



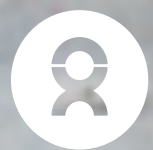
Kalpana Oli shows her vegetable seeds  
produced for Pavitra Cooperative

# OXFAM'S ENTERPRISE DEVELOPMENT PROGRAMME IN NEPAL

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## Annual Report 2015/16

A pioneering, business-based approach to development.



OXFAM

# ABOUT EDP

To address rural poverty and improving food sustainability, Oxfam is piloting a model for supporting and investing small enterprises and entrepreneurs through its Enterprise Development Program (EDP). Oxfam's EDP is a pioneering, business-based approach to development. EDP supports rural enterprises to build successful businesses and transform the lives of farmers, their families and communities. The program identifies, nurtures, and invests in small and growing businesses providing a mix of finance, training and advice.

Oxfam's EDP program made its first investment in Nepal in early 2011 and now supports three enterprises: Pavitra Seed Enterprise in the mid west, trading vegetable seeds; DAFACOS Vegetable and Seed Enterprise in the Far West, trading fresh vegetables and vegetable seeds; and Nawalparasi Rice Enterprise in the western Terai region in the south of the country, processing and trading rice. All three are owned and run by cooperatives. Farmer-members sell their harvest to the enterprises and they receive agricultural inputs, training, loans and other extension services.

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PAVITRA SEED ENTERPRISE



# SUMMARY



One Window Shop run by Pavitra Cooperative

Credit: Aubrey Wade

In 2015/16, Nepal witnessed two major devastating tragedies that have further weakened the economy and added to people's hardship. The first one was a massive earthquake that struck Nepal on 25 April which left nearly 9,000 people dead and damaged or destroyed over 750,000 homes across the country. While people were still struggling to cope with the disaster, they faced a second tragedy. In the period September to February a political crisis led to a blockade of the border with India.

Though the earthquake did not directly impact the enterprises Oxfam supports, the insecurities caused by aftershocks,

predictions of another quake and the impact on people's mental state, affected the production efficiency. The economic blockade and violent protests severely limited mobility and caused delays in enterprise activities. At the same time it created opportunities for enterprises such as Nawalparasi Rice Enterprise to push its product and develop new trading relations.

Despite these crisis and external business challenges, all three enterprises achieved satisfactory results this year. Significant progress was made by DAFACOS by over-achieving its sales target (157%) with

an annual revenue of £85,807 . With increasing volume of transactions, the three enterprises are now providing 39 full time jobs (including 15 women). The program has benefitted directly 5,355 shareholders and indirectly 22,176 non member farmers. It also created partial on-farm jobs for 3,823 farmers (75% women). These farmers are also getting support in agro-inputs, women friendly agro-tools, quality seed, extension services, business development advices along with a fair price and guaranteed market for their products. The income of farmers from paddy and seeds sales ranged from minimum £23 to maximum £4,697.

## Key Figures of EDP in Nepal

S.N.	Particulars	Total
1	Number of Enterprise shareholding members (total)	5355
2	% of women members	75%
3	Number of active farmers (or suppliers) selling to the Enterprise (total)	3823
4	% of active women suppliers	75%
5	Number of full time equivalent jobs in the Enterprise	39
6	% of women in full time equivalent jobs	38%

## Port folio of Enterprises in 2015/16

S.N.	Indicator	2015/16
1	Enterprise Revenue (in NPR)	3,17,83,373
2	Shareholding farmers involved (households)	5355
3	Non member farmer beneficiaries (households)	22,176
4	Percentage of Female Farmers	75%
5	Number of suppliers	3823
6	Percentage of Female Suppliers	75%
7	Number of FTE Jobs	39
8	Percentage of Female in FTE Jobs	38%

The System of Rice Intensification (SRI) technology promoted in Nawalparasi helped 44 farmers (68% women) double their paddy yield. Additionally, 2,930 farmers got increased access to credit, inputs and services from three 'One Window Shops'. More than 250 small women farmers insured their livestock.

This year, the focus was on capacity and leadership development of Oxfam staff, enterprise staff/board and community women. Oxfam conducted Financial Management Training (the first of its kind tailored for small enterprises) to 19 participants from 3 enterprises in support of mentors and regional centre staff. After the training, participant's capacity on preparing and analyzing financial summary for better management of loan, receivable, payable and working capital has been upgraded.

In addition, the Business and Finance Coordinator of Oxfam received Advocacy and Campaigning Capacity Development

Training, organized internally by Oxfam. Similarly, series of training on Account Management and Cooperative Management were facilitated by Oxfam staff and consultants partners at local levels which has shown improvement in partner's performance. Further, 15 community women received facilitators training and now effectively run 6 Participatory Learning Centers (PLCs) in Nawalparasi. Around 120 women

farmers and enterprises and potential to promote opportunities for women. Also, it analyzed current policies to promote SMEs at government level, particularly extending finance to enterprises in deprived sectors. Oxfam shared the EDP model to government officials and Market Development Forum. Rural Access Program (RAP) approached Oxfam for further information about the program and

“Despite these crisis and external business challenges, all three enterprises achieved satisfactory results this year.”

and men meet twice a week to discuss community issues and prepare advocacy plans for solving them.

Oxfam also commissioned a scoping study to review economic sectors in which EDP could further invest based on factors such as financial return for

showed an interest to collaborate with EDP's DAFACOS for replicating the model in other districts of that region. The enterprise component has also been recognized and mainstreamed by other Food and Economic Justice projects within Oxfam in Nepal.

## Port folio per Enterprise in 2015/16

S.N	Particulars	DAFACOS Seed & Vegetable Enterprise	Pabitra Seed Enterprise	Nawalparasi Rice Enterprise	Total
1	Enterprise Revenue(In NPR)	12,785,264	5,142,506*	13,855,603	31,783,373
2	Number of farmers member of the Enterprise(total)	997	983	3375	5355
3	Number of farmers member of the Enterprise (women)	496	615	2892	4003
4	% of Women membership	50%	63%	86%	75%
5	Number of ACTIVE farmers (or suppliers) selling to the Enterprise (total)	1383	1340	1100	3823
6	Number of ACTIVE farmers (or suppliers) selling to the Enterprise (women)	894	992	970	2856
7	% of women active suppliers	65%	74%	88%	75%
8	% of enterprise purchases from members	55%	95%	64%	
9	% of enterprise purchases from women	43%	65%	21%	
10	Full Time Equivalent jobs in the Enterprise	10	7	22	39
11	Full Time Equivalent jobs (women)	3	5	7	15
12	% of women in Full Time Equivalent jobs	30%	71%	32%	38%

Note: \*Due to rice business cycle, only 6 months progress (October 2015 - March 2016) is shown.

# ENTERPRISE SPECIFIC PROGRESS

## Background

With a population of almost 27.8 million, Nepal is one of the world's least developed countries, ranking 145 out of 187 in the 2014 UN Human Development Index. An estimated 33% of the Nepalese population live below the poverty line (surviving on \$1.20 per day), and approximately 70% live on less than \$2.50 a day. Agriculture is the foundation of the economy and is the principal source of food and income, particularly amongst the poorest, but farmers face substantial challenges in making this a viable livelihood. About 80% of agricultural activity in the country depends on women; yet

only 19% of Nepali women own land, and their access to training, credit and other services is low.

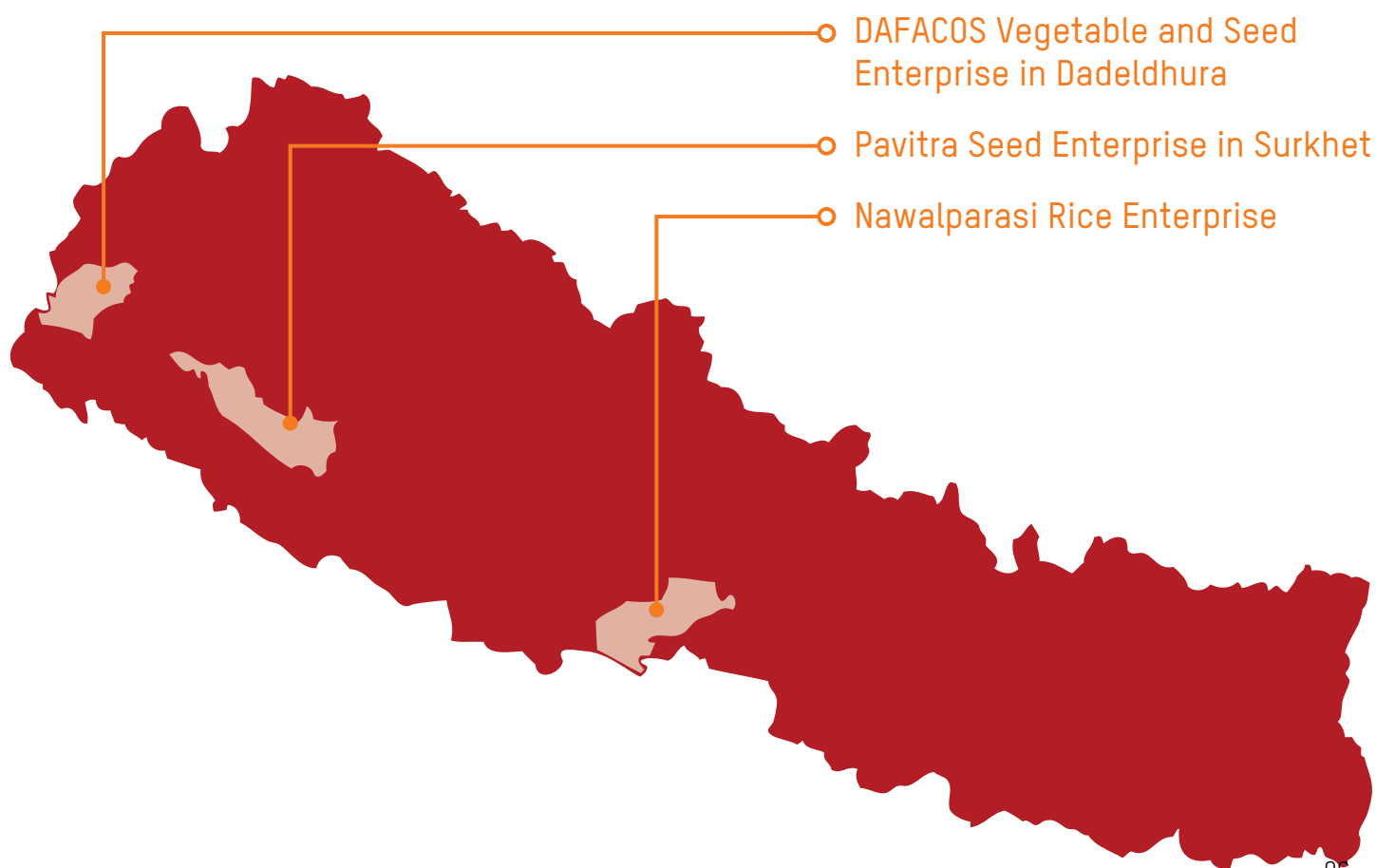
The micro, small and medium enterprises (MSMEs) play a promising role in creating local and self-employment opportunities and mobilizing local resources. However, growth of this sector is largely limited by the lack of appropriate support/investment mechanisms, suitable technology, poor management capacity (financial and business management), poor financial access, marketing networks/arrangements and business development services.

To address rural poverty and improving food sustainability, Oxfam

is piloting a model for supporting and investing small enterprises and entrepreneurs through its Enterprise Development Program (EDP). Oxfam's EDP is a pioneering, business-based approach to development. EDP supports enterprises to build successful businesses and transform the lives of farmers, their families and communities. The program identifies, nurtures, and invests in small and growing businesses providing a mix of finance, training and advice.

Oxfam's EDP program supports three enterprises: Nawalparasi Rice Enterprise, DAFACOS Vegetable and Seed Enterprise and Pavitra Seed Enterprise.

## EDP's Working Area





# 1 NAWALPARASI RICE ENTERPRISE



Packing paddy at Nawalparasi Rice Enterprise

Credit: Prerana Marasini

The Small Farmer Food Industries Rice Mill in Nawalparasi is located in the lowlands of western Nepal, at a distance of 249 km from Kathmandu. The area has a huge potential for commercial rice production but farmers have struggled to produce beyond subsistence levels due to limited access to quality seeds, appropriate technology, fertilisers, and market facilities. In this initiative, ten local small farmers' cooperatives (including three women-only cooperatives) set up a mill to process paddy into rice for local and regional markets.

The mill started operations in February 2012 but lacked capacity to effectively manage business, poor marketing strategy as well as the means to expand. In 2013, EDP saw the potential for the enterprise to become an important processor and solid brand name in the region and to serve as a catalyst for providing improved inputs to local farmers. EDP approved a total budget of £200,000, of which £63,000 was in loans.

Since Oxfam started its support in 2014, the mill enterprise has increased its annual sales by 69% in 2015. This was made possible by the placement of competitive staff and a first loan provided by Kumari Bank. The mill has introduced new, more attractive packaging and is currently selling to 34 buyers in twelve districts including Kathmandu (national market).

## New Market Opportunities

Imports from neighbouring countries, in some cases entering the market illegally, are however pushing margins down, so the enterprise is continuously reviewing the market and adjusting its strategy. The enterprise taps into new market opportunities created by the political situation by penetrating into nationwide cooperatives networks channels. In addition to the mill, three of the cooperatives run "One Window Shops" which provide agro-inputs, technical support and extension services to farmers; these are on course to reach profitability within 2015/16.

In terms of social impact, the membership of the three shareholder cooperatives has increased to 3,375 farmers (88% female). The number of job roles has also increased from 13 to 22 (with seven of these held by women). The mill has sourced paddy from a total of 1100 small farmers (88% women), and sales income of the farmers' ranges from a minimum of £41 to £4697 per year. The program also benefitted 847 (86% women) paddy farmers though organising improved paddy cultivation trainings and introducing SRI technology to increase yield. 44 farmers (68% women) achieved double yield by practicing SRI in 7.4 hectare land this year. Further, 2,930 farmers got increased access to credit, inputs and services from three 'One Window Shops'. More than 250 small women farmers were facilitated by the Junior Technical Assistants (JTAs) to insure their livestock. Women farmers are highly represented - 79% in trainings and service provisions.

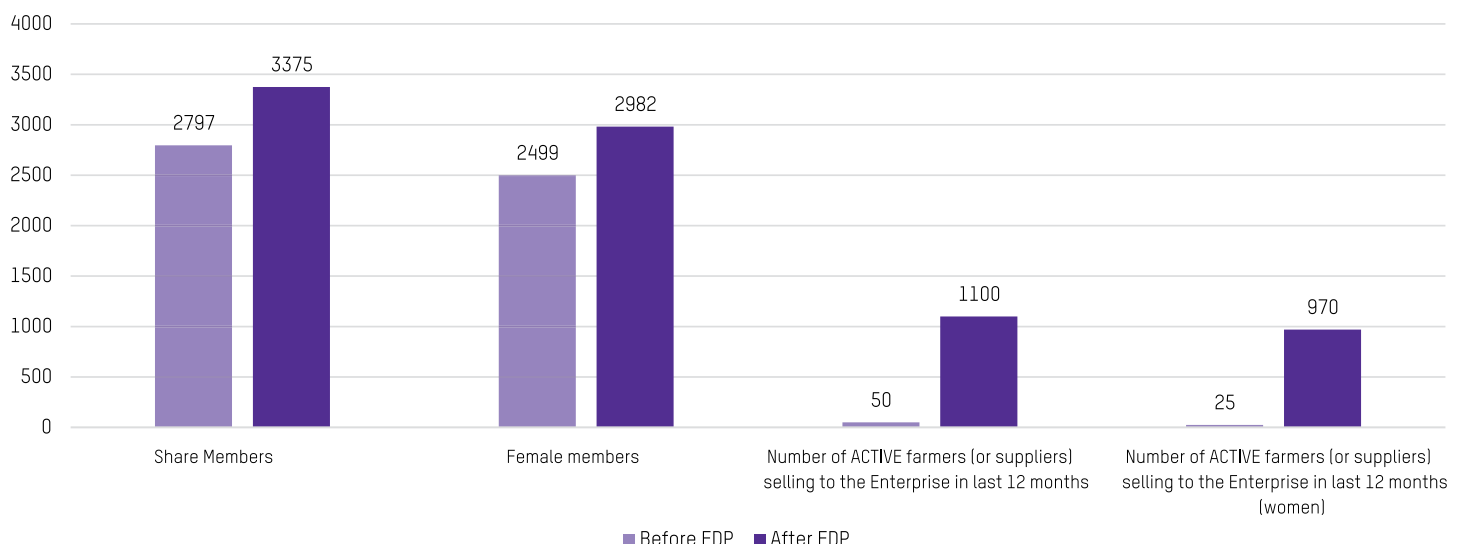
“ Even though there is a shop nearby my house, I always go to the cooperative’s shop for fertilizers, seeds, pesticides et cetera. Another thing is that they also provide the seeds on loan in times of difficulty. Whenever I plan to go there, I always meet someone else who is going there as well, and talking to women farmers like myself on the way is always fun. I learn new things from them. ”

**Gaama Mahato, Member of Nawalparasi Rice Enterprise**



Comparison of Enterprise key performance indicators before and after EDP intervention

### Nawalparasi Rice Enterprise, Nawalparasi





Dwarika Kumari Chaudhary, an inhabitant of Tilakpur Village Development Committee (VDC), Nawalparasi, lives alone. Her children are already married and her husband is working in Qatar.

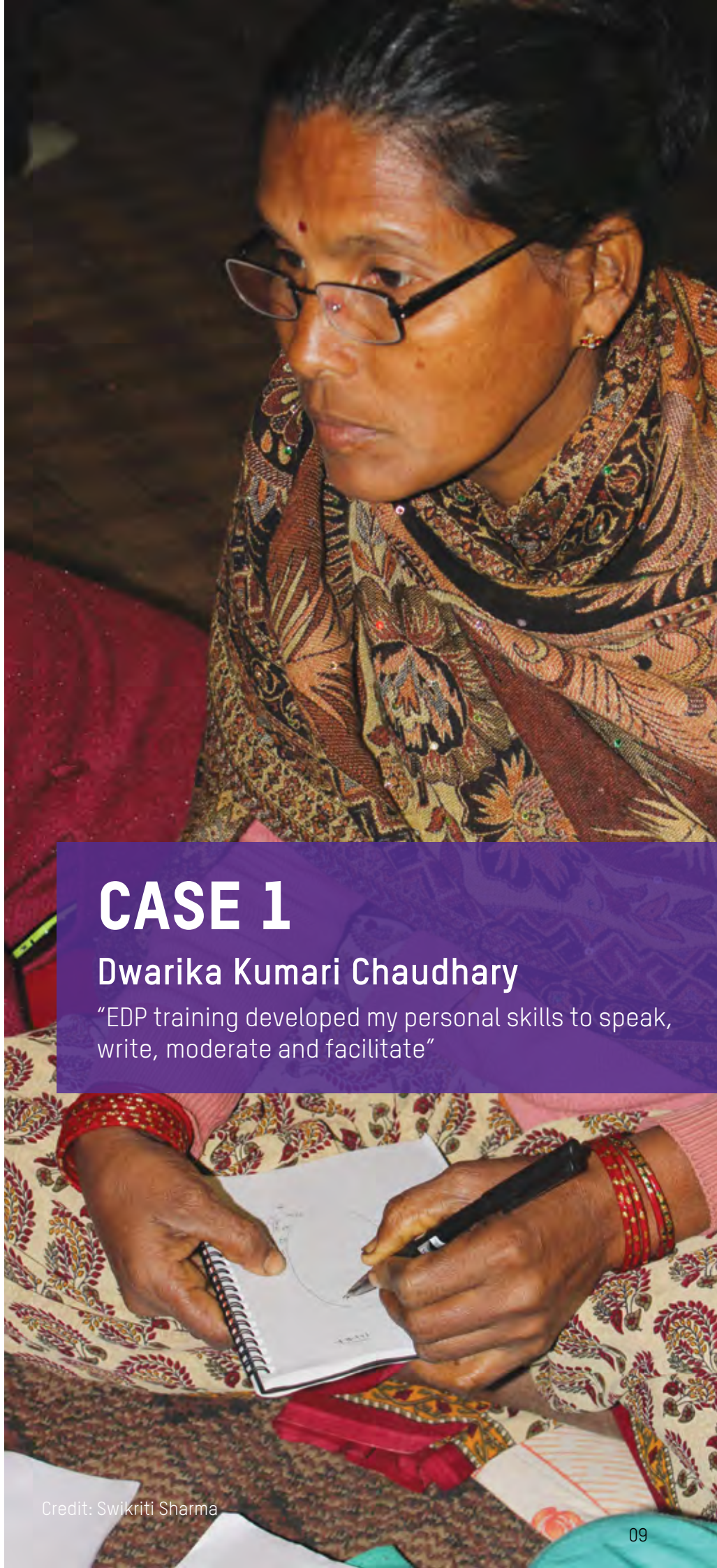
Chaudhary's struggle started when she could not pass the grade 10 School Leaving Certificate (SLC). She attempted several times, but could not succeed. Soon she was forced into marriage at an early age. Though her formal education career ended there, her interest in learning grew more with age.

"I feel lucky to participate in the five days EDP Training of Trainer for Participatory Learning Centres Facilitators'," says Ms Chaudhary. With the support of EDP, 6 Participatory Learning Centres (PLC) operate in the 3 working area VDCs in the district. After the training, Ms Chaudhary has been selected as the co-facilitator of the centre in Tilakpur VDC.

The five days training was an important experience for Ms Chaudhary. "I knew how to speak with people but did not know how to do so in a right manner. I knew how to write but did not know how to make good plans. I participated in several trainings, but did not know the tools and techniques to run this kind of discussion classes myself. So this training was very helpful in developing my personal skills to speak, write, moderate and facilitate," says the woman farmer.

Ms Chaudhary conducts the PLC classes in a professional manner. Being a female member of the ethnic Tharu' community, backward in terms of access to resources and opportunities, Ms Chaudhary feels very proud to be a facilitator. She is confident that after running classes for 10 months, avenues of opportunities will open up to further develop her capacity and skills.

*Prepared by Swikriti Sharma, Program Officer, Oxfam*



## CASE 1

### Dwarika Kumari Chaudhary

"EDP training developed my personal skills to speak, write, moderate and facilitate"



## 2 DAFACOS VEGETABLE & SEED ENTERPRISE



Dadeldhura farmers show their produce

Credit: Jisu Mok Oxfam

The Dadeldhura Farmers' Cooperative Society (DAFACOS) is based 500 km west of Kathmandu, in Dadeldhura district, one of Nepal's most remote regions. The area's high altitude (400-2,500m), along with its good soil and rainfall conditions, offers the potential to grow seeds as well as off-season vegetables, which are in high demand in lowland markets. DAFACOS, established in 1998, joined the EDP portfolio in 2012, with a plan to expand its seed business and start a new unit to sell fresh vegetables which was initiated this year. EDP's approved investment was for £174,000: £75,000 in loans, and the rest to support the recruitment of dedicated staff, to facilitate access to advisory and business support services for the enterprise; as well as specific activities to promote women's participation and empowerment.

The enterprise increased its sales by five-fold reaching £85,803 in the fourth year (2015-16) of Oxfam's involvement. Seed sales target was over achieved by 57% in this year even

though due to continuous protest and blockades in the region only 37% of vegetable sales target was met. Its gross margin was positive at 17% and net loss has reduced to 4.66% as a result of increased sales. Further, it has expanded its outreach to farmers of 3 neighboring districts and has established its linkage with 5 seed companies and 12 wholesale vegetable vendors.

### Increased Social Impact

DAFACOS plans to increase its focus on off-seasonal vegetable trading and reduce operation cost to achieve profitability in the coming year. It has continued liaison with stakeholders such as District Agriculture Development Office (DADO), local Cooperatives and different projects to provide technical trainings and irrigation support to seed farmers and members.

In terms of social impact, with 997 members, the cooperative almost reached its target. The number of farmers trading through DAFACOS has

grown to 1383 (65% women), including 283 farmers of 3 neighbouring districts. This year, seed sale income of each farmer ranges from £ 44 to £ 510. The enterprise provides full time job to 10 persons of which 3 are women. Continued liaison and collaboration with stakeholders has benefitted seed farmers with technical trainings and irrigation schemes. Additionally, a NRs 2.3 million grant was mobilised benefiting 385 farmers (78% women). When Oxfam first started supporting DAFACOS, women's membership and representation on the board was relatively low with only 2 women in an 11-member board. Now women hold 6 of the 11 board seats and account for 65% of active suppliers, and overall membership has increased by 66% to reach almost 1,000 farmers. Women are highly represented in loan and service provisions. The introduction of new credit policy in the enterprise has encouraged 22 member couples to acquire Joint land ownership certificate.



“ In the past, I produced hardly 500-700 kg of maize along with vegetables in 15 ropanis of land. I used to sell the surplus in the local market and earned around NPR 2000 per season. Nowadays I produce around 1.5 tonnes of maize seed from the same land, and I save around NPR 30,000 per season. DAFACOS has been providing quality seeds at a reasonable price along with business development support and market linkages. All this has helped me to double my production and get a good market for my maize. ”

**Tej Bahadur Bohra, share member of DAFACOS**



Part time women farmers grading maize seeds in the premise of DAFACOS, Dadeldhura

Comparison of Enterprise key performance indicators before and after EDP intervention

### Dadeldhura Farmers' Cooperative Society (DAFACOS), Dadeldhura







## CASE 2

### Uma Koli

“People respect me for my hard work and leadership. I feel proud of how society has changed its treatment of a Dalit woman like me. This is the outcome of my involvement in vegetable seed farming.”

Born into a Dalit family, Uma Koli's life in the past was full of hardship. The mother of four received little respect in the community and was socially discriminated as 'untouchable'. In addition, she faced economic problems, as she had no source of income.

The 50 year old woman farmer from Manilek in Dadeldhura district, owns a small plot of land. “I used to produce vegetables and crops in a traditional way and it was hardly sufficient to sustain my family. I tried vegetable farming but lost my investment as there was no nearby market,” says Ms Koli.

With the support of Oxfam's Enterprise Development Program, Uma Koli received training in vegetable seed production. The meetings and discussions conducted by the Seed and Vegetable Enterprise in her community gave Ms Koli lots of ideas on quality production and markets for vegetable seeds. “The enterprise buys all seeds that I produce and pays a very fair price. In addition we receive technical support and services from outreach workers,” says the mother of four.

At present, Uma Koli is one of the best seed farmers in Dadeldhura. She annually supplies 700 kg of seeds, mainly maize, okra, spinach and peas, and earns around NPR 66,000 (£429) per year from seed business only.

Thanks to her improved financial condition and her involvement in meetings with the local government and the Participatory Learning Centre, the social status of Ms Koli has improved. She says: “My seed enterprise has helped me earn a good living and good social status too.”

*Prepared by Swikriti Sharma, Program Officer, Oxfam*



# 3 PAVITRA SEED ENTERPRISE



Jarkate Seed production group meets once a month

Credit: Aubrey Wade

Pavitra Jankalyan Agriculture Cooperative was set up in 2001 in Surkhet, in mid-west Nepal, at a distance of 400km from Kathmandu. Pavitra focuses on trading vegetable seeds and has a highly committed leader, Mr Naulsingh Khatri. EDP's support started in early 2011, and totals £164,000, of which £75,000 is in the form of loan, and the rest as grants for the business, capacity development, project management and support to women's empowerment activities.

Oxfam's grant and loan (given in partnership with Kumari Bank) enabled Pavitra to purchase equipment and increase capital. Within two years the enterprise doubled its revenue and attained break-even, becoming the first cooperative to join the regional Chamber of Commerce: an example of success across the region.

In the year 2014-15, business had declined partly due to poor weather and enterprise's difficulties in replacing its departing manager. But, in 2015-16, the enterprise slowly picked up its business achieving 125% of its revenue target and lowered net loss from 32% in 2014-15 to 27% in 2015-16.

However, due to external factors the enterprise could not fully operationalize

seed processing business this year. With the plan to prioritise seed processing operation and penetrating local/regional markets for selling processed seed through identified agro-vets, the enterprise targets to increase revenues and achieve profitability by 2016/17.

## Getting a Brand Certificate

Oxfam's EDP team helped Pavitra to recruit a young manager and finance officer. The team also supported to install processing equipments, update business plan and marketing strategy, build staff capacity and linkage development. The manager and staff are performing well for achieving business target. Pavitra has already obtained brand registration approval from the Small and Cottage Industries Office, Surkhet and subsequently submitted necessary documents to Department of Industries for registration certificate. As per the standard procedure, Pavitra will get its brand certificate by June, 2016.

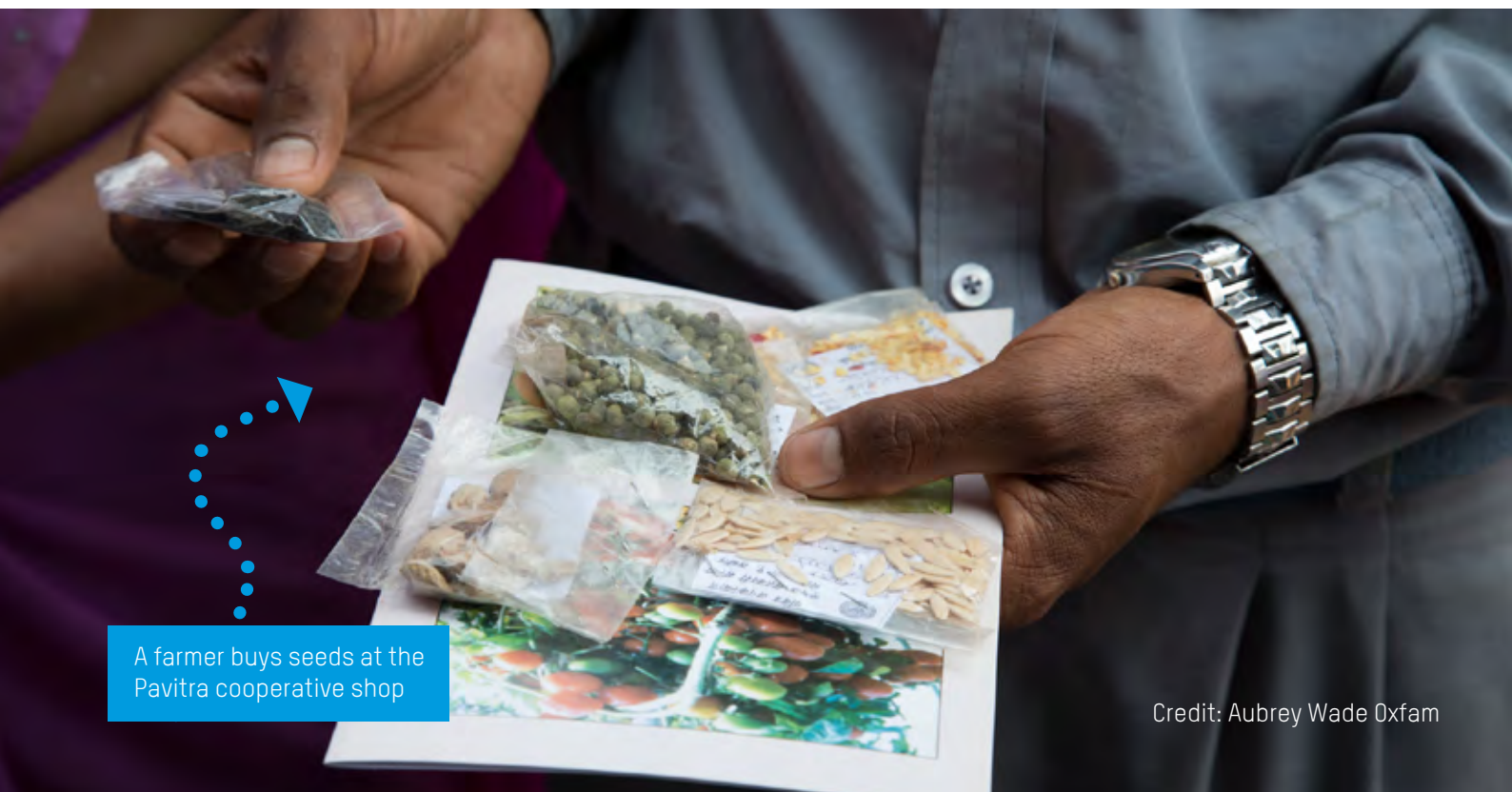
Pavitra has also submitted required documents to obtain a license from Seed Quality Control Centre (SQCC) for foundation seed production. After obtaining the license, Pavitra finalized seed packets design in technical

support from DADO and Oxfam and printed branded 'Pavitra Seed' packets. As per its priority, it has already started selling packaged processed seeds.

In terms of social impact, the number of farmer members of Pavitra has grown significantly, from 213 in 2010 to 983 in March 2016, with 63% of them being women. The number of farmers trading through Pavitra has grown to 1340 (74% women) showing that farmers who are not cooperative members also sell to the enterprise. There is increased involvement of women members of the enterprise in marketing, contracting as well as lobbying and influencing activities. The representation of women members in the board has increased from 24% in 2011 to 47% this year. Thanks to the new policy, women members are accessing loan at lower interest rate (2% less) from the enterprise. Campaign activities in the area have increased ownership of 50 women farmers to land through acquiring Joint Land ownership. Annual income from seed sales for each farmer ranges from £23 to £336. Seed income supports farmers to cover household expenses including school fees and install irrigation schemes.

“ Nowadays, I get letters and invitations in my name, not because my husband is in India, but because people have started recognizing me as a hard working seed entrepreneur. All the commitment I have put in producing the seeds of Minu early radish, has not only improved my economic status, but has also changed the way society looked at me. ”

**Khimsara Rana of Mehelkuna, member of Pavitra Cooperative**

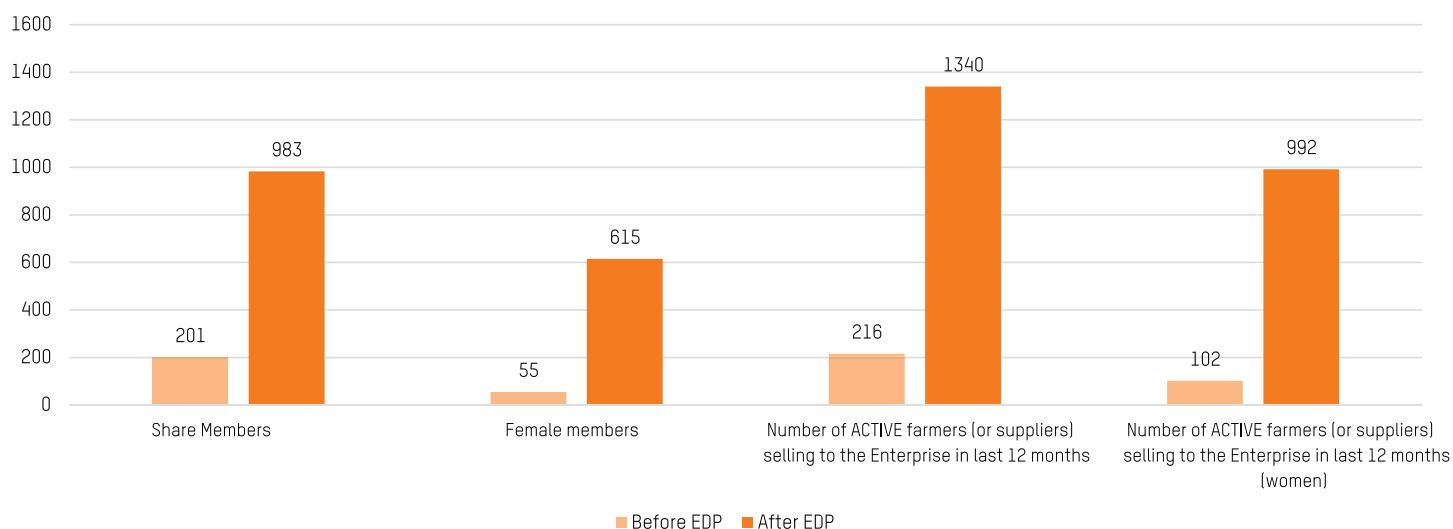


A farmer buys seeds at the Pavitra cooperative shop

Credit: Aubrey Wade Oxfam

Comparison of Enterprise key performance indicators before and after EDP intervention

### Pavitra Cooperative Ltd., Surkhet





“My husband earns Rs 700 per day while I earn Rs 950 by selling just one kg of onion seeds. In a year, I sell seeds worth 1.5 lakhs rupees, whereas we cannot estimate my husband’s exact annual income,” says Pibala Oli, from Kereni in Surkhet District.

Pibala Oli’s husband is a mason while she produces onion seeds. The woman farmer has been managing all household expenditures and finances and decides where and how to spend the money. “My husband and I do discuss about expenditures, but he never disallows me to do something that I want to, which is why I consider myself the Finance Minister of this house,” says a proud Ms Oli.

Ms Oli’s residence is near the jungle which is almost 3 hours away from the closest market in Mehelkuna. The woman farmer has planted onions in 0.1 ha of land and other vegetables in the remaining area. In one season, Pibala sells 70 kg of onion seeds at NPR 1000 per kg. This year Ms Oli has made a contract with the Pavitra Cooperative to sell onions at NPR 950 per kg.

Three years ago when the Pavitra Cooperative motivated people to start onion seeds farming, Ms Oli along with 20 other farmers got on board. This helped in uplifting the living standard of the participating farmers. However, the active farmer stands out among the rest as she produces the highest amount of seeds and has also become the highest earning entrepreneur in the village.

Moreover, Ms Oli has become almost a technician herself as she knows all the ins and outs of onion seed farming. She has also been actively involved in leading other activities like initiating establishing and managing an irrigation system in her community.

*Prepared by Raghunath Lamichhane,  
Journalist*



## CASE 3

Pibala Oli

“I am the Finance Minister of my family”



Credit: Aubrey Wade



Kalpana's seeds



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