South Asian Country study on products with regional trade potential and associated Non-Tariff Barriers (NTBs) with special focus on Women in Micro, Small and Medium Enterprises (WMSMEs) - A case of Nepal

South Asia Watch on Trade, Economics and Environment

SAWTEE

May 2015
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Women’s empowerment is an important development agenda. The increasing realization that ensuring women’s participation in economic activities leads to improved development outcomes has raised the profile of this agenda; it has been owned by both national and international actors. Nepal’s Interim Constitution guarantees basic human rights and fundamental freedoms, including women’s rights. Nepal has undertaken national and inter-national obligations to promote gender equality. International communities are also positively contributing in the national efforts towards promoting gender equity.

SAWTEE’s own policy framework envisions women’s empowerment as a fundamentally important issue for national development. This is reflected in our research and advocacy activities. This study, commissioned by UNDP Asia-Pacific Regional Centre under its regional project titled “Promoting WMSMEs for Inclusive, Equitable and Sustainable Development in South Asia,” contributes to our overall policy objectives. The project supports similar studies in Bangladesh, Bhutan, India, Pakistan and Sri Lanka. I would like to extend my sincere thanks to the UNDP Asia Pacific Regional Centre, particularly Yumiko Yamamoto, for her support to carry out this study.

The study has benefited from inputs from a wide range of interlocutors across Nepal. Micro Enterprise Development Programme (MEDEP) team of UNDP Nepal assisted the study team to reach out to some entrepreneurs of MEDEP. The study team was able to access invaluable information available at WMSMEs. The study would not have been possible without women entrepreneurs’ readiness to share firm-level information with the study team. They all deserve my heartfelt thanks. Equally important was the role of other entrepreneurs at different levels of the value chain of the production and export of Allo (Himalayan nettle) and Lokta handmade paper, the focus of the study. I would also like to acknowledge the contributions of the members of the Steering Committee formed to provide guidance on the study.

Hiramani Ghimire, Executive Director of SAWTEE led the study team which also included Neelu Thapa, Coordinator and Situ Pradhan, Research Officer. Mona Shrestha Adhikari went meticulously through the first draft of the report and provided important comments. Hari Upreti edited the report. I would like to thank them for their hard work and passion.

Finally, I hope the report would be useful for Nepal’s policy-makers, development partners, and other actors in their pursuit of enhanced participation of women in the economy.

Posh Raj Pandey, PhD
Chairman, SAWTEE
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCCI</td>
<td>Baglung Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>CBS</td>
<td>Central Bureau of Statistics</td>
</tr>
<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of all forms of Discrimination Against Women</td>
</tr>
<tr>
<td>DCI</td>
<td>Department of Cottage and Small Industries</td>
</tr>
<tr>
<td>DDC</td>
<td>District Development Committee</td>
</tr>
<tr>
<td>DOC</td>
<td>Department of Customs</td>
</tr>
<tr>
<td>DOI</td>
<td>Department of Industry</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FECOFUN</td>
<td>Federation of Community Forestry Users, Nepal</td>
</tr>
<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
</tr>
<tr>
<td>FHAN</td>
<td>Federation of Handicraft Association of Nepal</td>
</tr>
<tr>
<td>FNCCI</td>
<td>Federation of Nepalese Chambers of Commerce and Industry</td>
</tr>
<tr>
<td>FNCSI</td>
<td>Federation of Nepal Cottage and Small Industry</td>
</tr>
<tr>
<td>FTEE</td>
<td>Full Time Employment and Equivalent</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GoN</td>
<td>Government of Nepal</td>
</tr>
<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für internationale Zusammenarbeit</td>
</tr>
<tr>
<td>HANDPASS</td>
<td>Handmade Paper Association</td>
</tr>
<tr>
<td>HS</td>
<td>Harmonized System</td>
</tr>
<tr>
<td>IFC</td>
<td>International Finance Cooperation</td>
</tr>
<tr>
<td>INR</td>
<td>Indian Rupee</td>
</tr>
<tr>
<td>ITC</td>
<td>International Trade Centre</td>
</tr>
<tr>
<td>KII</td>
<td>Key Informant Interview</td>
</tr>
<tr>
<td>LDC</td>
<td>Least Developed Countries</td>
</tr>
<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>MOFSC</td>
<td>Ministry of Forest and Soil Conservation</td>
</tr>
<tr>
<td>MOI</td>
<td>Ministry of Industry</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprise</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>NPR</td>
<td>Nepalese Rupee</td>
</tr>
<tr>
<td>NTB</td>
<td>Non-tariff barrier</td>
</tr>
<tr>
<td>NTFP</td>
<td>Non-timber forest products</td>
</tr>
<tr>
<td>NTIS</td>
<td>Nepal Trade Integration Strategy</td>
</tr>
<tr>
<td>NTM</td>
<td>Non-tariff measures</td>
</tr>
<tr>
<td>OVOP</td>
<td>One Village One Product</td>
</tr>
<tr>
<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
</tr>
<tr>
<td>SAFTA</td>
<td>South Asian Free Trade Area</td>
</tr>
<tr>
<td>SAWTEE</td>
<td>South Asian Watch on Trade, Economics and Environment</td>
</tr>
<tr>
<td>SLC</td>
<td>School Leaving Certificate</td>
</tr>
<tr>
<td>TEPC</td>
<td>Trade and Export Promotion Centre</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>VDC</td>
<td>Village Development Committee</td>
</tr>
<tr>
<td>WMSME</td>
<td>Women led Micro, Small and Medium Enterprise</td>
</tr>
</tbody>
</table>
Note: US$1 was equal to Nepalese Rupee (NPR) 100.74 as of 10 March 2015.

Map of Nepal
Executive Summary

The study covers two products, Allo (Himalayan nettle) products and Lokta handmadepaper. It attempts to understand the constraints faced by Nepalese WMSMEs in operating and expanding their businesses and, based on that understanding, provide policy and programme recommendations to ease those constraints. The products were chosen on the basis of geographical diversity in their availability, domestic supply conditions and their socio-economic impact. While doing so, focus was laid on the involvement of women entrepreneurs and the current export performance of those products, considering that they are on the government’s priority list for export promotion.

The information for the study is generated through literature review, enterprise survey, Key Informant Interviews (KII), Focus Group Discussions (FGDs), case studies, and a national consultation workshop. For the survey, five districts were chosen: Baglung, Dolakha, Kathmandu, Rukum and Sankhuwasabha. These districts are well known for the activities related with the two products.

Allo and Lokta handmadepaper are Nepal’s unique and diversifiable products that are export oriented. Both involve a painstaking production process, in which innovative technology is either non-existent, or has not been utilized. Their production is hampered by an unreliable supply of raw materials because of the absence of proper monitoring and law enforcement regarding resource management.

Almost half of the women associated with the business are single and fully dependent on it for their livelihood. So, any expansion of the business means a lot to them. But government efforts towards promotion of the products are negligible. The stakeholders do not have the resources to do it on their own. Even for the smallest of business needs, women entrepreneurs must find their own funding sources, like informal credit sources. This restricts business expansion moves and, instead, fragments it further with no emphasis on economies of scale. Though the government does train the women, its impact on the business does not appear to be effective.

The survey shows that women did not see non-tariff barriers (NTBs) as a specific challenge. They rather face problems related to enterprise management and the overall business environment. As a result they cannot cater to demands for their products on time, especially large volumes. Coupled with this are quality issues. There is also a problem in retaining workers. Regarding their participation in the value chain, women seemed to be more involved in the cumbersome production process rather than in exporting the goods.

There are more hurdles in exporting to South Asian (SA) countries than third countries. Though traders didn’t report any specific NTBs for such a scenario, challenges related to transport, transit, documentation, procedural obstacles and lack of branding among others seemed to be the dominant barriers, particularly to India.

The table below gives some issues faced by WMSMEs, regarding Allo and handmade paper products enterprises, and the possible steps that can be taken by the lead agencies (mainly government authorities) to address them. The explanation of this action plan matrix has been given in greater detail in Section 5.2 which lists the recommendations.

### Action Plan Matrix

<table>
<thead>
<tr>
<th>Issues</th>
<th>What needs to be done</th>
<th>Lead Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inability to meet large demands</td>
<td>A district wise central warehouse or export houses</td>
<td>Ministry of Industry (MOI)</td>
</tr>
<tr>
<td>Inadequatemarketing and promotional activities</td>
<td>Market linkages, trade fairs &amp; exhibitions, craft village concept like “MahilaKala Gram,” collective trademark</td>
<td>MOI, Trade and Export Promotion Center (TEPC), Department of Cottage and Small Industries (DCSI), Department of Industry (DOI)</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ineffective One Village One Product (OVOP) programme, particularly in the case study of Baglung district.</td>
<td>Include women based organizations working for economic empowerment for effective strategy on OVOP</td>
<td>Federation of Nepalese Chambers of Commerce and Industry(FNCCI)</td>
</tr>
<tr>
<td>Limited use of technology</td>
<td>Policy to introduce subsidy for machines and equipment</td>
<td>MOI, Ministry of Finance (MOF)</td>
</tr>
<tr>
<td>Inexplicit forest policy</td>
<td>Clear rules and regulations for forest based enterprises like Allo and Lokta</td>
<td>Ministry of Forest and Soil Conservation (MOFSC)</td>
</tr>
<tr>
<td>Access to finance</td>
<td>Soft loans, project financing, co-operatives</td>
<td>Nepal RastraBank</td>
</tr>
<tr>
<td>Failure to export to SA countries (Problems related to export procedures, marketing, transport etc.)</td>
<td>More incentives on exports to SA countries</td>
<td>MOI</td>
</tr>
<tr>
<td>Diminishing use of Allo and Lokta products at local and national level</td>
<td>Utilization of Alloand Lokta products in the public sectors, e.g. national citizenship cards from Lokta paper</td>
<td>Prime Minister’s Office and Ministry of Home</td>
</tr>
<tr>
<td>Difficulty in exporting AlloProducts</td>
<td>Specific 8 digit level HS code for Allo products</td>
<td>Department of Customs (DOC)</td>
</tr>
<tr>
<td>Lack of information flow</td>
<td>A resource centre</td>
<td>TEPC, Federation of Nepalese Cottage and Small Industries (FNSI)</td>
</tr>
<tr>
<td>Lack of awareness of government rules and regulations</td>
<td>Effective information campaign</td>
<td>FNCCI, FNCSI</td>
</tr>
<tr>
<td>Illegal payment</td>
<td>Transparency on information, defined processes and Grievance Redress Mechanism (GRM)</td>
<td>DOC</td>
</tr>
<tr>
<td>Quality concerns</td>
<td>Accredited certification system</td>
<td>Nepal Bureau of Standards and Metrology</td>
</tr>
<tr>
<td>Lack of co-ordination between the relevant stakeholders</td>
<td>Programmes for field-based interaction between relevant stakeholders.</td>
<td>SAWTEE/Partners, DCSI</td>
</tr>
<tr>
<td>Trade and transport facilitation issues</td>
<td>Expediting border clearance</td>
<td>DOC</td>
</tr>
<tr>
<td>Raw materials supply and sustainability issues</td>
<td>Research and Development in terms of sustainable farming, cultivation and harvesting of raw materials</td>
<td>Nepal Academy of Science and Technology, Research Centre for Applied Science and Technology</td>
</tr>
<tr>
<td>Need for output oriented trainings</td>
<td>Sustainable farming trainings; Technology transfer trainings; Product Development Design trainings; Export related trainings; Post-training follow-up activities (e.g. monitoring and evaluation); Capacity building trainings; Business Development Strategy trainings;</td>
<td>DCSI, FNCCI</td>
</tr>
</tbody>
</table>
1. Introduction

South Asia is one of the least integrated regions in the world, with limited economic cooperation amongst the eight countries of the region. This trend has persisted, despite the region’s economic dynamism and status as the second fastest growing region within Asia, after East Asia and the Pacific. Regional growth outcomes are not equitably shared, especially regarding the least developed countries (LDCs) of the region. The level of intra-regional trade within South Asia has been hovering around five percent (Raihan, 2014).

There are a number of reasons contributing to the low levels of intra-regional trade. Among them, distortions in the form of non-tariff barriers (NTBs) have stymied the high trading potential of the region (Raihan 2014). These NTBs lead to unpredictability and waste of time, triggering significant rise in prices, sometimes by over 30 percent, and lower competitiveness of suppliers. These inhibit economic exchanges. NTBs constitute a notable barrier for micro, small and medium enterprises (MSMEs) to their quest for tapping into regional markets and dynamic value chains.

Even though this developing region has recorded significant progress on several Millennium Development Goals (MDGs), about one in five persons here still lives on less than $1.25 a day and it continues to be home to approximately half of the world’s poor. An important channel for realizing inclusive and sustainable regional development outcomes would be accelerating the gainful participation of MSMEs within South Asia with a focus on women. MSMEs are well recognized as an important source of employment and poverty reduction, especially for women, across the region. Since the MSMEs span both the formal and informal sectors, and are also widely dispersed geographically across rural and urban areas, they have an important role to play in promoting spatially balanced inclusive growth and ensuring more equitable distribution of outcomes. MSMEs also foster a spirit of competition, dynamism, entrepreneurship and diffusion of skills. Hence, it is worthwhile to strengthen their participation in the regional markets, while leveraging South Asia’s existing and potential roles in creation of regional value chains.

There is a range of supply and demand side bottlenecks constraining the exploitation of the growth and development potential of the MSMEs, in general, and WMSMEs, in particular. These encompass product specific tariff and non-tariff barriers, and other regulatory issues like access to finance and trade facilitation procedures.

Against this backdrop, the Asia-Pacific Regional Centre of United Nations Development Programme (UNDP) initiated a new South Asian regional project called “Promoting WMSMEs for Inclusive, Equitable and Sustainable Development in South Asia.” This is a direct follow-up of the outcome of the South Asia Economic Summit held in Kathmandu in 2012.

Nepal is one of the countries covered by the study. The relevance of the study for Nepal can be examined in the context of women’s economic empowerment. The Interim Constitution of Nepal, 2007, guarantees all citizens basic human rights and fundamental freedoms along with women’s rights. Nepal has also made several national and international commitments to promote gender equality. Nepal is signatory to Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), 1979. Its commitment to achieve MDG3, which is to promote gender equality and empower women, further increases its accountability towards women. This particular Goal also warrants steps for the promotion of women’s participation in the economy. Since 83 percent of the women make up the labour force (World Economic Forum, 2014), their participation in economic activities is vital not only for women’s empowerment but also for the growth and development of the country as a whole. Gender is becoming

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1 http://www.undp.org/content/undp/en/home/mdgoverview/mdg_goals/mdg1.html
an important factor in the complex relationship among trade, growth and development.

For a country like Nepal, where 23.8 percent of the population still lives below the poverty line\(^2\), MSMEs operating with locally available raw materials, their own technology and small capital investment are very important. They contribute significantly to economic and social upliftment at the local level by creating jobs. MSMEs create these jobs, especially for women, both in the formal and informal sectors. The significance of this is enhanced if it is seen in the light of the fact that women’s share of paid employment outside the agricultural sector still remains under 20 percent in South Asia.\(^3\)

The overall objective of the study is to identify the constraints faced by WMSMEs in Nepal in operating and expanding their businesses and provide policy and programme recommendations to ease them. These constraints will include non-tariff/trade facilitation barriers of access to regional markets. Hence, a key element in this strategy is to step up economic participation in the yet untapped “next door” regional market. Scope of work are:

- Based on the literature review, two products with regional trade potential have been selected. They are considered to help Nepalese WMSMEs expand their businesses.
- For each product selected, field-based surveys among WMSMEs and traders were conducted to identify barriers to business and trade. These barriers include both at the policy and operational levels.
- A research paper was drafted analysing the findings and providing policy and programme suggestions to overcome the identified barriers.
- Feedback was sought from a national consultation meeting participated by representatives from the private sector, experts and officials from relevant ministries. The feedback was incorporated in the final report.


2. Methodology

A survey was undertaken with the objective of identifying the constraints faced by WMSMEs in Nepal and provide recommendations to ease them. The methodology for the survey included product selection, literature review, enterprise survey in the selected districts, key informant interviews, focus group discussions and a national consultation workshop to validate the survey results with major stakeholders.

2.1. Product Selection

First, a literature review was conducted on a range of issues that included economic empowerment of women, viz.:

- government policies and programmes,
- research reports on NTBs,
- trade facilitation measures,
- gender studies, and
- researches related to women's engagement in trade, business and other economic activities.

Various reports from Micro-Enterprise Development Programme (MEDEP), Nepal Trade Integration Strategy (NTIS, 2010), and Deutsche GesellschaftfürinternationaleZusammenarbeit (GiZ) helped identify the products to be selected. Due consideration was given to their geographical diversity in availability, their domestic supply conditions, their socio-economic impact with focus on involvement of women entrepreneurs, their current export performance and the priority given by the government for their promotion. Along with the literature review, consultations with different related bodies were carried out for product selection. These organizations included MEDEP, Federation of Woman Entrepreneurs' Association of Nepal, FNCSI, Federation of Handicraft Association of Nepal (FHAN), SAARC Business Association of Home Based Workers (SABAH) and Business & Professional Women's Network. The consultations helped identify five possible products, namely, silver jewellery, pashmina, the natural fibre Allopain products, medicinal herbs and handmade paper products. The details of the products are given in table 2.1.

Pashmina

Pashmina, commonly known in Nepal as ChyangraPashmina, is a fine hair fiber from Capra hircus, a mountain goat calledChyangra. The goat inhabits the Himalayas in altitudes above 2,300 meters (NTIS, 2010). Pashmina material is soft, warm and very light. There are various products such as shawls, stoles, blankets, sweaters and other accessories that can be made out of it. It is also listed as one of the priority products in the export-potential sector according to NTIS 2010 and TEPC requirements. Table 2.1 shows that pashmina export has increased by 68.5 percent in the past three years ranking third among top high-value exports. Nepali pashmina products have more than 40 export markets; out of which United States of America (USA), Italy, Canada, United Kingdom (UK), France, Japan, Germany and India are the major ones. Pashmina has a “medium” level socio-economic impact. It is estimated that 5,000 people are getting full employment from the pashmina business in Nepal. More than 75 percent of its Full-Time Employment Equivalent (FTEE) jobs are estimated to be occupied by women who weave, knit, finish and handle. About 86 cottage and small industries, including 25 knitting units, are actively operating at the moment. Currently,
327 entrepreneurs are involved in the export of pashmina products. The factories in the organized sector have 2,000 looms employing 5,000 weavers in Kathmandu, Lalitpur, Bhaktapur, Kavre, Makwanpur and Chitwan districts. In addition, 20,000 households in and around Kathmandu valley have one loom each whose family members are capable of weaving shawls (NTIS 2010). However, some drawbacks prevent it from being selected for the study. At present, almost all raw materials, including pashmina, silk yarns and dyeing materials are imported. So, there is a lack of guaranteed and genuine raw materials. Moreover, the production of pashmina is Kathmandu centric rather than geographically dispersed. In addition, there is a strong price competition from India and China and a possibility for market resistance, because of low-priced imitation fibre products.

<table>
<thead>
<tr>
<th>Products</th>
<th>2010/2011</th>
<th>2011/2012</th>
<th>2012/2013</th>
<th>Average percent change over the years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metal craft</td>
<td>679,324,027</td>
<td>927,744,996</td>
<td>963,594,594</td>
<td>20.21</td>
</tr>
<tr>
<td>Woollengoods</td>
<td>495,403,331</td>
<td>708,947,444</td>
<td>605,616,830</td>
<td>14.26</td>
</tr>
<tr>
<td><strong>Pashmina products</strong></td>
<td>331,314,430</td>
<td>367,386,648</td>
<td>558,350,888</td>
<td>31.43</td>
</tr>
<tr>
<td>Felt products</td>
<td>376,913,040</td>
<td>474,840,831</td>
<td>535,011,564</td>
<td>19.32</td>
</tr>
<tr>
<td><strong>Handmade paper products</strong></td>
<td>310,145,679</td>
<td>410,212,567</td>
<td>358,777,610</td>
<td>9.8</td>
</tr>
<tr>
<td>Glass products</td>
<td>71,301,587</td>
<td>222,229,276</td>
<td>272,633,127</td>
<td>117</td>
</tr>
<tr>
<td><strong>Silver jewellery</strong></td>
<td>330,935,531</td>
<td>222,066,860</td>
<td>184,040,917</td>
<td>-25.01</td>
</tr>
<tr>
<td>Beads items</td>
<td>12,757,002</td>
<td>11,398,002</td>
<td>155,206,336</td>
<td>625.52</td>
</tr>
<tr>
<td>Cotton goods</td>
<td>113,760,173</td>
<td>174,723,060</td>
<td>146,324,562</td>
<td>18.66</td>
</tr>
<tr>
<td>Miscellaneous goods</td>
<td>59,440,256</td>
<td>63,858,701</td>
<td>136,134,806</td>
<td>60.30</td>
</tr>
<tr>
<td>Silk products</td>
<td>84,878,824</td>
<td>152,023,567</td>
<td>105,391,836</td>
<td>24.21</td>
</tr>
<tr>
<td>Wood craft</td>
<td>70,169,157</td>
<td>107,969,554</td>
<td>89,054,399</td>
<td>18.17</td>
</tr>
<tr>
<td>Bone&amp; horn products</td>
<td>42,704,464</td>
<td>14,129,172</td>
<td>80,425,381</td>
<td>201.15</td>
</tr>
<tr>
<td>Incense</td>
<td>19,447,788</td>
<td>3,136,564</td>
<td>32,081,824</td>
<td>419.48</td>
</tr>
<tr>
<td>Hemp goods</td>
<td>19,260,122</td>
<td>28,732,737</td>
<td>28,767,261</td>
<td>24.65</td>
</tr>
<tr>
<td>Ceramics products</td>
<td>30,263,285</td>
<td>27,650,721</td>
<td>26,938,675</td>
<td>-5.6</td>
</tr>
<tr>
<td>Leather goods</td>
<td>12,140,981</td>
<td>65,229,654</td>
<td>19,766,777</td>
<td>183.78</td>
</tr>
<tr>
<td>Misc. textile products</td>
<td>12,061,534</td>
<td>14,539,848</td>
<td>17,676,444</td>
<td>21.05</td>
</tr>
<tr>
<td>Paubha(Thanka)</td>
<td>9,292,328</td>
<td>34,882,749</td>
<td>15,076,215</td>
<td>109.30</td>
</tr>
<tr>
<td>Plastic items</td>
<td>7,109,234</td>
<td>11,702,441</td>
<td>12,607,920</td>
<td>36.17</td>
</tr>
<tr>
<td>Stone craft</td>
<td>5,556,192</td>
<td>49,642,058</td>
<td>7,047,261</td>
<td>353.82</td>
</tr>
<tr>
<td>Bamboo products</td>
<td>2,235,727</td>
<td>17,698,015</td>
<td>4,255,421</td>
<td>307.82</td>
</tr>
<tr>
<td>Crystal products</td>
<td>11,223,694</td>
<td>1,058,409</td>
<td>3,218,145</td>
<td>56.74</td>
</tr>
<tr>
<td><strong>All goods</strong></td>
<td>1,102,578</td>
<td>2,103,049</td>
<td>2,665,024</td>
<td>58.73</td>
</tr>
<tr>
<td>Dhaka products</td>
<td>1,731,634</td>
<td>1,432,262</td>
<td>941,954</td>
<td>-25.76</td>
</tr>
</tbody>
</table>


**Silver jewellery**

Nepali silver jewellery has a unique design and is completely handmade using traditional processes based on cultural, ethnic and religious motifs. It is also listed as a major export product by NTIS 2010 and
TEPC. It is ranked among the top 10 most high valued handicraft items for export (table 2.1). There is a high value addition in silver jewellery, about 40-50 percent of its export value (SAWTEE, 2011). It has an extensive exposure to international markets like the European Union (EU), USA, Japan and India. It already has a registered trademark in the markets. Almost all the silver needed for jewellery and 95 percent of the required gemstones and semi-precious stones are imported from India, Brazil, Thailand, Pakistan and Sri Lanka (SAWTEE, 2011). Thus, one of its major drawbacks is the high cost of imported raw materials and packaging materials. Its socio-economic impact is also “medium” according to NTIS 2010. It is estimated that 10,000 crafts persons are available in silver jewellery production but the total number of people employed in this industry is 8,000. Also, this sector is mainly male dominated where only 15-20 percent of the total crafts persons are estimated to be women (NTIS 2010). Its export is being threatened by foreign competitors imitating original Nepali designs. Cadmium found in Nepalese jewellery has also affected its reputation in the market.

**Medicinal Herbs**

Medicinal and Aromatic Plants is another major exports. At the domestic level, this has been classified under “Others” (Harmonized System (HS) 121190) into two HS 8-digit codes: HS 12119010 (Yarchagumba) and HS 12119090 (plant and parts of plants including seeds and fruits used primarily in perfumery, pharmaceuticals, insecticides and the like). Table 2.1 shows a decline in export of this category from 2011 to 2013.

Over 700 medicinal plants exported to different countries are found in large quantities in Nepal’s hilly and mountainous districts. It has also been prioritized by NTIS 2010 and TEPC as one of the major products for export promotion. More than 90 percent of medicinal herbs are exported to India in raw form. The proportion of value over quantity is higher in exports destined for USA, Singapore, Japan, Hong Kong (SAR), China and Canada. Based on collection permits issued in 58 out of the 75 districts by the Department of Forestry, it is estimated that about 50,000 metric tons of medicinal herbs could be harvested annually. Only 20-30 percent of that are being collected, processed, and traded (NTIS 2010).

NTIS 2010 has ranked medicinal herbs as “high” in terms of socio-economic impact and domestic supply conditions. It is estimated that the sector gives FTEE to about 10,000 people in Nepal; 8,000 in collection, 1,000 in intermediary trading and 1,000 in processing and trading houses (NTIS 2010). Fifty percent of the workers are women, engaged in collection, cleaning and grading of herbs. The trading business is dominated by men. Trading is hindered by high technical NTBs with stringent rules for processed materials. The inability to target attractive markets for processed herbs is a major drawback preventing them from being selected for the study. Moreover, there is also a question of sustainability of some raw medicinal herbs being exported (NTIS 2010).

**Handmade paper products**

Nepalese handmade paper is a unique product. It is made mostly from *loktta*(Daphnephalne) plant fibres (only available in Nepal) or a combination of *loktta*and *argeli* plant fibres. Nepalese handmade paper is famous for its unique quality, strength, durability and resistance to insects. Products include greeting cards, shopping bags, packing boxes, stationery sets, diaries and note books, folders, photo albums, wrapping papers, photo frames, curtains, wall papers, table and ceiling lamps, wall paintings among others. Over the past few years, handmade paper’s uses have branched out way beyond those products. An organization called Creative Women’s Craft has also made clothes from it, while a company named Kanpou-Nepa exports it to Japan, where the fibre is used in making the Japanese currency note and also Japanese fans. A number of experiments are ongoing, mixing *loktta* with cotton and silk to produce clothes (European Economic Chamber, 2009). It requires low capital investment and every resource needed for its production is available locally (GIZ, 2007). In addition, this product is also listed by NTIS 2010 and TEPC for export.
promotion and ranked handmade paper products as the fifth most valued handicraft (table 2.1).

NTIS 2010 has ranked handmade paper as “high” in terms of its socioeconomic impact. This is also one of the major income generating non-timber forest products (NTFPs) of Nepal. It is estimated that handmade paper and paper products give FTEE to about 8,000 people; 6,000 collect and process lokta, 1,000 produce handmade paper and another 1,000 make paper products. The potential for future job creation is high in view of the recent initiatives towards lokta farming. Women, either as workers or as entrepreneurs, play important roles whether it is in collection, cleaning, grading, making paper and finished products or exporting. Over 70 percent of the workers are women and over 85 percent are based in mountain villages. These mountain villages are often extremely impoverished and lack basic health and education services. Research has shown that an expansion of the industry could push employment to well over 40,000 people. This substantial growth area means that it could have a significant impact by increasing the incomes and livelihoods of many rural communities, especially women who are already involved in various aspects of value addition (NTIS 2010).

The main handmade paper producing districts are Jajarkot, Dailekh, Bajhang, Rukum and Solukhumbu. Other lokta available districts are Shakhhuwasabha, Baglung, Parbat, Myagdi, Ramechap, Dolakha, Sindhupalchowk, Ilam and Tapplejung. Papersheets are made there and then taken to Kathmandu for export. According to GIZ (2007), about 110,481 metric tons of loktai available in Nepal whereas only 800-1,000 metric tons of that is collected each year.

**Alloproducts**

*Allo*(Girardinia diversifolia), also known as the Himalayan stinging nettle, is a tall, stout and erect herb, 1.5-3.0 metres high with a perennial rootstock, found only in Nepal. Stems shoot up to 10-11 feet height and its bark contains fibres of unique qualities-strength, smoothness and lightness. When it is processed appropriately, a silk-like lustre appears. Fibre length goes up to 580 mm, which is said to be the longest fibre in the plant kingdom. Allo is a unique Himalayan resource with a great potential for developing it into a vibrant handicraft sub-sector to benefit a large number of poor families in remote mountain areas. Ethnic communities in the hills such as Magars (who refer to the plant as puwa) in West Nepal and the KulongRais of Sankhuwasabha District in East Nepal have for centuries extracted and spun these fibres. They make ropes, jackets, porter’s head-bands or straps, fishing nets, ropes, bags, sacks, mats, coarse clothing materials and blankets in the remote villages of Nepal (MEDEP 2010). The carpet industry occupies a prominent position in its use. It uses between 120-160 metric tons of allo yarn, over 80 percent of an estimated total production of 150-200 metric tons (MEDEP, 2013). TEPC also lists handicrafts under its major exportable products which includes natural fibre like allo. The self-renewable nature of allo, the possibility of quality production at the micro-enterprise level, locally available technology which is wheelsfor spinning the yarn, locally available raw materials for processing allo, are the strengths.

There is a huge potential of allo fibre production in Nepal (MEDEP 2010) as it is available in 50 districts of the mountains. Records show that 469 metric tons of allo yarn could be produced from 20 districts alone but they are producing only 100 metric tons, i.e., 20 percent of the potential (MEDEP 2013). The number of primary gatherers is estimated to be in excess of 8,000 in over 20 districts (MEDEP 2010). Mostly women are involved in all stages of collection and processing. It is estimated that there are over 1,500 people, majority women, involved in spinning and weaving activities. Allo is one of the several commodities, which can be promoted for the benefit of target families in remote mountain areas where it is abundantly available and where allo spinning and weaving tradition exists. According to a MEDEP (2010), there are 767 allo entrepreneurs in 16 districts, from Dolakhain the East to Dadeldhurain the West, with a combined output of 23 metric tons of yarn.

The Steering Committee formed to provide guidance to the research team. A consensus was reached in selecting the final two products, handmade paper products made out of lokta and alloproducts. The
products were chosen on the basis of geographical diversity in their availability, domestic supply conditions, and socio-economic impact with a greater focus on involvement of women in entrepreneurship and current export performance. Consideration was also given to the government’s priority list of products for export promotion. The two products were then further probed to explore world market conditions and the prevalence of non-tariff measures (NTMs). The details are elaborated henceforth.

2.1.1. Handmade paper products

The major export markets for Nepalese handmade paper products (HS 48) are USA, UK, France, Germany, India, Japan and Australia (table 2.2). Exports have increased by 8.3 percent for the past four years.

Table 2.2 Value of handmade paper product exports in $, 2010-2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Average percent change over the years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Top importers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>1,881,416</td>
<td>2,983,199</td>
<td>1,878,677</td>
<td>2,424,999</td>
<td>16.87</td>
</tr>
<tr>
<td>UK</td>
<td>1,085,333</td>
<td>536,674</td>
<td>493,842</td>
<td>1,049,307</td>
<td>17.98</td>
</tr>
<tr>
<td>France</td>
<td>424,533</td>
<td>502,984</td>
<td>450,971</td>
<td>550,165</td>
<td>10.04</td>
</tr>
<tr>
<td>Germany</td>
<td>436,447</td>
<td>544,555</td>
<td>481,411</td>
<td>398,087</td>
<td>-1.37</td>
</tr>
<tr>
<td>India</td>
<td>575,746</td>
<td>504,908</td>
<td>763,339</td>
<td>346,434</td>
<td>-5.24</td>
</tr>
<tr>
<td>Japan</td>
<td>121,852</td>
<td>171,428</td>
<td>154,376</td>
<td>294,151</td>
<td>40.42</td>
</tr>
<tr>
<td>Australia</td>
<td>267,371</td>
<td>288,450</td>
<td>302,234</td>
<td>265,926</td>
<td>-0.21</td>
</tr>
<tr>
<td>Total exports to the world</td>
<td>6,027,543</td>
<td>6,991,399</td>
<td>5,980,518</td>
<td>6,524,947</td>
<td>3.54</td>
</tr>
</tbody>
</table>


According to the International Trade Center (ITC) trade map database, world import market for handmade paper rolls was worth over $170 million in 2013 (table 2.3). Therefore, there is much potential for Nepal to export handmade papers to the world. Particularly, India increased its imports rapidly; yet Nepal is only capturing less than 15 percent of India’s markets in 2013. The main competitors to Nepalese handmade paper are China, India, Philippines and Thailand.

Table 2.3 Imports of handmade paper products by top markets of Nepal in $, 2010-2013

<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Average percent change over the years</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>16,538,117</td>
<td>17,053,312</td>
<td>15,993,642</td>
<td>16,322,247</td>
<td>0.53</td>
</tr>
<tr>
<td>UK</td>
<td>10,118,794</td>
<td>10,256,621</td>
<td>8,618,816</td>
<td>8,730,812</td>
<td>5.45</td>
</tr>
<tr>
<td>France</td>
<td>9,954,450</td>
<td>11,050,285</td>
<td>9,194,417</td>
<td>9,065,447</td>
<td>-3.8</td>
</tr>
</tbody>
</table>
There is no literature on the prevalence of NTBs regarding handmade paper products. However, our preliminary interviews with some of the associations that exported those products found that it was comparatively more difficult to export them to India than other countries. The study attempts to find out if there are any non-tariff barriers responsible for this situation.

Paper making process does not involve huge machinery and equipment and the same technique has been handed down from generation to generation, dating back for more than a thousand years while in some parts of the country, the techniques have been refined for mass production for commercial purposes.

**Figure 2.1 Process of making paper out of lokta**

**Harvesting**
- Lokta bark is usually harvested by hand without destroying the plant by cutting the stem, 30 cm above the ground.
- It can be re-harvested in approximately 5-7 years after regeneration.

**Cleansing, soaking and chopping**
- The inner lokta bark is taken out and cleansed to make it more white and free from knots and dark spots.
- The bark is then soaked in a water tank for approximately 5-12 hours.
- After it is soaked, the outer layer is removed and lokta bark is chopped into one-foot size pieces.

**Cooking**
- It is then cooked in boiling water for about five to six hours and then well rinsed under cold running water to remove unwanted material or caustic soda.

**Beating and grinding**
- The soft, cooked bark is placed on a flat stone and beaten with wooden hammers turning it into a muddy, sticky paste of fine pulp.
- The paste is rolled into balls for easy measurement. Manual beating presses the long fibers closer together giving the paper added strength.
- If a beater machine is available, the lokta bark is grounded with the beater machine to make a smooth and homogeneous pulp.

**Setting the pulp and drying**
- The pulp is then mixed with the right proportion of water and spread evenly into a wooden frame.
- The frame is placed in the sun for drying. This natural drying process gives the surface texture of traditional paper.
- After the sheets are thoroughly dry, they are ready to use.
- The lokta paper is modified by adding different colors and then modified into different shapes for making gift items, like lanterns, notebooks, picture frames, fans etc.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>15,625,821</td>
<td>16,824,094</td>
<td>15,044,019</td>
<td>14,975,277</td>
<td>-1.7</td>
</tr>
<tr>
<td>India</td>
<td>1,887,452</td>
<td>2,454,712</td>
<td>2,266,893</td>
<td>2,376,762</td>
<td>6.48</td>
</tr>
<tr>
<td>Japan</td>
<td>3,479,978</td>
<td>4,227,346</td>
<td>4,273,867</td>
<td>3,590,887</td>
<td>-0.08</td>
</tr>
<tr>
<td>Australia</td>
<td>2,570,295</td>
<td>2,892,098</td>
<td>2,577,251</td>
<td>2,611,364</td>
<td>0.08</td>
</tr>
<tr>
<td>World Demand</td>
<td>174,078,924</td>
<td>191,147,607</td>
<td>171,416,502</td>
<td>173,707,127</td>
<td>-0.42</td>
</tr>
</tbody>
</table>

2.1.2. Allo products

The export of allogoods grew by 58.7 percent on an average over the past three years (table 2.1). Various goods are being produced from allo fibre and exported. But the HS codes of allogoods are not specified properly, making it difficult to determine their exact demand and export performance.

The carpet industry is prominent in the usage of allo in Nepal. The industry uses between 120-160 metric tons of allo yarn, representing over 80 percent of an estimated 150-200 metric tons of total allo yarn production in the country (MEDEP, 2013). Table 2.4 shows export performance of carpets made from natural fibres like allo, hemp and silk and allo/hemp stoles. Export of carpets have declined over time whereas the export of the stole has increased from 2010 to 2013. The export value of the stole exceeded that of carpets in 2013. Table 2.4 also shows that the importing countries have been varying.

<p>| Table 2.4 Exports of Nepal’s allo products to top importers and the world in $, 2010-2013 |</p>
<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>Average Percent change over the years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hand knotted silk carpets/ allo, hemp and other natural fibres (HS 570190)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>403,853</td>
<td>359,877</td>
<td>543,474</td>
<td>50,977</td>
<td>-16.83</td>
</tr>
<tr>
<td>Germany</td>
<td>129,826</td>
<td>2,204</td>
<td>122,053</td>
<td>1,555</td>
<td>1746.92</td>
</tr>
<tr>
<td>Netherlands</td>
<td>5,443</td>
<td>120,690</td>
<td>570</td>
<td>2,222</td>
<td>769.21</td>
</tr>
<tr>
<td>Total exports to the world</td>
<td>988,379</td>
<td>543,295</td>
<td>840,846</td>
<td>106,056</td>
<td>-25.88</td>
</tr>
<tr>
<td>Hemp/ allo stole (HS 611710)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>34,972</td>
<td>4,285</td>
<td>22,110</td>
<td>23,786</td>
<td>111.93</td>
</tr>
<tr>
<td>China</td>
<td>2,880</td>
<td>2,270</td>
<td>3,127</td>
<td>897</td>
<td>-18.24</td>
</tr>
<tr>
<td>Germany</td>
<td>6,783</td>
<td>95,018</td>
<td>2,343</td>
<td>60,495</td>
<td>1228.41</td>
</tr>
<tr>
<td>Canada</td>
<td>144,243</td>
<td>3,389</td>
<td>2,122</td>
<td>30,201</td>
<td>396.06</td>
</tr>
<tr>
<td>UK</td>
<td>2,504</td>
<td>379</td>
<td>297</td>
<td>5,209</td>
<td>515.79</td>
</tr>
<tr>
<td>Total exports to the world</td>
<td>225,006</td>
<td>153,892</td>
<td>62,706</td>
<td>250,938</td>
<td>71.71</td>
</tr>
</tbody>
</table>


<p>| Table 2.5 Imports of allo products by top markets of Nepal in thousand $, 2010-2013 |</p>
<table>
<thead>
<tr>
<th>Country</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>% change, 2010-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hand knotted silk carpets/ allo, hemp and other natural fibres (HS 570190)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>40,603</td>
<td>41,351</td>
<td>51,972</td>
<td>65,730</td>
<td>17.98</td>
</tr>
<tr>
<td>Germany</td>
<td>24,756</td>
<td>27,587</td>
<td>20,175</td>
<td>21,684</td>
<td>-2.65</td>
</tr>
</tbody>
</table>

*Two HS code for allogoods are HS 570190 (hand knotted silk carpets/allo hemp and other natural fibres) and HS 611710 (hemp/allo stole). Allo stole is scarf or shawl made out of allo fibre.*
There is a strong global demand for products made from natural fibres like allo (table 2.5); therefore, Nepal has a good chance to expand allo exports. USA and European countries like Germany remain to be the major importers of the products made from natural fibres. Nepal, being a landlocked country, needs to diversify its markets to neighbouring countries as the competition in European and American markets is tough.

Lack of branding and quality certification is possible hindrances for Nepal to export allo products. A majority of the exporters are also encountering various kinds of difficulties in export documentation, customs clearance and unclear and conflicting government policies (Koirala, 2011). In the case of carpets made from allo, issues such as low quality products, lack of new designs and deteriorating quality of Nepalese carpets. Quality has been compromised by using machines instead of hand-knotted designs, recycled yarns from wastes and the use of acrylic yarns are some of the barriers for its exports (MEDEP, 2013).

The basic method of allo harvesting and processing is still an indigenous practice in Nepal, which remain similar all over the country. There are various steps in the process shown in figure 2.2.

|---------------------------------------------|

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The basic method of allo harvesting and processing is still an indigenous practice in Nepal, which remain similar all over the country. There are various steps in the process shown in figure 2.2.

| Figure 2.2 Process of making allo products |
2.2. Sampling methods

2.2.1. Sampling districts

The districts chosen are those where activities related to allo and lokta handmade papers are taking place. Five districts were chosen for the enterprise survey, namely Baglung, Dolakha, Kathmandu, Rukum and Sankhuwasabha, for the identification of barriers. The survey team also managed to go to two of the districts, Myagdi and Parbat near Baglung to cover some of the women entrepreneurs engaged in allo production. Districts that were surveyed were shown figure 2.3.

Figure 2.3 Map of Nepal showing the districts that were surveyed
**Baglung** district lies in Dhaulagiri zone of the Western Development Region of Nepal. It covers an area of 1,784 sq.km and consists of 59 village development committees (VDCs) and one municipality. Baglung has 268,613 inhabitants with 74.3 female for every 100 male. The overall adult literacy rate is 65.5 percent, not much gender differences in terms of literacy rate. The mean years of schooling is 3.9 years. Most of the district’s people are engaged in agriculture. Of the 1,043 small and cottage industries registered in the district, 120 are related to agriculture and wildlife. The district generates a per capita income (PCI) of $643. The rate of poverty is 22.9 percent.

**Dolakha** is in Janakpurzone of the Central Development Region. The district covers a total area of 2,191 sq.km comprising 51 VDCs and one municipality. According to the 2011 Census, the total population of Dolakha is 186,557 and there are 87.39 female for every 100 male. The overall literacy rate for the district is 53.6 percent, not much gender differences in terms of literacy rate. The mean years of schooling is 3.3 years. Most of the people engage in agriculture. Of the 914 small and cottage industries registered in the district, 139 are related to agriculture and wildlife. The PCI of the district is $571, while the poverty rate is 26.0 percent.

**Kathmandu**, capital of the country, is in Bagmatizone of the Central Development Region. It covers an area of 395 sq. km and comprises 57 VDCs and two municipalities. The total population of the district is 1,744,240 and there are 209.84 female for every 100 male. The overall adult literacy of Kathmandu is 84 percent while 79.8 percent of the females are able to read and write. The mean years of schooling is 7 years. Most people of Kathmandu are involved in wage and salary earning activities. The second majority are not engaged in paid work but taking up household chores. Of the 34,480 small and cottage industries registered in the district, 471 are involved with agriculture and wildlife. The PCI of the district is $1,721. The rate of poverty is 7.6 percent.

**Rukum** is located in Rapti zone of the Mid-Western Region of the country. Covering a total area of
2,877 sq.km, it is home to 208,567 people with 90.63 female for every 100 male. The district is overwhelmingly rural with 43 VDCs and no municipalities. The adult literacy rate for the district is 50.8 percent, and about 53.9 percent of the female population is able to both read and write. The mean years of schooling is 3.0 years. Rukum has nearly 40,000 females who are economically active in agriculture. The second majority is involved in household chores. It has a total of 479 small and cottage industries of which 36 are based on agriculture and wildlife. The PCI of the district is $484, with the rate of poverty standing at 26.3 percent.

Sankhuwasabha is situated in the eastern region of the country in the Koshi zone. The total area of the district is 1,606 sq.km. It has 33 VDCs and one municipality. According to the 2011 Census, it is home to a total of 158,742 people and there are 90.07 female to every 100 male. The adult literacy rate for the district is 63.2, and there is not much gender differences in terms of literacy rate. The mean years of schooling is 3.6 years. The agriculture sector employs 82,433 people of the district. Out of the 575 small and cottage industries in the district, 69 are involved in agriculture and wildlife. The PCI of the district is $738. The rate of poverty is 21.0 percent.

### 2.2.2. Sampling design

The field survey in five districts was undertaken between August and October 2014. Two members from the research team went to each of the sampled districts for a period of 5-7 days. Questionnaires (Annex I) were administered to employers, employees, self-employed, exporters and key informants through interviews and focus group discussions (FGDs) to collect both quantitative and qualitative data. The sample size is given in Table 2.6. Out of 52 respondents in the employee category, 25 are self-employed women and 27 are employees of allo and handmade paper enterprises.

<table>
<thead>
<tr>
<th>District</th>
<th>Women employers</th>
<th>Women employees</th>
<th>Key informants</th>
<th>FGD</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baglung</td>
<td>7</td>
<td>7</td>
<td>5</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Dolakha</td>
<td>2</td>
<td>16</td>
<td>5</td>
<td>12</td>
<td>35</td>
</tr>
<tr>
<td>Kathmandu</td>
<td>7</td>
<td>20</td>
<td>20</td>
<td>17</td>
<td>44</td>
</tr>
<tr>
<td>Rukum</td>
<td>16</td>
<td>16</td>
<td></td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>Sankhuwasabha</td>
<td>6</td>
<td>13</td>
<td>9</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>52</strong></td>
<td><strong>43</strong></td>
<td><strong>43</strong></td>
<td><strong>153</strong></td>
</tr>
</tbody>
</table>

Based on the two products selected for the study, districts were chosen and then an enterprise survey was carried out through random sampling in these districts. Employees and employers of the particular enterprise were questioned. The sampling of the interviewees followed two criteria, namely: a) women owners to the extent possible and those that employ high number of women workers; and b) in cases where the enterprise employs a relatively high number of women workers but is owned by men, the male owners/manager were also surveyed. In such cases, the findings from the male owners/ managers interviewed were taken as key informants. The questionnaires focused on identifying the constraints and barriers faced by the respondents at the personal as well as professional levels. Besides, efforts were also made to find discriminatory policies and laws which was acting as a restraint for business growth of WMSMEs.

Key informant interview (KIIs) were conducted in each sampled district. The selected respondents were exporters, male employers, cargo handlers, freight forwarders, policymakers and other related stakeholders. Information gathered from KIIs further supplemented the quantitative data gathered from
the survey. Questionnaire for KIs is in Annex I.3).

Altogether four FGDS were organized at national and Sub-national levels to collect information from the stakeholders. These were needed to triangulate and validate the data collected from the survey. Each FGD consisted of 8-15 participants including gender activists, government officials, chamber officials, political leaders etc.

At the national level, one FGD had an objective of informing policymakers about the ongoing project and to discuss the possible solutions for existing constraints and barriers preventing women entrepreneurs to enhance their business. The participants included representatives from MOF, TEPC, a former commerce secretary, FNCSI, Ministry of Commerce and Supplies (MOCs) among others. Another FGD was held to include the stakeholders who were directly and indirectly associated with allo, handmade paper and paper crafts. The interaction was organized in order to seek their views on specific problems and constraints related to the products and inputs in seeking ways to overcome them.

Two additional FGDS were conducted in the survey districts - Sankhuwasabha and Dolakha - with the objective of incorporating the views and concerns of a wide range of stakeholders. Representatives from various offices like District Forest Offices, district Chamber of Commerce, Federation of Community Forestry Users, Nepal (FECOFUN), Cottage and Small Scale Industries Development Board, District Development Committee (DDC), Rural Development Centre, AlloSamaj and other Non-Government Organisations (NGOs) and Cooperatives were present in the discussion.

2.2.3. Case studies

For more in-depth information, four case studies were taken up from among the women interviewees. The life stories of these women could be considered worth replicating by other women in similar circumstances. These case studies have focused on women’s struggle at the personal level or while operating their businesses or facing constraints at the policy level and the strategies they have adopted to overcome such challenges. Their aspirations are also explored in the hope of providing insights into possible ways and means to enhance the capacity of women entrepreneurs to expand their business.

2.3. Data entry and analysis

Raw data are processed in order to generate meaningful information. Data processing techniques adopted by this study involved the following steps:

- Editing: The completed questionnaires underwent scrutiny to ensure that the information obtained would be accurate, consistent, and complete as possible and arranged to facilitate coding and tabulation. The study adopted a central editing process with all the data handled at the SAWTEE office.
- Coding: Information collected through questionnaires was coded. Appropriate codes were identified for quantitative variables and entered in spreadsheets.
- Classification: The data were grouped according to common characteristics to generate the desired information and to make tabulation work easier. The data were broadly classified into personal information of the respondents and barriers to their progress; i.e., personal information, social, cultural and financial constraints, other constraints and barriers faced while exporting.
- Tabulation: Tabulation involved orderly arrangements of data into columns and rows using appropriate data analysis software. This study made use of Microsoft Excel 2010. This step also
involved orderly arrangement of qualitative responses given by the respondents for reference.

Tabulated data has been used for generating descriptive statistics of the respondents. Graphical charts as well as frequency distribution tables are generated for the interpretation and systematic presentation of the data.

2.4. Coordination mechanism

An SC was formed to provide policy strategy and guidance to the project for an efficient and effective delivery of the expected outputs. And, it did so time and again. SC meetings were organized periodically and inputs were received from the members, including in the selection of districts and products. They provided comments on all the documents and also served as a monitoring body.

Once the draft research report was finalized, a national level consultation workshop with about 50 participants was organized in Kathmandu to share the major findings of the report. This workshop was expected to provide the concerned stakeholders an opportunity to validate the research findings. The workshop created a platform for the stakeholders to discuss the challenges faced by WMSMEs. It also provided opportunities to build and strengthen their networks for future collaborative efforts to bring about changes/reforms in policies and practices. This is expected to contribute towards promoting WMSMEs to operate and expand as well as exploit regional markets. Feedback received from the workshop has been incorporated in the report (Annex II: National Consultation Report)

The study has its limitations. The report is based on the survey carried out in the above mentioned districts in 2014. The results, therefore, may be considered as representative of the national scenario.
3. Literature review

The *Industrial Policy of Nepal 2011* defines micro enterprise as an enterprise with an investment of up to NPR 200,000 as fixed capital, excluding building or land. Similarly, small scale enterprises are those with a fixed assets of up to NPR 50 million, whereas medium enterprises are those with a fixed asset of more than NPR 50 million up to 150 million (GoN, 2011). Micro, medium and small scale industries hold a significantly important place in the Nepalese economy as they form its backbone. Their contribution to the industrial Gross Domestic Production (GDP) is 80 percent. And the contribution of the industrial sector in the national GDP was around six percent in 2011 (Kafle, 2014).

3.1. Women in economy

Out of the total population of 26.5 million, 13.6 million or 51 percent of total population are female (CBS, 2011). Women own about 14,300 small and medium enterprises in Nepal, accounting for two percent of GDP, and employing over 200,000 workers (International Finance Corporation (IFC), 2012). Even in those figures, it is difficult to assess how many of these women are real entrepreneurs, undertaking the organization and management of an enterprise involving innovativeness, independence and risk, as well as opportunity for profit. Many of these women are simply self-employed and limit the scale of their enterprise to meet only their requirements of household consumption (Lancsweert, 2014).

Table 3.1 compares the data of women owning/managing firms and female participation in the workforce of Nepal and South Asia. Around 22 percent of the firms in Nepal are owned by women and 17 percent of firms in Nepal have a female top manager. These figures are much higher than the average of South Asia, although female share of workers are lower than that of South Asia on average. These figures show encouraging prospects for Nepalese women in business. They can contribute to the economy if they can tap the opportunities of the international markets by gradually overcoming the challenges.

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Nepal</th>
<th>South Asia</th>
<th>All Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of firms with female participation in ownership</td>
<td>21.8</td>
<td>18.9</td>
<td>36.9</td>
</tr>
<tr>
<td>% of firms with a female top manager</td>
<td>17.2</td>
<td>8.8</td>
<td>18.9</td>
</tr>
<tr>
<td>% of permanent full-time workers that are female</td>
<td>18.2</td>
<td>19.3</td>
<td>34.2</td>
</tr>
<tr>
<td>% of permanent full-time production workers that are female</td>
<td>17.1</td>
<td>25.8</td>
<td>28.0</td>
</tr>
<tr>
<td>% of permanent full-time non-production workers that are female</td>
<td>11.7</td>
<td>21.8</td>
<td>39.5</td>
</tr>
</tbody>
</table>


According to *Global Gender Gap Report 2014*, there is not much difference in the labour force participation rates among males and females. Labour force participation rates are 89 percent for male and 83 percent for female adults. However, there is a significant gap in estimated earned income in Purchasing Power Parity. Females earn about a half of what males earn, $1,503 and $2,873 respectively (World Economic Forum, 2014). The difference is a result of deprivation of privileges like education and other facilities for women. Men are relatively better privileged in the Nepalese society (Acharya, 2008).
3.2. Constraints and barriers

Women’s participation in the labour force might be one of the steps towards their empowerment. But it is necessary to realize that they may face various constraints, not only at the personal level, but also while selling their products to regional and international markets.

3.2.1. Social, cultural and financial barriers

There might be several significant reasons for these constraints related to the societal, cultural and economic environment. One of the reasons might also be a preconception among the state and non-state actors that trade is gender-neutral. However, in the current context, different studies suggest that trade policies affect men and women differently, largely because of gender inequalities that remain in terms of access to and control of economic and social resources and decision-making (Chandra et al., 2010). Entrenched social, cultural, religious, economic and political institutions and the structure of the Nepalese society have ensured discriminatory attitudes regarding gender roles. In a Nepalese family, a woman member is supposed to be a responsible daughter, an affectionate mother and a faithful and disciplined wife (Bennett, 1983). Traditional culture and social norms highly restrict women’s participation in socio-economic development and their mobility is mostly constrained by their security needs (CEDAW, 2002). Men enjoy higher mobility than women. Especially in the Terai plains of Nepal, there is more restriction on women’s mobility. In the mountains, almost all men migrate seasonally, leaving the women to take care of household matters (Bhadra, 2007). Moreover, the predominant Indo-Aryan culture in the country idealizes women’s seclusion from public life (UNFPA, 2007). Many religious institutions are more favourable to men and it is expected that every woman will marry and have children, preferably male, who can continue their legacy and the family name. Such beliefs and socio-economic biases affect the quality of women’s recreational activities. They are also prevented from playing an effective role in family decision making, especially in rural areas (CEDAW, 2002).

The other important barrier facing Nepalese women is that they have limited access to education. Illiteracy restricts women’s access to opportunities, limits their ability to deal with the bureaucracies of finance and government, and also prevents them from voicing their opinions (Bushell, 2008). Although women’s education and training have been given priority in recent times in Nepal, their literacy remains far below that of men. An adult literacy rate on average is 56.6 percent; the male and female literacy rates were 71.6 percent and 44.5 percent respectively (CBS, 2010/2011).

It is actually disheartening to note that the findings from Shakti (1995) still holds true despite the various changes in policies favouring women over the years, not to mention the government’s overt efforts towards promoting gender equality. The study shows that in both rural and urban sectors, proportionally, fewer girls are allowed to complete secondary school than boys. There was a persistent reluctance to either allow the girls to go to school or allow them to complete secondary school (Shakti, 1995). For the first time, this year, more girls than boys have appeared for the School Leaving Certificate (SLC) exams. Yet, parents still tend to enrol their sons in private schools while sending their daughters to public institutions that have failed to provide quality education.

This might also explain the position of women in the political arena. The first Constituent Assembly had 33 percent female participation, whereas this number has fallen to 30 percent in the second CA at the time of writing this report. The resolution passed by the reinstated Parliament in 2007 and also the Interim

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5 For example, last year, only 28 percent of students from public schools managed to pass the SLC, in comparison to 93 percent of students from private schools.
6 At the time of writing, the nomination of CA members is not yet complete.
Constitution of 2007 ensured 33 percent female representation in every state organ (Bhattarai, 2014). Though this number is encouraging compared to others in South Asia, it may not be an exaggeration to say that this representation is “without a voice”.

Access to finance may be another significant hindrance for women entrepreneurs to engage in businesses and become self-reliant risk takers. Even though, theoretically, credit facility is available to both men and women, in practice, cultural and social barriers sternly limit women’s access to credit. In Nepal, collateral in the form of fixed assets is a compulsion to obtain a loan from banks and other lending institutions. Moving away from the patrilineal inheritance system to property, in 2007 the civil code called Muluki Ain, underwent the 11th amendment. The amendment outlined provisions where by the law and by-laws specify equal rights to both daughters and sons regarding family property. But because of deeply embedded cultural beliefs, daughters are only very rarely given a deed to the family land (Bushell, 2008).

If the Nepalese women’s current credit requirements of $106 million are met, they can increase their contribution to the economy, generating six percent higher profits on annual sales, even though they operate smaller businesses (IFC, 2012). However, as banks prefer fixed assets as collateral, access to financing remains one of their biggest interruptions (ibid). Even women with title to property have problems getting loans. Common mistrust and lack of recognition of women entrepreneur’s means that many banks and lending institutions seek guarantee “from male guardians” (Mayoux, 2000). Programmes like Production Credit for Rural Women were basically started because of the many restraints that women faced in accessing credit facilities. In this programme, collateral is provided in the form of group guarantees and it focuses on income generating activities for rural women (Shrestha, 1993).

3.2.2. Other constraints in doing business

Difficult access to international markets and networking is another key hurdle for women in business. Women-led enterprises in Nepal are usually small and medium-sized enterprises (SMEs) and networking is mainly limited to face-to-face communication among the dealers and customers. Products are promoted by convincing others to try them, and they mostly tend to operate only among clients they already know. Generally, women in urban Nepal deal with the local business through cell phones. Some of them also use the internet for international orders as and when they have access to electricity and the internet, which are normally unavailable in the rural areas.

There is a lack of training for women for tapping the new international or even local markets. Besides some of the associations for women like Federation of Women Entrepreneurs Association of Nepal and Business and Professional Women Nepal, business networks are male-dominated. They are sometimes unwelcoming to women, holding meetings and other activities at inappropriate timings, like late evenings, making it challenging for women at large (and for some men also) who already have other social responsibilities to attend. There is a lack of support for and network of women in Nepal to learn about new ideas and trends in the international market. These would allow them to share their problems, generate new ideas, explore opportunities, and participate in international trade fairs to seek new markets (Bushell, 2008).

In Nepal, women often employed in low paid jobs and on a daily wage basis. The wage gap between male and female workers in manufacturing jobs has widened from 12.5 percent in 1996-1997 to 17.0 percent in 2011-2012 (CBS, 2014).

3.2.3. Non-tariff barriers

Another key challenge for women-led MSMEs is overcoming the NTBs in their export market. NTBs have emerged in such a way as to almost replace tariff barriers. The use of NTMs and NTBs rose
substantially after World Trade Organization rules significantly reduced tariff use (Raihan et al., 2014). This trend is especially prevalent among South Asian Association of Regional Co-operation (SAARC) countries that are mostly developing countries and LDCs.

Intra-regional trade in South Asia currently makes up about five percent of the total international trade. Widespread use of NTBs by member countries is one of the main reasons for the South Asian Free Trade Area (SAFTA) agreement’s inability to produce substantive results. Overcoming NTBs would contribute to substantive intra-regional trade potential within South Asia.

NTBs are classified into technical measures—such as sanitary or environmental protection measures—as well as others traditionally used as instruments of commercial policy such as quotas, price control, exports restrictions, or contingent trade protective measures. There are other behind-the-border measures such as competition, trade-related investment measures, and government procurement or distribution restrictions (United Nations Conference on Trade and Development (UNCTAD), 2012).

MSMEs have limited means to deal with such constraints and might be affected more than larger industries. ITC and UNCTAD highlight SMEs as “the world’s most concentrated, booming and innovative engine for world trade and growth,” and the key to their robust development is the removal of NTBs to enable their full engagement in global trade (Velasco, 2014). According to Arancha González, Executive Director of the ITC, a significant increase in NTMs is now looming as the main obstacle to unlocking the potential of SMEs (Velasco, 2014). This is even more in the case of micro-enterprises.

3.2.4. Value chain and women

It is also essential to take into account the gender perspective in each step of the value chain development of any enterprise, from production, processing and marketing to the distribution of benefits. A gender analysis of the value chain can provide information about extra-market factors such as power relations, division of labour and control over resources. This kind of gender sensitive value chain analysis helps make the differential contributions and potentials of women in a particular economic activity visible. And this provides a basis for developing strategies and actions to promote equitable benefits from the production process. Moreover, it provides information about women’s roles in production, processing, and marketing. It is useful in developing programmes to enhance their skills and knowledge upgrade needed to increase production efficiency and the product’s quality to extract more benefits (Bhattarai et al., 2009).

For instance, an analysis of the gender division of labour and work load in the bay-leaf value chain in Nepal showed that women and children perform over two-thirds of the activities. Women’s involvement is greater than men in five major activities: separating leaves from twigs, drying, bundling twigs, transportation and sale of the product. Analysis of the workload reveals that 45 percent of the overall work is done by women, 32 percent by men and 23 percent by children (ibid.). But when it comes to taking advantage of this production, it was found that the literature discussed women’s role at the production level without addressing their role in value addition.

Provisions were made in the 2011 Industrial Policy with the objective of involving more women in industrial enterprises and enhancing their financial empowerment. They are:

- Exemption of 35 percent in the registration fee if an industry is registered only in the name of women (Article 21.4).
- Exemption of 20 percent of the fee for registering industrial property, such as patent, design and trademark, if the industry is registered only in the name of women (Article 21.10).
- If small-scale industry provides 50 percent of direct employment to native women, 40 percent of the income tax to be levied in that year is exempted (Article 17.8).
- There are government provisions for export loans to women entrepreneurs or business persons (Article 21.9).
• Special priority shall be given to woman entrepreneurs if they desire to establish an industry in an Industrial District (Article 21.5).
• There are provisions for involving women in trainings, meetings, seminars and study visits on technology development (Article 21.6).
• It also facilitates creating a separate women entrepreneurship fund (Article 21.14) and a separate sectoral units in MOI for development of women entrepreneurship (Article 21.12).
4. Survey findings

The first section of the chapter consists of the findings from the surveys with questionnaires, KII s and FGDs. The second section includes case studies of different entrepreneurs depicting their struggle, their perseverance and their leadership quality not only to improve their own status in society but also to make other women mark their presence.

4.1. Profile of respondents

Table 4.1 summarizes the profile of 52 employees/ self-employed and 15 employers surveyed. The employee respondents were relatively young. Only 21 percent of the respondents aged 45 years and above while 55 percent of the employers were in this age group. All employees/ self-employed except one do not have SLC; 60 percent of them in fact cannot read and write. Though none of women employers were illiterate, nearly half of them had not completed high school. The rest has education with SLC and above; one woman had completed her master’s degree. The majority of women were married and have children. Age of their children scattered from infants to teenagers and above. The number and age of children was not so much a determinant for women taking up a job or remaining self-employed. Neither did it affect a woman to start her own business.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Employees/ self-employed</th>
<th>Employers</th>
<th># of respondents</th>
<th>%</th>
<th># of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-24 years</td>
<td>13</td>
<td>--</td>
<td>52</td>
<td>25</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>25-34 years</td>
<td>18</td>
<td>3</td>
<td>36</td>
<td>35</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>35-44 years</td>
<td>10</td>
<td>4</td>
<td>36</td>
<td>19</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>45-54 years</td>
<td>11</td>
<td>5</td>
<td>36</td>
<td>21</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>55 and above</td>
<td>--</td>
<td>3</td>
<td>15</td>
<td>--</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>15</strong></td>
<td><strong>52</strong></td>
<td><strong>100</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education status</th>
<th>Employees/ self-employed</th>
<th>Employers</th>
<th># of respondents</th>
<th>%</th>
<th># of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illiterate</td>
<td>31</td>
<td>--</td>
<td>52</td>
<td>60</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Below SLC</td>
<td>20</td>
<td>7</td>
<td>36</td>
<td>38</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>SLC</td>
<td>1</td>
<td>2</td>
<td>36</td>
<td>2</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Above SLC</td>
<td>--</td>
<td>6</td>
<td>15</td>
<td>--</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>15</strong></td>
<td><strong>52</strong></td>
<td><strong>100</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Employees/ self-employed</th>
<th>Employers</th>
<th># of respondents</th>
<th>%</th>
<th># of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>28</td>
<td>11</td>
<td>36</td>
<td>54</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Never married</td>
<td>13</td>
<td>2</td>
<td>36</td>
<td>25</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Divorced</td>
<td>7</td>
<td>1</td>
<td>36</td>
<td>13</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Widow</td>
<td>4</td>
<td>1</td>
<td>36</td>
<td>8</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>15</strong></td>
<td><strong>52</strong></td>
<td><strong>100</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of children</th>
<th>Employees/ self-employed</th>
<th>Employers</th>
<th># of respondents</th>
<th>%</th>
<th># of respondents</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>19</td>
<td>2</td>
<td>36</td>
<td>37</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>9</td>
<td>2</td>
<td>36</td>
<td>17</td>
<td>13</td>
<td></td>
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<tr>
<td>2</td>
<td>14</td>
<td>5</td>
<td>36</td>
<td>27</td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>8</td>
<td>6</td>
<td>36</td>
<td>15</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>4 or more</td>
<td>2</td>
<td>--</td>
<td>15</td>
<td>4</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52</strong></td>
<td><strong>15</strong></td>
<td><strong>52</strong></td>
<td><strong>100</strong></td>
<td><strong>15</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Women with no or limited education are self-employed or employees of allo or handmade paper enterprises, and the chances of their taking up another profession looked very dim. As far as their previous occupations were concerned, they were mostly involved in household activity and other works such as animal grazing, cutting wood and farming. This indicates these women's high dependency on the earnings that they made from their allo or handmade paper business.

As for the business ownership, six out of 15 women (40 percent) were self-owned while four women (27 percent) had partnership with family members. While two women (13 percent) had business partnership with non-family members, another two respondents run cooperatives. One person has taken the firm on lease from others.

### 4.2. Social and cultural constraints

Balancing the roles between work and family has become increasingly difficult for women (Bardasi and Wodon, 2009). This can be true for women employees as well as employers. As suggested by many sociological studies, traditional gender roles within households may imply that an improvement in labour market opportunities for women simply leads them to increase their market effort without releasing them from their household duties, resulting in a "double burden" or "second shift" (Hochschild, 1990). This study made efforts to identify whether they received any help from home to get an idea about their work burden. The survey looks at the demands and cooperation from home to see whether the women had time to attend to their own needs including some recreational activities.

More than two-thirds of the employees and self-employed said that their family members helped them at home (table 4.2). Breaking down this figure further, 67 percent of married women and 69 percent of unmarried women received help at home. Similarly 50 percent of widow women and 57 percent of divorcees had help at home. Two-thirds of the employers also received help from their family.

A majority of the family members (77 percent) who assisted women employees and self-employed at home were female members of the family such as mothers, sisters, daughters, mothers-in-law and so on (table 4.3). More than half of unmarried women received help from their mothers. For married women, eight percent of the employees received help from their mothers-in-law with their household activities whereas for employers it was 22 percent. While taking into account the help from their male family members, the numbers seemed encouraging for employers. Two-thirds of them received help from their husbands or from both their husbands and sons while only 11 percent of women employees and self-employed received household support from their husbands. When the employers were asked whether they came across with any restrictions from the family, only one out of 15 said that there was some kind of restrictions from the family while doing business. The restrictions could be in the form of money as they did not allow more money to be put in the business or time as they made them occupied in the household work.

<table>
<thead>
<tr>
<th>Table 4.2 Availability of family support</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employees/ self-employed</strong></td>
</tr>
<tr>
<td># of respondents</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Table 4.3 Family members providing support

<table>
<thead>
<tr>
<th></th>
<th>Employees/ self-employed</th>
<th>Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># of respondents</td>
<td>%</td>
</tr>
<tr>
<td>Daughter</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Mother</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Sister</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Sister and mother</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Mother-in-law</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Husband</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Husband and sons</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Parents</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Father and brother</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>All family members</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

Note: multiple answers.

Bardasi and Wodon (2009) have described time poverty in two categories. First, the individual does not have enough time for rest and leisure once all working hours - whether spent in the labour market or doing household chores such as cooking and fetching water and wood - are accounted for. Second, the individual cannot reduce his/her working time without either increasing the level of poverty of his/her household (if the household is already poor) or leading his/her household to fall into monetary poverty due to the loss in income or consumption associated with the reduction in working time (if the household is not originally poor).

When women participate in the labour market and at the same time manage household activities, they face time poverty. The survey showed that 42 percent of the employees said that they had no time for themselves, for their family or for any leisure activities. To further substantiate this finding the survey looked into the number of working hours of women employees.

Article 96 of the General Labour Law 2000 states that the normal period of work shall not exceed eight hours per day except otherwise provided by law\footnote{\url{http://www.ilo.org/dyn/natlex/docs/SERIAL/56677/63274/F1623262147/56677.pdf}}. The majority of the employees and self-employed were working within the law; more than half of the employees work for 7-8 hours a day and only four percent (2 persons) of the respondents worked more than eight hours a day (figure 4.1).

However, it should be noted that nearly half of the respondents were self-employed. They were supposed to do their job out of their own free will and in their own free time. However, working on free will might not indicate a positive situation, taking into consideration their income level and the repercussions on health. In other words, they had no choice but to work longer hours to sustain themselves. Indeed the self-employed respondents worked for the whole week without taking a day off. Similarly, this problem was also seen among employers. More than 70 percent of employers said that they had no time for themselves or for their family.
4.3. Economic empowerment

Women’s equal access to, and control over economic and financial resources is critical for the achievement of gender equality and empowerment of women, and for equitable and sustainable economic growth and development (UN, 2009). Being guided by this concept, we tried to look into the personal income of the women employees and whether they had access and control over their own income and how they spent it.

4.3.1. Personal income

Almost all the respondents in the employee or self-employed category earned less than NPR 10,000 a month with NPR 200-250 per day on average and NPR 300 per day being their highest (Figure 4.2). One of the main reasons for this was that self-employed women sold whatever they could make in their free time and most of them were found to be paid at piece rates by the buyers of their products. However, employees did not make much money neither. In RukumDistrict, especially in Kanda VDC, where the concept of commercializing of allois new, some women were engaged in the business even without any basic salary or any income with a hope of making the earning after their product was sold. On the other hand, the income level of the employers varied by the size of their businesses. Forty seven percent of the employers earned NPR 40,000 and above.

Figure 4.2 Monthly earnings
4.3.2. Access and control over resources

Access and control over resources form a vital component of women's empowerment. The survey asked whether women workers were able to keep their earnings to themselves, about 60 percent of both employees/self-employed and employers said that they could keep their earnings to themselves (table 4.4). The employers, who said that they did not control their earnings themselves, revealed that their husbands controlled the earnings or they controlled it jointly. For the employees or self-employed, their husbands, father, mother-in-law, father-in-law or brother also had control over their earnings; none responded to control the earnings jointly with their husbands or any other family members.

Regarding spending of the earnings, though they had control over their earnings they mainly spent it on household expenses, children’s education and themselves (figure 4.3). While the employers also invest some money back to their businesses or in personal properties, employees or self-employed who invest in these items were close to nil. The employees were earning low salary, so the salary was just enough to meet their daily needs, and they did not have any money left for saving or investment.

<table>
<thead>
<tr>
<th>Table 4.4 Keeping earning with one self</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees/ self-employed</td>
</tr>
<tr>
<td># of respondents</td>
</tr>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Figure 4.3 Income spent
Women’s sense of achievement also forms one of the components of their empowerment. The survey showed a positive picture on this front; 79 percent of the employees/self-employed considered themselves successful including 65 percent who considered themselves successful to some extent. Although the remaining 21 percent of them did not consider themselves successful yet, they felt that they still had a long way to go. Overall, all except a few thought that they were much better off now after taking up the job. They considered themselves worthwhile to be in the labour market and felt that they were contributing something to the society as well as sharing the burden with their husband to run the household. For the single women with children, the satisfaction would be even more as they are single-handedly running the household, looking after the children and incurring all other expenses with their income.

The sense of achievement among the employers showed an even better picture than the employees. All respondents considered themselves successful. While six out of 15 employers said a complete yes, the rest considered themselves successful to some extent.

4.4. Motivation for taking up the business

Two-thirds of the employers and 60 percent of employees/self-employed took the current work out of their own will and determination (figure 4.4). Among employers, others took the current business because their husbands or other entrepreneurs motivated them. On the other hand, the employees or self-employed women were motivated by their father-in-law or their fathers—the head of the household—to engage in the activities. Without his permission and support female members in the family do not engage in businesses outside the home. This also indicates a significant change in the perception of women within a household. Otherwise, socio-cultural norms and traditional role of women as good wives and mothers still precludes many married women from remaining in the labour market (Anker, Melkas and Korten, 2003).

Figure 4.4 Motivation for taking up the business
As most of the chosen districts fall under the region with poverty, more than half of employees/ self-employed and employers decided to take up the current work to fulfil their financial needs (figure 4.5). While all employers except two and 20 percent of the employees/ self-employed also said it was because of their desire to achieve something and be independent. Only 20 percent of the employers started their business because of profitability. Some took up the current work by thinking of easy way for work-life balance.

The findings were further reinforced in the FGD where the participants had expressed concerns over people leaving the business in search of more profitable ventures and opportunities. For instance, in Baglung, people started closing handmade paper processing factories as they were inclined towards emigrating and remittances. People in Sankhuwasabha found cardamom farming more appealing as there were more profits there. Another reason for these employers to be engaged in this business despite its low profit, especially for the Kulung caste women from Sankhuwasabha, was their attachment to their traditional knowledge and values. From a religious point of view, allo cloth is required in their birth as well as funeral ceremonies.

**Figure 4.5** Reasons for taking up the business

<table>
<thead>
<tr>
<th>Reason</th>
<th>Employees/ self-employed</th>
<th>Employer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial needs</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>Desire to achieve something and be independent</td>
<td>80%</td>
<td>90%</td>
</tr>
<tr>
<td>Easy to balance with other household responsibilities</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Profitable business</td>
<td>10%</td>
<td>20%</td>
</tr>
</tbody>
</table>
4.5. Health and environmental hazards

As for occupation-related health concerns, 34 percent of the employees/self-employed said that their work created stress to their eyes (figure 4.6). Twenty one percent of them said that the allo dust and caustic soda are harmful to them while another 21 percent said that their job was tiresome to their legs, hands and back.

Despite all the health hazards, the respondents said that they continued doing the work mainly for monetary reasons but also lack of alternative work available. They said that considering the health hazards in their work, the amount of money that they received was very low. Despite the health hazards, job satisfaction can be rated as high among the employees/self-employed; 59 percent of them were satisfied with their work and additional 35 percent were satisfied to a certain extent. Only 6 percent of the respondents said that they were not satisfied with the current work.

**Figure 4.6 Health and environmental hazards involved (employees/self-employed)**

![Health and environmental hazards involved](image)

- Stress to eyes
- Difficulty in cutting thread
- Allo dust and caustic soda are harmful
- Tiresome to legs, hands and back
- Smell causes headache
- Difficulty to work using cold water during winter

4.6. Skills and expertise

Sixty percent or 9 out of 15 employers said that they had taken trainings related to the business. More than 70 percent of the employees/self-employed also received trainings related to the business. However, the quality, relevance and length of the training might be questionable. The effectiveness of the training can be gauged from how the participants improved their knowledge and skills as a result of the training. The survey found that most women were using their traditional knowledge in the work. Interactions with many of the women entrepreneurs and participants at the FGDs resulted in suggestions for effective and more focused trainings. It was mainly felt that the entrepreneurs failed to fulfil the market demands for new designs, innovation, quantity as well as quality.

The employers' survey findings further reiterated this fact. Among the employers, 67 percent thought that their employees had the required skills to make the products; however, they also said that their employees were using traditional skills and expertise, which were actually not enough, except for maintaining the current production levels. More than 60 percent of the employers said they would hire persons with traditional skills or basics skills only. About half of the employers would even accept those who had no relevant skills because then they could be trained on the job. The issue that came up in all the FGDs was that the same old designs were being used over and over again, without heeding to demands of the latest market trends. This would indicate a declining market over-time. They understand this and strongly
recommend skill upgradation according to the present market demand.

4.7. Government support and policy environment

Anyone associated with business or any other occupation tends to look up to the government for support. MSMEs being a significant factor for the growth of the Nepalese economy, it is obvious that government would be formulating policies and schemes focused in their promotion. However, the survey revealed that none of the respondents in the employee group were aware of any government support extended towards them, nor were they aware of any rules and regulations restricting their growth. Most of the employers could not confidently say that they knew any or most of the rules and regulations regarding their business and their workers neither. Only two out of 15 employers surveyed said that they were aware and clear about the rules and regulations. The awareness regarding the policy environment is very low among women MSMEs in allo and handmade paper sectors. As a result, the stakeholders have not been able to take any benefits from whatever provisions the government has made to promote their business.

Chamber of Commerce or FNCSI of various districts had trade awareness programmes as well; however, there seemed to be very little participation of women as they were not informed properly. The low level of participation can also be a reason for such lack of awareness. This lack of awareness also supports the finding that all employers except one said that there was no government support to promote their business.

Some of the employers said that they knew about the soft loans being provided, but the documentations should be made easier to access that facility. Some held the view that though there were some rules, regulations and policies in favour of women, the implementation part was very weak making them as good as non-existent.

The participants of the FGD in Sankhuwasabha also complained about government policies making it very problematic to harvest raw materials from the forest. They worried that it was going to be worse with the army being called in to guard the forest, which they heard was going to happen soon. They thought that once the forests were under army control it would aggravate their problems. The survey found that the policy objectives of the forest legislation on NTFP collectors and conservation do not seem to be properly translated into regulations. The result is increased rent-seeking as taxes, transport permits and royalty payments are not efficiently implemented.

The participants of the Dolakha FGD also expressed concern that the government is not doing enough to encourage the private sector. Also, since there is a dearth of raw materials for the production of allo and handmade paper goods the participants suggested that the government should provide guidance and trainings in plantation and afforestation. In addition, they wished that the governments provide subsidies for the promotion of these products.

4.8. Management practices

The government has initiated several measures to improve the status of women in the country. But gender inequality still persists mainly because of the social cultural norms and practices. When the employers were asked if there were any disadvantages to hiring women employees, 9 out of 15 employers said “yes” and another felt the disadvantages to some extent. The survey also tried to find out if there were any disadvantages by virtue of being a woman, and the list that came out from the employers seemed endless:

- The decision making power of women is weak.
- They do not have any long-term vision for themselves given excessive demand on their time and resources needed to make their immediate ends meet. It was also because they did not have
proper training on how to run a business.

- They cannot be at par with men mainly because of their family responsibilities.
- Difficult for them to manage household activities and work.
- Reproductive role of women did not allow them to be consistent in carrying out their job.
- Mobility problems due to various reasons like security and time constraints also added to their ineffectiveness.
- Lack of knowledge about business and marketing is also one of the major problems as it limits their ability to analyse the business prospects and act accordingly.

They also said that these problems are not only hampering their ability to run businesses but also make a mark in the export trade. All 15 employers surveyed except one said that they faced some management challenges that were mostly related to employees. They complained that the employees asked for too many holidays and that irregularity and inconsistency affected their work in a major way. Their concern was that these problems made an impact on the quality of their production. They also lacked expertise and skills again affecting the quality of their product.

Out of 15 employers surveyed, 11 had been managing the business well in terms of financial and administrative rules and regulations and 10 in operational rules. Only six out of 15 employers had good human resource management following labour rules. Only four employers said they had counselling facilities. Going into the details of management practices, only 10 out of 15 employers maintain employees’ record and about a half or eight employers kept a leave record. While nine out of 15 employers said they provided on the job training, only four employers provided appointment or dismissal letters. Only three employers had a grievance system in place. The workers’ union was non-existent in the enterprises surveyed.

Eight out of 15 employers responded that their firms faced stock wastage problems. Wastage was mainly due to lack of market demand, lack of transportation, mishandling among others. The irony is that, in spite of the stock wastage; the Sankhuwasabha participants said that there was not enough supply of allo products to meet the market demand. This might be because of the lack of market linkages and coordination between demand and supply. Another cause of waste is due to buyers cancelling their orders because of low quality products. Moreover, buyers also cancel orders when firms are not able to cater to big quantity demands on time. This also results into idle stock inventory or wastage. This problem was mainly because self-employed entrepreneurs were making allo products and that they would work only during their free time.

The FGD held in Kathmandu suggested that stock wastage can be reduced by setting up a central warehousing system. Producers can directly send their production to such warehouses from where the exporters can export them. This way, they will have enough stocks to fulfil the international demand on time thus reducing the stock wastage problems.

4.9. Access to finance, market and information

It was interesting to note that two-thirds of the employers surveyed or 10 employers responded that they had not taken any loan to run their business although the levels of investment required to establish the business were as high as NPR 1.4 million (figure 4.7). The remaining five employers or 33 percent had taken loan from various sources; only two had taken loans from banks while others had borrowed from relatives and family. The rate of interest that this group paid was quite high ranging from 10 to 25 percent.

As discussed above, the government was providing soft loans but procedural difficulties hampered access. Employers said that they did not have any property in their name, or the banks did not recognize the
property they have in the village as collateral. This deterred them from taking loans to upgrade their business or acting as a barrier to new entrants. Those who had already taken loans from the bank said that they would not do it again unless they were in a desperate situation.

Four out of five employers also noted that family approval was required regardless of whether they were taking loan from relatives or bank. In the bank procedure, the husband was required as a guarantor even when the company was in her (female employers') name and she also had company account or personal account.

**Figure 4.7** Level of investment required for establishing the business in NPR

In order to increase the prospects of any business, its stakeholders must be aware of its market potential. While 11 out of 15 employers were aware of the market potential of the products they made, out of which six employers were confident on to some extent. However, only five employers out of them were able to benefit from the new opportunities arise in the markets. In 11 out of 15 firms, intermediaries involved in the business who may also be blocking their access to market in some way. Some of the specific marketing problems mentioned include transportation problems and lack of their access to promotional activities, information and networking opportunities (figure 4.8).

Nine out of 15 employers surveyed indeed use exhibitions as a major promotional mediums. Only a few used internet, newspapers or posters for sales promotion. All 15 employers surveyed were not satisfied with the promotional activities that they have taken. None had used TV or radio for the matter.

While interviewing the key informants, we came across a workshop on digital marketing which could be an effective promotional medium for any product (see Box 1). However, the survey did not come across a single firm that had used this medium. The FGD participants also stressed on the importance of the collaboration between both government and private sectors to promote *allo* and handmade products. At the same time, they expressed concerns about inadequate funds for this activity; hence cooperation from other sectors like the financial institutions, development organisations and donors is necessary. The participants stressed on the fact that their products related to *allo* and handmade paper, reached the market only with the help from these organisations.

**Figure 4.8** Specific marketing problems

32
Procedural obstacles

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Promotion

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or have technical difficulties.

of information and about half of them surveyed responded that they knew better sources of information,

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Note: Multiple answers.

Box 1. Digital marketing workshop in Kathmandu

A digital marketing workshop was organized by Fair Trade Group Nepal (www.fairtradegroupnepal.org) in Kathmandu to build capacity of their members and associated organizations. These enterprises dealt mainly with women-based handicraft, agro food and NTFPs. The main objective of the workshop was to promote and increase their online presence and visibility for the marketing of their products and their work. It focused on current trends and strategies of digital marketing to help these women based organizations gain a competitive advantage. Another purpose of the workshop was to make the participants, who were mostly women, aware of various digital marketing concepts so that they could identify what best fits their business/marketing model. The training focused on the use of online marketing through websites, Search Engine Optimization and social networks like Facebook, Twitter, Instagram, Pinterest etc. to promote their products. Such workshops could be very helpful for women entrepreneurs to market and promote their products to larger audiences locally as well as internationally.


Nine out of 15 employers surveyed said that they exported their products but mostly through the intermediaries such as freight forwarders, cargo handlers and middle agents based in Kathmandu to avoid getting involved in the hassle of a complicated forms and documentations. All 15 entrepreneurs surveyed except two said that they obtained export-related information by interacting with others informally. The use of radio and mobile phones were very limited. While they were not satisfied with this informal channels of information and about half of them surveyed responded that they knew better sources of information, they were not using the other sources of information mainly because they don’t know how to get access to it or have technical difficulties. Some also said that it was simply expensive.

As for access to information, seven out of 15 employers surveyed thought that there were clear differences between the information received by male employers and female employers and additional four employers agreed with them to some extent. This was mainly because females were not as mobile as men. Some employers even said that the major source of their information was their husband. Women employers said that men would easily get information whenever there was a demand for their products or if the government was providing any help for entrepreneurship development. On their part, they would get to know about it much later.

The employers surveyed admitted that their awareness level was very low and that they did not have the managerial capacity to ensure smooth operation of the company. They believed that with proper
management training on aspects like book keeping and accounting skills, they would be able to handle things in a much better way. Interaction with others in the business was one of the positive aspects through which they could learn many things related to the business.

4.10. Problems faced by the industry

The survey tried to find he major problems plaguing the industry. Major problems that the employers surveyed mentioned were access to appropriate raw materials, access to and use of equipment, lack of skilled labour, lack of quality roads, product development and corruption among others (Table 4.5). Availability of electricity and fuel, which were posed as a major problem by big industries, did not feature here perhaps because the factories of allo and handmade paper products are not much mechanized at present, with the work basically done by hand.

Other problems indicated by the employers in allo sector was difficulties to maintain quality consistency in thread production as it is handmade yet it is expensive product. Regarding handmade paper products, due to shortage of raw material, lokta, producers have been forced to start mixing it with straw. This might affect demand for the products in the longer run.

The prospects for both the allo and handmade paper products are high, but to realize their full potential much needs to be done. There are copyrights issues as cheap duplication has threatened their products. They do not have any mechanism to protect their products and designs from being copied. Allo and handmade paper entrepreneurs have not been able to upgrade their production or use better technology. This restricts innovativeness and new product development. It is going to be very difficult to sustain producing the same old products in changing market conditions. Due to various barriers as already mentioned, women employers cannot make the most of this business.

Availability of human resources is also beginning to become a hindrance for production. People are either moving towards more profitable ventures, or they are going abroad for work. This was particularly observed in Baglung District (See Box 2). Therefore, a right mix of policies for the sustainability of raw material supply, availability of human resources and marketing of these products are required. Intervention should brighten the prospects of allo and handmade paper products. They deserve it because they are unique and have various medicinal and religious purposes.

<table>
<thead>
<tr>
<th>Problems/number of responses</th>
<th>Major problem</th>
<th>Moderate Problem</th>
<th>Minor Problem</th>
<th>No problem</th>
<th>Don’t Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials; access, quality</td>
<td>10</td>
<td>4</td>
<td>1</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Access to/use of equipment</td>
<td>10</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>--</td>
</tr>
<tr>
<td>Lack of skilled labour</td>
<td>9</td>
<td>--</td>
<td>5</td>
<td>1</td>
<td>--</td>
</tr>
<tr>
<td>Road conditions; quality, lack of roads</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>--</td>
</tr>
<tr>
<td>Product development</td>
<td>7</td>
<td>1</td>
<td>--</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Corruption</td>
<td>3</td>
<td>7</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Electricity</td>
<td>1</td>
<td>9</td>
<td>3</td>
<td>2</td>
<td>--</td>
</tr>
</tbody>
</table>
### Box 2. Case of a disappearing industry—Baglung

Baglung was considered a major lokta handmade paper producing district. It was listed in the One Village One Product (OVOP) programme for handmade paper. OVOP was initiated in 2006, aiming to enhance local capacity. This was done by promoting local products with a potential to be competitive in both national and international markets. It seems that this initiative has not been able to promote the handmade paper industry in the district.

Lekhani, Tarakhola, Taman and Ranasingkiteni are the main VDCs where handmade paper factories are based in Baglung. Today, they are in serious crisis. According to Mr. Hari Sharma Harish, Program Officer of Baglung Chamber of Commerce and Industries (BCCI), local entrepreneurs have gradually started closing their factories due to shortage of workers. Most male family members have migrated abroad for work, and the women are leaving their job of paper making as they have started receiving the remittances.

Ms. Indira Shrestha, President, Baglung Handicraft Association, adds another reason for this crunch as shortage of raw materials. Stakeholders say that the rotational harvesting followed in reaping lokta requires at least 3 to 5 year intervals. Existing policies are complicated, discouraging raw material collection from conserved area forests, government owned forests and even community owned forests. Mr. Basant Kumar Shrestha, president of BCCI highlights the costs. Villagers have to pay high taxes, transportation charges and royalties to DDCs, VDCs and forest officers for their products. As a result, villagers prefer to sell raw material of lokta directly to other at NPR 60-65 per kg, rather than make handmade paper products and get profit out of it. His solution to this problem is that the respective VDCs should set up nurseries for lokta saplings and try sustainable farming, harvesting and new market designs through effective trainings.

Mr. Shrestha also said that the annual government trainings have not proven to be output oriented. The trainings are organized only for 20 people, although they target women. The government budget provided to the chamber for trainings is too little while travelling costs to various places within the districts are very high. He further added that as making lokta is a painstaking process, it would be better if Japanese machines are introduced. To establish the handmade paper sector as an industry, there is a need for good trainers and leaders, he said.

### 4.11. Challenges in exports

Within the SAARC region, para tariff barriers and NTBs have hindered the prospects of trade. SAFTA addresses this problem with the trade liberalization programme, which mainly relates to reduction of tariffs, non-tariff and para-tariff barriers by member countries. However, the tariff liberalization programme has failed to bear fruit so far. Member countries are still mired in bilateralism. More than two-thirds of Nepal's trade is conducted with India. Though the survey tried to capture Nepal's trade with all its...
South Asian partners, the interviewees' were focused on India. Regardless of liberal trade agreements with India and the government efforts in export promotion (MoCS, 2009; MoCS, 2010), Nepalese exports to India have not increased. Not only has its trade dependence on India grown remarkably but that the dependence is one of deficit. Recent figures show a bloating trade deficit that has reached USD 3.9 billion (TEPC 2013). For the two particular products chosen for the survey, allo and handmade paper products, challenges related to transport, transit, documentation, procedural obstacles, lack of branding etc. seemed to be the dominant barriers that obstructed trade, particularly exports to India.9

4.11.1. Regulatory requirement

Since both the allo and handmade paper products fall under the textile category of articles, according to the Indian import policy, import of textiles and textile articles is subject to the condition that they do not contain any of the hazardous dyes (azo dyes) whose handling, production, carriage or use is prohibited in India under the provisions of the Environment (Protection) Act, 1986.10

Interviews conducted with the exporters showed that they required no testing or quarantine certificates for these products for third countries including the EU and USA. The exporters said that allo and lokta are natural fibres dyed with azo-free dyes, which were imported from renowned international manufacturers especially from Swiss companies, thus already internationally certified. They added that Nepal itself has banned the importation of dyes which contain azochemical. Most of the exporters claim that they use natural organic dyes. If a sample is liked by the buyers, they order the products without testing certificates. In some cases, if some buyers require such guarantee, they attach the certificate, provided by the dyeing company, indicating that the dye is azo-free. Hence, they reported no such quality assurance requirements problems for exporting to India as well as other third countries.

Regarding the rules of origin requirements under the SAFTA Agreement, it is difficult for Nepal with its low level of industrialization to comply. In the case of allo and handmade paper products, the raw materials are locally extracted and almost all the processes of its manufacturing are carried out in Nepal itself. Thus, it was found that those two products qualified under wholly obtained criteria for the rules of origin.11

4.11.2. Transport and transit related challenges

According to the interviewees, one major barrier lies when transporting the goods from the production areas to Kathmandu from where the goods are exported. A lot of middle agents12 are involved and by the time it reaches Kathmandu, the products are not cost competitive. As a consequence, the main producers, who are mostly women, only get a minimum price for their effort.

While transporting the products, the trader needs to have the collection permit and release order. The district forest officer issues the transport permit, known as "release order" to the traders upon submission of a collection license and a royalty payment receipt. This release order is usually valid only for 15 days. Traders have to regularly pay local taxes to the local development bodies while transporting and trading the products in and through their territory.

9 Other studies have shown that NTMs imposed by India with protectionist intent is considered as one of the most important hindrances to Nepal’s exports (Raihan et al., 2013) and 86.3 percent of those measures are related with Sanitary and Phytosanitary Measures and Technical Barriers to Trade which hinder trade between South Asian countries (ADB, 2008). 
10 Clause (d) of sub section (2) of Section 6 of the Environment (Protection) Act, 1986, India.
11 According to Nepal-India treaty, the total value of materials, parts or produce originating from non-contracting parties or of undisclosed origin used does not exceed 70 percent of the freight on board price of the articles produced, and the final process of manufacturing is performed within the territory of Nepal (GoN, 2009).
12 A middle agent is a person or organization that facilitates the business relationship between a buyer and a seller, and earns a tangible gain from its activity. (https://www.isoc.org/in et2000/cdproceedings/7d/7d_3.htm)
One of the participants at the FGD in Kathmandu mentioned around 17 check points when the allo thread is transported from Pyuthan to Kathmandu. There were cases of bags of allo threads thrown or mishandled by check point officials when they were not informally paid under the table. Women employers from Sankhuwasabha District also complained about security-checkpost at Tumlingtar Airport while flying the products to Kathmandu. They have to pay at least NPR 50 per kg of their product to take it to the Tumlingtar Airport and the cargo costs of NPR 75 per kg for air transport if it is less than 50 kg. Moreover, they said that as allo is not clearly listed as a tradable product, they often get trade permits as a product of "others" category. As a result, the security personnel harass them by opening up every package. If the officers have doubts they label it as illegal or untradeable goods. There were cases when their products were withheld for a long time at the airport.

Goods produced by South Asian Countries, particularly the LDCs, do not find adequate market access in the region or abroad due to high transportation time and costs (SAWTEE, 2014). Nepal has also been facing numerous transit problems. The interviewees also said that transit problems were a major bottleneck to exporting to other South Asian countries. They said that allo products, which are expensive in the first place, become unaffordable due to high transit costs. Though there was a transit point for trade with Bangladesh such as Kakarbhitta (Nepal)-Phulbari (India)-Banglandha (Bangladesh) route, it was not free from problems and they had to face many hassles while exporting their goods. The FGD participants in Kathmandu said that if a regional transit agreement could be signed soon it could make the exports of their products to the South Asian countries possible.

4.11.3 Documentation hassles

Even while exporting to third countries from Kathmandu, much of the exports of allo and handmade papers have been handled by freight forwarders, cargo handlers and other middle agents in Kathmandu as discussed above. This shows that in most of the circumstances, the producers themselves are not involved in the export procedure as they do not want to get involved in the complicated hassles. They say that the forms and the documentations that need to be filled are too complicated for them. So, they let the cargo handlers, freight forwarders and other agents to take over.

Even then, these intermediaries cannot directly export the products, on behalf of the producers or manufacturers in Nepal, without going through the following process summarized in figure 4.9. The Nepal Chamber of Commerce (NCC) requires details like the Permanent Account Number and Value Added Tax number of the company, the quantity/volume of products that are to be exported and other specifications in monitoring. In order to obtain valuation approval certificate from FHAN, one has to pay 0.12 percent of the invoice value and packing lists are required. For processed items of NTFB, like allo and handmade paper products, only the processor’s firm that gets an export recommendation from the technical committee of DOI can obtain the certificate of origin. Then the district forest officer recommends the concerned Customs Office for granting a permission to export. The customs office then charges an export duty equivalent to 0.5 percent of the product value and issues the export permission. Developed countries also require the Generalized System of Preferences certificate provided by the TEPC. This procedure takes about a week to 10 days to complete. Whenever products need to be exported, this must be repeated for each consignment, the exporters say. Moreover, traders complained that payments and transfers between South Asian countries were very cumbersome in the absence of an appropriate policy regarding currency exchange.

Figure 4.9 Documentation process for export
4.11.4. Procedural obstacles at the customs

Interviews with exporters and freight forwarders showed that they were exporting to third countries such as EU, USA, Japan etc. with greater ease than to South Asian countries, mainly India. Though there were no technical barrier complaints, they were discouraged by procedural obstacles at the Indian customs where the officers were said to play a negative role by playing unnecessary disruptions and rent seeking behaviour, notwithstanding the disclosure of all the required documents. Some of the complaints of the exporters were:

_The Indian customs don’t easily accept the issued documents and create complications by seeking minute details in the documents like Certificate of Origin, invoice, profit of the exporting company, company’s stamp, details of the importing company, Import Code, verification of the account holder’s signature, certification of the clearing agent of the importer, as well as all the terms and conditions. They indirectly seek under the table payment showing documentation problems._

_Even if handicraft products are duty free, the fixing of duties and bill of entry depends upon the discretionary power of the custom officers and their mood. Bargaining is also done for informal payment. If it is not paid then they create disruptions by mishandling the packaging during checks and_
inspections. We prefer to pay the officers to avoid our products from getting damaged.

In case they are not satisfied with the informal payment, they create unnecessary trouble by asking for the declaration forms (PrayapanPatra) for each individual product for each different size and colour even if the product is the same. And, this is not possible. We end up paying under the table.

The officers on the Indian side keep on changing and their own rules, regulations and payment demands also keep changing accordingly. This makes the situation unpredictable for us. There is no fixed rate for “under-the-table payment”. It depends on the officers at the customs.

The clearing agents ask us to transport separate items on separate trucks. They don’t understand that small businesses load different goods to fill one truck and that it is impossible for them to hire a whole truck for one type of product. This also creates difficulty.

Even to take our sample products (allocarpets) for exhibitions to India, officials were seeking unnecessary export documents. We tried to convince them that the products were not for sale in India but this did not abate their haranguing. They asked us to pay Indian Rupees (INR) 16,000 where we were only supposed to pay INR 100 as legal payment. We bargained and ultimately paid tillINR 10,000. In this whole incident, we ended up wasting a lot of our time stuck at the customs. This happens whenever we go for exhibition in India every year.

It is very difficult for new and small businesses and MSMEs, especially for women, as we are not allowed to directly deal with custom officers on the Indian side. We have to hire clearing agents, which adds to cost. Why is it always the Nepalese exporter’s responsibility is to take the goods to the importer’s door in India facing a lot of hassles and costs, while it is not the same when importing goods from India to Nepal?

Indian importers are very interested in alloraw materials to manufacture carpets. Some of them came to our office to buy allo as raw material, but when they came to know about the harassment that would have to face on the Indian side of the customs, they gave up the idea altogether. For our part, we lost our potential customers.

4.11.5. Lack of branding

Clothing or handicrafts with unauthorized trademark can be found much cheaper than the real ones. Allo and handmade products do not have any trademarks as such and their designs are also not protected. The exporters have been unable to secure a market despite their uniqueness. To make matters worse, their designs are copied by other producers. In the absence of a trademark, there is no way of presenting them to the world as typical Nepalese products. This state of things has negatively affected the export of handmade paper and allo products. Without market protection, the producers and exporters have not been able to demand a proper price for their products. They say that with a low volume of overall production and export, it becomes too costly for them to acquire trademarks on their own and that there is not enough effort for a collective trademark.
4.12. Case studies

4.12.1 Determination of a woman-case of Ms. Shova Pandey

Shova Pandey, 50, a wife and a mother of three, is a successful proprietor of a company named RaraNepal. RaraNepal is a natural fabric collection and production center. It is a hub for manufacturing, wholesale and export of fabrics made from hemp, nettles, allo and Himalayan felted yak wool items. She is satisfied to have arrived at a stage where her business is flourishing after almost 15 years of earnest hard work.

Before starting her business, she was a cargo officer. She also worked for three years as an Executive Secretary in WEAN (Women Entrepreneurs Association of Nepal), a multipurpose women producers’ marketing cooperative, with various women related business projects supported by UNDP and United Nations Industrial Development Organization. With her determination and accumulated skills and experiences, she decided to start her own business as the projects she was involved with were only for short period of time and there was no job guarantee there.

At the beginning, she had to face many hurdles. Borrowing from the bank was a very tedious process. With her husband’s support and by keeping her family’s property as collateral she was successful in getting NPR 200,000 with which she started her business. She feels lucky to have her husband’s support for her business. She recalls constantly facing hassles as a woman. In 2002, a Norwegian designer approached her. Shohab began working with the designer for many years and began exporting allo and hemp designer clothes to Europe. They were also displayed at fashion shows. Agents began making orders that needed to be met within deadlines. Due to shortage of finance, for many years, she had to borrow to pay the raw material suppliers. Her employees got their salary only after her buyers paid her. Sometimes, she was not paid by her buyers for various reasons. Once, she did not receive the amount promised by the dealer even after the allo dresses were supplied on time. When she pressed the dealer for her money, she was even threatened that she would be kidnapped and killed. These were times when she felt helpless and discouraged. She wondered whether all this was due to her being a woman.

But the chain of difficulties did not lessen Shobha’s swelled-up enthusiasm to run her own business. After giving birth to her second child, she had to join work immediately as there were pending orders for allo clothes and time was running out. She continued to work hard to prove that she was a strong professional woman and health concerns were not going to get in her way. She received various trainings related to skills and marketing from FNCCI, WEAN Cooperative, Sana Hastakala and SABAH Nepal and polished herself into a shrewd business woman. She shared those skills by giving trainings to her women employees to make their lives more productive. Now, she has 10 women employees in her company. As her advice to other women entrepreneurs, Shobha said, “in a male-dominated society like ours, hurdles may come before women entrepreneurs in the course of running their business, but they should never consider themselves weak and give up. Where there is a will, there is a way.”
4.12.2 Business with a conscience-case of Ms. Aruna Lacoul

With a determination to be independent, Ms. Aruna Lacoul, 56, along with her sister Mina Shrestha, chose to register a company called Jamarko (means “initiative” in Nepali) as a small cottage industry in 2001. They have been working persistently ever since, making profit and contributing to the environment at the same time. Jamarko is a handmade paper product company that manages waste by recycling paper and lokta into a wide array of items like notebooks, letter pads, lanterns, invitation cards, shopping bags, photo frames and many more. It collects 20 tons of wastepaper every year from different organizations including NGOs. The company initially worked as wholesale suppliers and exporters without their own retail outlet. Lacoul decided to open a store outlet in November 2010 after engaging her two daughters in the business. At present, the company is doing very well and the family has been receiving many praises for their noble efforts.

The company has been providing employment to the disadvantaged persons and persons with disabilities. Currently, the company has around 10 female workers. Lacoul says that although equal rights are given to women at work, they lag behind because they are trapped in their household responsibilities. Generally, most women workers leave their job after giving birth to nurture their child, she says. In some cases, female workers are not allowed to work after marriage. Their first preference is always the family. Though she agrees that social taboos have acted as a hindrance to women’s development, this may also be because of lack of training. Lacoul has faced a lot of struggles between meeting customers’ orders on time and managing women workers who tend to take days off for their family responsibilities.

Despite all the challenges and obstructions, Lacoul, a single mother of three, and her sister Mina are enthusiastic about their work, passionate to protect the environment and guide women to be resourceful. According to Lacoul, “though a small business might be comparatively easier to establish, it needs a solid business idea, systematic planning, adequate strategies, and awareness of risks involved and, overall, a strong determination to survive and compete.”

4.12.3 Taking the community forwards-case of Ms. Nanda Rai

Weaving allo has been traditionally important for people from the Kulung Rai community, which requires the allo cloth during birth and funeral ceremonies. Nanda Rai, 53, from Sankhuwasabah belongs to that community that taught her the weaving skills at a very small age. After eight years of dedicated hard work, she has now been able to make a successful profession out of it, not only for herself but also for other women in her community.

Nanda struggled with her share of problems in the past while arriving at the present stage. Her husband
left her for another woman forcing her, as a single mother, to raise her three sons. Today, they are aged 30, 28 and 25 and are well settled in Kathmandu. Her family never encouraged her for the business. They instead wanted her to stay in Kathmandu looking after her grandchildren.

She stayed in Kathmandu for a year but didn’t feel like home. She missed her village, her sisters, friends and the people in the community. She felt useless watching television all day and felt bored and dissatisfied with her life. Finally, she decided to go back to her own village and live with her sister’s family.

Nanda spent NPR 10,000 to buy a handloom which she initially used to weave for household purposes. Her motivation towards the business began when she encountered two foreign women tourists from USA who had come to visit her village. They were quite impressed with her work and wanted to buy her products. She received her first orders from them. Gradually, she started gathering local women weavers including her sisters and began making allotable mats. Now she has a variety of products made from allo, coats, jackets, sacks, bags, carry straps, fishing nets, cushion covers, shawls, mufflers and even shoes. They are exported to western markets. Today, she supplies her products to SaugatGriha, a handicraft hub in Pokhara, for tourists.

Although Nanda was not well educated, she started receiving trainings related with various business development skills from Mahaguthi, Kathmandu. She also trained other local weavers to encourage them to be independent and make a living out of their traditional knowledge. She got involved in projects that appointed her as a leader of weavers from Bala, Sisuwa, Tamku and Mangtewa VDCs. This gave her opportunities to participate in exhibitions in Kathmandu and India. Nanda is currently the president of Women Business Cooperative in Khandbari.

Nanda is a proud woman today. Sometimes, she is able to send money to her sons in Kathmandu. With a cheerful face she says, “even though, I am away from my sons, I feel very happy to see that the women of my community, whom I have trained and employed, are independent and making a substantial change in their lives by earning and supporting their family. These sisters are my real family now.”

4.12.4. Working towards empowerment with zeal and leadership-case of Lar Maya Pariyar

In a very remote village called Kanda in Rukum District, Lar Maya Pariyar, 33, a divorcee and a dalit1 woman, is now the president of an allo processing group that employs local women who are mostly disadvantaged. This group was recently formed about a year ago to start making allocloth on a commercial basis for the first time in Kanda VDC. Lar Maya has been the main pillar of this group.

Lar Maya was the first person chosen from her VDC to be trained for allo processing and weaving by the FECOFUN. The training was just for a day with more than 35 people from the district participating. She recalls being very keen to learn weaving on the loom sensing a golden opportunity to start a new path of life away from household chores and agriculture. Allos found abundantly in her village and there was a traditional practice of making allo yarn and weaving blankets out of them. But she was quite amazed to see fine fabric coming out of a loom. In a village where the only source of income is the remittance sent by the

1Dalits in Nepal are a historically disadvantaged community, compelled by the caste system to lag at the bottom of the social structure and excluded from the national development mainstream.
men gone abroad for work, the idea of selling allo cloth gave her a new ray of hope. She would be able to transform not only her life but also that of other disadvantaged women through new earnings. These new avenues have made them keen to learn to make various products, not just shawls and fabric.

Since her childhood, her parents continuously motivated her to do everything with complete attention and full involvement. She had to take responsibilities regarding her own siblings as a senior. This later helped her to evolve as a successful leader of her village women. It was not just her desire to be independent that pressed her to step into this business but also financial need. As a woman, and that too from a Dalit family, she faced a lot of hardships especially from her abusing ex-husband. She says without any regret, “I divorced him by paying NPR 30,000 to set myself free from the harassment. I am much better off being alone.”

The women under LarMaya’s supervision today weave allo material, using looms provided by FECOFUN, in a small sheltered room made out of locally available timber, mud and straw. They come here whenever they have time from their household chores. It was a challenge for Lar Maya at first to convince these women to leave their household chores to weave. No salary is given to these women. The only incentive was a hope of selling the products that would earn them money. This hope is mainly due to Lar Maya’s efforts and determination to encourage and uplift their lives without which it would have been very difficult. However, Lar Maya is still facing a lot of pressure as she has not been able to reach the products to the market and price them properly. The stocks have been piling up and other women are looking up to her to do the needful. At times like this, Lar Maya feels the need for more training on accounting, innovative designs etc. That would help her deal better with the market.

With just one day of training and Lar Maya’s own dedication, leadership qualities and will power she has come thus far. This means that with better trainings on management and skill development, she cannot only lift her life but can also set as an example for all the disadvantaged women of her community. She believes that she still has a long way to go to fulfil her dreams.
5. Recommendations

The survey covered two products *allo* and handmade Lokta paper because of their export potential and high share of women involved in production and management. The survey team visited Baglung, Dolakha, Kathmandu, Rukum and Sankhuwasabha Districts where activities related to these products were going on. The production of *allo* thread and handmade paper is a tedious process demanding rigorous labour. Most of the surveyed enterprises suffered from unavailability of skilled workers. Technology that could have made the work easier was non-existent. The raw materials for both *allo* and handmade paper goods were difficult to get due to lack of proper monitoring and enforcement of sustainable resource management laws. Almost half of the women associated with the business are single and fully dependent on it. However, they were unlikely to continue with the practice unless it turned into a lucrative business.

Despite constraints, the status of women is changing for the better with their participation in the labour market. The employees were pressed by financial needs to join the labour force while the employers were driven by a desire to achieve something. The income earned by both the women employer and employees was mainly spent on children’s education and household expenses, which is a reiteration of the findings of other researches.

The survey found that women workers have serious challenges related with their leisure time, education, decision making and family support. They need to build up their skills and expertise to exploit the existing market opportunities. For both women employees and employers, any of the facilities and promotional activities by the government were non-existent, or the trainings provided by the government have failed to create an impact. They have been making the same products for a long time and market erosion risks are high. Regardless of all this, it is important to note that women workers and employers were overall happy and satisfied, and many of them consider themselves successful.

*Allo* and handmade paper goods are Nepal’s unique and diversifiable export-oriented products. There are more obstacles in exporting to South Asian countries (mostly to India) than to third countries. Challenges related to transport, transit, documentation, procedural obstacles at Indian side of the customs seemed to be the dominant barriers that obstructed trade between South Asian countries, particularly to India. The NTBs were challenge to all, not specifically to women entrepreneurs. However, customs officers, officers at check points and other authorities are mostly men, dealing with them on trade matters and negotiating for informal cases are specially challenge to women entrepreneurs. As a result, women’s reliance on middle agents are quite common and indicates additional costs for them in doing business and trade. Small volume of trade by MSMEs would also translate in additional costs as described above.

Women’s access to markets, information and finance as well as sustainable access to proper raw materials and equipment were addressed as major problems among women producers of *allo* and handmade paper products. The followings are recommendations stemmed from this study.

5.1 Marketing and promotional activities

**Market linkages should be boosted to help women entrepreneurs optimize their benefits.** This can be done through participation of WSMEs in various national and international marketing events, trade fairs and exhibitions. They provide an opportunity for these women to build relationships with potential buyers nationally and internationally. Partnerships should be created between producers, traders and even tourism companies-like travel agencies and hotels-to help the local companies link up with potential national and international buyers. In the case of *allo*, business linkages with garment fashion designers and fashion designing institutes can also be built to promote product innovativeness. For this, the initiation can
be taken by Allo Cloth Production Club or other allo related institutions. For handmade paper products, the Nepal Handmade Paper Association (HANDPASS) could assist the producers in contracting with international buyers or even local handicraft shops and local supermarkets.

**A district-wise central warehouse or export houses could be established to collect women made good and handicraft and then export directly from there.** These houses can be located in places from where these goods can be directly sent to relevant markets, including in custom point districts such as Biratnagar, Birgunj, and Bhairahawa. Right policies, rules and regulations must be pursued to operate them. The government and local bodies must be involved in a proper assessment of the ownership structure of these setups. Such central warehouses and export houses would allow the women to receive prompt payments. Collection of goods before dispatching them to the market would also be easier through this single window as customers don’t have to approach individual producers. Also, one of the problems was an inability of small firms to meet large demands. This is also taken care of with central warehousing as it would ensure enough stock to meet the international demand on time.

**A craft village concept can be developed.** This could be located in Kathmandu where all the Nepalese handicrafts could be showcased for the exporters, potential importers, local buyers and tourists. Such a craft village named “Mahila Kala Gram” has already been initiated, led by FWEAN, and is still coming up. This will not only serve as a marketing hub but will also function as a resource collection center.

**Reinforcement of OVOP should be implemented with an effective strategy.** Pocket villages or districts of different regions were chosen for allo and lokta production in OVOP programme. But there is a lack of proper analysis of the value chain and whether effective activities related with production and exports are going on or not. First, the pocket area needs a strong management team within the respective district chambers to design a systematic and effective protocol for product promotion and then implement it. If the pocket districts are successful in meeting their commitments to promote the products, it can be useful for replication of good practices by other similar production areas. Women based organizations working towards economic empowerment should also be involved in the strategy for effective results.

**Value marketing** can be initiated along with product marketing. This can be done by utilizing the social cause in marketing messages. This should influence the target audiences and move them towards appreciation of handmade and eco-friendly products. The message should also focus on women’s empowerment and societal development for greater effect. Social media like Facebook, Twitter, Instagram etc. can be used as effective tools to achieve that. Moreover, larger producer groups or associations can develop brand names for the products that can be recognized for their quality. These quality signs can be combined with relevant slogans or logos to reflect the values related with traditional roots, heritage of craftsmanship and social commitments of the women producers.

**A collective trademark should be acquired by allo and handmade paper organizations in order to protect their brand image in the global market.** Nepal has applied collective trademark on other products such as tea. So a collective trademark can also be obtained for allo and lokta products as they are unique products of Nepal and are derived from traditional skills. Collective trademark not only reflect the country’s traditional, cultural and social identities but also help protect their work from counterfeits and other illegal activity.

**Women entrepreneurs with computer skills could be given trainings on digital marketing tools.** People around the world are inter-connected through internet and devices like computers, tablets and smart phones. Women entrepreneurs should be trained on digital marketing including local and international online trading and advertising websites. It can also be done by making promotional web

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14 Value marketing is a new approach in marketing, which focuses more on the satisfaction of the customers of the product. In general parlance, a reduction in customer-perceived costs may be a most recommendable method of providing value to the customer (Raval and Gronroos, 1996).
5.2 Access to information

Women workers and entrepreneurs should be facilitated with the use of mobile phone-based information system. This would help women in getting updated information related to allo and loka products such as price, global market trends, good agricultural practices and trends, and government rules and regulations. The consumer base of Global System for Mobiles has significantly climbed up in terms of penetration rate of mobile services from 50.2 percent in 2011 to 62.7 percent in 2012. This would definitely facilitate the information flow among consumers.

Efforts should be focused on the efficient dissemination of information to women on export/import rules and regulations along with other legal processes for collection, production and processing. Such information can also be provided through leaflets, hoarding boards at check-points or through websites of concerned departments. There are 594 FM radio stations throughout the country which could be used effectively as an information disseminating medium. Transparency in systemic procedures would lessen rent seeking behaviour among custom officials and reduce the export cost and time. This could also help women entrepreneurs to use middle-agents and increase the profit rate.

Effective information campaign should be implemented. Trade awareness programmes and any other trainings by the GoN and FNCSI of various districtsshould first contact the relevant women business associations or cooperatives with the aim of increasing women’s participation. Also importantly, any information campaign should also include the male counterparts of the targeted women since husbands and fathers-in-law still play a critical role in making important family decisions.

There should be a centralized resource centre to provide relevant information related with NTFPs to facilitate enterprises dealing with loka and allo products. The key informants had complained that the national data on the availability of loka plants have not been updated since 1984. Thus, the information available there should include on the availability of forest resources, sustainable harvesting of NTFPs, technology to exploit them, knowledge on quality assurance and other export related information and update them regularly. There is a need for a proper database regarding these two products.

5.3 Research and development and technology upgrade

There is a need for more research and development activities to ensure proper management of the raw materials. They are needed for production growth, commercial farming, sustainable farming and harvesting of raw materials in different districts.

More funds should be directed towards research and development activities. It was found that allo has been extensively used in the production of carpets besides other products. Among the raw materials used for making carpets, which are silk, allo, wool, hemp and banana fibre, allo seems to be the most reliable raw material because of its long fibre, strength, smoothness and lightness. Moreover, the use of silk and wool as raw materials for carpets would be more expensive as they must be imported. As carpets made from allo are better in design and lighter in weight, Nepal could benefit more from carpet exports if these opportunities are explored. The relevant existing research centres like Research Centre for Applied Science and Technology, Nepal Academy of Science and Technology or new research initiatives should be directed to work on these market opportunities and study on the right technology to make production

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15 http://www.ksm2day.com/2013/02/11/teledensity-rises-14-percent-in-a-year/
more efficient and environmentally sustainable.

**Research is also needed on ways to disseminate information.** For instance, proper research is needed to find out ways to target women groups to make the trainings/ awareness programmes more effective and result oriented.

**Technology transfer should be arranged for both products.** In case of *allo* yarn, it was found thata fibre called “Sisal” in China, which is similar to *allo* fibre, is being processed by machines for greater efficiency in fibre extraction and spinning. Similarly, for handmade paper production, Japanese technologies could be adopted to enhance the quality of paper. In order to make the process more cost effective, technologies like these should be explored and brought to Nepal as they reduce both production effort and time.

**Market research institutions should be identified for these products.** Institutions like FWEAN, SABAH, Nepal, Federation of Business and Professional Women Nepal, HANDPASS Association, AlloCloth Production Club, FHAN, TEPC, Export Council of Nepal and other organizations could help women employees, employers, and exporters by disseminating information on international market demands, potential local and international buyers, pricing, export promotion, regulations of the government and the markets and trade procedures.

### 5.4 Export-related policy

**More incentives should be provided for export to South Asian countries.** The Government of Nepal has been providing two percent incentive on all exports. Earlier, it was providing incentives on the basis of value addition, i.e. two percent on exports with 30 percent value addition and four percent on exports with 30-50 percent value addition. However, exports to India were not eligible for these incentives. Exporters have been asking for incentives on exports to India on par with other countries. If this provision comes into enforcement, it is expected to increase the exports to India, including exports of *allo* and handmade paper products.

**A separate 8 digit HS code can be determined specifically for *allo* products to minimize problems related to exporting.** Since, *allo* does not have a specific HS code and is often mixed with other natural fibre items like hemp, it is difficult to determine its exact demand in the international market. Assigning HS code to *allo* products by recognizing it as a tradeable good would also help reducing problems at the check points and customs.

**Expediting border clearance needs to be done urgently.** A protocol to Article-XI of Nepal-India Treaty of Trade has made institutional arrangement for a joint committee headed by chief customs officers of the stations on both sides of the border to resolve any problem in the clearance of goods. Since procedural obstacles at the customs are seen to be one of the major barriers for exports, particularly to India, the border agencies should work to fulfil the objective of the treaty protocol. Holding regular meetings led by DOC to resolve the issues could be one way out.

### 5.5 Domestic policy

The forestry policy should define rules and regulations for forest based enterprises like those dealing with *allo* and *lokta*. This should address issues related with hurdles in raw material supply, forest-based

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enterprise registration, royalties and taxation and sustainable resource management. Advocacy is needed for specific policy on allo or handmade paper products regarding their trade and raw material collection to make it easier for the relevant stakeholders. This should also include proper natural resource management by district forest officers.

Conducive policies for enhanced access to finance (e.g., soft loan, low interest rate, extended repayment time or loans without collateral) with simpler procedures should be introduced for women entrepreneurs. It would also be helpful for women if the financial institutions would introduce the concept of project financing, which would allow women to keep their business or projects as collateral. This would largely help women to sustain and expand their businesses seven without collaterals. Moreover, project financing and MSME banking should make service delivery simple and clear with no procedural hassles. Group lending strategies should be implemented to push women to work towards making the project successful with a joint effort. The government should also target women from rural areas with a social upliftment focus while making such policies.

The government should provide subsidy for equipment and technology used for the production of allo and handmade paper products. Allo and handmade paper are labour intensive products with many health hazards associated with them. In order to make the production process easier and safer, there is a need to introduce new technology or equipment.

The public sector should be encouraged to utilize allo and lokta products. Although the idea of using handmade paper products in the public sector offices was one of the steps that the government had earlier agreed on, the commitment still has not been implemented properly. Making Nepalese citizenship cards out of handmade loktapaper is one idea. Business cards, workshop folders etc made out of lokta handmade paper is also a good promotion. Allocoats can become a formal wear for government officials. Such steps help promote these products.

Some of the above policies could be worked out through public-private partnership. This could create synergies between public authorities and private sector companies through integration and cross transfer of knowledge, skills and expertise.

5.6 Training programmes

Output oriented trainings and awareness programmes related with sustainable harvesting, cultivation and appropriate production processes should be carried out to ensure the long-term sustainability of the business. This would help to minimize the depletion of the raw materials, which has been one of the major concerns regarding allo and lokta products. Post-training activities should also be carried out, including monitoring, evaluation and follow-ups, to ensure that trainings lead to increased output.

Effective trainings should be carried out on product development and design. This would make the women workers aware about the latest market trend and new designs that is demanded by the customers. Such initiatives can be also led by women based organizations like FWEAN, SABAH, Manushi and others.

Trainings are also needed for quality assurance and standards. An accredited certification system would assist in benchmarking the quality of these products against international standards. Field-based interactions should be organized among relevant stakeholders to initiate a potential area for partnership and collaboration between them. A communication gap between local producers, traders, entrepreneurs and national level exporters has hampered exchange of information, knowledge, experience and technologies. Moreover, the relevant government ministries and departments also seemed to be very weak in exchanging relevant information among themselves. They need better co-ordination efforts. Field-based interactions should be organized with relevant stakeholders including MOFSC, MOI and DCSI. The participants can visit the forests and other related fields to discuss and solve the issues.
Exporters should also be trained on export procedures. Most of the traders, including men, are unaware about export documentation required. In many cases, they come to know about the requirements only when their consignment gets blocked at the customs and they have to pay penalties for the ignorance. Freight forwarders too should be included in such training to ensure smooth transactions.

While providing various soft loans and credit to projects for the targeted women, a package containing training, consulting and educating women should supplement the loan provision. Such package will help to educate in experienced borrowers to make safer and more profitable investment decisions.

Trainings on business development strategy should also be given to women. This includes trainings and capacity building programmes related with women entrepreneurship development, business plan development, enterprise management, networking /market linkages/negotiating skills, policy lobbying, governance, technology transfer, technical aspects, administration and book keeping.
References:


European Economic Chamber. 2009. Analysis of Three Sub-Sectors. Kathmandu, European Economic Chamber - Nepal


Annex I. Questionnaires

I.1. Employees/ self-employed

1. General Information

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<thead>
<tr>
<th>Interviewer</th>
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<tr>
<td>VDC</td>
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2. Personal Details

Name: 
Sex: 
Age: 
Company/organization: 
Designation: 
Marital status: □Married □Unmarried □Widow □Divorced
No of household members: 
No of Children in household: 
Age of Children: 
Income: □below 10000 □10000-25000 □25000-40000 □40000 and above
Educational background: 
Years of experience in this field:

3. Social and cultural constraints

a. What were you doing before starting this business? (occupation______)

b. Any particular reason for taking up this business
   □Your desire to achieve something and be independent □Profitable business
   □Financial needs (so would have taken up any business)
   □Easy to balance with household responsibility
   □Others-please specify ______________________________

c. Who motivated you to take up this business?
   □Self-motivation □Parents-Father _______ Mother ________
   □Spouse □In-law specify ____________________________
   □Other entrepreneurs □Others (e.g., children, friends etc...____)

d. Were any of your family members helpful to you to engage in the business?
   □Yes, who did what ________________________________ □No

e. If no, did any of your family members put any kind of restriction?
   □Financial (no financial support to start the business)
4. Control over family incomes
   a. Are you the only earning member in your household? □ Yes □ No
      If No, how many more earning members are there in your household? __________________
   
   b. Are you able to keep any of your earnings to yourself?
      □ Yes □ No (specify who controls your earnings _____)
      If yes, how do you spend your earnings? (Multiple answers)
      □ On yourself
      □ Household expenses
      □ Children's education
      □ Recreational activities for the family
      □ Invest in property like land, house or ornaments
      □ Any other ____________________________
   
   c. How many days per week, month, or per year do you work? _______________________
   
   d. How many hours per day do you work? _______________________
   
   e. Do you work overtime? (only for employees)
      □ Yes □ No
      If yes why?
      □ To make enough money to support my family □ I can keep that money myself
      □ The work demands it □ Any other _____
   
   f. In your view your income is being spent on
      □ Productive channels □ Unproductive channels
   
   g. Do you think you are better off now than when you were not earning?
      □ Yes □ No, (reasons______________________________)

5. Training and Capacity building
a. Have you taken any training related to your business?
   □ Yes, specify who provided what trainings ________________________ □ No

b. Are you able to build up your and technological capacity in order to increase your efficiency?
   □ Yes □ No

6. Networking and information

a. Do you interact with other members who are engaged in this sector?
   □ Yes □ No

b. Which is the major source of information about the business?

7. Other Gender Constraints

a. Do you feel it is easier for men to take up a job?
   □ Yes □ No

b. Do you feel any discriminatory behaviour between male and female employees from your employer in terms of? (only for employees)
   □ Pay, specify________________________ □ Working environment, specify________________________
   □ Information □ Benefits, specify________________________
   □ Behaviour of the employer, specify________________________
   □ Anyother, specify________________________

c. Have you faced any harassment at work?
   □ Yes, specify who did what to you □ No

d. Are you satisfied with your work? Would you rather give your time to some other work?
   Specify________________________________________________

e. Does your organization provide you maternity leave (ML) and child care support (CCS)? (For employees only)
   ML □ Yes □ No
   CCS □ Yes □ No

   If "No" why?
   □ Only some get it □ No
   □ The firm does not make enough profit □ No
   □ We never asked for it □ No
   □ Don't know □ No

f. If you want to join other organization in the same sector is it easy for you?
   □ Yes □ No

g. Are there any health/environmental hazards while carrying out these works?
h. Do you consider yourself successful?
   □ Yes  □ No  □ To some extent
   Give reasons__________________________________________________________

i. What in your opinion can lead to a better situation? What do you think are the prospects for the sector you are involved in?__________________________________________________________

Only for employees

8. Working environment
   i. Policy/Regulatory Environment
      
   a. Do you think you have enough support from the government in carrying out your job?
      □ Yes  □ No  □ Don't know

   b. Are there any rules and regulations (such as labour laws) which you feel are restrictive of your growth?
      □ Yes  □ No  □ Don't know

   c. Is your working environment safe (occupational safety)? □ Yes  □ No

   d. Does your organization follow following administrative regulations?
      □ Maintain employee's record  □ Give appointment/dismissal letter
      □ Keep a leave record  □ Have a proper grievance system
      □ On the job training

   e. Are you a member of the trade union? □ Yes  □ No

   f. How do you think being in the trade union affects your growth?
      □ Positively  □ Negatively  □ No change
1.2. Employer

1. General Information

<table>
<thead>
<tr>
<th>Interviewer</th>
<th></th>
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<tbody>
<tr>
<td>Date</td>
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<tr>
<td>VDC</td>
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</tbody>
</table>

2. Personal Details

Name:
Sex:
Age: ☐ 15-24 years ☐ 25-34 ☐ 35-44 ☐ 45-54 ☐ 55 and above
Company/organization:
Designation:
Personal income: ☐ below 10000 ☐ 10000-25000 ☐ 25000-40000 ☐ 40000 and above
Marital status: ☐ Married ☐ Unmarried ☐ Widow ☐ Divorced
No of household members:
No of Children in household:
Age of Children:
Educational background:

3. Business Details

i. General Information
   a. The ownership of this business is
      ☐ Self-owned
      ☐ Partnership with family Specify (husband, father, mother etc.)
      ☐ Partnership with others (specify the relationship with co-partners ____)
      ☐ Cooperative
      ☐ Taken on lease/rent from others (specify: ____)
   
   b. How long have you been associated with this business? ________________
   
   c. What were you doing before starting this business? (occupation________________)
   
   d. Any particular reason for taking up this business
      ☐ Your desire to achieve something and be independent
      ☐ Profitable business
      ☐ Financial needs (so would have taken up any business)
      ☐ Easily available resources and labour
      ☐ Others specify ____________________________
   
   e. Who motivated you to take up this business?
      ☐ Self-motivation ☐ Parents-Father ___________ Mother ___________
4. Social and Cultural Constraints
   a. Is anybody else from your close family members engaged in this business?
      If yes □ together □ separately?
   b. Is anybody in your family helping you at home (e.g., household chores) so that you are able to
      perform at work better? □ Yes, who ___________________________ □ No
   c. Do you feel that you do not have enough time to look after yourself/family OR do things that you
would want to do? □ Yes □ No

d. Are you the only earning member in your household? □ Yes □ No

5. Business Management and Operational Challenges
a. Do you feel you have been managing your business well in terms of
   □ Operational Rules
   □ Labour Rules/Human Resource Management
   □ Counselling facilities
   □ Financial/Administrative Rules and Regulations

b. Do you follow the following administrative regulation? How are these practices affecting your business?
   □ Maintain employee’s record □ Positively □ Negatively
   □ Give appointment/dismissal letter □ Positively □ Negatively
   □ Keep a leave record □ Positively □ Negatively
   □ Have a proper grievance system □ Positively □ Negatively
   □ Provide on the job training □ Positively □ Negatively
   □ Have a worker’s union □ Positively □ Negatively

c. Are there any management and operational challenges that you face in your business?

60
Specify: __________________________________________

d. Do you think you are facing such challenges because you are a woman? □ Yes □ No
Provide specific issues and examples: ________________________________________________

e. Do you face any security issues in terms of harassment/extortion in this business?
□ Yes □ No □ To some extent
If yes how is it affecting your business? ________________________________________________

f. Have you faced any product-wastage problems? If yes is it:
□ Due to mishandling
□ Due to lack of proper storage facility
□ Due to lack of market demand
□ Due to lack of transportation
□ Dependency on others
□ Any other

g. Are your products fast-moving or have you faced any stock problems? ______________________

h. What future prospects in terms of market expansion/competition/profit margin etc. do you see in
this business? _______________________________________________________________________

6. Policy Environment/Regulatory Environment
   a. Are you clear about the rules and regulations regarding your business?
      □ Yes □ No □ To some extent

b. Do you think you have enough regulatory support/training/tax exemptions etc. from the
government in running your business?
      □ Yes □ No □ To some extent

      If No, what kind of support would you like government to give you? _______________________

c. What are your views on regulatory environment? Any specific rule/regulation that you feel worth
mentioning which was recently introduced (in the last 10-15 years) and which has had
positive/negative impact on the business, or any upcoming rules and regulations that you know
which you feel will have a positive/negative impact on your impact?

      ______________________________________________________________________________

d. As a woman did you feel any hassles/unwanted incidences during the registration of your business,
while paying taxes or while renewing the business? How did you deal with them?

      ______________________________________________________________________________

7. Access to finance
   a. What was the level of investment required to establish this business? ______________________

   b. Did you take loan to set up this business? □ Yes □ No
c. If yes, from whom? Was it easy/ difficult? If difficult what was the most challenging part? What is the interest rate of repayment?

d. Did you have to provide the collateral? If yes what was it?
  □ Land, buildings under ownership of the firm
  □ Machinery and equipment including movables
  □ Accounts receivable and inventories
  □ Personal assets of the owner (house etc.)
  □ Any other forms of collateral apart from these

If no, why didn’t you get loans? Any difficulties of getting loans? Specify

e. Were your family members helpful in taking the loan?
  □ Yes—specify
  □ No—specify

f. Did the official process require approval from your family/husband etc.? □ Yes □ No

8. Access to market
a. Are you aware of the market (domestic as well as international) potential of your products?
  □ Yes □ No □ To some extent

b. Do you feel that you have been able to benefit from the new opportunities at the market?
  □ Yes □ No

c. Are there any product specific problems that you face in the production process?

d. Who takes the product to the market?

e. Are there any intermediaries involved? How much do you pay them and for what services?
  □ Yes ___________________________ □ No

f. Are there any market challenges that you face for your product related to
  □ Transportation Specify
  □ Promotional Activities Specify
  □ Market information Specify
  □ Procedural obstacles Specify
  □ Networking and Communication Specify
  □ Any other Specify

9. What medium do you generally use to promote your product?
  □ TV Specify
  □ Local FM Specify
  □ Local Newspaper Specify
  □ Posters Specify
  □ National/International Trade Exhibitions Specify
  □ Webpage/ Social media Specify
□ Any other Specify __________________________

h. Are you satisfied with the promotional activities that you have taken?
   □ Yes □ No □ To some extent

i. If you feel more needs to be done, why are you not doing it? __________________________

j. Are you aware of any informal trade taking place? □ Yes □ No

k. Is it affecting your business in any way? __________________________

9. Export-related information

a. Do you also export to the international market? □ Yes □ No

b. Which are the major markets for your products? __________________________

c. Are there any product-specific problems that you face while exporting? __________________________

d. What are your sources of obtaining information on export procedure and potential export market? __________________________

e. Do these information sources respond to your need? □ Yes □ No

   If No, do you know any other better sources? □ Yes __________________________ □ No
   If yes, what are the reasons for not using it?
   □ I don’t know how to get access
   □ They are expensive Specify __________________________
   □ Technical difficulties Specify (eg: language barrier, lack of infrastructure etc) __________

f. Who handles your export procedure?
   □ You, yourself
   □ Your family members
   □ Freight forwarders
   □ Other Agents Specify

   What are the reasons for not handling the export procedures by yourself? __________________________

g. Have you been exporting regularly? □ Yes □ No
   If no what are the reasons? __________________________

h. Have you had to stop exports due to changes in regulations?
   □ Yes □ No Specify __________________________

10. Skills and Expertise

a. Do you think that the employees have the required skills to carry out their work? □ Yes □ No
b. What type of employees do you prefer to hire:
   □ With basic skills
   □ With traditional skills
   □ Without any skills is also acceptable as they could be trained

11. Networking and information
   a. Do you interact with other members who are engaged in this business? □ Yes □ No
   b. Do you get information (regulatory or any other) on your business easily? □ Yes □ No
   c. If yes, specify the sources ______________________________
   d. Is there any difference between the male entrepreneur’s information and female entrepreneur’s information? □ Yes □ No specify ______________________________
   e. How do you communicate/deal with your existing or potential customers? ______________________________

12. Rate the following problems for your enterprises

<table>
<thead>
<tr>
<th>Problem</th>
<th>NOPROBLEM</th>
<th>MINOR PROBLEM</th>
<th>MODERATE PROBLEM</th>
<th>MAJOR PROBLEM</th>
<th>DON’T KNOW</th>
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<tr>
<td>Electricity</td>
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<td>Telecommunications</td>
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<td>Water availability</td>
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<td>Sewer, rubbish disposal</td>
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<td>Fuel/gas availability</td>
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<td>Floods/natural disasters</td>
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<td>Access to land</td>
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<td>Road conditions; quality, lack of roads</td>
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<td>Access to appropriate building</td>
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<td>Access to use of equipment</td>
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<td>Lack of skilled labour</td>
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<td>Raw materials; access, quality</td>
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<td>Product development</td>
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<td>Too many competitors</td>
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<td>Crime, theft, disorder</td>
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<td>Trademarks</td>
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<td>Corruption</td>
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1.3. Key informants

Name:
Sex:
Age:
Title:
Company/Organization:

1. What do you think about the allo/handmade paper business in your district, in terms of raw materials/production/volume of exports/quality etc.?

2. What are the strengths/weaknesses of these products in carrying out the business activities?

3. What are the strategies/interventions required to overcome the weaknesses?

4. Do you know the involvement of male/female members in this business?

5. Do you think the government has played a supportive role to promote these products? If yes can you give examples of any regulations/trainings/trade fairs that have helped the promotion? Can you tell us the rules/regulations which have had negative impact?

6. Do you find any issues related to (producers and/or traders?) access to finance in this business? If yes, can you provide specific examples in difficulties?

7. What do you think is the comparative advantage for women entrepreneurs in this business?

8. What bottlenecks/challenges do they face?

9. Do you think the differences are due to any particular socio-cultural barriers that womenentrepreneurs face? If so, can you give us some examples to illustrate them?

10. Can you introduce us women in your district who are successful entrepreneur in allo/handmade paper products?

11. What future prospects do you see for these products? Do you foresee any potential expansion of allo/handmade paper products in coming years? If yes, why do you think so? For example, profit rate is higher than other businesses? Higher demand from which markets?
12. Any suggestions to improve the current business situation, especially from the perspectives of women entrepreneurs/employees?

13. What are the major markets for these products? Do you export it to the South Asian countries as well? If yes, which countries in particular. (For exporters/freight forwarders/cargo handlers)

14. What is the main procedure for exporting your products for the South Asian countries and other third countries? In which countries it is more difficult to export? (For exporters/freight forwarders/cargo handlers).

15. Are there any certification, testing, quarantine, licensing requirements for exporting these particular products? (For exporters/freight forwarders/cargo handlers)

16. What are the challenges that you face while exporting your products? (For exporters/freight forwarders/cargo handlers)

17. Have you experienced any problem at Customs? (For exporters/freight forwarders/cargo handlers).

18. If you have any other particular problem faced by you (e.g., demand for illegal payment) worth mentioning, please provide us the details. (For exporters/freight forwarders/cargo handlers).

19. Do you find many female exporters in this sector? If No, what are the major reasons for not having women as exporters in your view? (For exporters/freight forwarders/cargo handlers).
Annex II. National consultation report

SAWTEE organized a half day national consultation program with support from UNDP Asia Pacific Regional Centre on “South Asian Country study on products with regional trade potential and associated non-tariff barriers with special focus on WMSMEs -A case of Nepal” on 12 February 2015. The overall objective of the study was to identify the constraints faced by WMSMEs in Nepal in operating and expanding their businesses including issues related to access to regional markets such as NTBs and trade facilitation and provide policy and programme recommendations to ease manage the constraints identified. The objective of the workshop was to share the findings of a research and gather inputs on the study from various stakeholders in order to make the study and the recommendations more robust.

More than 50 participants, including representatives from different entrepreneurial organizations, women entrepreneurs, policy makers, private sector and media, among others participated in the programme.

In the programme, Ms Sophie Kemkhadze, Deputy Country Director of UNDP Nepal gave a brief background to the programme and said it was a regional programme being executed in six South Asian countries including Nepal. She emphasized on the fact that presence of NTBs was hindering the prospects of trade within the South Asian region and eroding trade opportunities even if many people in this region are living in extreme poverty. She further stated that UNDP has always been focusing on increasing and facilitating trade with right mix of policies and have been making substantive efforts on this front.

Presenting the findings of the research Dr. Hiramani Ghimire, Executive Director of SAWTEE said that the study, which was carried out in Baglung, Dolakha, Kathmandu, Rukum and Sankhuwasabha, showed that challenges hindering exports of allo and handmade paper products were mainly related to expansion and operation. These findings were different from other studies, which showed that 86.3 percent barriers in South Asia trade were related to Sanitary and Phytosanitary Measures. The study showed that NTBs were not specifically a challenge to the women but they faced other challenges related to the overall business environment and enterprise management. Inability to cater large quantity of demand on time and not meeting the quality standards of the products despite the demand, worker’s instability, transport and transit problems, documentation hassles, procedural obstacles in the customs, lack of branding among others were major challenges while exporting allo and handmade paper products.

Ms. Radhika Aryal, Joint Secretary of Ministry of Women, Children and Social Welfare said that the Ministry has always been committed towards the empowerment of women and have been providing trainings at district and VDC level but the findings of the research that employers' and employees' awareness level about government's efforts were either low or non-existent, have raised the need to monitor, evaluate and follow these programmes and trainings properly.

Mr. Ananda Kesari Pokharel, Under Secretary of Ministry of Industry, reiterated government's commitment to encourage women's participation in the industries and said that the government has made provisions for loan of NPR 0.5 million for women without collateral and with a minimum of 6 percent interest which can be repaid at 3 years period. He was optimistic that this would increase women's access to finance.
Dr. Beena Pradhan, Gender Expert and Social Economist, said that the study was very timely considering the fact that MSMEs has been contributing a lot to the Nepalese economy and women's involvement in MSMEs is also very large and it is increasingly being recognized that women can contribute to the economy. She further emphasized that lack of product development and design is hampering the promotion and marketing of the products that women create including allo and handmade paper products. She further emphasized that there needs to be seriousness in the policies and programmes targeting women in order to ensure proper results.

Ms. Pramila Rijal, President of South Asian Women Development Forum, pointed out the challenge of bringing women from informal to formal sector as this was one of the main reasons why women have failed to reap the benefits of their involvement in various enterprises. She emphasized the need to segregate and define the roles of women involved in micro, small and medium enterprises and build up their capacities accordingly.

Chief Guest of the programme Dr. Arzu Rana Deuba said that the workshop provided an opportunity to discuss ways to promote micro, small and medium enterprises which are not only important for poverty alleviation but also for wealth creation. She further emphasized on the need for benchmarking the quality of the products to the international standards which is also important to increase exports and stressed on the importance of governance programs and information dissemination strategies to enhance women's participation in the economy.

Speaking as the chair of the programme Dr. Posh Raj Pandey, Chairman of SAWTEE, said that promotional activities should include promotion of women's knowledge based economic activities and also should help women to bring them out of their conventional roles. He further said that to promote women entrepreneurship, a wholesome package needs to be developed including trainings related to management, networking, governance, skill development and also gender sensitive policies. He also emphasized the need for promoting women's participation in the service sector.

The participants stressed on the importance of developing markets internally as well as in the South Asian region. One suggestion was made to adopt appropriate policies for resolving the payment-related hassles in these countries. They further stressed on the importance of reinforcing the plans related with using the Nepalese handmade papers and allo products in the public sector to encourage and promote WMSMEs. The participants also highlighted issues related with the sustainability of the raw materials, product development and design, effectiveness of the roles of relevant Ministries, capacity building trainings, effective campaigns for information dissemination and appropriate policy measures targeted to WMSMEs.