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

Dr Hiramani Ghimire
Executive Director
South Asia Watch on Trade, Economics & Environment (SAWTEE) Kathmandu, Nepal
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 122\textsuperscript{nd} 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 98\textsuperscript{th} position. The average is 0.586 for the low human development group.
- Women entrepreneurs (30,000) account for 0.1\% of the population in Nepal (IFC).
- Female labor is concentrated in the informal economy.

sawteee
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 advice.

Methodology followed:

- Literature Review
- Enterprise Survey: Total of 100 respondents
- Case Studies
- Focus Group Discussion: 2 FGDs
  i) National Level
    a. Policy makers
    b. Other Stakeholders
  ii) Sub-national level
- 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.
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.
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.
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.
Are you satisfied with your work?

- Yes: 59%
- No: 6%
- To some extent: 35%

Are you better-off now?

- Yes: 96%
- No: 4%
- To some extent: 65%

The level of satisfaction of the respondents showed a positive picture.
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.
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
- Difficulty to work using cold water during winter

Though the level of satisfaction showed a positive picture, the tasks carried out by them were not free from health hazards.
Do you think you have enough support from the government in carrying out your job?

- Yes
- No
- Don’t know

As far as the rules and regulations and government support are concerned the respondents were totally ignorant about it.
Key findings (Preliminary)

- Allo and handmade paper are unique products of Nepal. Both involve painstaking process of production.
- Women face more challenges due to the overall business environment than to any 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.
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: quality assurance and the ability to respond to high-quantity demand.
• 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

- Recognize women’s practical and strategic needs to enable them to participate in, contribute to, and benefit from economic activities. This requires a major policy shift!
- Create/facilitate market linkages to help women entrepreneurs optimize their benefits
- Support R&D, especially in terms of production growth, commercial farming, sustainable farming and sustainable harvesting of the raw materials in different districts.
- 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 II

• provide central warehousing facilities for these products so that producers
• provide export incentives to different countries, in particular India
• facilitate the use of mobile phone-based information system for women workers so that they can get updated information related to allo and lokta products’ price, good agricultural practices and trends, government rules and regulations
• Introduce conducive policies for enhanced access to finance (e.g., soft loan, low interest rate or loans without collateral)
• undertake promotional activities using the services of trade promotion agencies, including trade mark, marketing events and trade fairs
Thank you