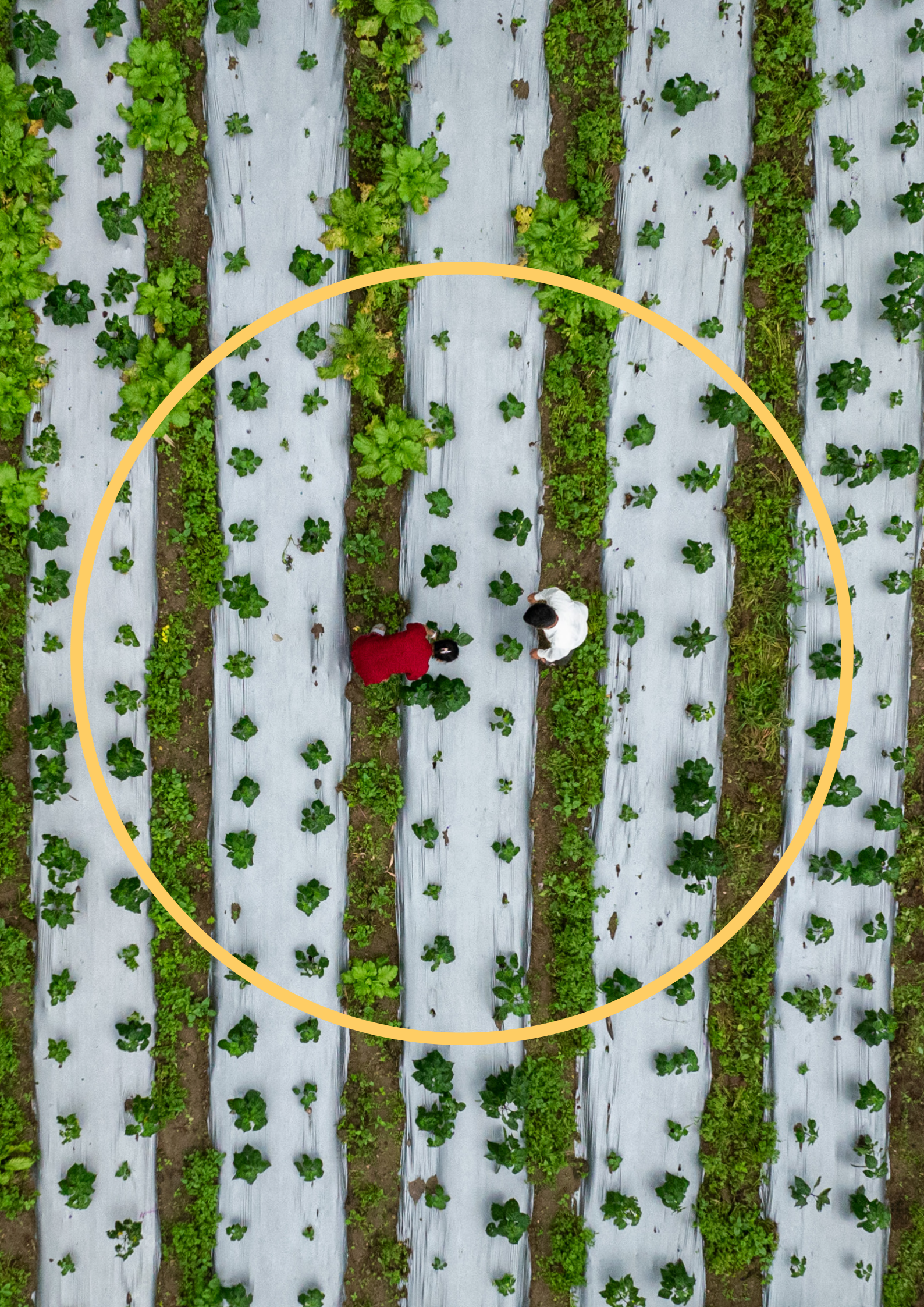




# Facilitating Gender Equality and Social Inclusion in Market Systems Development

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# Executive Summary

The Nepal Agricultural Market Development Programme (NAMDP II), also called Sahaj, was a swiss funded project implemented by swisscontact and CEAPRED.

This paper captures NAMDP II's approach, experiences and key lessons in mainstreaming gender equality and social inclusion (GESI) in its programme implementation. The paper was commissioned by NAMDP II in 2024 as part of its capitalisation strategy. The contents of the paper are based on an analysis of information gathered from interviews with the project team, deep discussions with selected intervention partners and a review of project documents. The paper concludes by presenting a framework for MSD programmes to ensure GESI focus throughout the project life cycle.

The following are key lessons learned from the project's experience:

1. Women and men perform different tasks in agricultural sectors. Due to traditions and norms as well as household conditions, women are often confined to roles that do not require travel or those that are usually home-based. It was found that women were rather reluctant to be involved in roles that require flexibility in time and travel, such as trading of large cardamom or the aggregation and collection of maize; hence, it was challenging for NAMDP II to encourage women's participation beyond farms.
2. The adoption of GESI practices in business models varies among private sector actors depending on their priorities, willingness to take risks, capacity and incentives. Using the project's Monitoring and Result Management (MRM) system to collect data and prove the partners' business case is critical.
3. De-risking and facilitating inclusive business strategies is catalytic in breaking the stereotypical thinking within private sector actors on GESI, but the process involves trial and error and requires time, leading to sustainable results in the system, which may be visible beyond the project life cycle.
4. As most of the women and discriminated groups (DGs) are involved in businesses that operate informally, partnerships with Business Development Service (BDS) providers play an important role in building entrepreneurship skills, financial literacy and business management know-how, which can support them and help create an enabling environment to integrate them into the formal market system.
5. Tactics applied by private sector BDS providers, such as providing free registration services or



service discounts to informal SMEs led by women or DGs, are effective means to encourage and promote these SMEs to enter the formal business market and become probable new clients for BDS services. Once on-boarded, the service providers have realised that the women-led or discriminated group-led agri-businesses readily pay for the services of the service provider and are more motivated in the business.

6. Integration of GESI in public guidelines and procedures (at local and federal levels) is an excellent start for inclusive representation within public systems. However, it needs more hands-on support and proper monitoring to ensure adaptation of these guidelines results in sustainable and positive changes, not just tokenistic participation, particularly in the decision-making power and fair treatment of marginalised communities by relevant stakeholders.
7. It is important to understand that the design, approach and results of GESI-sensitive projects (like NAMDP II) will differ from those of projects with a GESI- transformative goal. The primary aim of the project is to increase access to services and resources for women and discriminated groups of the value chain through the Market Systems Development (MSD) approach. It is challenging for a GESI- sensitive project to

achieve sustainable change in social roles, GESI-related norms and values that can be attributed to the project's intervention. Transformative impacts may emerge as indirect consequences of increased access to economic opportunities in the long term. Increased economic opportunities can support transformative changes as they occur together with other aspects (e.g. increased agency, decision-making power, reduced workload, increased leadership). Although challenging, there are some examples of gender-positive and transformative components brought in through MSD projects. However, they require proper planning, prioritisation and allocation of resources for GESI integration.

8. The introduction of machines into any field of work poses some threats of displacement. The full impact of these changes may not be seen within the project's timeframe, so the effects of displacement may extend beyond the project cycle and require long-term monitoring.



# Introduction

## Nepal Agricultural Market Development Programme (NAMDP II)

The Nepal Agricultural Market Development Programme (NAMDP II), also called Sahaj, was a flagship initiative to bring systemic changes in Nepal's agricultural markets. Funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by Swisscontact and CEAPRED with

local partners, NAMDP II aimed to make smallholder farmers and agribusinesses more competitive by removing key market barriers. Using market systems development principles, NAMDP II improved value chains, strengthened services, and promoted sustainable farming practices.



**1,670+**  
new full-time equivalent jobs created against a target of 1,000 (68% above target)



with  
**40%**  
discriminated group (DG) men



and  
**30%**  
women employed, driving inclusive local economic growth.



**40,000+**  
farmers achieved increased income against a target of 20,000 (105% above target)



with  
**46%**  
discriminated group (DG) men



and  
**46%**  
women benefiting, demonstrating strong and inclusive economic impact.



**NPR 957 million**

increase in farm income against a target of NPR 300 million (219% of target), more than double the expected impact.

## 1.1 Objectives of the Paper

NAMDP II's slogan "partner for innovations in agricultural markets" was paramount in Phase II – a strong focus on supporting small and medium agri-businesses with innovative services in Koshi province. NAMDP II applied a market systems development (MSD) approach through three pillars supporting

- i) agriculture services,
- ii) non-agriculture services, and
- iii) business enabling environment and federal state building.

Under these pillars, the programme identified and addressed constraints on innovative and sustainable agriculture products and services in the priority sectors. This included addressing policy bottlenecks and unlocking potential for closer collaboration between the government and the private sector. NAMDP II built a portfolio of interventions (support for Small and Medium Enterprise partners), keeping in mind the four-priority sectors of the project: maize, dairy, large cardamom, and vegetable.

Additionally, the programme supported the government's efforts to strengthen the federal structure by working closely with provincial and local governments through the Business Enabling Environment and Federal State Building pillar.

Women and discriminated groups (DGs) play a key role in numerous agricultural sectors and have very minimal means to market access, as they are generally less visible in the value chains and face specific barriers and challenges. Through the creation of productive jobs along the value chains and income generation opportunities, NAMDP II Phase II aimed to benefit women and men, including people from DGs.

This paper captures NAMDP II's approach, experiences and key lessons as an MSD project in mainstreaming gender equality and social inclusion (GESI) in its programme implementation. The paper was commissioned by NAMDP II in 2024 as part of its capitalisation strategy.

## 1.2 Methodology of this Paper

The contents of the paper are based on analyses of information gathered from the review of project documents, interviews and workshops with NAMDP II project staff and qualitative data collection (in the form of case studies and testimonials) from project partners and end beneficiaries of the project in the Koshi province. Interventions from all three pillars of NAMDP II were reviewed, and deep dive discussions were held for selected interventions within these pillars with a focus on GESI impact. The lessons learned presented in the paper are a result of triangulated analyses of all these findings, while the framework presented at the end of the paper is based on NAMDP II's phase-II and phase-I GESI experience.

## 1.3 Contents of the Paper

The chapter contents of this paper are briefly mentioned below:

**Chapter 1** provides an introduction to the paper, its objectives and methodology.

**Chapter 2** presents an overview of NAMDP II and a summary of the GESI context in the target location.

**Chapter 3** highlights NAMDP II's GESI approach with examples of interventions and partnerships.

**Chapter 4** summarises GESI-related lessons learned from the project's experiences.

**Chapter 5** presents a GESI framework for MSD projects based on the project's approach and experience.



# Project and GESI Context

## 2.1 Overview of NAMDP II

NAMDP II Phase I (March 2016 - November 2020) aimed to increase farmers' income by integrating them into commercial agriculture markets and networks. Using an approach that makes private sector markets work better for the poor (also known as Market Systems Development or MSD), the programme supported market-based solutions around inputs and farming. The impact targeted smallholder farmers, including women and people from disadvantaged backgrounds. The programme's activities boosted on-farm productivity and increased the marketing potential of their agricultural products. NAMDP II Phase I partnered with over 75 private sector and 10 public sector actors through around 50 interventions. It covered over 50 districts of Nepal, including 12 of the 14 districts in Koshi Province. The programme created 1,800 new jobs and increased farm income for 45,800 households.

NAMDP II Phase II built on the work done in the previous phase, but shifted the focus to forward market linkages, strengthening the commercialisation and export of the country's agricultural produce. The second phase began in December 2020 and continued until December 2025. Using the MSD approach, the programme provided financial and technical support for new agricultural products, services, and innovation in Koshi Province to enable better integration in value-added supply chains and to build resilience in rural communities through higher employment and income.

NAMDP II Phase II is being implemented under three main pillars explained below.

### Pillar 1

**Agriculture Service Provision:** This pillar focused on improving the delivery of products and services by agriculture service providers, including aggregators, post-harvest service providers (e.g., grading, drying,

storage, processing, value-addition & stockists, Machine Rental), agri-advice and information service providers, and agri-credit providers (e.g., warehouse receipts). Interventions under this pillar included technical support to develop innovative business models through knowledge, innovation challenge competition/prototype development, technology transfer, challenge funds, co-financing for innovative products and services when access to finance was a constraint and organising competitions among early-stage entrepreneurs to test disruptive innovations. Additionally, investment promotion was carried out by partnering with sector associations to lobby and promote investment in areas relevant to the sector strategy.

### Pillar 2

**Non-Agriculture Service Provision:** This pillar focused on designing and implementing interventions with market actors that did not operate directly within the agricultural core value chains but provided essential supporting services and functions. The aim was to support non-agriculture service providers, such as financial institutions, business development service providers, engineering service providers, incubators, accelerators, logistics and supply chain actors, access-to-market, and skills and technology providers, to offer innovative services that facilitated the expansion of innovative business models and promoted agricultural commercialisation. NAMDP II Phase II activities under this pillar included technical support, co-financing, and support for innovation or investment promotion, similar to Pillar 1.

### Pillar 3

**Business Enabling Environment (BEE) and Federal State Building (FSB):** This pillar focuses on Business Enabling Environment (BEE) and Federal State Building (FSB), which includes supporting Federal, Provincial, and Local Governments in addressing policy bottlenecks and developing new policies, standards, rules, and regulations to promote

agriculture and non-agriculture service provision and agriculture-led growth.

By June 2024, NAMDP II Phase II had created over 1,430 jobs, benefiting 30% males, 48% disadvantaged group males, and 21% women, demonstrating a commitment to inclusive growth. The programme also increased the income of over 34,146 farmers, boosting their economic well-being through better market access and interventions. Additionally, 747 agricultural SMEs adopted paid services offered by partnered service providers, indicating a shift towards market-driven solutions. The introduction of 25 new innovative services modernised agricultural practices and filled critical service gaps, contributing to the overall growth of the agri-business ecosystem in Koshi Province. As of October 2024, NAMDP II Phase II had collaborated with 60 private partners.

## 2.2 Context and Challenges of Women and Discriminated Groups in Koshi Province

In Nepal, nearly half of the population (49.5%) subsists on less than \$2 per day, with gender-based and social exclusionary factors heavily contributing to poverty rates. Despite making up more than half of Nepal's population, women continue to face significant barriers due to deeply rooted patriarchal norms. Gender roles create unequal power dynamics, often confining women to unpaid household and agricultural labour while burdening them with multiple responsibilities. Many women experience compounded discrimination based on their gender, caste, ethnicity, geographic location, and socio-economic status. For example, in agricultural value chains, women's roles are often limited, their contributions undervalued, and their access to markets restricted. These gender-based disparities result in women and girls bearing a disproportionately higher workload in both household and agricultural tasks compared to men and boys, thereby limiting their opportunities for socio-economic advancement.

In Koshi Province, which includes diverse indigenous groups such as the Janjatis, Madhesi women

and marginalised communities face heightened challenges. The poverty rate in Koshi Province is around 20.3%, exceeding the national average of 17.4%<sup>1</sup>. The gender gap in literacy is also significant; women's literacy rate is notably lower than men's, further hindering their access to education and economic opportunities. While agriculture remains a vital source of income for most of the population, women in this province are particularly affected by social disparities linked to caste and ethnicity, which impede their productivity, access to markets, and overall growth in livelihood.

In any agriculture value chain, agri-businesses require service providers for services related to agro-inputs, machinery, credit/finance, legal services, audits and taxation, technical know-how, business management, marketing and branding, etc. These are critical services that can ensure efficient operations and growth of agri-businesses. Many small and medium agri-businesses operate in the Koshi Province that are underserved and do not get access to the required services. Key business challenges that service providers face in reaching agri-businesses run by women and/or discriminated groups as mentioned further.



<sup>1</sup><https://data.worldbank.org/indicator/SI.POV.DDAY?locations=NP>; The Central Bureau of Statistics Nepal for recent poverty data updates: <https://cbs.gov.np/>; The Nepal Human Development Report from UNDP for provincial breakdowns: <https://www.undp.org/nepal>

**Multi-faceted constraints compared to non-discriminated groups:** The locational disadvantage, lower literacy levels and much lower economic power (hence lower ability to pay for services) of women and discriminated groups compared to others make them not-so-attractive clients for private sector service providers.

**Low uptake of digitisation models:** Digitisation models have low uptake rates among women and discriminated groups. There is a significant digital generation gap between older SME (which is the majority of SME) and modern technology, as many find it cumbersome and are reluctant to learn new technological skills. Their use of digital tools often does not extend beyond phone calls and a few social media applications. Even when willing to explore further, they lack access to digitally literate role models or supporters such as their children, who have often migrated elsewhere. Furthermore, trust in digital connectivity, particularly for online payments, remains underdeveloped compared to areas like Kathmandu. Additionally, the predominance of digital apps in English, rather than Nepali or regional languages, creates a significant barrier. These issues are more pronounced among women and DGs due to socio-economic factors. Due to the above reasons, digital models – which are cost-effective for private sector actors to reach a larger customer base – cannot yet reach and benefit these groups in the same way as they do for non-discriminated groups.

**Informal nature of businesses:** Most of the agribusinesses led by women and/or discriminated communities operate informally, without registration and trade licenses. Field experiences show that many businesses registered under women's names exist only on paper, mainly to access government subsidies. All these challenges make it difficult for service providers to identify, target and develop a cost-effective service delivery model.



# GESI in Practice

## 3.1 NAMDP II's GESI Approach

NAMDP II Phase II priority sectors—maize, vegetables, dairy, and large cardamom— were chosen for the significant involvement of women and DGs in these sectors. NAMDP II Phase II developed a GESI strategy in 2021, where it outlined that GESI mainstreaming begins from understanding the market systems with a GESI lens. A market assessment of 4 priority sectors was conducted at the beginning of the project, which identified existing constraints and opportunities to enhance economic engagement of women and DGs in the sector. The interventions were designed to address these constraints through the MSD approach.

NAMDP II II worked in priority sectors where the presence of women and DGs was high. Additionally, NAMDP II identified specific geographical locations in Koshi Province of Nepal, with a high concentration of discriminated groups. The project engaged a variety of private and public sector actors to facilitate the provision of business development services (BDS), access to finance and enabling policies/procedures that were critical for the effective functioning of agri-businesses. Though NAMDP II II started off as a GESI-sensitive project with GESI as a cross-cutting issue, following a GESI assessment in 2023, the project planned to make attempts on mainstreaming GESI (as much as possible) through institutional and programmatic changes.

As part of its overall GESI approach, NAMDP II II applied the following implementation strategies:

- Revision of TORs and JDs of all the staff and consultants working for the project to ensure that GESI is everybody's shared responsibility.
- Assignment of an individual with the MRM team as a GESI focal for the project.
- Development and follow-up on annual GESI work plan/strategy.
- GESI sensitisation of the team members with

refresher training to enhance understanding and the importance of GESI among teams, and to ensure a sense of responsibility and integrity among the team members.

- GESI sensitisation training for private partners and GESI workshop for public partners of PPP initiatives.
- Facilitation of the interested partners in developing GESI principles and a Code of Conduct (CoC) for their organisations to support them in formalising GESI, thereby bridging gaps between employers and employees, particularly for women and DGs.
- Promotion of women-led SMEs and/or associations working with discriminated groups (like Yak and Chauri Association Nepal – an association of nomad Yak and Chauri herders) that included independent small processing units, or members of cooperative-run processing facilities where women/DGs are in charge of processing and marketing activities,
- Designing interventions with both agriculture and non-agriculture service providers to ensure access to these services by women entrepreneurs and entrepreneurs from DGs.



- Although the project did not have direct control over the choice of suppliers or clients of partner firms in a commercial landscape, however efforts were made to target those firms operating in sectors dominated at the production level by women and DGs (such as in vegetables, where women are in charge of production). This ensured women and DGs benefited as indirect beneficiaries of the project.
- Development of pilot interventions to create entrepreneurship and/or employment opportunities for women and DGs in target sectors through capacity development trainings, exposure visits and mentoring.
- Incorporation of GESI considerations in business enabling environment-related interventions, policy drafts, guidelines, SOPs and operation guidelines, wherever feasible, to support sustainable and inclusive participation of women and DGs.

Monitoring and Result Measurement (MRM) processes in NAMDP II were critical for proving and improving. In the process of tracking key learnings from interventions as well as keeping track of impacts

(positive/negative), NAMDP II started collecting qualitative information and case stories from the field, especially regarding income increases, how these helped women and DGs in decision making or reduced workload. The system documented GESI-disaggregated information on agri-businesses benefitting from the interventions, as well as determined the impact on income and employment for farming communities in the respective marginalised locations.

### 3.2 Examples of GESI Interventions

This section captures three examples (from agriculture and non-agriculture service pillars of NAMDP II) to highlight how the project facilitated service providers to enhance incentives and capacities to reach women and DGs in target locations. Further intervention/partnership examples are mentioned in the next section, where the project lessons are presented.



**Example****Intervention Name**

Build capacity of Custom Hiring Centres in post-harvest services for maize and provide repair and maintenance services

**Intervention Duration**

2021 to 2024

**Partner(s)**

Jeevan Bikash Samaj

**#1****Pillar**

Agriculture Services

**Context**

Maize is an important commercial crop for Nepal. While the use of quality inputs and farming techniques is critical, post-harvest tasks equally contribute to the quality of maize. Due to labour migration, men are usually away from home during this period, leaving the women of the households to perform these critical tasks. Most of the post-harvest tasks are done manually, which affects efficiency and creates a workload burden and health hazards for women.

**Changes in the Service Model**

NAMDP II II designed this intervention to support the effective functioning and operation of already existing machine rental service centres, also known as custom hiring centres (CHCs) to provide efficient production and postharvest services to maize agribusinesses and farmers that will increase the quality of maize grains as per the demand of the Nepali market. Jeevan Bikash Samaj (JBS) was one of such partners providing CHC services.

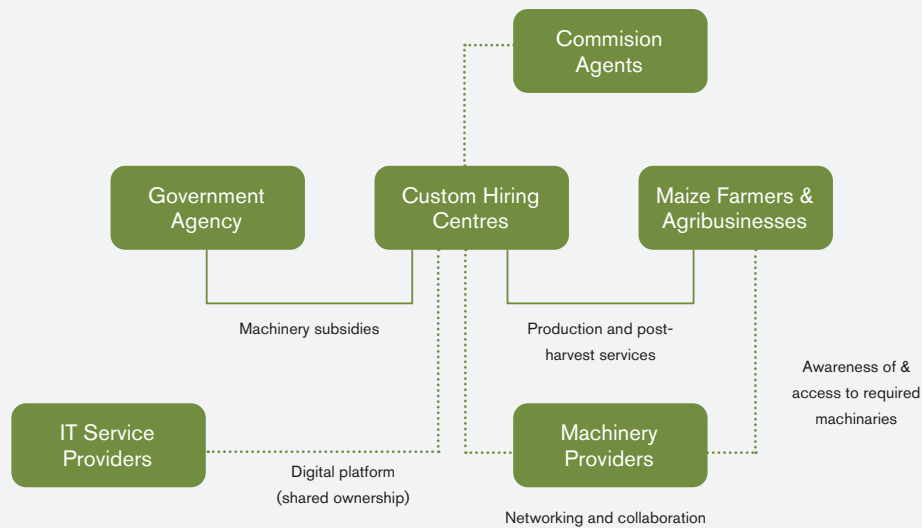
NAMDP II II provided comprehensive support to the Jeevan Bikash Samaj (JBS) to enhance the operational and service delivery capacity of its Custom Hiring Centre (CHC). The project's support was multifaceted, focusing

on institutional, technical, and promotional aspects. This included the development of standard operating procedures and business plans to formalise and professionalise CHC management. To ensure sustainability, staff capacity was built in CHC operations, management, and the repair and maintenance of machinery. In a major step toward digitisation, a digitised rental platform called 'Adhunik Kheti' was developed with IT service providers to streamline service bookings. The project also supported promotional and orientation activities for farmers and agri-businesses and introduced a strategy to involve commission-based application agents to assist farmers with booking services. Furthermore, JBS was linked with other cooperatives to foster synergy and cross-learning within Koshi province. An exposure visit was facilitated to learn from other successful CHC models in India. This integrated approach was replicated with other CHCs, significantly to boost the provision of their services and outreach to women and DGs.

The following figures present how the CHCs' operating model was enhanced due to NAMDP II.

**CHC Operating Model - Before NAMDP II intervention**

## CHC Operating Model - After NAMDP II intervention



### Intervention Results

The CHC helped farmers access agricultural machineries and equipment on a rental basis.

This especially helped small and marginal farmers who may not be able to afford to purchase expensive machinery. As renting machineries is often more cost-effective than purchasing and maintaining it, the use of such machineries can significantly improve farming efficiency, increase production, and enhance harvest quality. The introduction of CHCs boosted maize productivity and production. The availability of these machineries reduced the time required for harvesting and minimised post-harvest losses, but also lessened the physical burden, or drudgery, a benefit particularly impactful for women farmers and DGs (especially those who had other jobs in addition to maize farming). Saved time enabled them to continue their engagement in other productive work, such as managing their shops and jobs, without having to take time off for harvesting. The adoption of CHC services was further encouraged by subsidies provided by some local governments.

Out of the 729 custom hiring centre users associated with Jeevan Bikash Samaj in 2024, 529 (72%) were male, and 200 (28%) were female. The CHC operates in a region primarily inhabited by the Terai Madhesi

community, recognised as a marginalised group by the Government of Nepal.

The intervention led to a notable increase in annual farm income across various categories, classified by gender and group. For the CHC services provided by Jeevan Bikash, the average annual income increases were NPR 23,449 (CHF 153) for discriminated male participants and NPR 32,540 (CHF 213) for female participants. Annual maize sales increased by 9.62%, and the purchase figure of the domestically sourced maize from agri-businesses increased by 12.80%. Agri-businesses who were clients of CHCs increased their investment by 18% after the intervention.

Rating the CHC service 4.13 out of 5, the farmers experienced a reduction in harvesting costs by NPR 8,450 per bigha of land compared to manual harvesting. The intervention also correlated with an increase in the average income of 10%. As farmers faced labour shortage (with increasing migration) during the post-harvest season, the use of machinery created efficiency and productivity gains and supported the timely arrival of produce to markets with reduced post-harvest loss. Through improved services of CHCs, farmers had better access to rental machinery. However, the CHCs still

lacked adequate machinery to address the needs of farmers in peak season. Likewise, more investment was seen to be needed to build the capacity of CHC service providers, especially in repair and maintenance. While increased

mechanisation can lead to labour displacement, particularly among farm workers, this aspect was not assessed within the project period.



## Example

### Intervention Name

Enhancing capacity of dairy processors and market for diversified products in marginalised communities

### Intervention Duration

2023 to 2024

### Partner(s)

Ritika Dairy Udyog Pvt. Ltd.

## #2

### Pillar

Agriculture Services

### Context

Dairy is an important sector and a source of income in the villages of the eastern hills of Koshi, involving DG communities. In these villages, which are near the Nepal-India border, the milk producers endured years of exploitation by informal milk vendors of the Nepal-India border, known as Gwala. These vendors would cross the open border daily, personally milk the cows in the village, and pay farmers low prices for their milk. Using tampered weighing machines, the Gwala often cheated the farmers by underreporting the milk quantity and making inconsistent payments. With limited options, farmers were forced to rely on them. The majority of men of the village traditionally cross the border

to go for work in India, leaving the women at home to manage dairy activities as well as the households.

Ritika Dairy Udyog Pvt. Ltd. is a limited liability company established to produce and process various dairy products. The company is in Mechinagar-12, Jhapa, Nepal. The company has been involved in the production of processed milk and other dairy products, including yoghurt, curds, paneer, milk sweets, etc. Recognising a high market demand for flavoured milk, particularly among the youth, Ritika Dairy became the pioneer producer of flavoured milk in Koshi Province. This marked a significant new product development in the province, though flavoured milk had already

been produced in other parts of Nepal by dairies such as the state-owned Dairy Development Corporation (DDC). Eyeing this market opportunity, Ritika Dairy came forward to produce flavoured milk and was a pioneer in Koshi Province, encouraging other companies to copy and start production of similar products.

### Change in Partner's Operations

NAMDP II, through its challenge fund mechanism, technically and financially supported Ritika Dairy in introducing the first commercial flavoured milk within the Koshi Province. The project supported the company in setting up the required machinery and in building the company's capacity on technical skills (such as milk handling, good hygiene practices, needed skills to get ISO 22000 certification through NATCM, etc.) as well as supported in marketing the new product.

After the intervention, the company increased their milk collection for product development and sourced it from a marginalised community near the Nepal-India border in

the Jhapa region. Their knowledge, skills and operational capacity improved. The company started to operate a chilling centre and formalised their internal management systems, as well as improved their relationships with the milk producers in the community.

### Intervention Results

Ritika Dairy procured most of its milk requirement from producers belonging to the Terai/Madhesi community and the Muslim community. A total of 128,089 (200ml) bottles of flavoured milk were produced, packaged, and sold, generating NPR 4,409,028 (CHF 28,659) in revenue by the sixth month. The total sales of this new product amounted to NPR 4,409,028 (CHF 28,659). Additionally, 18,000 litres of milk were sourced, including contributions from these communities in Lodabari of Kechana Kawal, near the India-Nepal border. Field data show that the sourcing of milk from these groups established a stable income source for the dairy farmers of these communities.



## Example

## Intervention Name

Strengthening capacity of banks to finance agri-SMEs in Koshi Province

## Intervention Duration

2022-2024

## Pillar

Non-Agriculture Services

## Partner(s)

Sanima Bank

# #3

### Context

Limited awareness of SMEs (particularly those led by women and DGs) about existing financial sources, complicated loan acquisition procedures, high loan turnaround time (TAT), etc., were major problems that SMEs faced in securing funding. Parallely, the banks were skeptical in approaching these SMEs as clients due to their low-income status and perception that they would not be able to pay back the loan. Despite having financial products targeting women-led SMEs, the banks were not actively promoting these products.

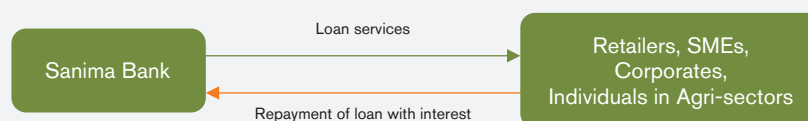
### Change in Partner's Operations

The primary objective of NAMDP II's partnership with the bank was to enhance the bank's capacity to address the borrowing needs of agri-SMEs effectively. This collaboration aimed to improve financial intermediation, enabling the bank to offer innovative and tailored products and services that would lead to increased loan uptake among agri-SMEs. NAMDP II supported the bank in providing business and financial

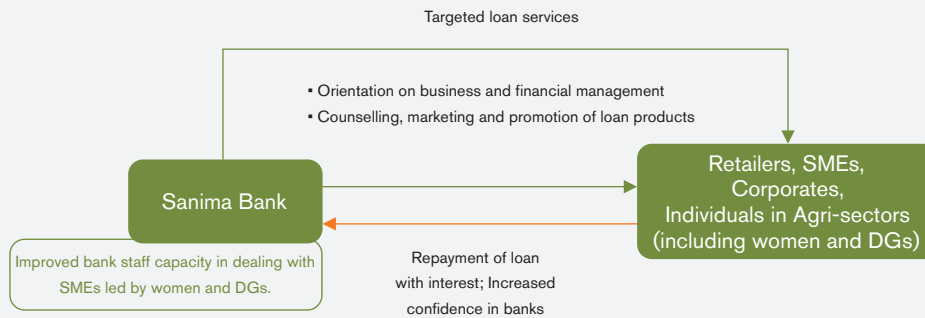
literacy training that was designed to ensure the participation of women and DG from relevant SMEs.

Under this intervention, NAMDP II also provided staff capacity building on agri-lending credit skills as well as soft skills and supported marketing and promotion of financial products (including those specific to women) through social media. To test the uptake of the bank's services among marginalised groups, a target of 40% was set for the number of loans disbursed to women and DGs. Out of 147 participants attending the client orientation, 33% and 20% of the participants were women and males from DGs, respectively. Out of 36 loans disbursed to agribusinesses in NAMDP II priority sectors by Sanima Bank, 40% loans went to women-led businesses and 38% to agribusinesses led by DGs. The before-and-after-intervention scenarios of the bank's operating model are presented in the figures below.

### Bank Operating Model - Before NAMDP II Intervention



## Bank Operating Model - After NAMDP II Intervention



### Intervention Results

Impact studies show that the annual income of the receiving SMEs increased.

The total annual farm income increases by gender and group across Sanima-linked farmers, highlighting the positive impact of interventions on various participants.

Women-led SMEs and businesses led by DGs each saw an increase of NPR 389,300 (CHF 2,533.45). The annual sales figures for all SMEs that received the loans rose by 28.2%.

As a result of the intervention, Sanima Bank integrated tools into its lending process, thereby expanding its agricultural financing capabilities. The bank focused on process optimisation, which led to streamlined operations and improved client relationships. As a result, the turnaround time for loan processing decreased from 13 to 9.5 days, indicating a notable improvement in operational efficiency. Additionally, the percentage of total agricultural loans increased from 17.5% before to 21.5% after the intervention, reflecting a 4% rise in agricultural loans within the bank's total loan portfolio.

Sanima Bank also took steps to promote agriculture financing. It developed and implemented various marketing tools and promotional campaigns to increase awareness of its agricultural loan products. As a result, the number of agricultural loan clients increased from 13 to 20 per branch after the intervention, accommodating more women clients and DG clients. The bank expressed commitment to continuing financial literacy programmes and tailoring its products to cater to women and DG clients.

Other banks, namely Nabil Bank and Muktinath Bank, were similarly supported by NAMDP II. The agri-SMEs associated with all three banks collectively generated approximately 103 new jobs at 91 agri-businesses. Of these, 22 jobs were occupied by women, 50 by DG males and the rest by non-DG males, indicating a positive contribution to employment across diverse demographic groups. Total income from new jobs (part-time and full-time) amounted to NPR 25,439,500 (CHF 169,597). On the other hand, the SMEs linked with these banks saw an average sales increase of 35.3% of their products, after accessing loans. Notably, 60% of the clients resulting from this intervention were first-time borrowers.

# GESI Lessons Learned

This section compiles key lessons gathered from the team from their experience of designing and implementing interventions with market actors.

**Lesson 1:** Women and men perform different tasks in agricultural sectors. Due to traditions and norms, as well as household conditions, women are confined to roles that do not require travel or those that are usually home-based. Roles in the agriculture sectors that require flexibility in time, heavy physical work and travel, for e.g., aggregation of maize requiring loading and unloading of produce, trading of cardamoms requiring travel and/or dairy processing requiring prolonged operating hours standing, etc., limit women's participation in the region. Hence, it was a challenge for the project to encourage the private sector to engage women in such roles.

During sector analysis, it becomes clear where women and men are placed in the specific agriculture sector and what their roles are. The analysis should identify opportunities where women's roles can be enhanced either by improving their efficiency and/or enhancing their access to markets. New roles which require greater mobility and time flexibility are challenging for women to adopt, considering their care workload at home and other responsibilities. If there are opportunities for women to engage in new roles in the agriculture sector, the benefits of this should be assessed to ensure the role does not increase women's workload, resulting in negative impacts on women. As NAMDP II started off as a gender sensitive project, it did not have the scope and capacity to introduce sustainable, transformative changes regarding gender roles.





**Lesson 2:** The extent of adoption of GESI practices in business models varies among private sector actors, depending on their priorities, willingness to take risks, capacity and incentives. Using the project's MRM system to collect data and to prove the partners' business case is critical.

Innovation was a key focus in NAMDP II strategies, and partners varied in their approach to adopting innovation. In most cases, during the initial stages of testing an innovative product/service, private sector actors are primarily concerned with the uptake of the innovation in the market by clients who can afford them. There might be a low willingness of the private sector to focus on GESI practices at the time. But once the innovation is tested and the initial business case established, the private sector actor gains confidence to take risks and adopts customisation targeting clients such as women and DGs. NAMDP II applied a phase-wise approach when it comes to encouraging partners to adopt a GESI lens in their business model.

Additionally, to motivate partners to invest in creating inclusive business models, MRM processes that collect disaggregated data and include GESI scenarios in the Detailed Activity Plan (DAP) and Partnership Engagement Plan (PEP) of NAMDP II played an important role. It helped partners see the value of collecting data from backwards linkage actors

and to monitor factors that contributed to enhanced production quality, quantity, revenues and profits.

**Lesson 3:** De-risking and facilitating inclusive business strategies is catalytic in breaking the stereotype thinking within private sector actors on GESI, but the process includes trial and error and requires time, leading to sustainable results in the system, which may be visible beyond the project life cycle.

In most cases, private sector actors do not intend to innovate/test or pursue inclusive business strategies as they do not see women or DGs as potential clients who can afford their products and services. Hence, the approach of conducting pilot activities and sharing costs with market actors to realise the potential of GESI inclusiveness in the business model works.

For example, banks are usually hesitant in lending to agri-businesses led by women or DGs due to the notion of risk of default repayment. NAMDP II partnered with five private banks to de-risk and facilitate changes in their approach to reach women and DG clients in Koshi. After the intervention, bank staff and processes were better capable of reaching more clients per branch than usual, increasing their agricultural lending portfolio with full recovery of the loans on time. This pilot convinced the banks to continue catering to women and DG clients.

**Lesson 4:** Due to the informal operating nature of most businesses led by women or DGs, incubation and/or challenge fund mechanisms in partnerships with BDS providers are needed to build entrepreneurship, financial literacy and management skills of the businesses, before they can integrate into the market system.

Most SMEs led by women and DGs operate informally. They lack skills and knowledge on operating businesses, such as legal frameworks, financial management, product development, market assessment, etc. NAMDP II field experience showed that building the basic capacity of these informal businesses was important before they could demand and pay for regular BDS to sustain growth. NAMDP II's approach to using the challenge fund mechanism helped build these capacities among businesses and cooperatives in the dairy and vegetables sector.

For example, in partnership with the SAARC Business Association of Home-Based Workers (SABAH), training and exposure visits were arranged on entrepreneurship and product diversification to 100 agri-SMEs led by women. 22 out of the 100 completed legal registration of their businesses, and an additional 3 were in the process of registration. This training immediately enhanced the capacity of the SMEs on basic product diversification and business management. Participants of the training shared that the training made them confident in operating their business. For instance, one of the participants shared that the training and exposure visits enabled her to launch her home-based products (traditional snack items) and take steps to promote them through online platforms. Another participant who was selling milk informally in her community started planning to register for a business to expand her sales.



**Lesson 5: Tactics applied by private sector BDS providers, such as providing free registration services or service discounts to informal SMEs led by women or DGs, are effective means to encourage motivation and promote these SMEs to become new clients for BDS. Once on-boarded, the service providers often realise that women-led or DG-led agri-businesses are more sincere and readily pay for the services on time.**

Given that most SMEs run by women or discriminated groups in the Koshi region are informal-based and lack knowledge and capacity to avail business development services, NAMDP II partners applied business strategies to motivate them. Free registrations and initial discounts on services created demand among these SMEs. Field findings showed that such incentives for new women and DG-led businesses encouraged more women and DGs to register their businesses and continue to avail Tapasya's services, particularly related to annual taxes and audits. This resulted in strengthening and better sustainability of the businesses, which would not have occurred if they had remained unregistered.

For example, NAMDP II supported Tapasya Business Management Ltd. to expand its business in Koshi province. As most of the small businesses were informal, the partner attracted clients by providing free registration services and educating them about the need for the partner's services for the sustainability of their business. They also provided orientation on available subsidies and opportunities for women and DGs. As a result, the partner gained new clients and is now providing taxation, auditing and loan processing services to over 300 clients in Koshi, 65% being women-led businesses and 37% being businesses led by members of Dalit and Janajati communities (DGs), namely Tamang, Limbu, and Dalits. The partner shared that some of these businesses have been loyal clients since the start and have always paid for the services on time, unlike other clients in urban cities like Kathmandu.



**Lesson 6: Integration of GESI in public guidelines and procedures (at local and federal levels) is a very good start to inclusive representation within public systems. However, it needs more hands-on support and proper monitoring to ensure that adaptation of these guidelines will result in sustainable and positive changes, particularly the decision-making power and fair treatment of women and marginalised communities by relevant stakeholders.**

NAMDP II's business enabling environment interventions of working with local government agencies, as well as market management committees, integrated actions to ensure policies/rules include GESI, such as inclusion of a certain number of women in the local committees, etc. While these are catalytic in initiating practice change among public stakeholders, the effectiveness of these actions in deeply changing agency-related issues, such as enhancements in decision-making, voice, and ownership among discriminated groups, is yet to be seen. NAMDP II interventions that supported the implementation of the policy changes are showing early signs of potential benefits for women and DGs participation at different levels.

For example, NAMDP II's enabling environment interventions of working with public agencies, as well as market management committees, integrated actions to ensure policies/rules include GESI. This included the inclusion of a certain number of women and men from DGs in the local committees and the incorporation of GESI-friendly infrastructures in future designs of the markets. For instance, Kankai Municipality relocated its agri-market to a new location after endorsing the market operation procedures. The market management committee of the Kankai market collaborated with Sakshyam Mahila Sahakari Limited, a female-led cooperative, in organising programmes, including the establishment of women-led small-scale processing industries within the market and maize seed production programmes, among others. While these procedures and programmes have been planned, it remains to be seen how the Municipality implements these actions and whether they lead to actual benefits for the women in the respective sectors.



**Lesson 7:** Understanding that the design, approach and results of GESI-sensitive projects (like NAMDP II) will be different from projects with a GESI-transformative goal.

NAMDP II was a market systems development project with GESI as a cross-cutting objective, as indicated in the design document of the project. During the initial years of NAMDP II, the partner selection process focused on innovation (as per the design of the project), and hence the project identified those partners willing to take the risks of developing new products and solutions that made business sense and could reach scale. GESI-related activities were integrated into the partnerships based on relevance, feasibility and sustainability of the model. A clear business case to include GESI is important to incentivise partners.

Women and DG had access to resources; however, when measuring outputs and impacts, the project focused primarily on access to resources and income increase, while the dimensions of agency and voice,

such as increased decision-making power, reduced workload, enhanced self-confidence, and leadership, were overlooked.

Bringing women into traditionally male-dominated roles requires changes across a wide range of relationships, services, and institutions. One cannot assume that simply promoting women to take up such gainful activities will ensure success. It requires a combination of advocacy and awareness campaigns, stakeholder engagement, community-based dialogues, and technological innovations to reduce time spent on other tasks and free up time for their involvement in new activities.

**Lesson 8:** Displacement of labour due to increased use of mechanised services needs to be monitored.

The introduction of any machine into work poses some threat of displacement. The introduction of mechanised services in agriculture increases efficiency and enhances access to markets, but also poses a threat of labour cuts. Most post-harvest



activities, particularly in maize, are performed by women and DGs; hence, the mechanisation of such tasks can lead to them losing jobs. Projects promoting such mechanisation services should monitor the displacement and assess the overall impact on the sector and employment creation. However, in similar contexts, it is found that such labour shift can lead to positive effects for women: a) improved health from reduced manual work and drudgery, b) engagement in other productive work, and c) increased efficiency and time savings for other tasks. Therefore, it's crucial to monitor labour displacement resulting from increased mechanisation. The full impact of these changes may not be seen within the project's timeframe, so the effects of displacement may extend beyond the project cycle and need long-term monitoring. This suggests that the scope of displacement is often a long-term issue, not a short-term one.

Based on NAMDP II's GESI approach and experience from the field, this section provides a simplified framework for integration of GESI into future MSD programmes. The process is broken into five steps as indicated below:

**SECTOR ANALYSIS:** Identifying the specific groups of women and DGs in target locations and identifying the underlying constraints for their exclusion/vulnerability regarding access to services and the existing opportunities to penetrate through the interventions. The analysis supports mapping of the potential value chain actors, differences in access to support functions for male and female or DG actors, influential regulatory rules, gender-specific motivations, needs and interests, constraints and opportunities and the potential partners in the system who can support promoting GESI such as women cooperatives, male role models and leaders and/or other crucial allies.

**INTERVENTION DESIGN:** Designing interventions that attempt to address the GESI barriers in partnership with relevant public and private sector actors. This includes additional activities that a project can plan for GESI integration within the interventions. The interventions are designed to address the constraints and challenges of the sector identified through sector analysis that hinder the meaningful

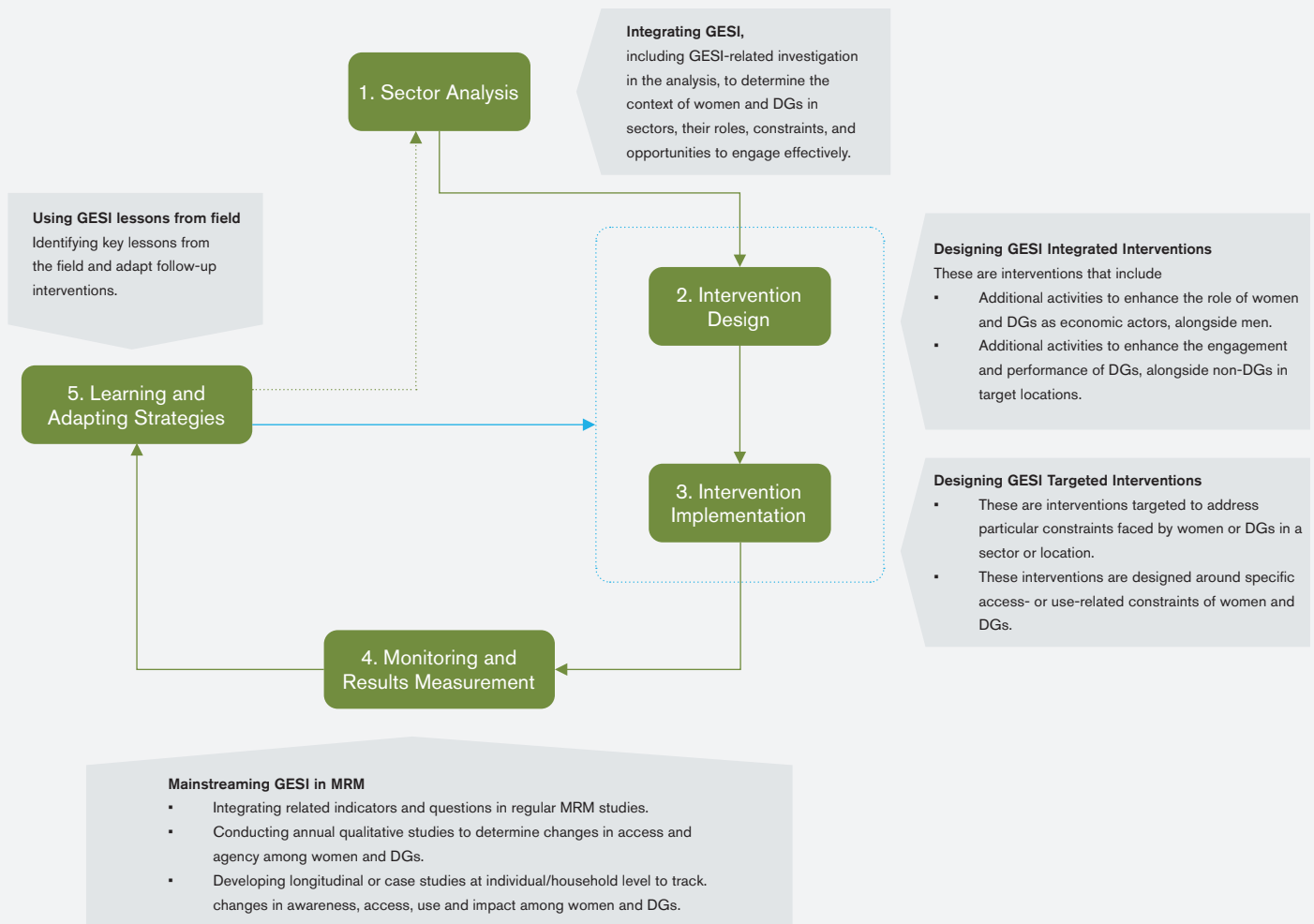
participation of women and DGs.

**INTERVENTION IMPLEMENTATION :** Identifying of the potential market actors, their incentives and motivating factors that can encourage integration and prioritisation of GESI is the first step towards effective implementation of interventions. Application of suitable implementation mechanisms, such as challenge funds, cost-sharing partnerships, etc., help in enhance the capacity and willingness of market actors regarding GESI.

**MONITORING AND RESULTS MEASUREMENT:** Monitoring interventions in the field, collecting field data to measure progress on impact and evaluating how effectively project resources and actions reach marginalised groups. In addition to disaggregated quantitative data, qualitative information from the ground is equally important to capture the GESI-related issues, changes, opportunities and effects.

**LEARNING AND ADAPTING STRATEGIES:** GESI integration is not static. Therefore, it requires continuous adaptation of strategies based on learnings and experiences. Identifying the regulatory and supportive functions required by the partners for GESI prioritisation and effective integration suggests adapting strategies based on the real needs of the partners that are more practical. Triangulating findings from interactions with partners and results from the field ensures meaningful learning and adaptation, directly driving impact among beneficiaries.





As shown in the figure (above), each critical step in an MSD project life cycle (depicted by the green boxes) must consider GESI (depicted by the purple boxes). GESI understanding begins from the sector analysis stage, with the identification of where and how women and DGs are placed in the target sector and what constraints affect them in engaging effectively in economic opportunities. This analysis can be used to design and implement two types of GESI interventions:

**GESI-Integrated Interventions:** Where interventions are designed for the target group but with additional activities that potentially benefit women and DGs in the same location, and that ensure they have access to the project interventions. The additional activities could be a simple step of facilitating partners to use GESI-sensitive training content and design, or adjusting the timing or location of the training to ensure maximum participation of women and DGs.

**GESI-Targeted Interventions:** Where specific targeted interventions for women or DGs are designed to address specific constraints and to create opportunities or entry points for women and/or DGs. These interventions can include working with a specific partner to target a specific DG or women in the sector and developing the partner's capacity to reach and deliver the required services. Other targeted interventions include advocacy initiatives with the government to develop policies/implementation mechanisms that can create a business-enabling environment for women and DGs. The project can design and implement targeted interventions more effectively if the team assesses that integrated interventions are not addressing GESI issues optimally.

Based on the interventions, specific approaches with the MRM processes, such as inclusion of GESI indicators in regular impact assessments, and specific and, where possible, qualitative studies to measure GESI impact, should be deployed.



The final step in the loop of the project cycle is to use MRM and field findings to adapt and design follow-up interventions for effectiveness and sustainability. The field findings should not be limited to quantitative data and indicators. Collection of qualitative data and verbatims from the ground captures the prominent outcomes as well as the ripple effects and changes at the agency level (changes in voice, participation, access, income, confidence and opportunities), including the agents and barriers of change. This also contributes to the team's overall understanding of the

sector and is hence helpful in shaping new ideas for systems change in line with the sector context.

In addition, future MSD programmes should critically assess the potential and limitations of the MSD approach to drive gender-transformative change. While the framework aims to improve access and participation, gender transformation requires additional activities to support agency-level change and not just improve immediate opportunities for women and disadvantaged groups.

## **Nepal Agricultural Market Development Programme**

The Nepal Agricultural Market Development Programme (NAMDP II), also known as Sahaj, operated under a bilateral agreement between the Government of Switzerland and the Government of Nepal in Koshi Province. Sahaj was a Swiss Agency for Development and Cooperation (SDC) project, implemented by a consortium of Swisscontact (as the lead agency) and the Centre for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED).

