater impact than simply sharing experience and advice.

iii/ Capacity Building and Training Efforts

- **Enhancing capacity through digital means and conducting large scale trainings to ensure literacy.** In today's digital world it is imperative to have access to the internet, use social media, radio/TV, etc. to alert and aware women entrepreneurs on facilities that can uplift their businesses. The very access to internet and digital mediums, will be instrumental in conducting low-cost, skill development trainings for women all over Nepal via virtual mediums, opening doors for them for new jobs in the new economy post-COVID-19.
- **Associate vocational training for women with complementary programmes combining it with management and entrepreneurial training,** to further stimulate women's interests in creating enterprises. Such vocational training and skill development institutions should address issues of childcare and re-schedule training at times suitable for women to ensure their participation. To compete with the international standards, allowing registration of private certification as well as international certification agencies to provide better-quality vocational as well as technical trainings to the women entrepreneurs can be beneficial. Additionally, skills development in innovative technology should also adopt women-friendly machineries to enable women

entrepreneurs to conduct labour intensive work. This will ultimately save time and cost in doing business.

- **Establish Business Development Services (BDS) on a local, provincial and national level for greater reach and participation from women entrepreneurs.** Moreover, a business counselling unit needs to be established in each municipal and district offices that are responsible to support and guide registration of women run micro, cottage and small industries. Post-training support should be given, linking women with employment services, BDS providers and financial institutions, especially at large to rural based women SMEs.

4.4 Access to Finance (A2F)

4.4.1 Situational Analysis:

To understand that A2F Issues faced by women entrepreneurs of Nepal, we must first visit the core concepts of A2F. In its most basic form, A2F can be defined as the ability of a person or an enterprise to access financial services which include but are not limited to credit, deposit, payment, and insurance services. One important metric that is often used to gauge a society's access to finance is the percentage of its population that has a bank account. In the context of Nepal, statistics published by NRB is the most important tool to study A2F.

According to data published by NRB, 61% of the Nepalese population has Access to Financial Services, while 21% are dependent on informal channels and 18% remain financially excluded. This shows that a large proportion of the population amounting to approximately 39% remains unbanked. Further analysing this data using a gender lens paints an even more grim picture. The discrepancy between access to finance of males and females remains huge. While 56% males have financial access, the percentage of women having financial access stands at a mere 36%.⁸

The difficulties in access to finance in Nepal is not caused by any single reason but by a combination of systemic failures. According to a survey conducted by Nepal Stock Exchange and Milken Institute in 2019, out of list of 17 options, access to finance was ranked first by companies as their top obstacle to doing business. In terms of business sector, 46% firms had difficulties accessing finance, 14% of tourism firms ranked access to finance as an obstacle while 29% cited lack of regulation or clarity in the government's policies.⁹ Additionally, hesitation on the part of women entrepreneurs to register their business is also a major challenge in the Nepalese context. It is estimated that half of the total SMEs in Nepal fall in the informal sector by virtue of being unregistered and it makes their inclusion in government programs, relief packages and grant eligibility difficult.¹⁰

Barriers to Access to Finance for Women MSMEs

The monetary policy documents published every year by NRB have been introducing various schemes to promote MSME financing. To encourage women entrepreneurs, the monetary policy for 2014/2015 introduced project-based financing schemes for up to NPR 0.7 million (USD 6,200) for women-managed enterprises, but this does not appear to have been effective, commercial banks have been slow in

⁸ NRB Working Paper No. 50, Changing Dimension of Financial Inclusion in Nepal: A Comparative Analysis, Prakash Kumar Shrestha

⁹ Access to Finance in Nepal: New Survey Evidence, John Schellhase, Nepal Stock Exchange and Milken Institute, May 2019

¹⁰ South Asia Economic Policy Research COVID-19 & The New Normal for Women in the Economy in Nepal, Himalaya Climate Initiative, Asia Foundation, February 2021

implementation of this policy or disbursement of such loans.¹¹ This explains how ineffective policies introduced to increase financial inclusion and access to finance for women have been.

Similarly, it is estimated that almost half of the total Women SMEs of Nepal still work in the informal sector due to their reluctance to register their business. The factors that contribute to their reluctance is the fear of high taxation and lack of awareness on the importance of getting their businesses registered. Another crucial factor is the cumbersome business registration process and difficulty getting things done without the presence of middlemen. The result of this is that large proportion of businesses remain outside the formal sector and are not covered by any programs or relief packages. This also contributes to limited access to finance.

On the supply the prime reason for limited financial access remains the hesitance of banks and financial institutions to lend to women entrepreneurs. This is the biggest barrier on the supply side. According to a report published by UKaid, banks remain hesitant to lend to women because:

- They lack property to be used as collateral due to lack of equal property rights and refusal of bank to lend without collateral despite provisions for the same
- Limited specialized financing products for women
- Limited female representation of women in the senior management of banks and think tanks to ensure Access to Finance for women.
- Patriarchal socio- cultural system
- Lack accountability of government and non-government financial institutions for ensuring women entrepreneurs' access to finances.

However, developing policies based on analysis of supply side issues would again result in a lop-sided approach to ensuring Access to Finance for women MSMEs. Barriers on the demand side mainly include:

- Lack of awareness about opportunities for finance: This includes limited information on availability of products, gaps in know-how on loan processes and inadequate financial literacy to select appropriate financing products and channels.
- Complicated and cumbersome loan documentation and eligibility requirements.
- Lack of forums to provide information to women on products of banks and financial institutions
- Reluctance to formally register their business due to the fear of high taxes.

The COVID-19 pandemic and lack of applicable women entrepreneur focused recovery packages has further magnified these issues. Financial inclusion and access of women can only improve through a series of systemic intervention and changes that addresses both demand and supply side constraints faced by women entrepreneurs.

¹¹ Micro, Small and Medium-sized Enterprises' Access to Finance in Nepal, United Nations Economic and Social Commission for Asia and the Pacific MSME Financing Series No. 3, 2020

4.4.2 Data Analysis:

4.4.2.1 Major Factors affecting Access to Finance

The participant MSMEs of the survey were asked to rank the major factors that made it difficult to Access Finance for their business. Lack of collateral received the highest number of votes followed by type of loans, loan application process and business plan requirement of banks. The other major factors we interest rates, lack of awareness and tenure of loan settlement.

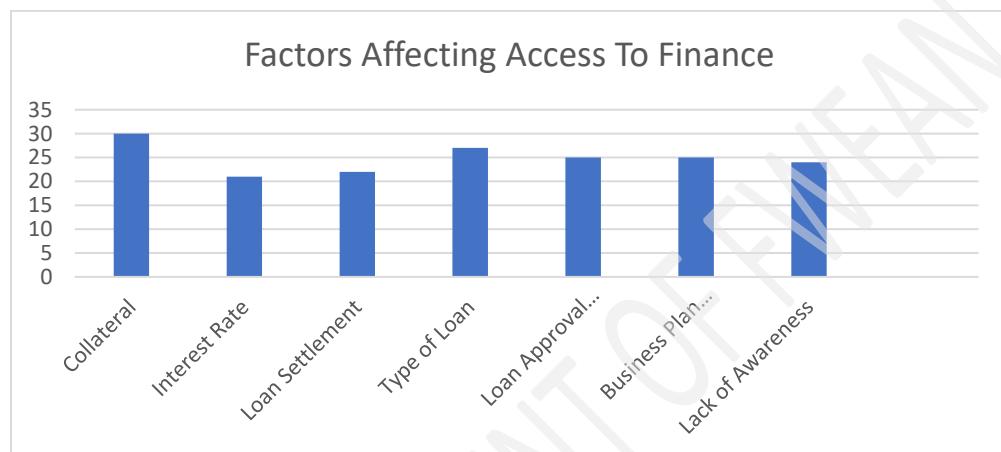


Fig 5: Factors Affecting Access to Finance

4.4.2.2 Factors crucial to effective loan utilization

Similarly, the respondents ranked reduction of interest rates as the most important factor for effective utilization of credit in their businesses. This was followed closely by reduction of interest rate, short term top-up of their existing loans. Extension of loan payment period was the other major crucial factor.

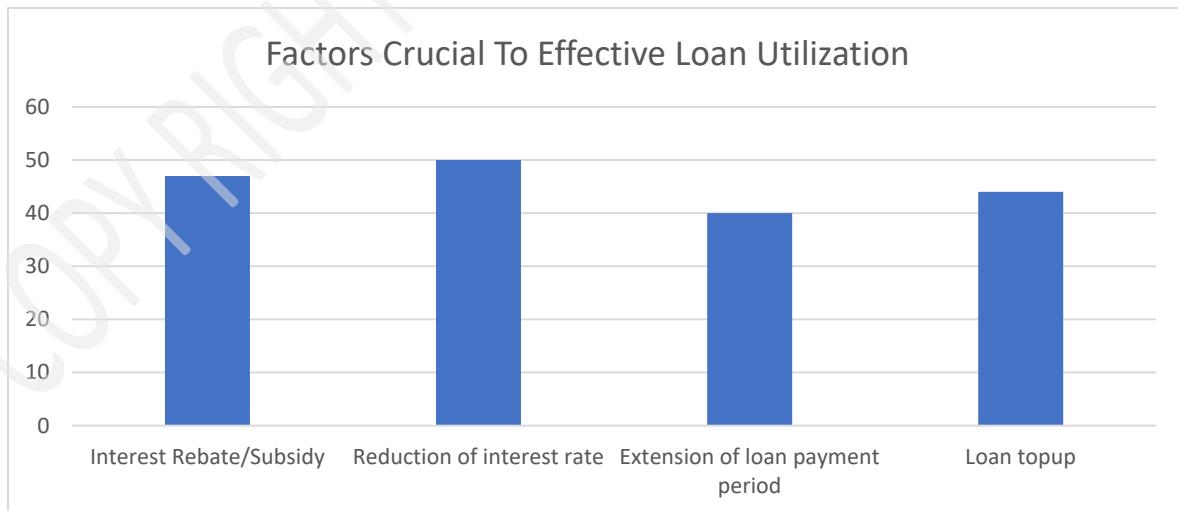


Fig 6: Factors crucial to effective loan utilization

4.4.2.3 Sources of Funds

These respondents ranked bank loans as the major source of funds. Self-financing and loans from cooperatives were the other major sources of funds for businesses. Some of the respondents still depended on informal sources for loans to conduct their business. These included borrowing from family and friends as well as money lenders.

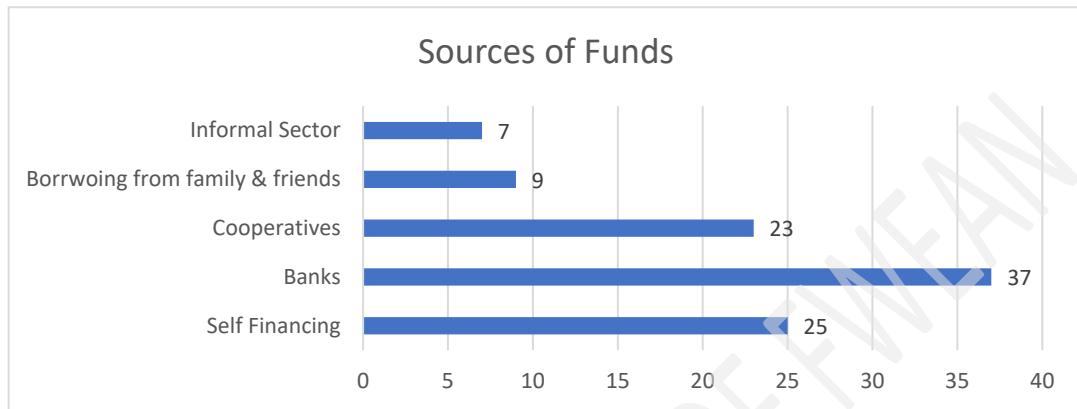


Fig 7: Sources of Funds

4.4.2.4 Sources of Financial Support

Out of the total respondents 18 hadn't received any post COVID support from the government, while very few received support in the form of INGO/NGO grants, loans and support from different tiers of the government. This points to a lack of awareness about grant availability and the process for applying for grants which is also covered in point Fig 6.

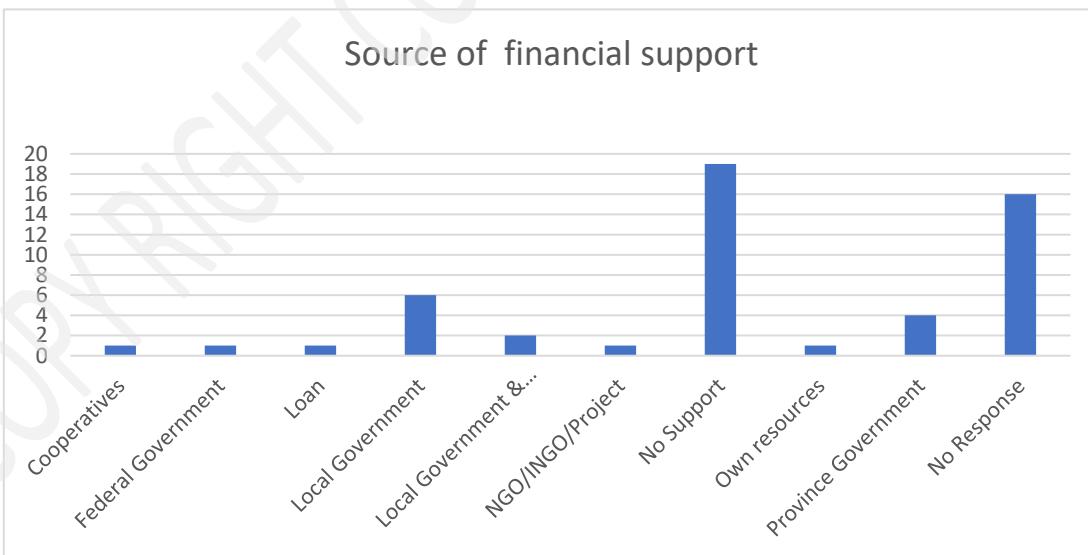


Fig 8: Sources of Financial Support

4.4.2.5 Awareness about Government Relief Packages:

Approximately 62% of the respondents i.e., 33 respondents were not aware of financial relief packages introduced by the government while 19 respondents were aware of government relief packages. This points to an urgent need to address this lack of information on relief packages. Measures need to be undertaken to educate and create awareness about government relief packages.

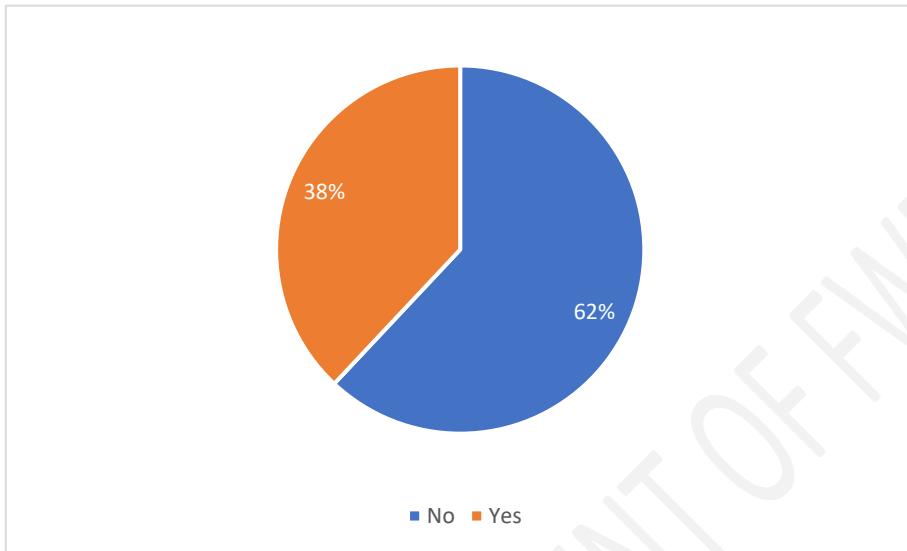


Fig 9: Awareness of Government Relief Packages

4.4.4 Recommendations:

To help improve the financial access of women, the following interventions are recommended:

- **Collateral Free Lending and Project Financing:** It is crucial to address the lack of collateral and specialized loan products for women MSMEs of Nepal. Due to the lack of physical property and equal property rights, women often lack any tangible property that can be used as collateral. Therefore, it is essential to focus on collateral free lending for women. While NRB has introduced collateral free lending, it is now essential to ensure its strict implementation by banks and financial institution. Similarly focus must also be put into project financing (uncollateralised) schemes for women and increasing the mobilization of Women Entrepreneurship Development Fund (WEDF) whose sole objective is increasing Access to Finance for Women.
- **Ensuring Adequate Representation of Women in Planning:** One of the most critical reason for limited access to finance is the limited presence of women in planning and development of Access to Finance and Financial Inclusion projects for women. Therefore, constituting a think tank or women representative forum that has a say in planning such initiatives would be important. This would help solve the problem of lack of representation and bring issues faced by women to the mainstream.
- **Specialized Banking & Financial Products for Women:** Development of specialized banking and financial products that focus on the needs of women entrepreneurs.
 - Ensuring adequate information on banking products and relief/support packages.
 - Simplification of loan documentation and other processes.
 - Specialized banking products for women.

- Interest subsidies and reduced interest rates for women MSMEs in all business sectors.
- Increase the number of loans for women per branch
- Provision for BDS services for women entrepreneurs

While development of specialized products will be a positive step, it will only bear fruit once it is implemented strictly. Therefore, policies need to be developed to ensure that adequate information on products are available, process for accessing these services is simple and banks don't shrug their responsibilities related to disbursement of these products.

- **Simplification of Business Registration Processes:** The major reason for limited registration by women SMEs is the cumbersome business registration process of Nepal. Policies need to be incorporated to simplify business registration procedures and to eliminate the dependence on middlemen. Simplification of such procedures need to be accompanied by programs to increase awareness and to educate women on the importance of business registration while dispelling the rumours about high taxation and other obligations.
- **Working at the grassroots level:** It is also highly recommended to work at the grassroots level to ensure that complete financial inclusion is achieved. This will help us ensure that Access to finance initiatives is inclusive and no one is left out. Some of the measures that need to be taken include:
 - Increased mobilization and strengthening of cooperatives to provide financial services as well as literacy and capacity building programs.
 - Financial Literacy Programs through ward and municipality offices
 - Development of financial literacy training programs to empower women. Inclusion of financial literacy in school curriculums and basic education.
 - Mobilization of government and private players to implement financial inclusion packages.
- **Development of grievance forum:** Last but not the least, a forum needs to be developed to ensure that women have a voice to put forward concerns and issues faced by them. This will help ensure that women's issues are heard and any policies and programs to address them are tailor made according to the needs of women. This will also serve as a knowledge sharing platform for women MSMEs from different backgrounds and geographical locations.
- **Partnering with Venture capitalist:** Allocate funds to venture capitals and business incubators to incubate Women centric companies that aim to provide green solutions to the people. Likewise, setting-up of angel investing and private equity firms to invest in MSMEs with viable business models regardless of their current financial health should be facilitated. Policies to provide fiscal incentives such as tax exemption when the distressed businesses start making profit could be of help. Conduct Women focused start-up challenge fund competitions targeting start-ups or innovative companies that aim to address social-economic/climate issues and provide green and sustainable solutions.

4.5 Digital Economy and Adoption of ICT

4.5.1 Situational Analysis:

The term digital economy can be best described as "*A broad range of economic activities that rely on digital computing technologies as factors of production. It consists of various components, which include government, policy and regulation, the Internet, intellectual property rights, human capital and knowledge workers as well as emerging*

*technologies.*¹² While the entire world is in the process of undergoing rapid digitization in various sectors of work and life, there remains a large gender divide when it comes to the digital economy and adoption of ICT. According to the GSMA(Global System for Mobile Communications) Mobile Gender Gap Report 2020, out of the 393 million women of the world who don't have access to smartphones, 207 million belong to South Asia.¹³ In the context of Nepal, a recent study found that women are 20% less likely to use Internet than men.¹⁴ The reason for this gender divide can be traced back to gender inequality which has resulted in lesser females getting the opportunity to adopt ICT for their enterprises lack of access to information, patriarchal socio-cultural system, devoid of skilled manpower and poverty remain the reasons as to why female MSMEs haven't been able to embrace the digital economy, particularly in the context of Nepal.

With the end of the COVID-19 pandemic still unknown, it's imperative for women entrepreneurs to adopt ICT as a way of business. With more and more people confined to working from home, breaching this digital divide is a necessity. Even though Nepal's digital system is still in a nascent stage, it is growing rapidly and remains vibrant with the presence of 13 sub sectors of IT related businesses.¹⁵ Harnessing the rapid growth in ICT to integrate women entrepreneurs can unlock tremendous avenues for growth and expansion especially since a digital economy offers less biases compared to physical economy.

Barriers To Adoption of ICT and Integration into The Digital Economy:

A report by USAID has categorized barriers to close the gender digital divide into 4 categories that include¹⁶:

i/ Affordability

Affordability of services remains at the core of any initiative to expand digital inclusion. According to data published by 'Price of fixed-line broadband – 2020 report' the average cost of broadband internet services in Nepal stands at \$13.15 per month.¹⁷ This means that per capita spending on broadband amount to approximately 5% of the total monthly income for an average Nepali. If we are to increase utilization of digital technology, services need to be made more affordable. In addition, women often have less financial independence and find it more difficult to access capital than men. High costs coupled with the existing socio-cultural norms remain a significant deterrent for women to adopt digital technology.

ii/ Digital Literacy and Access to Information

Digital Literacy encompasses skills to effectively use ICT and other digital services while ensuring safe and secure activities/transactions with trusted information and data protection. Like many other developing countries this is a significant barrier to technology adoption in Nepal as well. While mobile penetration percentage has exceeded the total population of the country, its usage in employment and business activities has still not achieved expected level. In the context of women particularly those outside the urban and metropolitan areas, lack of education and information availability on digital technology has hampered its adoption.

iii/ Exclusion of Women from Planning and Development of ICT Policies

Another significant barrier is the exclusion of women from the planning and developing of ICT policies. A lack of female representation on various forums and panels that develop ICT policies means that women have very limited say and the status quo is continued. This results in limited efforts towards

¹² Women and the Future of the Digital Economy in Asia, Maria Dolores Picot and Kerstin Spath, May 2020

¹³ THE GENDER DIGITAL DIVIDE PRIMER, USAID, DAI, Digital Frontiers, August 2020

¹⁴ The Gender Digital Divide in Developing Countries, Amy Antonio and David Tuffley

¹⁵ Rapid Assessment of Socio-Economic Impact of COVID-19 in Nepal, UNDP

¹⁶ THE GENDER DIGITAL DIVIDE PRIMER, USAID, DAI, Digital Frontiers, August 2020

¹⁷ 2020-2021, Worldwide-Broadband-Pricing-, <https://www.cable.co.uk/>

bridging the digital gender gap. To ensure that gender digital divide is raised at relevant forums, a think tank needs to be constituted to address issues faced by women MSMEs in adoption of ICT.

iv/Socio-Cultural and Economic Barriers

Socio-Cultural and Economic barriers continue to deter women from participating in the digital ecosystem. As internet is perceived as a symbol of independence and risk to the existing social status quo, women are still barred from adopting digital technology. Therefore, challenging these barriers and promoting positive perceptions of women's adoption of digital technology is essential to sustainably including these women in the digital ecosystem.

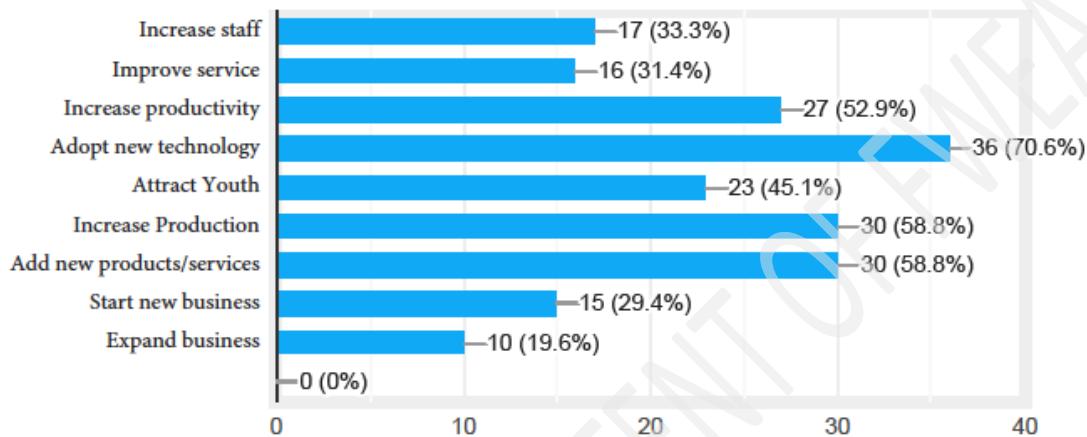


Fig 10: Plans to ensure business sustainability

4.5.2 Data Analysis:

4.5.2.1 Plan to Ensure Business Sustainability

When the 52 respondents were asked about their plan to move their business forward and to ensure business sustainability, adopting new technology and modernizing their business received an overwhelming 70% that is 33 respondents felt that adopting new technology and digitizing their business would be crucial to ensure sustainability in the future.

4.5.3 Recommendations:

The policies and strategies that are devised to encourage women MSMEs to grow must include a digital component as well. With digitization becoming the new normal, the key interventions that need to be taken to integrate women entrepreneurs into the digital economy include:

- The first intervention needs to be the **inclusion of more women in the planning and developing of policies** that aimed at the digitization of businesses. One of the principal barriers to the integration of women into the digital economy has been the lack of representation and therefore the presence of women in the planning and implementation process is a must. Therefore, development of a think tank to develop policies and plans to increase digital adoption by women MSMEs.
- Secondly, **training programs and curriculum with increased focus on digital literacy** must be implemented for women entrepreneurs from the grass root level. This can be achieved through a

collaboration between women associations, organizations that work at the grass root level and the government. A crisp training program will help enhance awareness and at the same time increase information availability for women. Any program to increase digital adoption will not succeed unless we have a target group that can take advantage of the policies and programs developed.

- **Digitization of business registration and other governance processes which reduces dependence on agents and middlemen.** E-governance can have a positive impact on digitization of businesses as it increases the use of digital technology while developing a sense of assurance about it. Combined with campaigns on the importance and implication of business registration, this can also help in formalizing many businesses led by women.
- **Ensuring affordability and incentives for adoption of ICT.** Cost of digital technology remains a barrier to the adoption of ICT. Therefore, ensuring the availability of ICT technology at affordable rates remains critical for its adoption. Therefore, incentives and subsidies for women can also help bridge the digital gender divide.
- Last but not the least the success of all these interventions hinge on one key area- **the availability of digital infrastructure.** It is critical to ensure that digital infrastructure is not just urban centric and is spread across areas beyond the large cities of Nepal. Infrastructure must be developed in a manner to ensure inclusiveness. It needs to be ensured that state of the art digital infrastructure is available in rural areas also.

5. Conclusion:

The lockdowns and other measures introduced to contain the COVID-19 pandemic have had profound impacts on people and the global economy. The pandemic further increased difficulties for already vulnerable groups of society, especially women. Women working at home and working from home have found themselves over-burdened with added responsibilities and workload, with shrinking resources and limited financial access. Their sufferings were further aggravated by additional household costs, health insecurities, difficulty accessing finance, lack of access to market and technology, digital illiteracy, and lack of new skills to navigate the inescapable new reality.

Adding on to these challenges, our assessment specifically revealed that the major hurdles faced by women entrepreneurs in the MSME sector was loss of sales, which led to financial difficulties for many, making it difficult to sustain their businesses and pay workers. Some women entrepreneurs were able to receive loans and subsidies from governments and Banks & Financial Institutions (BFIs), but this alone was not enough. Although the government relief packages and subsidies were promising, 62% women entrepreneurs shared they were not aware of such services. This in itself shows a large gap in information, dissemination and awareness, which needs to be strongly monitored and evaluated to access actual impact of provisions.

The FY budget for 2021/22 is set out to be very encouraging for women entrepreneurs where provision have been provided to benefit an enabling entrepreneurial environment. However, the question still remains on its implementation. If the government can effectively execute as promised, it would no doubt be beneficial to the country's economy. A clear-cut directive is required to move it forward. Strong advocacy and lobbying are needed by private organisations, NGOs/INGOs, women associations, commerce industries and other stakeholder alliances to facilitate this promise. Parallelly these policies are time sensitive and require immediate action to start if women entrepreneurs from rural population are to reap its benefit.

Further, to empower women, addressing policies at all levels, through a gender lens is utmost necessary. To begin with it is crucial for us as a nation to invest in early childhood education and mass awareness campaigns on government provisions provided. With current literacy rate of women being 43% this is a large portion to tap into, and capitalise. Similarly, more than half of the total Women SMEs of Nepal still work in the informal sector due to the cumbersome business registration processes. This in itself leaves out a greater population of working age from accessing provisions provided, which creates a downfall in our economy- disrupting the flow of building back together.

In conclusion, promoting and adopting an entrepreneurial mindset is a key element to enabling women entrepreneurs. Building their confidence through capacity building efforts, combined with clear guidelines on policies and procedures to access finance, gain market linkage and capitalise on the ever-growing digital economy is crucial. This can only be executed through collaborative efforts from all sectors; Governments, development agencies and the society at large, by creating inclusive platforms with regular interaction and consultation to make better informed policies and decisions that are actionable.

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Annex I

Category 1: Questions for MSMEs (KII)

Name: _____

Married/ Unmarried: _____

Educational Level: _____

District/ Province: _____

1. Nature of Company
 - Sole proprietorship
 - Partnership
 - Private Limited (Pvt. Ltd.)
 - Cooperative
 - Other (specify) _____

2. Which sector are you involved in as an entrepreneur?
 - Agri business - Tea/Coffee/Spices/Herbal products; Livestock/dairy; Fisheries; Argo-based products
 - Service- Tourism; IT-related services; Financial services; Education-related services; hotels/restaurants; Other Services
 - Wholesale/ retail trade: -food/tea/coffee, equipment's, garments, carpets, tools, handicraft, others
 - Manufacturing and production- Handicraft; Garment; Carpet; Food processing; Other manufacturing
 - Others: _____

3. What motivated you to start up your business in the district? Please check all relevant.
 - Family tradition
 - Market demand
 - Low business start-up cost
 - Availability of raw materials
 - Future potential for market expansion
 - Business related skill/trainings
 - Others (please specify) _____

4. Number of employees in your enterprise who are **paid** full time/part time:
 - 0-9
 - 10-49
 - 50 and above

5. Business size (average yearly turnover): NRs.
 - ≤ 2 Lac
 - 2-5 Lac
 - 5-10 Lac
 - 10- 20 Lac
 - 20-50 Lac
 - 50 Lakhs-1 Crore
 - >1crore

6. Have you formally registered your business?

Yes:

No:

If yes, where?

- a. Office of the Company Registrar
- b. Cottage and Small Industry – Office
- c. Municipality/ VDC / Ward Office
- d. Other

7. Which year did you register your business? _____ B. S

8. Please let us know your level of understanding on the following business acts and regulations rating from 1-5 (1 = clear, 5 = unclear)

	<i>Clear</i>	<i>Unclear</i>		
■ Income tax act and regulations	1	2	3	4
■ VAT act and regulations	1	2	3	4
■ Custom act and regulations	1	2	3	4
■ Labor law/regulations	1	2	3	4
■ Excise duty act and regulations	1	2	3	4
■ Company act	1	2	3	4

9. Does your business get any external support? If yes, please mark all relevant sources of support:

- Local government (municipality and line agencies)
- Central government
- NGOs, INGOs and development agencies
- If others, please specify

10. How are your business's operations being impacted by COVID-19?

In terms of:

	<i>No problem</i>	<i>Major problem</i>		
Decrease/increase in sales and profit	1	2	3	4
Orders are being cancelled	1	2	3	4
Difficulty accessing finance and credit	1	2	3	4
Difficulties in collateral requirements	1	2	3	4
Difficulty in accessing markets	1	2	3	4
Difficulty accessing raw materials etc	1	2	3	4
Decrease/Increase in customers	1	2	3	4
Salary, renumeration and facilities	1	2	3	4
Staff absenteeism / illness	1	2	3	4
Scaling down business due to uncertainty	1	2	3	4
Other Impacts:	1	2	3	4

11. What are your future plans with regard to expanding your business (additional investment)?

- Increase the number of employees
- Facilities construction/renovation
- Increase productivity
- Introduce modern technologies

- Attract youth
- Increase production capacity
- New services/ products
- Start new business
- No expansion
- Closure of business
- Others (Please specify)

12. How big a problem are the following factors in constraining the growth of your business, as a women entrepreneur?

	<i>No problem</i>	<i>Major problem</i>			
	1	2	3	4	5
Business registration, licensing and other procedures	1	2	3	4	5
Labor laws and regulation (wages, opportunities in the labor market, differential payment for men and women)	1	2	3	4	5
Taxation Systems and policies (Impact of current taxation system, any tax rebates or incentive for women)	1	2	3	4	5
Obtaining raw materials and inputs supplies (insufficient demand, high prices)	1	2	3	4	5
Integration of women into supply chains and market linkages	1	2	3	4	5
Infrastructure access (electricity & power, drinking water, irrigation, sanitation, transportation, communication, waste disposal)	1	2	3	4	5
Entrepreneurship and business education including trainings	1	2	3	4	5
Women centric financing programs	1	2	3	4	5
Access to information, market and technology	1	2	3	4	5
Involvement of women in policy development and leadership at all levels	1	2	3	4	5

13. How important are the following issues in constraining your access to finance?

	<i>No problem</i>	<i>Major problem</i>			
	1	2	3	4	5
▪ Collateral	1	2	3	4	5
▪ Interest rate	1	2	3	4	5
▪ Loan repayment period	1	2	3	4	5
▪ Size of loan	1	2	3	4	5
▪ Processing fee (for loans)	1	2	3	4	5
▪ Loan processing time	1	2	3	4	5
▪ Requirement for detailed business/ investment plan	1	2	3	4	5
▪ Lack of adequate understanding about potential business sector by banks and financial institutions	1	2	3	4	5
▪ Knowledge of financial products	1	2	3	4	5
▪ Others (please specify)	1	2	3	4	5

14. What kind of support do you think is needed for you to access finance in a better way? Rank as per importance (1-5)

Very Important

Not important

Interest waiver	1	2	3	4	5
Relaxation of interest rate	1	2	3	4	5
Additional credit to meet short term payment	1	2	3	4	5
Extension of credit repayment tenor	1	2	3	4	5
Others.....	1	2	3	4	5

15. From the following list, what sources of finance have you used and where applicable please provide the rate of interest charged?

Source of Finance	Annual interest rate
• Internal funds/retained earnings	
• Banks and financial institutions	
• Saving and credit cooperatives	
• Family, neighbours or friends	
• Informal sources (i.e., money lenders)	
• Other (please specify)	

16. Have you taken loan from?

- The Women's Entrepreneurships Development Fund (WEDF)- Yes/ No
- Subsidized Women Entrepreneurship Loan? Yes/No
- Or Both above – Yes/No

17. The government has introduced various relief packages in the COVID-19 context. Have you faced any difficulties (gender-based barriers) accessing these packages? If yes, what and how can these be removed?

	No problem		Major problem		
• Cash subsidy or flexible timeline for utility payments	1	2	3	4	5
• Contribute to salary of the employees	1	2	3	4	5
• Provide temporary work opportunities for employees	1	2	3	4	5
• Help increase access to concessional loans	1	2	3	4	5
• Waiver of rental payment	1	2	3	4	5
• Other (please specify)	1	2	3	4	5

18. Overall, how satisfied are you with the government response to various disasters/COVID pandemic?

Rate from 1-5, 1= Very Satisfied, 5= Not satisfied at all

19. Overall, how satisfied are you with the government services in general? Rate from 1-5, 1= Very Satisfied, 5= Not satisfied at all

20. In the context of COVID:

- a. How have you adapted to deal with the changed circumstances?
- b. How have traditional social normal impacted the reach and access of women to various business facilities?
- c. How do you think the lack of a gender lens has impacted women entrepreneurs in the context of COVID?
- d. What do you think the long-term implications of this will be?

21. A significant proportion of women entrepreneurs are still engaged in the informal sector. What can be done to help them formalize their businesses?
22. Please provide your suggestions on how business enabling environment for women can be improved in Nepal

Category 2: FWEAN Executive Board Members

OVERVIEW/SUMMARY:

- FGD of 25 exec members of FWEAN
- Elicit qualitative views, with partial quantitative data, on current business situation & practice
- An exercise to glean information to IMPACT/IMPLEMENT CHANGE IN GOVT. or FEDERATIONAL POLICIES for WOMEN ENTRPRENUERS at all levels: Regional - National.

METHODOLOGY:

1. Questions have been segregated in to the following categories:
 - COMMERCIAL. Business aspects of the enterprise.
 - FINANCIAL. Monetary aspects of the enterprise
 - SOCIAL. All cultural, traditional, educational.
 - Note: Political, Environmental & Health have been clubbed under SOCIAL.
2. EXTERNAL & INTERNAL
 - i. External. Any influence or factors beyond the premise of core business competencies.
Our assumption is that most of the SOCIAL questions could lead to probing questions on external factors to enhance/consolidate the answer.
 - ii. Internal. All core business competencies or the lack of thereof. Business plan, business/management experience, education, etc.
3. MAIN + PROBE QUESTIONS.

COMMERCIAL & FINANCIAL:

1. BUSINESS BACKGROUND/CONTEXT to COVID 19.

As the participants are entrepreneurs we want to know:

- i. If the basic standards or elementary aspect of business, both commercial & financial, have been maintained. Govt. rules and regulations followed.
- ii. If not, what are the factors of non-compliance?

1.1. How many were involved in the regd. process?

<50%. Why?

>50%. What made you want to be involved?

1.2. How many know govt. policies regarding their business, financials (loans, taxes), etc.?

<50%. Why?

>50%. How do you know or what motivated you to know?

1.3. What is the main STRENGTH of your sector?

1.4. What is the main WEAKNESS of your sector?

1.5. What is the main OPPORTUNITY of your sector?

1.6. What is the main THREAT of your sector?

1.7. Access to FINANCE (loans, collaterals, etc.) is a problem to all entrepreneurs. What solutions do you suggest?

1.8. Problems of LABOUR? What resolutions?

2. COVID 19: impact on women entrepreneurs (FWEAN members).

2.1. SOCIAL PROBLEMS: What SOCIAL problems have you faced? What SOCIAL problems has your business faced?

- Psychosocial syndromes
- GBV and other crimes are reportedly high around the world.
- Have you heard of such issues from your member base of women entrepreneurs?
- How should the government address these issues in next year's planning and budgeting?
- COPING MECHANISM. *How do they face the crisis? Has there been any change in coping strategy over last few months? If yes, what are they? Reason for the change.*

2.2. UPLIFTMENT OF SUBSETS: *Do you have any suggestion or opportunities to uplift the following subsets?* Which population subsets have been affected in which ways? Please probe for:

- Urban poor; people living in slum and squatter
- Those who have lost their job (internal and external migrants)
- People working in hospitality industry: who are the most affected?
- People working in unorganized sector
- Youths, adolescents, *extended to the next question.*
- Any other groups (please specify)

2.3. YOUTH: engagement and employment strategies & programs?

2.4. HEALTH, HYGIENE, SANITATION. What measure should businesses take?

- INSURANCE: Health/Medical Insurance and its importance and availability of resources to implement.

2.5. CASTE & ETHNIC GROUPS. Do you think doing business will be more difficult for some caste/ethnic groups? Why?

Or geographic areas than others? If yes please specify the reasons for it.

3. WAY FORWARD. SUGGESTION OF IMPACT CHANGE (Open discussion questions)

• What should be the priority areas for FWEAN to include in next year's program and projects in the following areas:

- Job creation: How?
- Promoting and protecting the small and medium enterprises
- Income generating activities
- Creating data base of the most affected groups and sectors, migrants losing their job, those involved in the informal sector
- Modernization in agriculture: High value cash crops
- Market system development: Value Chain: From production to packaging, marketing, trading,
- Training/capacity building: Promoting GESI/LNOB across the value chain, not limiting to producers/laborers but to input suppliers, millers, traders etc.
- Promotion of innovative skills/enterprises among youths/adolescents' girls and boys
- Strengthening the health system
- Promoting hygiene, sanitation, solid waste management
- Any other area (Please specify)

• What measures are needed to build a gender-inclusive economic response- recovery?

- What kind of direct and indirect support to informal workers and women led businesses would benefit them?

- **What kind of capacity building efforts should be initiated to upskill and upscale women entrepreneurs?**
- **What should be the affirmative actions for the hardest hit women entrepreneurs: such as urban poor, wage laborers, and other disadvantaged?**
- **What are the local products that could benefit Women Economic Empowerment through Value Addition like (production or manufacturing processes, marketing or services that increase the value of primary commodities, increasing appeal to the consumer and willingness to pay)?**