



Business Barriers Faced by Rural Women Entrepreneurs in Nepal

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In the photo: A female entrepreneur and client of Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd. with staff of Jalpa.

ABOUT THIS REPORT

Good Return is a social purpose organisation established in 2003 by Guy Winship as the Australian branch of World Education. Its mission is to improve the lives of those living in poverty in the Asia Pacific region, where more than half the world's population live, including nearly 1.2 billion people living below the international poverty line of \$3.20 per day. Good Return's work is focused in Cambodia, Nepal, Philippines, Indonesia, Fiji, Tonga, and Solomon Islands. Through livelihood development programs and improving access to financial services, Good Return works to empower people to grow their incomes and break the poverty cycle for good by making sure they can access responsible financial services as well as financial education and business skills.

Good Return partners with Financial Service Providers (FSPs), the private sector, social enterprises, NGOs, governments, and social investors to research, design, and implement innovative financial inclusion programs in the Asia and Pacific regions. Its Impact Investment program helps facilitate access to loans to help people in poverty and build family assets for the future. The program also supports loan guarantees to small and medium enterprises (SMEs) in agriculture to help local FSPs increase their SME lending capacity across agricultural value chains and support women's economic empowerment. Good Return's loan platform enables partner FSPs to access capital to support the innovation and expansion of pro-poor microlending. In addition, Good Return provides loan guarantee lending partners with additional support, knowledge sharing opportunities and peer learning sessions covering: Gender Value Chain Analysis, Agribusiness Loan Review, Women Client Segmentation, Impact Measurement, Responsible Investment in Agriculture, among others to build the FSP's profile as a gender lens investing (GLI) practitioner in the Asia Pacific region.

Good Return has also been delivering eLearning to the staff of partner FSPs in Cambodia and Nepal since 2016. Its goal is to strengthen the capacity of the microfinance (MFI) sector to extend financial inclusion to the poorest and most vulnerable members of their communities.

Nepal Women Community Service Center (NWCSC) was established in 1993 in Dang District. It is the first women-specific grass root non-governmental development organization in Province 5. NWCSC works in seven (7) key thematic areas: women health promotion, child education, environment protection, poverty alleviation, reduction of all forms of violence against women, and humanitarian response. Its main programs are child education, microfinance, enterprise development services, and skills development training for women affected by violence.

Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd. is the microfinance wing of NWCSC. As a microfinance program, it came about after NWCSC upgraded it to a D class financial institution. Its vision is to establish a prosperous society through the upliftment of the economic and social livelihoods of people in the Hills and mountain regions. Jalpa Samudayik has 89,000 members with NPR 4,219 million in loans outstanding and NPR 2,198 million in savings. Jalpa has 80 branch offices that provide microfinance services in Nepal's Province 3, 5, 6, and 7. The MFI also provides savings, credit, insurance services, and business promotion support to its members. Jalpa Samudayik provides loans in agriculture, livestock, production-related business,

service-based businesses, and small business to promote the economic status of women enterprises.

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LIST OF ACRONYMS

AKC	Agricultural Knowledge Centres
CAFE	Consumer Awareness and Financial Empowerment
CTEVT	Council for Technical Education and Vocational Training
CWE	Catalyzing Women's Entrepreneurship
DFID	Department for International Development
F2F	Face to face
FNCCI	Federation of Nepalese Chambers of Commerce and Industry
FNCSI	Federation of Nepal Cottage and Small Industries
FWEAN	Federation of Women Entrepreneurs Associations of Nepal
FSP	Financial Service Provider
FIs	Financial Institutions
ICT	Information and Communication Technologies
IRD	Inland Revenue Department
KII	Key Informant Interview
LMS	Learning Management System
MEDPA	Microenterprise Development for Poverty Alleviation
MEDEP	Micro-Enterprise Development Programme
MFIs	Microfinance institutions
MSMEs	Micro, Small and Medium Enterprises
NGOs	Non Government Organizations
NPR	Nepali Rupee
NRB	Nepal Rastra Bank
NWCSC	Nepal Women Community Service Centre
PAN	Permanent Account Number

RCA	rapid care analysis
RIF	Responsible and Inclusive Finance
SME	Small and Medium Enterprises
SMS	Short Message Service
SYBP	Strengthen Your Business Program
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNCDF	United Nations Capital Development Fund
WEE	Women's Economic Empowerment

EXECUTIVE SUMMARY

Nepal's micro, small and medium enterprises (MSME) sector is the backbone of the country's on- and off-farm economic success.¹ The Government of Nepal (GoN) recognizes women's participation in the country's economy and their contribution to development. Moreover, the GoN also acknowledges the role of MSMEs—where Nepali female ownership is rising—in the country's equitable economic development. Women entrepreneurs' contribution to Nepal's economy, however, remains unrealized due to the multiple barriers they face in starting and growing their businesses.

To understand more deeply these barriers that women entrepreneurs face, this research set out to answer two main questions:

- What are the barriers (i.e. financial, socio-cultural, educational, regulatory, etc.) faced by women entrepreneurs in starting and growing their businesses?
- How could these barriers be overcome?

In partnership with NWCSC and Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd., the study surveyed 309 clients of Jalpa from 10 districts in both urban/semi-urban and rural areas of Provinces 5 and 6 where Jalpa operates. From the 309 clients, 30 respondents—made up of 21 women and 9 men—were selected for “deep dive” conversations to probe and understand the details of the survey responses regarding the entrepreneurs and their business know-how and financial capability; the entrepreneurs' household/family members' engagement in the business (i.e. family power and relationship dynamics, women's double care burdens, etc.); the business and the barriers faced by the entrepreneurs in starting and growing the business/es; the financial needs of the businesses, the entrepreneur's priorities and preferences, the availability and access to existing financial products and services among others.

Majority of the survey respondents were women (89 per cent) between 21 to 60 years old (99 per cent), married (94 per cent) with children between the ages of 10 and 18 (70 per cent), living in the rural areas (78 per cent). Most belonged to the Khas/Aryan ethnic group (46 per cent), had low educational completion (45 per cent), and owned only one business (84 per cent). Meanwhile, most of the deep dive respondents had been in business for four years and more (80 per cent). Majority (60 per cent) were in agro and forest based industry with no paid worker (53 per cent, indicating that the enterprise engaged or employed only family members).

Most of the literature reviewed cited lack of access to finance as a top barrier faced by women entrepreneurs. This research found that this means a lack of access to capital to start a business. Only a limited number of MSMEs in Nepal could actually access start-up capital from banks. For this reason, the majority of the entrepreneurs access their needed funds from informal sources. Lack of access to finance also refers to women entrepreneurs' lack of access to bigger loans to expand their business. However, existing regulatory and legal requirements impede their access to credit. To get a loan from any financial institution, women entrepreneurs need to have their business registered, submit tax and annual income documents. Most women entrepreneurs lack the capacity to understand these legal and other regulatory requirements of setting up a business. The reason lies in their low business capability. Thus, few have benefited from the government-initiated financing schemes for MSMEs and special provisions for women

¹ UNDP, 2016

entrepreneurs. In addition, information on government programs and policies including business or entrepreneurship training are poorly disseminated and implemented. Women entrepreneurs also have generally low levels of literacy, capability and confidence around using information and communications technology (ICT). In addition, women entrepreneurs have limited mobility and participation in other aspects of the business (e.g. marketing and networking) due to socio-cultural norms or customs. As a result, they are unable to access other sources of information and are kept from increasing their participation and bargaining power.

The research concluded that Nepali women entrepreneurs face socio-cultural barriers that are gender-specific and are biased against women. Household and care responsibilities, their own perception/understanding of themselves, of their role in society affect their decisions on when to start their business, the type of business to engage in, and where to locate them among others. At the root of these interconnected barriers are Nepal's socio-cultural customs and beliefs that women are not capable of doing business, women's double burden due to their perception of being mainly responsible for household and care work, and boys are more valuable than girls hence, girls' educational mobility are given less importance.

Based on the findings, the research recommends:

- Developing innovative financial services to address women entrepreneurs' need for start-up and growth capital, insurance, and other financial products and services
- Providing loans and credit guarantee schemes
- Building women entrepreneurs' business capability
- Integrating sensitization programs into existing trainings of government ministries or offices, NGOs, and/or introducing sensitization programs in the trainings of business organizations or professional associations to its members
- Launching a nationwide campaign in mainstream and community mass media focusing on women entrepreneurs to increase understanding, appreciation, and acceptance of women in business, and the importance of educational mobility of girls Simplifying the registration through a 'one-stop-shop' platform or establishing a digital registration system
- Promoting women focused financial literacy programs
- Advocating for the development and/or inclusion of training programs to build women's literacy and capability to use digital technologies
- Using mass media and digital technology to promote financial literacy in Nepal
- Simplifying the registration through a 'one-stop-shop' platform or digital registration system

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1. INTRODUCTION

1.1. Introduction

Women entrepreneurs in Nepal are confronted with various challenges in starting up and scaling their businesses. This study aims to identify and understand these specific barriers that women entrepreneurs face and provide actionable recommendations that stakeholders in Nepal's micro, small and medium enterprises (MSME) sector could take to help women entrepreneurs overcome these barriers in the environment. These barriers include, among others, socio-cultural norms, financial-economic, government policies and business regulations as well as access to and use of finance and information and communication technologies (ICTs).

Good Return partnered with Nepal Women Community Service Center (NWCSC) and Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd. to undertake this study. Good Return hopes that the results of this research will contribute to coming up with innovating financing solutions for women entrepreneurs in the rural areas. In addition, the research findings will help deepen Good Return's understanding of the needs of Nepalese microenterprises in starting and growing their businesses. The results could provide inputs to developing programs that will increase women entrepreneurs' business capabilities and improve their money management behavior.

1.2. Rationale of the Study

The Government of Nepal (GoN) recognizes women's participation in Nepal's economy and their contribution to development outcomes. Hence, it guaranteed women's rights in Nepal's 2007 Interim Constitution and these rights were upheld in the new Constitution of 2072 (2015 September). Moreover, the Nepalese Government also acknowledged the potential of MSMEs as a tool for equitable economic development. Objective 3.2.1 of the GoN's Thirteenth Plan (2013-2016) highlights its intention to support entrepreneurship through the provision of appropriate infrastructure, creating linkages to markets to "*promote balanced regional development*" and emphasising the "*generation of advantageous self-employment through the promotion of entrepreneurship...*"²

In Nepal, women's ownership of MSMEs is rising.³ A World Bank paper⁴ found that Nepal reported the biggest rise in the percentage of new women owners of limited liability companies (LLCs), from four per cent in 2012 to 11 per cent in 2016. Despite this growth in women business owners, the gender gap in Nepal's MSME sector remains big. Whether the new business is an LLC or sole proprietorship, the percentage of new women business owners was only at 10% vis-a-vis 90% of new men business owners.⁵ Based on Nepal's 2018 Economic Census, of the total 923,356 registered establishments in the country, only 29.8 per cent or 247,880 of Nepal's registered establishments were woman-owned.⁶

² Government of Nepal, 2013.

³ Dwibedi, Lalan. 2016.

⁴ Meunier, Frédéric. et.al. 2017.

⁵ Ibid, pp.10-11.

⁶ Government of Nepal. 2020.

There is also a significant gender gap in terms of bank access between men and women. In terms of access to formal savings services and products, men have higher access. In contrast, women have higher access to informal savings and have the option of saving at-home based on the 2016 Detailed Country Report.⁷ According to the latest figures from Nepal Rastra Bank's (NRB) Financial Access Report 2021, there are roughly two men with accounts to one woman. Of the 29.92 million account holders in financial institutions, 19.11 million belong to men while 10.61 million belong to women.⁸

Nepali women entrepreneurs⁹ are particularly challenged in starting and growing their businesses because of lack of access to credit. Although the NRB has published various monetary policies aimed at promoting financing for women-owned MSMEs, few have benefited from them. In 2014/2015, NRB initiated financing schemes on project basis. The loanable amount could be up to NPR 0.7 million (USD6,200) for women-managed enterprises. In 2018/2019, NRB also gave commercial banks the license to give women entrepreneurs non-collateralized loans of up to NPR 1.5 million (USD13,300) with a 6 percent interest subsidy. By the start of 2019, the number of women entrepreneurs who had availed of this program in the country totalled only 170. The average loan size was NPR 0.6 million (USD5,300). Among the challenges faced by women in securing start-up capital and which may explain the low number of women who availed of NRB's program were traditional socio-cultural norms. Women need their spouses' and family members' permission to access and use money since they do not manage the household income.¹⁰ Ninety percent of MSMEs access loans from the informal sector.¹¹

Nepali women also face other hurdles, notably more than men would face, which are gender-specific and are due to innate socio-cultural customs and beliefs that are biased against women.¹² For instance, social norms in Nepal restrict women's mobility and their opportunities to network (e.g. join business associations), which limit their marketing networks for their products and services.¹³ They also face other challenges common to women in the Asia-Pacific region such as gender discriminatory laws, those that do not consider women's specific situation, needs and preferences; lack of access to information and communication technologies (ICTs); low levels of education and limited opportunities for capacity development,¹⁴ which lead women entrepreneurs to lack confidence in doing business.¹⁵

Nepali women's limited opportunities for capacity development is also affected by their low levels of literacy. Initially, enrolment rates were low for girls. Between 2002 and 2013, enrolment of girls had gone up and was now higher than that of boys but only in community (public) schools. In institutional (private) schools, enrolment of boys remained higher than girls. As of 2019, net enrolment in secondary education was slightly higher for women than for men, with

⁷ Shakya, Sujeev. et. al. 2016.

⁸ Prasain, 2021.

⁹ Referring to women engaged in owning, and running or managing businesses that contribute to increasing their economic power and position in society. See: Sigdel, 2015.

¹⁰ UNESCAP, 2020.

¹¹ *The Kathmandu Post*, 2018.

¹² Asian Development Bank, 2018.

¹³ Raghuvanshi et al., 2017.

¹⁴ UNESCAP, 2019.

¹⁵ *The Kathmandu Post*, 2018.

62.8 and 60.9 percent respectively. Attendance and enrolment rates revealed only a part of the picture. In 2018, the literacy rate for adult women (between 15 and 24 years old) in Nepal was 90.88 per cent and 94.03 per cent for men, up from the 2011 literacy rates of 80.21 per cent for adult women and 89.88 per cent for adult men. In terms of the overall literacy rate, the figures for adult women had risen from 48.84 per cent in 2011 to 59.7 per cent in 2018 while the adult literacy rate for men went up from 71.71 percent to 78.6 per cent for men from 2011 to 2018.¹⁶

Discrepancies in literacy rates also varied depending on geographical location. There could be between 10 and 30 percent deviation between urban and rural areas. Kathmandu has the highest literacy rate, with 86.3 percent, and the lowest is in Rautahat, with 41.7 percent.¹⁷ Lack of formal education is not a barrier for women to engage in informal micro-entrepreneurial activities. However, low literacy is problematic for women entrepreneurs wanting to expand and grow beyond subsistence operations, particularly when it comes to navigating financial and legal bureaucracy and understanding and negotiating loans and financial agreements.¹⁸

Nepali women entrepreneurs struggle with limited access to resources such as land and technology, and bureaucratic and long business registration processes. Although the ease of doing business in Nepal has improved overall, with Nepal ranking at 94 out of 190 countries in 2020. However, in starting a business, it ranks at 135.¹⁹ The GoN has repeatedly renewed its commitment to support women entrepreneurs, although the effectiveness of these commitments has been met with skepticism from many.²⁰ Among the GoN's support to women-owned enterprises are those under the Industrial Enterprise Act of 2020²¹ such as (i) 35 per cent discount on business registration; (ii) a 20 per cent discount on industrial property registration. Women's businesses would be given priority in industrial zones and could receive a loan to help them export their product. The GoN also has a provision to provide seed capital to micro, cottage and small industries and even cooperatives to set up businesses in remote areas. The impact and effectiveness of these special provisions for women, however, are yet to be seen due to poor information dissemination and implementation.²²

In this wider context, in 2019, Good Return conducted a learning needs and resources assessment (LNRA)²³ that aimed at determining the needs of Nepalese microenterprises in growing their businesses. Good Return's team listened to the experiences and stories of 20 micro entrepreneurs and one community-based enterprise group from Ramechapp, Kavrepalanchowk, Kathmandu, and Lalitpur districts. The results and insights from this research were used to inform the design of a tailored Strengthen Your Business Program (SYBP) and the introduction of Good Return's existing digital financial tools such as 'My Money Tracker',²⁴ a

¹⁶ Countryeconomy, 2018.

¹⁷ Dhakal, 2018.

¹⁸ Bushell, 2008.

¹⁹ World Bank, Doing Business, 2020.

²⁰ Acharya and Pandey, 2020.

²¹ Government of Nepal, 2020.

²² Acharya and Pandey, 2020.

²³ The results of the LNRA that the Good Return team conducted on April 3-11, 2019 were captured in a powerpoint file entitled, "Micro Enterprise Development Field Research: Discovery Phase. Nepal." Good Return,^a 2019.

²⁴ My Money Tracker is a Khmer language money tracking application designed to help Cambodian micro-entrepreneurs to separate and manage their household and business finances and create a digital record of cash flows. It has offline capability, interchangeable currencies (Khmer Riel and USD), Facebook or phone number sign up and is available for free on the Google Play Store for Android. Simple icons support low-literate users to adopt

digital money tracking application designed for micro entrepreneurs to separate and track business finances.

The results and insights from the focus key informant interviews (KIs) of micro business owners for the learning needs and resources assessment in May 2019 discovered interconnected challenges that were beyond access to finance, lack of knowledge and skills, or the technical aspects of a business, which were typical challenges across different sectors/industries. The field research also found that women entrepreneurs face socio-cultural barriers such as family norms on managing the household and domestic chores, lack of access to assets (e.g. land, houses and other property which were usually entitled only to male members), limited decision-making power, and a subsistence business mindset.

To take out a loan women's businesses require the male family member or husband's permission,²⁵ which is also a factor that impedes the development of women's businesses. Lack of awareness and access to information, lack of confidence, and inability to meet the requirements by formal financial institutions were among the other primary challenges of small business owners when it came to access to finance. Microentrepreneurs were unable to systematically assess how their businesses were performing at any point in time. The entrepreneurs consulted also did not clearly understand the business registration process, tax obligations, and other government requirements such as collateral. Although some entrepreneurs could submit loan collateral, not all collaterals were accepted by banks. Collaterals submitted need to be within the bank's catchment area, have road access and could be easily liquidated if the borrower defaulted.²⁶

The 'Digital *Chhalfal*' session on women and MSMEs organised by the United Nations Capital Development Fund (UNCDF) in February 2019, echoed the findings that Good Return's LNRA revealed. Business accelerators dealing with start-ups and MSMEs pointed to three key factors that hinder the growth of businesses: (i) the women entrepreneurs' lack of financial discipline' (ii) lack of technical know-how; and (iii) unequal access to financial information.

The research conducted for this study was undertaken within the context of the varied though interconnected challenges that women entrepreneurs in Nepal face in starting and growing their businesses. Finding ways to help women entrepreneurs overcome these challenges amid the economic crisis brought by the COVID-19 pandemic is more urgent and requires the collaborative efforts of the different stakeholders supporting the MSME sector.

2. RESEARCH FRAMEWORK AND METHODOLOGY

new technology to track their cash flow. Features allow users to: (i) track income & expenses; (ii) categorise and separate household and business finances; (iii) provide a daily and monthly financial summary; (iv) track credits & debt, record when they are paid; (v) view daily & monthly history of money records by category. The app was developed with pro bono support from Accenture Australia." <https://www.facebook.com/MyMoneyTrackerKH>

²⁵ Good Return,^a 2019; UNESCAP, 2020; Upasna, Acharya et al., 2018.

²⁶ UNESCAP, 2020.

2.1. Research Questions

This study focused on identifying the barriers faced by women entrepreneurs in starting and growing their businesses and proposing some recommendations to help them overcome those barriers. The main research questions were:

- ❖ What are the barriers (e.g. financial, socio-cultural, educational, regulatory, etc.) that women entrepreneurs face in starting and growing their businesses?
- ❖ How can these barriers be overcome?

These questions encompassed various aspects, which were expressed in the following sub-questions:

- a. How do socio-cultural (e.g. family power and relationship dynamics, women's double care burdens, etc.) and educational (i.e. lack of financial capability, low literacy) barriers impact the development and growth of women-led businesses?
- b. How do these socio-cultural barriers and dynamics affect women entrepreneurs' access to finance and/or uptake (i.e. acceptance and use) of fintech solutions/digital financial solutions?
- c. Are there nuances in terms of the barriers and challenges faced by men and women and in relation to particular business sectors or industries to financial access and in the use of digital solutions in accessing and using finance?) And, are there gender/women specific challenges in accessing finance and digital solutions at different life cycle stages of the enterprise?
- d. How could these challenges and barriers be best addressed?
 - i. What innovative financial solutions could help address these challenges/needs of women entrepreneurs in developing and growing their businesses?
 - ii. What is the level of access, literacy, capability and confidence of women entrepreneurs around technology and digital solutions?
 - iii. What factors need to be considered in designing solutions that respond to these challenges?

This research hypothesized that women entrepreneurs in Nepal face internal and external barriers that make starting and growing their businesses difficult. Socio-cultural norms and beliefs, legal and regulatory requirements, lack of education and business capability, lack of access to financial and economic resources, as well as lack of access to and capability to use information and communications technology (ICTs) are among these constraints. Moreover, these constraints are interconnected with the socio-cultural norms as the root barrier, cutting across these internal and external barriers.

Research Participants

The majority of the respondents were women entrepreneurs clients of Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd., a "D" class MFI, from Provinces 5 and 6 where Jalpa Samudayik operates. These women have existing micro-enterprises and have accessed microfinance loans.

Limitations

While this research was conducted on a specific sub-segment of micro women entrepreneurs in rural Nepal, the findings are not generalizable, although the insights may also be valid for women entrepreneurs in Nepal.

A major limitation of the study was the resurgence of COVID-19 in the country one year after the pandemic started. Given time constraints and based on the entrepreneurs' location, the main consideration in selecting the respondents was the accessibility for the survey and face-to-face (F2F) dialogues with the entrepreneurs to ensure the integrity and quality of data collection. Almost half of the quantitative surveys were done F2F. However, due to the restrictions and lockdowns imposed by the Government of Nepal (GoN), the study used alternative data gathering methods as risk mitigation due to the worsening health scenario as a result of the resurgence in COVID-19 cases. Thus, over half of the quantitative survey was conducted over the phone by the men and women survey interviewers.

Likewise, all the deep dive interviews were done through mobile calls, which limited the interaction as well as the information that could be gathered from the respondents. Instability in mobile network connections was a big challenge as the interviews were interrupted a number of times and sometimes could not be continued. Weak network signals made conversation difficult and a few recorded interviews were inaudible for transcription. Deep dive respondents also felt uneasy and shy during the mobile phone conversation since the male interviewer was constrained in establishing rapport. The lack of a suitable female researcher to conduct the deep dive interviews was another research limitation. Thus, in some cases, the respondents' husbands answered instead of the women entrepreneurs, who were clients of Jalpa.

2.2. Theoretical framework

The framework for this research drew upon Oxfam's framework on Women's Economic Empowerment (WEE)²⁷ and on several studies on women's entrepreneurship.

The WEE framework, centres on the individual, and their ability to exercise agency and power within three domains: personal, relational and environmental. The personal domain relates to women's individual knowledge, mobility, attitudes and beliefs, and self-perception; the relational domain relates to the attitudes and norms of people within women's lives and the enterprises they interact with; and the environmental domain relates to the broader social and political structures in the public space, which impact women's empowerment.

Sigdel stated that there are internal and external factors that contribute towards the success of women entrepreneurship. Personal factors such as age, education, experience, marital status are examples of internal factors. Training, feasibility study and exporting products are external factors. For women entrepreneurs to succeed in their businesses, the following are essential: (i) favorable environment and good operating condition (i.e. favourable government policy, political, economic and social environment.); (ii) personal factors such as family background, self-confidence, optimism, ability to take and calculate risks, family, education, work experience, inborn talent, dissatisfied need, unexploited opportunities, and ideas among others.²⁸

²⁷ Oxfam, 2017.

²⁸ Sigdel, 2015.

Sigdel's framework, however, was designed only to measure the major factors contributing to the business success of women entrepreneurs. Hence, it does not serve to capture the other factors that are a major barrier when women are starting and growing a business, such as the level of education and business know-how that women can attain and their ability to make decisions. The socio-cultural beliefs in Nepali society towards girls' education and women's role in the home and running a business have a major influence on these "personal" aspects as well as on the environmental domain. The latter includes the social, political structures as well as the economic, financial, business and regulatory aspects, which are also shaped/influenced by the socio-cultural factors.

Moreover, these internal and external barriers are interconnected. Raghuvanshi²⁹ identified some of these internal barriers as root barriers or the causes of other barriers (outcomes). Lack of education, experience, and training opportunities [internal barriers] affect the startup and growth of business as women entrepreneurs are averse to taking risks. As a result, women entrepreneurs would not invest too much in business activities, which would then lead to slow growth of the business, less income, and eventually, the closing of the business. Lack of entrepreneurial management and lack of access to financial resources lead to the same outcomes. Furthermore, a lack of mobility and family or institutional support have the potential to prevent women from taking business related risks, ultimately leading also to the closing down of the business.

Using the WEE framework as a starting point, this study's theoretical framework (see Figure 1) recognized that the barriers faced by women entrepreneurs in Nepal in starting and growing their businesses could fall under "internal" or "external". Internal barriers, refer to those factors that are within the sphere of influence of the entrepreneur herself such as decisions when to start a business, managing care responsibilities (e.g. having young children, taking care of elderly parents or in-laws); level of knowledge on managing a business, legal requirements or business regulations, sourcing start-up or working capital among others.

Meanwhile, "external barriers" are those outside of the sphere of influence of the entrepreneur. These refer to the different aspects of the environment that make it favorable for women to start and grow their businesses such as legal and regulatory frameworks (e.g. government's policies); the political and economic conditions, access to finance, and to communications and information technology. However, this study considers socio-cultural barriers as cutting across both internal and external barriers. For instance, societal norms such as the view of women and their role in the family and in society at large affects women's education, knowledge and business know how since such norms dictate whether girls should continue to higher education, if women can open and run businesses vis-a-vis staying at home only to care for the family, have a property in their name, act in their own person, open a bank account without husband or male relative's consent, etc.

Business Stages

Enterprises go through different stages in their journey towards growth and are classified using business size, business maturity or growth stage. Churchill and Lewis,³⁰ countered that using these standards on small businesses are inappropriate for three reasons. One, that a business needs to go through all these development stages. Two, what happens in the early stages of a

²⁹ Raghuvanshi, 2017.

³⁰ Churchill and Lewis, 1983.

business are not captured by these criteria. Lastly, these models usually define business size using annual turnover and fail to consider production technology, value added, change in products among others. They proposed that small businesses go through five (5) stages: (i) existence; (ii) survival; (iii) success; (iv) take-off; and (v) maturity. Each stage could be distinguished using size, diversity, complexity, and management factors such as organizational structure, presence of formal systems, style of management.

Others like ANZ³¹ delineates four (4) stages: startup, initial growth, rapid growth, and continuous growth, which are defined by what happens at each stage. At the startup stage, the entrepreneur does everything from producing the product, looking for customers, dealing with suppliers, making all the decisions, and finding ways to grow the business. At the initial growth phase, the entrepreneur sets the directions for growth, looks and hires suitable workers who could make this growth possible. At the rapid growth stage, the entrepreneur has to take on the role of a leader. He/she needs to act quickly on the opportunities to come up with new products and services, and need to be efficient in managing sales, production, and its inventory. At the continuous growth phase, the entrepreneur needs to find new markets, widen its line of products and services, and strengthen the business' reputation or brand.

Given the nature of micro and small businesses in Nepal, usually a family endeavor, with varying business cycles as well as capacity utilization and operation, this study divided the enterprise journey into just two stages: starting and growing. The starting phase of an enterprise covers the initial steps of the entrepreneur, from the inspiration or ideation to the actual setup of the business. Meanwhile, the growing stage is characterized by increasing sales, change or diversification of product lines or services, rise in the number of workers, and expansion of the business.

2.3. Research Methodology

This study used a combination of qualitative and quantitative research methods to collect primary and secondary data to answer the research questions.

2.3.1 Desk Review of Existing Studies

Related studies were reviewed to gather the recent information (e.g. national policies and regulations related to women's businesses, needs and interests, opportunities for capacity development, access to finance and ICTs, etc.) and insights on the barriers (i.e. socio-cultural, regulatory, financial, etc.) that affect the enabling environment for women to start and grow their businesses.

2.3.2 Analysis of Data of Partner Organization's Existing Clients

A high-level analysis of the data of Jalpa Samudayik Laghubitta Sanstha Ltd.'s³² clients examined the industry sector, business type, location, gender, age, loan amount, loan use, and access to business support. The aim of the analysis was to generate a database from which to

³¹ ANZ Business Growth Program. n.d.

³² Jalpa Samudayik Laghubitta Bittiya Sanstha Ltd. is a microfinance institution (class D bank) was a result of the merger of Jalpa Laghubitta Bittiya Sanstha Limited, based in Pokhara, with Mahila Samudayik Laghubitta Bittiya Sanstha Limited. The merger expanded Jalpa's member base and areas of operations from Gandaki province to include Provinces 5 (Karnali) and 6 (Lumbini).

select 300 respondents for the quantitative survey. From the 300 respondents, 30 were chosen for the qualitative or deep dive interviews. This client data analysis supplemented the desk review and gave a clearer picture of Nepali women entrepreneurs and the constraints that they face. Moreover, the analysis provided a better understanding of women entrepreneurs' patterns of using financial services after its consolidation with the information that was gathered in the other steps of this research.

2.3.3 Quantitative Survey

Based on the desk research and the insights from the high level analysis of client data, a survey questionnaire was designed to collect data in seven key areas: (i) respondent and household demographics; (ii) business information (i.e. industry sector, type, ownership and management, reasons for and challenges in setting up the business; levels of business knowledge among others); (iii) business financing (e.g. sources of funding, challenges in taking loans); (iv) knowledge and use of ICTs, digital, remittance, mobile money; (v) decision-making dynamics in the family and business; (vi) business status pre- and post-CoViD-19, and (vii) perceived gender and societal norms in Nepal.

Staff from Jalpa made up the enumerators of the survey, which was administered to the respondents in Nepali using the KoBoCollect³³ application. The survey lasted about approximately 90 minutes. From April 22 to May 12, 2021, 309 Jalpa clients were interviewed, less than half of them (135) in person or face-to-face while the remaining were done via phone interviews due to the imposition of lockdowns.

The survey respondents were selected based on the following criteria:

- a. Owning/managing existing business in various stages and years of operation;
- b. Various types of businesses across different industry sectors such as agri-forestry based, manufacturing, trading, service, and tourism;
- c. Accessibility of business location;
- d. Have received enterprise development services (EDS) while some have not received EDS;
- e. With loans above NPR 500,000³⁴ and below NPR 500,000;
- f. Gender (90 per cent female and 10 per cent male);
- g. Across different age groups (18 - 69 years old);
- h. From rural and semi-urban / urban areas;
- i. With a variety of civil status: married, single, widows, separated; and
- j. With many, few children or none.

2.3.4 Qualitative Data Collection

To ensure representativeness from the bigger sample, a preliminary list of 60 respondents was generated from the 309 survey respondents. They were purposively chosen based on these characteristics:

- a. From rural and semi urban/urban areas;

³³ KoBoCollect is one of the ways one can collect data for the KoBo Toolbox. The KoBoCollect Android App is available from Google Play. Most Android devices should support this application and it can be used offline and is suitable for data collection in the field. Available from <https://support.kobotoolbox.org/kobocollect-android.html>

³⁴ Clients that fit this criteria would have taken Jalpa's micro-enterprise loan or *Laghu Uddham Karja*, which requires a collateral.

- b. Gender ratio of 70 per cent women and 30 per cent men (26 women & 6 men);
- c. From different age group brackets [21-25; 25-30; 31-35; 36-40; 41-45; 46-50; 51-55; 56 & above];
- d. Different civil status (married, single, widower, separated) and number of children;
- e. Across different levels of educational completion - i.e. no formal, primary, lower and/ or secondary combined, and higher secondary/ post grad combined, to get a range of qualitative insights based on these different backgrounds;
- f. Across different ethnic groups/backgrounds;
- g. With various years of business operation or age of business/length of engagement in business - [less than 1 year; 1-3 yrs; 4-6 yrs; 7-9 yrs; more than 10 yrs];
- h. Have taken loan amounts less than NPR 500,000 and some above NPR 500,000; and
- i. From different industry sectors [from agriculture, forestry-based, manufacturing, wholesale & retail trade, services, skills/vocation, others] and business types to understand the sector-specific access to finance/ business environmental related challenges they face.

From the list of 60, 30 respondents—21 women entrepreneurs and 9 men entrepreneurs—were interviewed over the phone for the deep dive interviews from June to July 2021.

The interviews with the men and women entrepreneurs focused on understanding:

- (i) the entrepreneur, his/her learning experiences (i.e. business know-how, financial capability and/or numeracy and literacy level) and business support he/she has received;
- (ii) the entrepreneur's household/family members' engagement in the business (i.e. family power and relationship dynamics, women's unpaid care burdens, etc.);
- (iii) the enterprise;
- (iv) the barriers (e.g. socio-cultural, regulatory, policy) faced by the entrepreneurs in starting and growing the business/es and the actions they took to address those barriers; and
- (v) the financial needs of the enterprise/s, the entrepreneur's priorities and preferences, the availability and access to existing financial products and services, and their level of knowledge, skills and attitudes to using information communication technologies including the use of digital mobile solutions such as mobile money.

Processing and Analysis of Data

The data generated from the quantitative survey were processed using simple descriptive statistics (e.g. frequency, cross tabulation, mean). Meanwhile, respondents' answers from the deep dive interviews were sorted then grouped according to related topics and analyzed using frequency distribution, then graphically presented.

2.3.5 Inputs from Stakeholders on the Research Findings

Two (2) stakeholder consultation workshops were held, one in Province 5 and another in Province 6, to present the research findings from the desk research, quantitative survey, and deep dive interviews. Sector experts and stakeholders from government organizations at the municipality and district levels (e.g. Cottage and Small Industries Development Committee, Agriculture Knowledge Center, etc.) as well as I/NGOs and community based organisations in the enterprise development sector, and financial service providers participated. Aside from validating the results emerging from the research, the workshops gathered inputs and feedback

on the research findings that informed the recommendations on helping women entrepreneurs overcome the business challenges they face in starting and growing their businesses.

3. SUMMARY OF KEY RESEARCH FINDINGS

3.1. Profile of the Research Respondents

3.1.1 Survey Respondents & their Businesses

The majority of survey respondents were rural-located women between the ages of 26-55. The respondents of the survey came from Dang, Pyuthan, and Rolpa, districts of Province 5, and Salyan, district of Province 6. All four districts are located adjacent to one another (see Figure 2). There were a total of 309 respondents, of whom **78 per cent lived in the rural areas** and 89 per cent were women. Ninety-five per cent of the micro-entrepreneurs belonged to the prime working age of 26 to 55 years old. The youngest respondent was 21 years old and the oldest was more than 60 years old.

Figure 2. Location Map of Lumbini Province (5) and Karnali Province (6)



Figure 3 shows that the survey respondents come from various ethnic groups: Khas/Aryan made up 42 per cent, Janjati/Adibashi came in second with 33 per cent while the Dalits made up 17 per cent. The others—a mixture of Madhesi, Muslim, Yogi, Bharati, and Giri—made up 7 per cent.

Most respondents were married with children – the majority were of school-age: There was an equal percentage of men and women who were married (94 per cent each). The other 6 per cent of men were single or not married, while 5 per cent of the women were widows. Eight of

the ten married respondents have 1 to 3 children. The family size was not far from the average family size of Nepal which was 4.6.³⁵ Figure 4 shows that the majority—83 per cent—of the respondents had children that were of school-going age from 7 years old up to 18 years and above. Only 17 per cent had children that were from 0 to 6 years old.

Most respondents had one business – their primary source of income. All the survey respondents owned businesses: 83 per cent had one business, 13 per cent had two, and the rest had three or more. For 88 per cent of them, their businesses were their only source of income. The other 12 per cent were receiving salaries from local employment or remittances from abroad.

The majority (58 per cent) were engaged in agroforestry enterprises, followed by trading (20 per cent) then service (14 per cent).

Most women and men's businesses were concentrated in similar business sectors. A closer look at the sex-disaggregated data in Figure 5 shows that the majority of the women surveyed were engaged in agro-based enterprises (61 per cent) and in trading (25 per cent). Similarly, the majority of the men surveyed were running agro-based (71 per cent) and trading (21 per cent) businesses. These results were not surprising since 78 per cent of the respondents lived in the rural areas.

More women survey respondents, however, were engaged (16 per cent) in the service-based enterprises compared to men (9 per cent). In the food processing and manufacturing sectors, there were more men (15 per cent and 6 percent) than women (6 per cent and 4 per cent) engaged in these enterprises. In the tourism-based bed and breakfast business, there were more women (7 per cent) than men (3 per cent) engaged in tourism-based enterprises. A look at the different enterprises (e.g. beauty parlor, cosmetic shop, sewing/tailoring, bed and breakfast) under the service- and tourism-based sectors show that the nature of the services provided are all traditionally seen as women's work hence, the concentration of women in these businesses.

The majority were own account-enterprises. Overall, almost eight out of ten (77 per cent) respondents did not have hired labor. The other 23 per cent had one or several paid workers (see Figure 6). All or 100 per cent of the survey respondents were managing their own businesses and 21 per cent had less than 10 employees. These hired labour were mostly women.

These results indicate that the majority of the respondents' businesses were microenterprises or their businesses were of the size that did not require more labour. As the desk review revealed, micro and small businesses in Nepal are usually a family endeavor and therefore, family labour remained an essential part of the respondents' operations. This could also mean that the labour provided by family members were not actually treated as paid labour. Based on the definition of the Global Entrepreneurship Monitor,³⁶ if a business has no paid wages, it could still be classified as a nascent enterprise.

³⁵ Central Bureau of Statistics, 2016.

³⁶ GEM Global Report 2020/2021.

Male entrepreneurs were more likely to have larger numbers of employees. Figure 6 also shows that 33 per cent of male respondents hired between 1 to 5 and 6 to 10 workers and mostly, female workers. On the other hand, 22 per cent of the female respondents hired women workers and mostly only 1 to 5 in number. Only one per cent of the total respondents answered that they have male paid workers. These results tie in with Nepal's 2018 Economic Census, which showed that about 98 per cent (900,924) of the establishments engaged an average of 3.5 persons.³⁷

3.1.2. Deep Dive Respondents & their Businesses

There were 30 respondents for the deep dives or qualitative interviews selected from the 309 survey respondents. Seventy per cent (21) were women while 30 per cent (9) were men.

Not all the female respondents replied for themselves during the phone interviews. Figure 7 shows that only 16 (76 per cent) of the 21 women respondents answered the interviewer's questions compared to all (100 per cent) men respondents who answered themselves. In two (10 per cent) cases, the wife and her husband responded together. However, in another two (10 per cent) instances, the respondents were with their husband, but it was the husbands who answered most of the time. There was one case where the respondent's husband was the only one who responded during the whole interview. That the husbands dominated the deep dive interviews in two instances could indicate the following: (i) that the husbands were the ones running the business; (ii) that the women respondents probably lacked confidence, or were not as knowledgeable about the different aspects of the business; and (iii) that socio-cultural norms restricted the women from speaking with the male interviewer³⁸ over the mobile phone. Doing interviews by phone was also more difficult in general and was constrained by time limitations.

Nearly all respondents were married. Of the total, 93 per cent of the respondents (20 women and 8 men) were married while 7 per cent (1 woman and 1 man) were single /not married.

All were aged between 26-50. Fifty one per cent of the respondents (male and female) were between 31 to 40 years of age followed by those between 26-30, 41-45, and 46-50, an indication that most respondents were in the productive age.

The majority only had lower secondary level education or below. The highest education attained by most (11) female respondents were higher secondary and secondary while 43 per cent (9) of female respondents completed lower secondary (7 per cent), primary (13 per cent) and 10 per cent had no formal schooling. Only one reached graduate studies. In contrast, a bigger percentage (30 per cent) of male respondents reached secondary and one even completed postgraduate studies.

The majority had over 4 years' experience in business. As Figure 8 shows, over half (53 per cent) of the deep dive respondents (male and female) had been engaged in the business from 4

³⁷ Government of Nepal-Central Bureau of Statistics, 2020.

³⁸ Only male researchers applied and had the qualifications for the deep dive research.

to 6 years. Those who had been in the business for less than 3 years, 7 to 10 years, and more than 10 years made up about 13 per cent each, respectively.

3.2. Nepali Women Entrepreneurs Face Interconnected Barriers in Starting & Growing their Businesses

This research aimed to find out the different barriers that women entrepreneurs face in starting and growing their businesses and how these may be overcome. These interconnected barriers were exacerbated by the negative economic effects of the Covid-19 pandemic, which threatened further the survival of some women's enterprises or constrained the growth of some others.

3.2.1 Lack of Access to Credit: Women Entrepreneurs' Top Barrier

For both survey and deep dive respondents, access to credit was one of their top challenges in starting and growing their businesses.

Nine out of 10 (89 per cent) survey respondents found getting the needed start-up capital difficult. Seven out of 10 (73 per cent) deep dive respondents mentioned that finances to start the business and additional working capital were their top hurdles. For scaling their businesses, 84 per cent of survey respondents said that insufficient working capital was their main challenge.

Based on the literature review, the Nepal Rastra Bank (NRB) had already implemented a handful of measures to foster greater financial inclusion in the country. These included but was not limited to providing direct financial support to banks and financial institutions with a low number of banking units (particularly in rural areas), the creation of Client Protection Funds for borrowers of microfinance institutions (MFIs), public campaigns encouraging every household to have at least one bank account and wider financial literacy campaigns under the National Financial Literacy Policy.³⁹ A UNESCAP study⁴⁰ reported that MSMEs' access to start-up loans are very limited. Eighty five (85) per cent of MSMEs' sources of loans are banks. Only 16 per cent of MSMEs could access their start-up loans from banks.

During the stakeholder consultation workshops, participants had confirmed that banks offered loans at 3 to 4 per cent interest rate. A key informant in FNCCI also shared that SMEs could get 25 lakhs at one per cent interest. And yet, despite these special windows for MSMEs, the entrepreneurs still find it difficult to access them.

Informal channels were the most common sources of start-up and working capital for the respondents. This was true for the majority of the survey respondents. The sources of capital for most of the respondents at the start of the business were their own or family members' savings and borrowings from family members. Likewise, most deep dive respondents used their own savings, borrowed from relatives, friends, and neighbours. These results validated what a

³⁹ Pant, 2016.

⁴⁰ UNESCAP, 2020.

recent study found: that most start-up entrepreneurs use their savings or their own or their parental properties, remittances, and other informal sources to start their businesses.⁴¹

The findings of the Making Access Possible (MAP) 2014 Nepal Financial Inclusion Country Report confirmed that most respondents use informal channels to get access to credit.⁴² Even though Nepal has high financial inclusion with 82 per cent of adults having some type of financial access—whether through formal or informal channels—informal channels were the most popular with 57 per cent of the adult population accessing their financial services. Since 81 per cent of Nepalis live in rural areas, the survey results tie in with the data that 58 per cent of rural adults access informal financial services compared to 72 per cent of adults in urban areas.

After establishing their enterprises, the survey respondents also took out loans from savings groups, microfinance institutions, and NGOs, most of which target women and whose loan products and application process easily meet their needs. For instance, micro-enterprise loans below NPR 500,000 only need the group guarantee. In fact, 97 percent of the survey respondents—of which 70 per cent had been in business for more than four (4) years —availed of loans from MFIs while the other 3 per cent took loans from relatives, friends, and formal money lenders. Hence, it was not surprising that 83 per cent of the survey respondents said they did not have any difficulty taking out a loan (i.e. below 5 lakhs) as additional working capital. Two thirds of all the survey respondents (67 per cent) had loans ranging from NPR 150,000 to NPR 500,000. Before the COVID-19 pandemic, 88 per cent would borrow once a year and 9 per cent did so every six (6) months. The challenges that some deep dive respondents reported were accessing collateralized loans, higher interest rates for commercial bank loans, and unfriendly MFI staff.

Collateral requirements to access a bigger loan size, however, was a major barrier. For almost a third (28 per cent) of the survey respondents (see Table 2), inability to provide documents on assets to use as collateral, made getting a larger loan—whether from banks or MFIs—difficult. As the deep dive respondents had shared, sufficient working capital constrained the growth of their business.

Although the GoN has special windows to address the needs of MSMEs and of women entrepreneurs, the stakeholder consultation workshops and KIIs highlighted that financial services of banks are not appropriate to the needs of women entrepreneurs. Obviously, banks want a guarantee that loans to women would be repaid. However, women entrepreneurs cannot comply with the requirements of banks or of government offices to access bigger loans, grants, or subsidies due to socio-cultural factors that will be discussed in the next sections. What the deep dives, stakeholder workshops, and key informant interviews discovered is the existence of “brokers or agents” who provide “business consultancy services” or preparation of the documentary requirements such as business registration, business plans, and financial statements in exchange for a share—as much as 40 per cent—of the subsidy amount.

**Table 1. Business Registration Status,
By Business Type and Gender (%)**

⁴¹ UNESCAP, 2020.

⁴² UNCDF, 2014.

Type of Business	Male %		Female %	
	Not Registered	Registered	Not Registered	Registered
Agro-based	15	39	31	22
Food Processing	6	3	1	4
Trading	0	18	6	14
Services	0	9	3	8
Manufacturing	0	6	1	2
Tourism-based	3	0	4	3
Total	24	76	47	53

Women entrepreneurs have difficulty accessing the MSME financing schemes provided by the Government of Nepal (GoN). In fact, 55 per cent (17) of the deep dive respondents did not receive any assistance from the government, development organizations and private sectors when they started their businesses. Thirty two percent (10) said they received help from others. Six got financial assistance from family (e.g. mother, brother, father in law), friends, neighbours, and NGOs while one received training on vegetable farming, tailoring, and climate change from the Federation of Community Forestry Users Nepal (FECOFUN). Only four (13 per cent) respondents received support from the government. The support they received consisted of technical assistance from MEDEP such as training on enterprise development, bee farming, and business planning. Only one of the four reported receiving a government subsidy. This respondent received NPR 40,000-subsidy from an agricultural program, which they used to construct a plastic pond to collect/harvest rainwater. From time to time, the government provided additional subsidies since his farm was a vegetable growing area.

Physical inaccessibility of the financial institutions (FIs) and difficult transportation - entrepreneurs' top challenges as Table 1 shows. Survey respondents cited the complicated financial language used by FIs (33 per cent) and inability to provide documents on business registration (30 per cent) were the other challenges. Based on the desk review, most of the Nepalis who are financially excluded are scattered in the rural and mountainous regions where transport and road access are limited. Proximity to financial service providers (FSPs) was a key consideration in Nepalis' in choosing FSPs. In other words, a significant barrier to access credit was Nepali adults' geographical location.⁴³

Table 2. Challenges in Taking Out Loans

Challenges Cited by Respondents	Per cent
1. Financial institution not so accessible; transport too difficult	37
2. Financial language used by financial institution complicated	33
3. Unable to provide business registration documents	30
4. Lack of documentation to use assets for collateral	28
5. Unable to meet other documentation requirements (e.g. financial statements of businesses, business plans, etc.)	24

⁴³ Shakya, et. al. 2014.

6. Lack of collateral (e.g. land or other property)	22
7. Others	13

While physical access to FIs is a real challenge for most respondents, the lack of information adds to their lack of access to credit.

Poor information dissemination of new government policies exacerbated women’s limited access to credit. Key informants confirmed that, in general, women MSMEs were not aware of the financing support from the government or lacked information about the facilities offered by the banks and how to go about them. They affirmed that only a small number of entrepreneurs knew about the government’s policies.

Few survey respondents have a separate bank account for the business. Almost seven out of ten respondents (66 per cent) had been engaged in their primary business for five years or more. This means that they already have some experience in managing their businesses. However, only 16 per cent or 50 of the respondents have a separate bank account for the business. The other 84 per cent either used their own accounts—all the men and 68 per cent of the women used their own personal bank account—or did not use any account as Figure 9 shows. There were 8 per cent of the women who did not even have a personal bank account.

Almost half (14) of the deep dive respondents had bank accounts. Five (36 per cent) of the respondents have bank accounts for the business. Whether these were separate from their personal accounts was not clear. Three (21 per cent) of the 14 deep dive respondents have personal bank accounts while another three respondents explicitly said they have a bank account for business separate from their personal bank accounts. Another three (21 per cent) respondents said that they have no bank account for personal or for business. One respondent with no bank account said the business only earns enough to meet the family needs hence, she cannot save in the bank. The other respondent with no bank account said she was not interested and does not see the need for having a bank account.

The findings seem to suggest that the government’s measures to promote wider financial inclusion still have not reached the areas covered by the study due to poor implementation or information dissemination. From the stakeholder consultation workshops, a participant shared that his bank used to conduct training sessions in the villages on financial literacy as directed by the NRB but these programs had been stopped. Consequently, he observed that some people still have the fear of enrolling for bank accounts. The deep dive responses also clarified how the respondents were able to fulfill the KYC requirements of the MFIs. They narrated that MFI loan officers assisted them by filling out the forms for them. In the qualitative interviews conducted, there was also mention of misuse of funds by the banks on the target fund set for different sectors. The GoN’s Fifteenth Plan confirmed what the study found. It identified the “*poor response of banks and financial institutions in terms of project finance, inadequate arrangements for credit guarantee, and lack of effectiveness in commercial risk insurance*”⁴⁴ as among the country’s challenges to entrepreneurship.

Based on the research results, women entrepreneurs are impeded from starting and growing their businesses because of lack of access to credit and credit guarantees. Forty percent of the

⁴⁴ Government of Nepal-National Planning Commission, 2020.

deep dive respondents wanted to become successful in their businesses and another 40 per cent said their business goal is to give good quality education to their children. A very small number (4) mentioned they want to be self-reliant.

By successful, some deep dive respondents said the following:

- *“To be the owner of a big farm, for the good higher education of the child, income generation and gradually we oriented towards our aim.”*
- *“Quality education for my children and being successful in business.”*
- *“My aim of the enterprise was to earn money, to be the owner of a large business, and for the quality education of my children.”*
- *“To be owner of a large parlour and cosmetic. To be self-reliant.”*
- *“My dream is to earn money and spend it for the education of children; Also to be owner of the broiler farm; Now I have a dream to be the owner of a piggery. My focus is on the piggery business because the poultry business is competitive and makes no profit.”*

Physical distance or difficult geographical access, the absence of bank accounts, collateral and other requirements are the factors that compound their lack of access to credit. Key informants and stakeholders in the sector mentioned having banks customize products to the financial needs of women entrepreneurs, appointing enterprise development facilitators at the local level, and scaling up government programs aimed at economically empowering women as some steps that could be taken to address women’s lack of access to credit.

3.2.2 Regulatory and Legal Conditions Bar Women's Access to Credit

All Nepali enterprises applying for a loan from any financial institution are required, based on NRB regulations, to have their business registered at the local government municipalities or at the Department of Cottage and Small Industries. Afterward, they would need to get a Permanent Account Number (PAN) from the tax office. If their annual sales are more than NPR 5 million, they would have to get value-added tax (VAT) registration.⁴⁵ The registration process in Nepal takes approximately 29 working days.⁴⁶

About half of the survey respondents' (45 per cent) businesses were not registered (Figure 10). Of the deep dive respondents, 33 per cent (7) had not yet registered while another 7 per cent did not give any answer. These results roughly reflect Nepal's 2018 Economic Census data, which reported that only 50 per cent (462,605) of the total 923,356 establishments in the country were registered, with the other half (49.9 per cent) unregistered.⁴⁷

Only seven deep dive respondents have not registered their businesses. Of these, two planned to register their businesses in their wives' names in the hope of receiving a subsidy from the government. Again, these findings confirm what the literature review highlighted, even the enterprises that are registered in a woman's name could actually be run or managed by her male family members or relatives in what had been termed as "surrogate entrepreneurship".⁴⁸ The other frequently mentioned reasons for registering their businesses by deep dive respondents were to be eligible to avail of a loan and to access government services or facilities such as electricity.

There are special provisions for women-owned enterprises under The Industrial Enterprises Act 2076 (2020)⁴⁹ such as a 35-per cent discount on business registration and a 20 per cent discount on industrial property registration. Women's businesses are given priority if they are located in an Industrial zone. Other provisions include lower interest rates, opportunities for training as well as loans and technical support to help them to export their products.

Of the 60 per cent of the deep dive respondents that had registered their businesses, half of them registered with their municipalities while 40 per cent had registered with the Cottage and Small Industry. Fifty three per cent of the 30 deep dive respondents, claimed that they have also registered with the Inland Revenue Department (IRD), which issues the PAN of the businesses. Most of the respondents were engaged in agro-based enterprises but only one out of the 30 had registered with the Department of Agriculture, one of the relevant ministries/departments to obtain approval to conduct business.

Men were more likely to have registered businesses over those owned and managed by the women. Of the survey respondents who had not yet registered, 130 (47 per cent) were women while 8 (26 per cent) were men (see Figure 11). Moreover, the majority of the survey and deep dive respondents with registered businesses were engaged in agro-based and trading as

⁴⁵ UNESCAP, 2020.

⁴⁶ World Bank, 2020.

⁴⁷ Government of Nepal, 2020.

⁴⁸ Dwibedi, 2015.

⁴⁹ The Industrial Enterprise Act of 2020. Available from <https://moics.gov.np/uploads/shares/laws/Industrial%20Enterprises%20Act%20%202020.pdf>

presented in Table 2. On the other hand, there were 15 per cent agro-based enterprises of men that were not registered. In contrast, there were 31 per cent—twice the percentage of men’s businesses—of the women’s agro-based enterprises that were unregistered.

Of those that have not registered their businesses, more men than women plan to do so. Almost all (89 per cent) of the male survey respondents who had not yet registered their businesses were “thinking of applying soon” compared to only half of the women (49 per cent) with unregistered businesses as indicated in Figure 12. Forty five per cent of the women survey respondents said that they never felt the need to register their businesses compared to only 22 per cent of the men. Thirty-four per cent of the women said that they had no idea about doing it. A very small number, five per cent, admitted that they cannot afford the annual registration fee while eight per cent had other reasons but did not specify.

Even though the number of women who said they have *no idea* about registering the business, the case of those who “*never felt the need*” could not be interpreted as a refusal to transition from the informal to the formal economy. As the literature review found, women entrepreneurs’ decisions to formalize their business are “complex, dynamic and cyclical”. It is probable that many women’s choice to operate their businesses in the informal sector could actually be a strategic decision. This choice changes as needed such as when they perceive the timeliness of changing the business status to conform with family, gender, and other societal expectations.⁵⁰ Women’s engagement in the informal economy as an opportunity misrepresents the actual reality that most women entrepreneurs in developing country contexts do so for survival: because of the need to earn for their families.

Poor implementation of policies and lack of clear norms also hinder women entrepreneurs in their businesses. The stakeholder consultation workshops confirmed that many women entrepreneurs do not register their businesses or do so only when they need to avail of a household loan. In addition, some workshop participants mentioned that although the GoN had already recognized female micro entrepreneurs in The Industrial Enterprises Act of 2016 and provided incentives to them, the provincial government’s programmes and budgets do not reach the ward or local level. As a result, women entrepreneurs are unable to access loans, especially the special provisions (e.g. waiver on registration, grants, subsidies, tax exemptions) afforded to women entrepreneurs by the government. Participants at the stakeholder consultation workshops pointed to the probable cause of the bottleneck in business registration. Despite the existence of “clear policy provisions for streamlined registration, the policy is poorly implemented” and highlighted the “need for clearer norms and better standardization of processes”.

In sum, poor implementation of policies and dissemination of information, a lack of clear process as well as lack of education on the part of women entrepreneurs to understand the legal requirements make complying with the legal and regulatory conditions a barrier. The stakeholder workshop participants and qualitative interviewees raised some ideas to address these barriers. These include adopting a “one-door approach” to business registration, registering at the ward level instead of at the provincial level, and pushing for streamlined digital registration of businesses, all of which require a robust advocacy and information campaign.

⁵⁰ Karki, et. al., 2020.

3.2.3 Lack of Business Capability and Low Educational Mobility Impede Women Entrepreneurs' Access to Credit

Seemingly, lack of formal education may not be a barrier for women to engage in informal micro entrepreneurial activities. Low literacy, however, is problematic for women entrepreneurs wanting to expand and grow beyond subsistence operations, particularly when it comes to navigating the financial and legal bureaucracy, and understanding and negotiating loans and financial agreements.⁵¹

Women entrepreneurs lacked the capability to comply with the needed documentation requirements to access bigger loans from the banks or to avail of grants, or subsidies from the government. Over half of the survey respondents went into business without the educational background, adequate training or sufficient experience on running or managing a business. This was validated during the stakeholders' workshops and also by key informants when they affirmed that lack of education and training led them to their inability to access relevant private and government programs or comply with legal requirements.

Women entrepreneur's levels of business knowledge and experience at the start of their businesses were lowest in legal and regulatory compliance (mean score 2.18) and in using digital technology in business (mean score 2.23). When asked to rate their skills and experiences five or more years later after starting their businesses, these two management aspects remained the lowest, although the women survey respondents' mean scores improved. The mean scores for both business aspects went up to 2.7 (see Figure 13). Thus, it is not surprising that there were more women survey respondents (47 per cent) with unregistered businesses compared to the men survey respondents (26 per cent) as presented in the earlier section.

Men entrepreneurs' levels of business knowledge and experiences in business management when they started their businesses were lowest in legal and regulatory compliance, even lower than the women's (mean score of 2.12), in financial management, and product development (see Figure 14). After five or more years in the business, the men survey respondents improved significantly across various aspects of business management while the women respondents did not. This may be due to the fact that it is actually the men who looked after the day-to-day management of the business although the business may be in the wives' names based on the deep dive responses. An officer from the Agriculture Development Office in Salyan shared that the majority of women were involved in the agriculture sector but they seemed to be invisible. They were involved in selling the goods in the market, but only the men were seen.

Men and women entrepreneurs' knowledge and use of business management tools were highest for financial planning. Figure 15 shows that a high percentage of men (91 per cent) and women (93 per cent) survey respondents answered they know or use financial planning tools. The same is true for market planning: 74 per cent of the women and 88 per cent of the men. For product assessment, 56 per cent of the men and 49 per cent of the women survey respondents know and use these tools.

⁵¹ Bushell, 2020.

Women were less aware of or were not using—compared to men—some business management tools (e.g. inventory control, accounting system, and digital payment) as shown in Figure 15. Only two per cent of women survey respondents used some accounting system. The men were more aware and used them. This clearly shows why women entrepreneurs are challenged to access credit to grow their business. The use of this business tool is essential in the preparation of the business plan and the financial statement. Both are requirements in order to avail of a larger loan from the banks.

Ironically, most deep dives respondents (83 per cent) related that they did not consciously make any business plans when they started their businesses. Most run their business on “gut feel” or as they termed it, “learning by experience”. It seems that up to the present, this is how the respondents operate their businesses.

It is no wonder that quite a number of the deep dive respondents were not aware of all the aspects of marketing when they started. Most knew only about the basics of promoting their businesses. Twenty three percent (23 per cent) banked on word of mouth, used promotional materials (13 per cent), joining trade fairs and use of local radio and television (13 per cent), and hard sell or “offensive” marketing (10 per cent). Notably, 13 per cent of them said that the target market was the first consideration in their choice of business. Even after some years in the business, their knowledge of marketing had not increased.

Sixty-seven percent of the deep dive respondents, much higher than the survey responses of 55 per cent, kept manual recording of income and expenses. The remaining 27 per cent of deep dive respondents kept irregular records or did not record at all. There was a small portion, 7 per cent, who said that they have no recording system and they don't know how to improve it. And yet, 27 percent of the respondents averred that they were fully confident that they can manage the technical and financial aspects of their businesses.

When it came to product development, deep dive respondents showed little improvement after years in the business. Those new in the business would normally start small—one or a few milking cows, one sewing machine, some beehives— then slowly increase them over the years. However, the data suggest that most (57 per cent) entrepreneurs continue producing the same product, generally in its basic form with little or no value addition. Seventeen percent of the deep dive interviews noted that they eventually expanded to accommodate other customer segments. A deep dive respondent added a tailoring shop to her clothes shop or a tea shop to its hotel with a training venue.

The results indicate that present and future interventions to develop the capacities of women entrepreneurs should consider including the use of business management tools in the training programs.

Sixty percent of the survey respondents started their business without the benefit of any training. As presented in Figure 17, 40 per cent said that they were able to attend business-related courses before starting the business with 36 per cent attending business related skills development; 3 per cent participated in entrepreneurship training while one per cent attended, marketing and sales.

The deep dive respondents were not that technically prepared when they first set up their businesses. Only 5 per cent said that they received some type of technical training, mostly

related to agro-based enterprises such as chicken rearing, goat farming, vegetable farming, pig raising, and veterinary training. There were 7 per cent who received financial assistance and in-kind support such as cash and garlic seed support from Jalpa Samudayik Laghubitta Bittiya Sanstha, Ltd.

The majority (51 per cent) were not aware that training was being offered. Hence, they did not attend one. About 37 per cent had no time to attend training while 6 per cent said the schedule of training was in conflict with their caring responsibilities. A small percentage, two (2), found the venue of the training too far from their homes while another two per cent claimed that they did not require training. The remaining two per cent were made up of other reasons including being sick, afraid, and that other family members did not allow her or approve of her joining the training.

During the stakeholder consultation workshops, a number of participants validated the difficulty faced by women entrepreneurs including the lack of access to information and training on business. Others mentioned the initiatives that their organizations have been conducting to address the needs of women in business. NWCSC, for one, has been involved in various initiatives to encourage women to open businesses including connecting them with financial institutions, providing capacity building training, and even helping out in marketing or selling of the women's goods. For another, the Agriculture Development Office is working with different *Palikas* (municipalities) to provide information about the programs conducted to the women entrepreneurs.

In fact, the literature review revealed that there are numerous national level programs and efforts supporting micro enterprises/microbusinesses such as the MEDEP/MEDPA and the Sackyam Programme that were implemented with loan or fund assistance from multilateral and bilateral institutions including banks (e.g. World Bank, Asian Development Bank). The key emphasis of these programs and efforts usually involved more than one component: training and capacity building; provision of funds or loans, which were usually linked with financial service providers; technical assistance through business advisory and business mentoring; marketing support; linkage to support access to market; and improved production through technological and technical assistance/support. The GoN also provides training and technical assistance at the district and municipal levels through the Agricultural Knowledge Centres (AKCs).

Good Return's own research on institutions offering enterprise development programs and support in Nepal bared that Nepalese MFIs also provide small business creation or enterprise development activities, which are of two types: self-initiated and project driven. The self-initiated program refers to the small scale activities, which are conducted by the MFIs using their own funds and staff. The main objective of these interventions is to safeguard the loan disbursed to their clients. Some examples of this type of training are vegetable farming, goat rearing, poultry farming and others that are provided by the MFIs through their training department or responsible person. At times, MFIs would also link their clients-entrepreneurs to service providers (e.g. seed, agro inputs, feed suppliers, etc.) so that the loan taken would be utilised properly to generate income and the loans would be repaid. Project-driven activities are those interventions, which are conducted by MFIs or their sister organisations (like Sahara Nepal for Sahara SACOSS). These programs have definite objectives, geographical locations, focus

themes, and time frame. They receive funding and technical support for implementing the program.⁵²

Despite providing loans for women entrepreneurs along with training in the education and agriculture sectors, many women entrepreneurs are still unable to access the training needed to run their small enterprises, the stakeholder consultation workshops pointed out that they see a low number of women's businesses and wondered what could be the reasons for this. The findings above bolster what studies had long discovered: Women still struggle to gain trust as entrepreneurs from formal financial institutions, suppliers and customers, who question their ability to and legitimacy in running a business.⁵³ The observations of some participants from the stakeholder consultation workshops point to socio-cultural factors as the underlying causes, which will be discussed in the next section.

More women (26 per cent) than men (6 per cent) had no formal schooling. Figure 17 shows that higher secondary (Class 12) was the highest educational level completed by 10 per cent of women survey respondents. In contrast, men survey respondents had more upward mobility in education. Fifteen percent of the men finished higher secondary (Class 12), 9 per cent reached the intermediate level and equivalent, while another 9 per cent completed graduate level.

For the deep dive respondents, nearly half of the female respondents—43 per cent (9)—completed lower secondary (7 per cent), primary (13 per cent) while 10 per cent had no formal schooling. Only one reached graduate studies. Higher secondary and secondary were the highest education that 11 female respondents attained. In contrast with the male respondents, a bigger percentage, 30 per cent reached secondary and even, postgraduate (1).

In general, Nepali women's lack of educational mobility could be linked to the cultural belief that *"boys should be allowed to get more opportunities and resources for education than girls."* This may be rooted in the belief that educating a son was equated to investing in his ability to look after his ageing parents while educating a daughter is considered a "no-return investment".⁵⁴ Although the survey respondents disagreed with this statement, participants in the stakeholder workshops highlighted that Nepali women entrepreneurs lacked confidence in themselves due to social stigma and lack of financial literacy. Some key informants emphasized the need for women entrepreneurs to develop not only specific skills related to production but also entrepreneurship capabilities.

In the literature review, lack of education and training opportunities, and lack of entrepreneurial management were among the most important causal or root barriers along with problems in acquiring financial resources and absence of technological know-how and have the strongest influence on the other barriers that women entrepreneurs face in running their businesses.⁵⁵ Of the five root barriers, women entrepreneurs' strongest challenge is the lack of education, experience and training opportunities. This finding has been corroborated by several studies.⁵⁶

⁵² Good Return,^b 2019.

⁵³ Bushell, 2008.

⁵⁴ Panthhe, et. al. 2015.

⁵⁵ Raghuvanshi, et. al. 2017.

⁵⁶ Asian Development Bank, 2018.

Without training on managing their enterprises, women tend to take less risk and cannot grow their business. As a result, their enterprises remain at the micro or small levels and thus, are less profitable. This then becomes a cycle. With less monetary gains from the business, women tend not to take risks. They cannot expand their business activities, which could lead to generating more income. Lack of awareness of market trends or ignorance of current technologies—another big hindrance—placed these women at a bigger disadvantage, unable to compete with bigger companies. Faced with this situation, the possibility of closing down the business is much higher. Similarly, lack of entrepreneurial management leads to the same barriers discussed.

Women entrepreneurs have low information-seeking behaviour. Key informants and some participants during the stakeholders consultation workshops also pointed this out. A Livestock Development Officer said that there is a trend of men coming to their offices to seek information but they did not see women doing so.

Only a small number of women entrepreneurs join business associations. Only 20 per cent of female survey respondents were members of business associations compared to 35 per cent of the male survey respondents. Overall, only 22 per cent of the total survey respondents were members of associations. It is not known, however, what type of benefits they were getting from the associations. The mentioned associations included auto business association, chamber of commerce and industry, hotel business association, and the processing business association. In general, membership of business associations provide members with the opportunities to network or meet other entrepreneurs, share resources and information that would help them grow their businesses.

Overall, the results above confirmed that Nepali women entrepreneurs face the particular challenge of not enjoying the same level of access to education, training, technology, marketing information, and networks as their male counterparts. Most female-owned SMEs were criticised for their lack of prior market research and business knowledge, which explains the women's difficulties in operating their businesses. In turn, the women's lack of suitable business training and understanding of the modern management methods hinder them from speaking out or voicing their concerns. These same factors also lead to their lack of self-confidence and risk-taking capacity and consequently, to women entrepreneurs' low information-seeking behavior.

The research findings also suggest that to address the disadvantages faced by women and build their business capabilities require actions at different government levels: national, provincial, municipal and down to the ward level. From the stakeholder consultation workshops and KIIs, the actions ranged from establishing knowledge centers where women can access various training including technology. There are development programs provided by the Council for Technical Education and Vocational Training (CTEVT) that could be tapped to see their suitability for the needs of women entrepreneurs. However, stakeholders pointed out the critical need to develop entrepreneurship, not just skills, including supporting MSME establishment and promotion at the ward level.

3.2.4 Socio-Cultural Factors: Root Barriers to Women's Access to Credit

The results presented in the previous sections show that women entrepreneurs' access to credit is hindered by their inability to comply with legal and regulatory requirements owing to their lack of business capability and low educational attainment. In turn, the level of women's business capability and educational completion including property ownership are influenced by the socio-cultural norms and beliefs about women and their roles in Nepalese society and restrict rural women entrepreneurs' access to credit.

Women entrepreneurs decided themselves on setting up the business. Nearly 64 per cent (197) of the total number of survey respondents said they made the decision to start a business (see Figure 18). Out of the 197, 165 or 61 per cent were women. Thirty one per cent of the total number of survey respondents said the decision was their husband/partner's preferences. And, 34 per cent of those who gave this reply were women. It is also possible that the business actually belonged to the husband or partner hence, their husband/ partners made the decision.

There is no data from the deep dive respondents on who decided to start the business. What the literature review revealed is that women face various hurdles in beginning a business and they need different interventions to develop their ventures.⁵⁷ What the research had clearly unearthed is that many interlinked factors influence Nepali women's decision in starting a business. Their motivations in engaging in business varied and are affected by these interconnected factors.

The succeeding sections present some of the factors that influenced the women entrepreneurs on when to start the business, what type of business to set up, and where to locate the business among others.

Earning more for their families - most women entrepreneurs' main motivation for starting the business. Seventy percent of the survey respondents got into business to increase household income as shown in Figure 19. A small percentage, 17 per cent, said it was their interest or preference followed by 7 per cent of respondents who wanted more independence. About the same portion of respondents, 6 per cent, wanted to use their skills and knowledge. There were two respondents who started their business after receiving support from a program. One respondent, obviously a woman, set up the business due to the husband's interest and it is probable that the business could actually be her husband's but registered under her name. The desk review on women entrepreneurship in Nepal pointed out that it is often the case that businesses are registered under the names of women in order to make the business eligible for certain government and non-government support, while actually being managed or run by her father, husband or another male relative.⁵⁸

For 24 per cent of the deep dive respondents (see Table 3), their knowledge and experience or training that they have received was their main reason for setting up the business. Eight respondents (17 per cent) wanted to earn income to support their family while an equal number saw a business opportunity. Meanwhile, 15 per cent (7) of the deep dive respondents were inspired by their father-in-law, neighbour or savings group to which they belonged to set up the business. Nine per cent expressly indicated that their motivation for the business was to give quality education to their children. Seven per cent went into business out of their own interest and to make sure their wife's time was used productively. Four per cent (2 female respondents) cited being independent economically as their main reason for getting into business.

⁵⁷ Bushell, 2008.

⁵⁸ Dwibedi, 2016.

Table 3. Deep Dive Respondents' Motivation in Business

Reasons (multiple responses)	Percent
Experience and knowledge in type of business/received training in that line of business	24% (11)
To earn income for family	17% (8)
Saw a business opportunity	17% (8)
Motivated/influenced by groups (MEDEP, savings group, family, neighbour, etc.)	15% (7)
To give quality education to children	9% (4)
Own interest and to engage one's (or wife's) time productively	7% (3)
To be independent and to stand on one's own feet.	4% (2)
To be able to access government subsidy	2% (1)
Husband's decision/choice	2% (1)
No answer	2% (1)
Total	100%

The results of the survey and deep dives confirmed what the existing literature found. In highly-patriarchal societies like Nepal, women are most disadvantaged especially when it comes to education and financial capital since they were deprived of these opportunities. These limitations, as studies discovered, served as strong incentives for some women to lift themselves out of poverty, find independence, and build their confidence.⁵⁹ Thus, it is no surprise that almost a quarter of the respondents mentioned their knowledge or work experience (e.g. when they were young or as former migrant workers) as the top motivation to start a business. Given their limited options and since they are constrained to earn for their families' survival, starting a business based on what they know could be connected to earning income for the family. Two women respondents, one single while the other married, both wanted independence for different reasons. The former wanted to rely on herself while the latter needed to stop depending on her husband, from whom she suffered neglect, disrespect, and verbal abuse. Becoming an entrepreneur was seen by women as a way of gaining access to work and being more self-sufficient from their families since generating their own income would not only give them leverage on deciding how to spend them but also self-worth.

Most women entrepreneurs start their business when children are older. As the survey data on the ages of respondents' children showed (see Figure 4), 70 per cent of the respondents' children were 10 to 18 years old and above. Considering that the percentage of respondents (66 per cent) had been in the business for 5 years or more, most of them started when their children were past the toddler stage. A closer look at the data also showed that there were fewer women (64 per cent) than men (73 per cent) who decided to embark on their entrepreneurial journey. The results indicate that having a child below school age was a major barrier to starting a business.

⁵⁹ Bushell, 2008.

In fact, when asked “*Since you started running your business, did you have to change anything to your childcare arrangements?*”, majority of the survey respondents, both male (82 per cent) and female (86 per cent) said they did not make any changes (see Figure 20). These figures confirm that when the entrepreneurs started their business their children were likely older and no changes in childcare were needed. The small percentage of men (3 percent or one man) and 18 women (7 per cent) who said “Yes, made changes”, referred to changes they made themselves in order to look after the children. These changes included changing how one managed her time while two others said family members looked after their children. One hired someone to look after her kids. These findings also tie in with the survey results in Figure 21, where a small percentage of male and female respondents indicated that a lack of or availability of affordable childcare was a factor that influenced their decision on what type of business to engage in.

Household responsibilities were a key determining factor for the type of business established. Figure 21 showed that 90 per cent of the women survey respondents and 85 per cent of the men survey respondents said they were influenced by their household responsibilities (not related to childcare) when they decided on the type of business to set up. For 74 percent of the women and 91 per cent of the men said “*my interests and preferences*” influenced their decision followed by my skills/knowledge for 66 per cent of the women and for 79 percent of the men.

In general, the survey and deep dive results suggest that women perceived themselves still to be mainly responsible for household chores and the care of children. Hence, it is no surprise that their choice of the business type was influenced by what would allow them to devote time for these responsibilities on top of their workload as producers, workers, or managers of their enterprises. Moreover, 70 per cent of the survey respondents have been engaged in business for four (4) to more than ten (10) years already. This means that most of them have many years behind them as far as experience is concerned. The men attributed their decision to their interests and preferences, which is also anchored on their knowledge and skills. On the other hand, for the women, their decision was based on their household responsibilities, not related to child care, but rather responding to the needs of the family, which is evident in their main reason for starting the business, that is, to increase household income. Only a very small percentage, 7 per cent of the women, said they wanted to start a business so that they can have more independence.

These results validated what Xheneti et al.⁶⁰ had uncovered in their study on how women entrepreneurs work out their family duties and business responsibilities to meet the expectations from family and society. They found that three interrelated factors namely, negotiating consent, access to family resources, and gaining status influence the start-up, development, and growth of women’s businesses. Women have to negotiate or seek consent for the choice or type of business to engage in and where to locate it. For business type, family experience, and or business tradition carried a big weight. If a woman will engage in the same line of business as the family, it was commonly understood that family members could help out in the business.

The majority of male respondents decided on their business’ location. Most of the men and women decided themselves on setting up the business and identifying its location as Figure 22 shows. It is noticeable, however, that more of the men (9 out of ten) made these decisions compared to the women (6 out of 10). Conversely, there were more women who made those

⁶⁰ Xheneti, et. al., 2019.

two decisions with their spouses compared to the men. Four out of 10 women said their partners or spouses decided on starting a business while only 2 out of ten men gave this reply.

Men and women jointly manage the business. Figure 23 presents the data on who manages the business by gender. Fifty six per cent of the women while 47 per cent of the men survey respondents replied “my spouse and I together ” manage the business. Those who answered “myself” were made up of 38 per cent of the women survey respondents and 47 per cent of the men survey respondents. Only a very small percentage of the men and women survey respondents said their spouse managed the business.

In managing their micro-enterprises, there were more men compared to the women entrepreneurs who say that they manage their businesses themselves. As a whole, more women say that their business is a shared responsibility. These findings confirm that the majority of the respondents’ businesses are household enterprises and for some are the sole source of income for the families’ sustenance.

Men and women share the business and household decisions. At the household level, seven (7) out of ten (10) survey respondents, both men and women, averred that decision-making on business household matters was a joint responsibility with their spouses. Most men and women survey respondents deferred to their spouses on deciding the use of the loan, on how much to save, and on household spending as Figure 24 shows. However, on the amount of loan to avail, the results indicate that an almost equal percentage of men and women decide on this matter on their own, without discussing them with other family members. A very small percentage of men and women respondents said others decide on how to use the loan or what amount to borrow.

On Socio-Cultural Beliefs, Norms & Gender Roles

Women respondents perceive themselves capable of doing business. Survey respondents were asked whether they agree or disagree with certain statements reflecting their beliefs or perceptions of the roles of men and women in the society (see Figure 25). Seventy eight (78) per cent of the respondents disagreed with the statement that “*Men are better entrepreneurs than women*”, 21 per cent agreed. On the statement “*It’s easier to work with men than with women*,” only 3 out of 10 survey respondents agreed while 70 per cent disagreed. Almost 90 per cent of the survey respondents agreed that “*men are the sole breadwinners and should support the family*” and about 85 per cent also disagreed that “*a husband should be more educated than his wife.*” Since almost 9 out of 10 survey respondents were female, the results indicate that the women entrepreneurs think they can be good in business like the men and that it is easier to work with other women entrepreneurs. Moreover, the women seemed to believe that they should get as much education as the men and become breadwinners to support their families.

Negative views of women’s business capability still persist. When asked about their challenges when starting their business, four (13 per cent) deep dive respondents shared experiencing negative societal perceptions of their capacity to do business (see Box). As a deep dive respondent narrated, aside from the lack of funds for the business, she experienced

back-biting and as a result, it was difficult for her to move freely or easily (e.g. go to the market). Another respondent had the same challenges in mobility due to being a woman. Meanwhile, another related that in her community women’s work was not valued, women still earned less than men, and she observed that men continued to dominate women. She heard of instances of gender abuse in the community such as the daughter-in-law being treated badly by her mother-in-law and others in the family (e.g. taking on all the household chores, continuing with heavy workload even during pregnancy, etc.). Majority (73 per cent) did not mention anything on this topic.

Community’s perceptions of women and their ability to do business seemed to be changing. When asked if there were changes in the perceptions of women in business, 70 per cent of the deep dive respondents, both male and female, affirmed that they observed some changes as women become more aware about discrimination, and increase their participation in income generating activities, in savings groups or cooperatives.

Educational mobility of sons, however, still prioritized over those of daughters. When asked whether “*Sons can provide more support in their business than daughters*”, 43 per cent of the survey respondents agreed with this statement (see Table 4) since “*Sons take care of their parents in old age.*” Twenty one per cent also agreed with this statement “*because daughters are married away to their husband’s house*”. Another 7 per cent agreed “*because sons are more knowledgeable in running businesses*” and 3 per cent said “*because sons have a higher level of education*” as Table 4 shows. Only 26 per cent of the respondents believed that daughters were also capable of supporting business operations. Overall, 74 per cent of the respondents held that the sons could provide more support in their business than daughters. In sum, the survey data indicate that the support of boys or sons seemed to be valued more than the support that daughters could give. Hence, it is no wonder that the educational mobility of boys continues to be prioritized over those of girls.

Table 4: Respondents’ Perceptions of Sons & Daughters

Statements	Per cent
Yes, because sons take care of their parents in old age.	43
No, because daughters are also capable of doing them.	26
Yes, because daughters are married away to their husband’s house.	21
Yes, because sons are more knowledgeable in running businesses.	7
Yes, because sons have a higher level of education.	3

Some women entrepreneurs still perceived themselves to be mainly responsible for household chores and the care of children. When asked about socio-cultural beliefs on household responsibilities and care for the children and elderly, 37 per cent of the deep dive respondents said that husbands and wives support and help each other. Household chores and child caring were done by both men and women or husband and wife. Although some of the deep dive respondents shared that community perceptions of women were changing, almost half of the respondents’ mindset may not have changed yet. Twenty three per cent of the

respondents believed women are mainly responsible for household chores while another 23 per cent of the respondents did not share anything on this topic.

Women entrepreneurs spend more hours on household chores and childcare than men. A look at the actual number of hours spent on household chores shows that more women entrepreneurs dedicate more hours doing household chores than the men (see Figure 26). Fifty four per cent of survey respondents would do household chores from two to four hours a day compared to 35 per cent of the men. An equal percentage (12) of men and women spent from five to seven hours a day while 5 per cent of women respondents said they devoted more than eight hours a day.

On hours spent on child care, Figure 27 shows that 58 per cent of the women compared to 41 per cent of the men devoted two to four hours a day. Another 40 per cent of the women and about 59 per cent of the men spent zero to one hour a day confirming the observation that most of the children of the respondents were older.

When asked “*Who in your household assists you with household chores?*”, 91 per cent of the male survey respondents said their wife while 77 percent of female the survey respondents replied their husband (see Figure 27). Sons and nephews ranked second among 41 per cent of the men and 33 per cent of the women in assisting in household chores. Daughters/nieces only ranked third after sons/nephews among 26 per cent of the men and 33 per cent of the women in assisting in household chores. While it is not clear why sons/nephews were the next likely to assist in the household chores. It is quite likely that the eldest child of most respondents would probably be a boy. Whether this indicates socio-cultural preferences for having sons over girls continuing to prevail in Nepali society is not clear.

Child and/or elderly care and household chores are functions that used to be perceived as being done by women. The survey responses showed that both men and women count on each other to do the household work. Figure 26 and 27, however, clearly revealed that in the number of hours spent on childcare and household chores, men entrepreneurs spend less time (0 to 1 hour every day) than women (2–4 hours a day). Clearly, having young children and concerns about child care are perceived barriers to starting their businesses.

Religious beliefs and practices are also barriers to starting a business. Women and men entrepreneurs belonging to specific ethnic groups (e.g. Brahman/Chhetri) or religion (e.g. Hindu) could not set up any business that goes against their cultural practice or religious beliefs. Pig is profane for those belonging to higher castes like Brahman/Chhetri. Hence, one should not engage in piggery or similar types of businesses as a deep dive female respondent narrated about her negative experience when she started their piggery business.

Men entrepreneurs also faced some socio-cultural challenges but less than women entrepreneurs. Based on the interviews, these socio-cultural challenges took the form of backbiting and discouragement. A male deep dive respondent shared that aside from the start-up capital, they had to deal with the neighbor's disbelief that they will succeed in cow farming vis-a-vis raising poultry. Another male deep dive respondent mentioned that traditional social and cultural thinking was a major barrier at the start of the business, which included backbiting in the community, discouragement, and reluctance to accept a new business, something that was different from what the traditional occupation in the community. The survey

results, desk review, and stakeholder consultation workshops did not yield any data on these challenges that the male deep dive respondents shared.

There is a general consensus that socio-cultural stereotypes of women are still prevalent. However, there was a stakeholder workshop participant who said, “*Socio-cultural barriers are not prominent barriers in Nepal and these can be mitigated.*” Moreover, key informants confirmed there were no women owning property at the community level. In this context, starting a business without family support would be difficult for women entrepreneurs. In addition, workshop participants said that power relations play a major role not only at the community level but also in the value chain. They also acknowledged that the gap in women’s access to information was a major problem. Moreover, educating women is critical for women’s empowerment. They pointed out the need for the government to be more involved in creating awareness programs and cited the use of government media like radio, which could be very helpful in launching community awareness campaigns.

3.2.5 Lack Access and Capability in Using ICT: A Barrier to Business Growth

Women entrepreneurs have generally low levels of access, literacy, capability and confidence around using communications technology and digital solutions. In this digital age, this can be a barrier to growing their businesses.

Almost all (95 per cent) survey respondents have a mobile phone or have access to a mobile phone (see Figure 28). The remaining five percent of survey respondents were all women, of whom three per cent have no mobile phones of their own while the other two per cent shared the use of the unit with her husband or another family member. Three reasons were given for non-ownership of a mobile phone: (i) they do not know how to use a mobile phone; (ii) the (high) cost of handset and cost of the subscriber identity module (SIM) card; and (iii) the husband does not see the value of having a mobile phone.

Of the survey respondents with mobile phones, 65 per cent or 195 use a smartphone while 35 per cent have a basic one. Women with smartphones made up 63 per cent as opposed to 79 per cent for the men (see Figure 28). A study on ICT Access and Use in Asia and the Global South⁶¹ reported that 72 per cent of Nepalis use smartphones while 40 per cent had access to a general phone, which are close enough to the survey results.

Of the deep dive respondents, only 20 mentioned that they own or use mobile phones. Of the 20, eight said they have a smartphone. Six other deep dive respondents were not aware of mobile money or digital applications while two have heard about mobile money but do not use it.

The survey and deep dive results confirmed that smartphone penetration rate has greatly increased. As of 2020, smartphone penetration in Nepal has reached more than 60 per cent.⁶²

Survey respondents' use of mobile phones - still basic, that is, limited to calls and sending or receiving short messages (SMS). Most (297 or 96 per cent) of the respondents used their mobile phones for talking or communicating to family and friends and for business transactions

⁶¹ The Himalayan Times, 27 April 2017.

⁶² Nepali Telecom, 2021.

(229 or 74 per cent). Forty five per cent or 139 used their phones for sending/receiving short message services (SMS), 124 or 40 percent for listening, watching and downloading music, games and videos, and 106 or 34 per cent for browsing social media (see Figure 29).

More women access the internet using personal mobile data. Thirty six per cent of the women survey respondents used their mobile data compared to 17 per cent of men respondents. However, the male respondents (50 per cent) had greater internet access using a fixed broadband than women (18 per cent). This is true as well with the use of personal wireless connection with 27 per cent of male survey respondents compared to 17 percent of female respondents. The survey results validated that an increasing number of women access the mobile internet in low- and middle-income countries.⁶³

Of 30 deep dive respondents, 13 or about 40 per cent had an internet connection at home while three (10 per cent) accessed their neighbours' internet connection. Three (10 per cent) other respondents used their mobile data and one respondent admitted not knowing anything about connecting to the internet.

These results contradict what the literature review found that women's access to the internet make up just 27 per cent or that only 26 per cent of the rural population use the internet.⁶⁴ Clearly, things are changing and Nepali women's participation and access to ICT, though still minimal, is already growing. To boost overall access to ICT, the country's infrastructure needs to be improved. The government and the Nepal Telecommunications Authority (NTA) need to have proper coordination and to develop suitable policies on improving internet accessibility.⁶⁵

Very few survey respondents have mobile money accounts. Only 28 or 9 per cent of the total 309 survey respondents said they have a mobile money account (see Figure 28). Women made up three fourths or 75 per cent of those with mobile money accounts. Men composed the other one-fourth of those with mobile money accounts. Almost nine of the ten mobile money accounts (89 per cent) personally own them, 4 per cent have a joint account with their husbands, and 7 per cent use another family members' account.

Table 5. Reasons for Not Accessing Mobile Money Account

Multiple Responses	Per Cent
Do not know about mobile money accounts	77
Do not have the skills and confidence to use mobile money account	47
Prefer visiting the branch in person	10
Do not see value in having a mobile money account	7
Don't trust using mobile money	5

For survey respondents, Table 5 presents the top reasons for opening a mobile money account were to pay utility bills, to access another financial product, to receive government payment/transfers, to send/receive remittances, and to receive salary from employers. None of the reasons had anything to do with their businesses. The results confirm the respondents' low levels of literacy and capability in terms of smartphone usage.

⁶³ Carboni, 2021.

⁶⁴ The Himalayan Times, 2017.

⁶⁵ Ibid.

Of the deep dive respondents, 30 per cent (9 females and 1 male) said they had no idea about mobile money. Twelve (9 females and 3 males) or 40 per cent have heard about it but do not know or understand how it works. Only 3 (1 female and 2 males) or 10 per cent have used mobile money. Five (2 females and 3 males) or 17 per cent did not mention or share on this topic.

The majority do not know about mobile money. The reasons for not having the mobile money account are shown in Table 4. Almost 80 per cent have not heard about mobile money accounts, while 47 per cent said they lacked the skills and confidence to use one. A small number (10 per cent) prefer to personally visit a branch, do not see the value of having a mobile money account (7 per cent), and lack trust in using mobile money (5 per cent).

Money transfers are the most common use of mobile devices. Figure 30 shows that most (18 or 64 per cent) of survey respondents with smartphones used their mobile phones to transfer money from one branch to another of the same bank (17 or 61 per cent), contact suppliers and customers (13 or 46 per cent), and buy goods and services (8 or 29 per cent). A very small number use the Internet to sell goods and services (4 or 14 per cent).

Few smartphone owners use social media to promote their businesses. Only 19 or 10 per cent of smartphone users use social media to promote their businesses. Figure 31 shows that of the 19 smartphone users, the platform of choice for 18 (or 64 per cent) was FaceBook. Nine (32 per cent) respondents mentioned Mobile App but did not specify which app they used. Five (18 per cent) survey respondents each mentioned YouTube and TikTok. One woman survey respondent set up her website while one used Google ads for the business. The other 32 per cent who said they have no social media account reasoned that they do not know how to promote their businesses using social media, that they have no access to the internet, and that their customers/buyers are not social media users.

Among the deep dive respondents, one shared that he used his smartphone to access YouTube to learn about raising goats, poultry, and vegetable farming. Another respondent said his business was located in the rural area. Although he has set up a website for his business, it is not used by the customer.

When asked about their knowledge and experience of digital technology, only 10 per cent of the deep dive respondents mentioned mobile technology and that they are interested in it. Their main constraint was that lack of knowledge and skills on how to use this technology. These findings confirm that the entrepreneurs literacy and capability on using digital communication technologies are very low. This is also true of their customers among the general populace.

Addressing this barrier would require actions from various stakeholders. On the one hand, the government together with NGOs and other organizations supporting the MSME sector could implement programs to increase women entrepreneur's digital literacy and confidence in using digital technology. Some organizations like iDE Nepal have already started implementing virtual training and sending weekly SMS to farmers during the COVID-19 pandemic. On the other hand, the government also needs to coordinate with other government agencies to improve telecommunications, the internet connectivity or broadband services, and related infrastructure in the country. Solutions looking at establishing a one-door system for business registration to address issues that entrepreneurs face such as administrative hurdles, mediation of brokers or

agents in applying for subsidies or grants will not work without increasing the digital literacy and capabilities of women entrepreneurs.

3.2.6 COVID-19 Challenges of Women Entrepreneurs

Even though the research did not set out to look at the impact of COVID-19 on the women entrepreneurs' businesses, the survey and deep dive interviews tried to gather information on the pandemic's effects.

Almost all (92 per cent) of the survey respondents' businesses across the different industry sectors were negatively impacted by COVID-19. Of the 8 per cent who said that their business was not negatively impacted were engaged in production (12 per cent), trading (3 per cent), service (6 per cent), and tourism (5 per cent) sectors. Deep dive respondents' businesses were also affected negatively by the pandemic.

The severity of the impact varied depending on the nature and type of business, number of businesses, location, and other factors (e.g. restrictions on mobility, availability of livestock feed, etc.). For respondents with more than one business, the impact may not be as severe if the respondent had other businesses that were able to continue. For one deep dive respondent who had a beekeeping business aside from goat farming, the demand for honey went up during the pandemic. COVID-19 had a positive effect on his business since customers were after honey's nutritional value and antiviral effects. For two other deep dive respondents, their business losses reached as high as 25 lakhs. For six others, the amount of business losses ranged between 1 lakh and 10 lakhs.

Almost all the survey respondents borrowed once or twice after the pandemic started (see Figure 34). All of the men compared to 97 per cent of the women respondents. A very small percentage borrowed more than three times. This was despite the fact that informal loans usually have high interest rates. A survey⁶⁶ on the economic impacts of COVID-19 on women found that a good number of women farmers have difficulty repaying their loans. Since Nepali women have no property or land ownership, they are unable to access the government's compensation or programs reducing loan interests.

Deep dive respondents had resorted to dipping into their own savings or borrowing from families, relatives, friends or neighbours for the needed capital to continue their business. Twenty three per cent had closed their businesses while 47 percent continued but partially or with difficulty. Some had changed shop hours (i.e. changed opening/closing times) while others decreased production or changed business operations (e.g. homemade feeds for livestock, retail selling, work from home, taking orders by phone and added delivery services to cope with the pandemic. Some others have sold or used business assets for household consumption. Another 20 per cent, those with more than one business, were continuing with other businesses. A small number of deep dive respondents relied on the support of an employed family member with a salaried job.

Only two respondents expressed that they will reopen their businesses. The results could indicate the respondents optimism of their businesses being able to recover as Figure 35 shows.

⁶⁶ UN Women, 2020.

Seventy four per cent of the men survey respondents and 69 per cent of the women respondents think their businesses will grow in the next two years. An almost equal percentage of men and women survey respondents expressed their uncertainty about their businesses recovering. And, eight per cent of the women entrepreneurs said their businesses will remain the same.

A very recent study confirmed the research findings. The COVID-19 pandemic had closed businesses and pushed many women entrepreneurs and SMEs, especially those with no other sources of income or effective social security safety nets into financial distress and insecurity.⁶⁷

For some other women entrepreneurs, the COVID-19 pandemic became a good business opportunity. Some have used the problems with supply and sale of milk or vegetables into a new business doing value addition (e.g. making cheese, paneer, pickles, jams, and juices among others) as a recent study showed. Those who had an established online business experienced massive growth sales.⁶⁸ Considering the impact of the COVID-19 pandemic on women entrepreneurs and their businesses, the findings confirm the need to increase women's capacities in using digital or online platforms as part of doing business in the "New Normal" in Nepal.

⁶⁷ Ibid.

⁶⁸ UNCTAD, 2021.

CONCLUSIONS

This research hypothesized that women entrepreneurs in Nepal face internal and external barriers in starting and growing their businesses. These included socio-cultural norms and beliefs, legal and regulatory requirements, lack of education and business capability, lack of access to credit and ICTs. The research results found that these barriers are interconnected with the socio-cultural norms and beliefs as the root barrier cutting across the internal and external barriers.

Getting the needed start-up capital and the working capital required to grow the business was difficult for the women entrepreneurs. They do not have money and land registration certificates. Although the GoN provided various MSME financing schemes for women entrepreneurs, the latter were unable or had difficulty accessing them. Women's inability to submit the related documents to access a big loan such as business registration, business plans, financial statements, production forecasts, and loan collateral was the major obstacle. The research also found that lack of information compounded the women entrepreneur's lack of access to credit. Having special windows to address women entrepreneurs and MSMEs' needs was not enough. The research findings suggest that these special windows must be tailored to suit the needs of women entrepreneurs and widely disseminated.

More than half of the survey respondents started their businesses without any business training or educational background or sufficient experience on managing a business. Most deep dive respondents were running their businesses on "gut-feel" or "learning-by-doing" as they termed it. Majority did not attend any training since they were not aware that training was available. Thus, when asked about the difficulties faced in their business, most replied not knowing how to market or promote their businesses using ICTs, how to address the constraints on the supply of feeds, and accessing veterinary services for their livestock among others.

Women entrepreneurs, in particular, were less aware compared to men on the need to register their business, or using business management tools maybe due to the fact that more women have less formal schooling than men. In Nepali society, boys have more educational mobility than girls even though some deep dive respondents shared that these beliefs and norms are changing.

In the choice of type of business and where to locate it, women are more constrained than men due to household and care responsibilities. The study seems to point that lack of available and affordable child care was a factor in deciding the type of business that women entrepreneurs engaged in. Thus, having young children could be considered a barrier for women entrepreneurs in starting and growing their businesses. In addition, even if the men and women respondents said that household chores and care of children were shared between the spouses, women still perceived themselves as mainly responsible for household chores and the care of children. In fact, women spend more hours on household and care work than men thus, hindering them from being involved in different aspects of the business. Women's role in the enterprise is mainly in agricultural production as producers but men are the ones with more roles in marketing the products.

The findings of the study validated that women entrepreneurs' level of access, literacy, capability and confidence around technology and digital solutions were quite low. The design of financial products, services, and programs need to be tailored to the specific needs of women with low educational levels. Likewise, the government and women's organizations need to work on improving the educational mobility of girls in Nepal as a way to change the negative socio-cultural views on women.

RECOMMENDATIONS

The COVID-19 pandemic made the business environment more challenging and highlighted the urgency of supporting women entrepreneurs in overcoming their business challenges. This section highlights some recommendations that various stakeholders in Nepal's MSME sector could take based on the research results.

Develop innovative financial services to address women entrepreneurs' need for start-up and growth capital, insurance, and other financial products and services.

Various programmes could support MFIs to develop innovative financing products and services tailored for women entrepreneurs such as flexible loan products that use household cash flow and money trackers to assess repayment capacity. A new financial product that meets the business goals of several deep dive respondents to provide their children with good quality education and more appropriate insurance products for those in the agricultural enterprises could be considered. Moreover, as part of their services, FSPs could consider hiring female enterprise development facilitators who will disseminate information, promote, and assist women entrepreneurs in applying for and using these financial products.

To enable Jalpa to pursue this action, it would need to ensure that the information it collects from its clients are complete, correct/accurate, and its information system could extract sex-disaggregated data of its clients for analysis. It would also be good to add the following in the data it gathers from its clients: indicators to classify the business as micro, small or medium enterprises, number of workers, paid or unpaid, status of business registration, and industry sector to which the clients' enterprise belong. This information would allow the gathering of insights on how the clients use financial services.

Provide loans and credit guarantee schemes

Good Return could work with FSPs like Jalpa and other organizations working with women in agriculture to increase their SME lending by providing loans and loan guarantees. This program could complement the financial institutions' services and make it easier for women entrepreneurs who lack collateral to access the needed capital for their agricultural enterprises. In addition, through this program, Good Return could provide FSPs with technical assistance on gender assessment and gender lens investing among others.

These initiatives will address women entrepreneurs' need for start-up and additional working capital to grow their businesses. As the research results found, Nepali women entrepreneurs find it difficult to access credit because of the variety of documents required such as collateral, business plans, and financial statements to access it, particularly bigger loans. To start their businesses, the research respondents used informal sources of funds such as savings, borrowing from family and friends or neighbors, or parental properties.

Build women entrepreneurs' business capability

Good Return could establish a partnership with NWCSC and other NGOs to roll out the Strengthen Your Business Program⁶⁹ (SYBP) as one way of providing their target beneficiaries with the knowledge, skills and necessary information to succeed in their small business ventures. The SYBP could provide the women entrepreneurs the business management capability and money management tools (e.g. household and business money trackers, formulation of business plans, financial records, cash flow projections that would help them understand the capital they need and when, etc.) that they need to enable them to access bigger loans and grow their businesses.

One of the research's key findings was that 60 per cent of the survey respondents started a business without any technical training or support or background on running or managing a business. Most replied not knowing how to market their products, or promote their businesses using ICTs, how to address the constraints on the supply of feed, and accessing veterinary services for their livestock or getting technical support among others. Even after being engaged in the business for several years, women entrepreneurs' level of awareness of using business management tools remained low. This may explain why women entrepreneurs are still unable or have difficulty accessing larger-sized loans despite the various MSME financing schemes established by the government. Inability to submit the related documents such as business registration, business plans, financial statements, production forecasts, and loan collateral was a major obstacle.

Integrate sensitization programs into existing trainings of government ministries or offices, NGOs, or introducing sensitization programs in the trainings provided by business organizations or professional associations to its members

Various institutions could lobby the GoN through the Ministry of Women, Children and Social Welfare to integrate sensitization programs (covering gender roles) and training for staff of the Micro Enterprise Development Program (MEDEP) on the socio-cultural challenges faced by women at the community level such as negative views of women's ability to do business, low value given to women's work and to girls, and the lack of educational mobility of girls. The program could then be rolled out to other relevant government ministries after piloting it.

NWCSC and similar organizations working with women (e.g. women-based cooperatives and self-help groups (SHGs), or savings groups could use social media to disseminate similar sensitization programs to reach out to the youth and to encourage women entrepreneurs to join SHGs, local chamber of commerce and industry at the district or municipal level, women's organizations, or other professional associations (e.g. Pig Farmers Association, Federation of Beekeepers, Nepal Goat Farmers Association, etc.) as a better way to increase the participation

⁶⁹ The SYBP is being piloted in partnership with World Education Nepal.

and bargaining power of women entrepreneurs. Joining a commodity association could also be quite fruitful for women who have just started, are located in semi-urban/rural areas, and those who have low esteem to get engaged in such activities.

Good Return could provide technical assistance to MEDEP to incorporate sensitization programs and the use of rapid care analysis⁷⁰ (RCA) in the skills and business training that it provides to women MSMEs, marginalized ethnic groups, wanting to set up their enterprises as well as the cooperatives that MEDEP supports. RCA aims to make the household aware of the need to have a more equitable distribution of care responsibilities among the family members. Once the most timely and problematic care tasks have been identified in a community, NGOs and government agencies could dedicate resources (some examples include provision of childcare, transport, clean water or other aspects) to addressing these issues so that women can use the time made available to increase their education and business capability. Good Return's SYBP engages both wife and husband at key points in each of the 4 modules and adapted rapid care analysis into one of the sessions to facilitate assessment of care distribution in the household and possible effects on the business.

Launch a nationwide campaign in mainstream and community mass media focusing on women entrepreneurs to increase understanding, appreciation, and acceptance of women in business.

Journalists' federations or other similar professional associations could spearhead a nationwide campaign on promoting women entrepreneurship through publishing case stories on successful women entrepreneurs or stories of women encouraging other women to go into business. linkages to support women entrepreneurs, focusing on questions like "What difficulties do women entrepreneurs face when running their business?". Through this campaign, the media can contribute to building a positive perception of women in business, focus on giving girls' equal opportunities as boys for educational mobility, and other related issues.

Journalists who participated in the stakeholder consultation workshops proposed taking on the above action. The research discovered that women perceived themselves as capable as the men in doing business but negative views of women's capability persist in Nepali communities even if these are slowly changing. Girls seem to be valued less than boys hence, boys' education are given more importance than girls since the latter are married off and leave their homes. The government and women's organizations need to consider how girls' educational mobility could be greatly improved in the long-term as it is one of the ways to change the negative socio-cultural views on women in Nepal. Men also face some socio-cultural challenges such as backbiting, discouragement or disbelief in their capability to venture into an enterprise different from what the family or community has traditionally been used to. On the whole, the constraints men face are not as notable as those faced by women. These constraints seemed to originate from the perceived value given to boys over girls and to stereotyped roles of women in Nepali society.

Training in managing their businesses will not achieve the desired impact if women still struggle to gain trust as entrepreneurs from formal financial institutions, suppliers, and customers. As the

⁷⁰ Developed by Oxfam, RCA is an assessment tool, which aims to gather information on the time or labour that women dedicate to household chores and caring for children or elderly in order to identify practical ways to allow women more participation, empowerment, and leadership in the community. Chipfupa, 2016.

stakeholders, despite the availability of training programs there were still a low number of women engaging in business. Sensitization and training programs will hopefully change the community and society's perception of women and girls.

Promote women-focused financial literacy programs

Various institutions could support Jalpa Samudayik Laghubitta Sanstha Ltd., and other interested FSPs or NGOs to roll out financial capability programs. In partnership with NWCSC and Jalpa, Good Return could leverage its expertise in financial education and capacity building in consumer protection by implementing its Consumer Awareness and Financial Empowerment (CAFE) program to NWCSC's members and Jalpa's clients.

Advocating for the development and/or inclusion of training programs to build women's literacy and capability to use digital technologies

The GoN (possibly under the Sakchyam Access To Finance Programme⁷¹ or similar bilateral programs), other donor organizations could support the creation of these training programs for women. This type of training program will ensure that Nepali women entrepreneurs would have the knowledge and skills not only of using smartphones and digital technology in business but also of using digital financial services. The COVID-19 pandemic affected almost all the women entrepreneurs and their businesses. Only those women who had the capacity to use digital technology and bring their business online experienced positive, and for some, massive growth. Using digital technologies in business is critical as part of doing business in the "New Normal" in Nepal.

Use mass media and digital technology to promote financial literacy in Nepal

Donor organizations working on WEE could assist the wider implementation of programs that aim at improving women's understanding of financial concepts and money management issues. Increasing women entrepreneurs' financial literacy is essential to greater financial inclusion and to women's economic empowerment. A future step in this direction is the digitization of specific lessons of Good Return's existing financial capability curriculum—after modification or adaptation to the local contexts—for uploading on Facebook or YouTube. Donor organisations could also fund the development of specific sessions of the SYBP such as using the small business diagnostic tool, business pillars check, financial management, creating a business buffer plan, how to use the household and business money tracker, or how to create a marketing plan among others. These could be adapted as digital course offerings and could be accessible to the public via Good Return's Responsible and Inclusive Finance (RIF) Academy, or other alternative online training platforms.

The research found that women entrepreneurs looked to social media applications such as YouTube, FaceBook, and television for information about various aspects of their business (e.g. cow, buffalo, or goat farming, piggery, etc.). Good Return's work in the future could leverage the power of television and radio as well as social media apps to reach a much wider audience, specifically the women entrepreneurs in the rural areas. In partnership with NRB, which is

⁷¹ "The Sakchyam Access to Finance Programme is funded by UKaid as part of an agreement between the Governments of Nepal and the UK. It is implemented by Louis Berger U.S., Inc. (A WSP Company) for the DFID Nepal in partnership with local and international institutions." Available from <https://sakchyam.com.np/>

primarily responsible for promoting and disseminating financial literacy programs in the country, Good Return could lead the development of programs suitable for broadcasting on television and radio as it has done in Cambodia and in Solomon Islands.

Simplify the registration through a ‘one-stop-shop’ platform or digital registration system

CWE could lobby with the GoN, private sector, and other stakeholders to study and pursue the feasibility of this initiative to overcome the legal and regulatory barriers for women entrepreneurs. This system would be accessible to different government agencies, banks, as well as the entrepreneurs. Stakeholders consulted proposed other suggestions in relation to business registration such as exploring the possibility of linking the registration process to the entrepreneurs’ PAN number and the business registration being managed at the ward level by the government, establishing within this platform a communication or feedback mechanism from the women entrepreneurs to the government.

The proposed initiatives above could help overcome women entrepreneurs’ lack of business capability and low educational completion to enable them to meet the existing regulatory and legal requirements needed to access credit. Women entrepreneurs will attain increased financial literacy, and the capability and confidence around using ICTs, which hinder them from growing their businesses. The research seems to point to women entrepreneurs, in particular, being less aware compared to men of the need to register their business or use business management tools. The reason may be due to more women having less formal schooling than men. In Nepali society, boys have more educational mobility than girls, even though some deep dive respondents shared these beliefs and norms are changing.

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