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# Leveraging digital solutions for micro, small and medium enterprises in Nepal



MARCH 2023

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# EXECUTIVE SUMMARY

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Micro, small, and medium enterprises (MSMEs) face several challenges that became more pronounced during the pandemic. These include temporary business closures, decline in sales or profits and reduced hours or wages. Digital solutions such as e-commerce platforms provided a pathway to circumvent some of these challenges. However, due to lower digital financial literacy levels, mobile Internet adoption and mobile phone ownership, women-led MSMEs could not leverage these digital solutions to promote the growth of their enterprises during the pandemic.

In response to this challenge, the UN Capital Development Fund (UNCDF) in partnership with the Swiss Agency for Development and Cooperation (SDC) implemented the 'Leveraging Digital Solutions for Micro, Small and Medium Enterprises (MSMEs) in Nepal' project from December 2021 until March 2023, part of the UNCDF 'Leaving No One Behind in the Digital Era' programme. UNCDF partnered with two e-commerce platforms, Sastodeal and Thulo, and two federations, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Federation of Nepal Cottage and Small Industries (FNCSI) to build the digital and financial capabilities of more than 4,000 MSMEs in Nepal, including 60 percent women, and onboard 2,000 MSMEs to sell their products on the e-commerce platforms.

UNCDF guided the four partners through a systematic process that involved user-centric research; design and testing of training materials informed by the client-centric research; rollout and evaluation of training materials; platform support and, finally, platform engagement. This process was designed

to move the platform users through the continuous stages of trained, onboarded and, finally, active users. Training materials were designed around digital technology, digital marketing, e-commerce platforms and business registration (for non-registered business owners). The materials were delivered through a mix of in-person, virtual and hybrid trainings.

The e-commerce platform partners developed partnerships with non-profits, local government and associations to expand their reach and scale up the project. They also trained up additional trainers and women-led MSMEs to deliver some of the trainings. Technical support post trainings in areas such as taking and uploading pictures, setting up the digital shop or branding was essential to promote onboarding while incentives such as free domain registration or free business e-mail were necessary to promote active use.

Most MSMEs reported facing business challenges such as logistics and time management that could be overcome through moving their enterprises to a digital platform. Other factors for joining e-commerce platforms included business growth, trust and convenience. However, they faced certain challenges with the e-commerce platforms that revolved around cash flow management (delayed payments), lack of payment systems, technical issues, digital access, digital skills/literacy, language barriers, business registration, access to financial services, time management, operations and gender-specific issues such as more familiarity and comfort with social media platforms.

Overall, most partners achieved or exceeded their outreach targets and gender targets (reaching at least 60 percent women). Thulo expanded into a



new geographic area (Province 1) and a new target segment (agri MSMEs) and revised its business model to include bulk prices adjustment and a subscription model for these services for MSMEs, particularly those in the manufacturing sector, who sell in bulk.

There were positive results as well in terms of learning and business growth. Qualitative research revealed that MSMEs reported easy customer acquisition, expanded customer outreach and an increase in sales ranging from 5 to 20 percent. The outcome assessment revealed increased knowledge, skills, and attitudes among MSMEs particularly around the benefits and risks of e-commerce, benefit of digital marketing, ability to develop a marketing plan and confidence in using digital technology and e-commerce platforms. Most participants noted that they enjoyed working on the digital marketing plan and how to set up their digital shop and plan to open a digital shop on the e-commerce platform after the training.

In terms of the training, participants faced challenges related to the duration and content of the training, delivery model, gender-specific issues such time management and access/inclusivity.

Recommendations to improve the training include: a) dividing the training into multiple sessions over various days and providing a one-day training to raise awareness but a longer training to promote onboarding and usage of platform; b) segmenting participants by business sector/industry, digital skills; c) limiting group size and time of online training; d) providing more in-person training in rural areas and a shorter training and/or childcare for women; e) providing more guidance on completing assessment tools; f) providing more digital tools during training to set up online shops in small groups and providing training to children of the MSMEs owners.

The partners also faced institutional challenges and identified lessons learnt regarding:

- a) the importance of partnerships to scale up and promote outreach,
- b) customization/contextualization of content,
- c) in-person training,
- d) better resource and time management of project to keep staff and MSMEs motivated and
- e) gender-specific recommendations to provide an in-depth holistic intervention to promote the digitization of women-led MSMEs.

Active use of the platform takes time and will continue to occur beyond the life of the project.

This project has provided MSMEs in Nepal with access to digital markets, capacity building, technology, and additional support services (e.g., business registration, photography and product uploading, branding) for all the project beneficiaries. It would be interesting to explore outcomes by gender and across different delivery models. It would also be interesting to explore different types of delivery models such as mentoring in the future and additional training content to promote the formalization of both business and financial services to ultimately provide the pathway to digitalization of MSMEs.

# INTRODUCTION

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## Problem statement and proposed solution

Micro, small, and medium enterprises (MSMEs) are a key catalyst to the growth of Nepal's economy, contributing 22 percent to the gross domestic product (GDP) of the country and employing more than 2.7 million people.<sup>1</sup> Ninety nine percent of registered enterprises are MSMEs and 95 percent of employment is created by this sector.<sup>2</sup>

These businesses were greatly impacted by the COVID-19 pandemic. The Business Pulse Surveys conducted by the World Bank and the International Finance Corporation revealed that 52 percent experienced temporary closures, 83 percent saw a decline in sales by 60 percent, and 88 percent implemented leave without pay or reduced hours or wages.<sup>3</sup> Compared to other countries in the South Asia Region, Nepal had the lowest probability of businesses remaining open (46 percent) (World Bank, 2021). A UNDP survey revealed that 60 percent of employees lost their jobs in this sector and that the MSMEs saw a decline of 95 percent in average monthly revenue.

The pandemic disproportionately affected the most vulnerable groups in Nepal such as women, elderly and marginalized communities. The Business Pulse Surveys revealed that small businesses in South Asia that are smaller, female-led firms and those in vulnerable sectors (e.g., accommodation, garment, services, manufacturing, transportation, construction) suffered higher rates of closure. Nepal's Ministry of Finance reports that while women MSMEs are on the rise, inequality in wage rates persists and women's participation in the labor force is much lower than that of men.<sup>5</sup>

During the pandemic, digital solutions such as e-commerce have proven essential to increase the resilience and mitigate the economic impact of MSMEs. The Asian Development Bank (ADB) estimates that business-to-consumer revenues of digital platforms in Asia account for 48 percent of the \$US3.8 trillion reached globally.<sup>6</sup> However, this digital transformation has not occurred among MSMEs, as only 15 percent of Nepali businesses have increased the use of digital platforms or invested in digital solutions since COVID-19.<sup>7</sup>

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1 (UNESCAP, 2020) Micro, Small and Medium Sized Enterprises Access to Finance in Nepal

2 (Central Bureau of Statistics, Nepal, 2020) National Economic Census 2019/2020

3 (World Bank, 2020) Survey Reveals Extent of the Fallout from the Pandemic on MSMEs in Nepal

4 (UNDP, 2020) Rapid Assessment of Socioeconomic Impact of Covid-19 in Nepal

5 (Ministry of Finance, Nepal, 2022) Economic Survey 2022

6 (Asian Development Bank, 2021) The Impacts of the COVID-19 Pandemic on Micro, Small and Medium Enterprises in Asia and Their Digitalization Response

7 (World Bank, 2020) Survey Reveals Extent of the Fallout from the Pandemic on MSMEs in Nepal

Digital literacy and digital skills are a key barrier to mobile phone ownership in Asia.<sup>8</sup> Often digital financial literacy is lower among women than men.<sup>9</sup> In South Asia, the gender gap in mobile Internet adoption increased from 36 to 41 percent from 2020 to 2021.<sup>10</sup> Mobile phone ownership has decreased by 9 percent for women in Asia from 2018 to 2021 (from 28 to 19 percent), increasing the gender disparity to 48 percent.

E-commerce provides an opportunity for improved and efficient access to markets and customers and improved resilience to shocks for MSMEs. Services such as integrated marketing tools, payments capabilities, and logistics services allow MSMEs to scale faster and reap a higher return on the level of effort invested, thus increasing their level of productivity. Many e-commerce platforms provide services that help women overcome gender-based barriers in fields such as logistics and transportation, that are critical to order fulfillment and last mile delivery. In Asia, women are leveraging e-commerce to enter higher growth sectors typically dominated by men (e.g., electronics) suggesting that e-commerce can decrease the income earnings gap in the long term.<sup>11</sup> Women-led MSMEs in Asia also cited additional benefits of e-commerce such as reaching personal goals and meeting basic needs.<sup>12</sup>

The UN Capital Development Fund (UNCDF) in partnership with the Swiss Agency for Development and Cooperation (SDC) implemented the 'Leveraging Digital Solutions for Micro, Small and Medium Enterprises (MSMEs) in Nepal' project from December 2021 until March 2023, part of the UNCDF 'Leaving No One Behind in the Digital Era' programme. The project aimed to accelerate the economic recovery of MSMEs in Nepal from the COVID-19 pandemic and ensure their inclusion and resilience to external shocks in the digital economy. UNCDF partnered with two e-commerce platforms, Sastodeal and Thulo, and two federations, the Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and the Federation of Nepal Cottage and Small Industries (FNCSI) to build the digital and financial capabilities of more than 4,000 MSMEs in Nepal, including 60 percent women, and onboard 2,000 MSMEs to sell their products on the e-commerce platforms.

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8 (GSMA, 2022) The Mobile Gender Gap Report

9 (IDEO, 2020) Women and Money Report

10 (GSMA, 2022) The Mobile Gender Gap Report

11 (IFC, 2021) Women and E-Commerce in Southeast Asia

12 Ibid

# Project overview

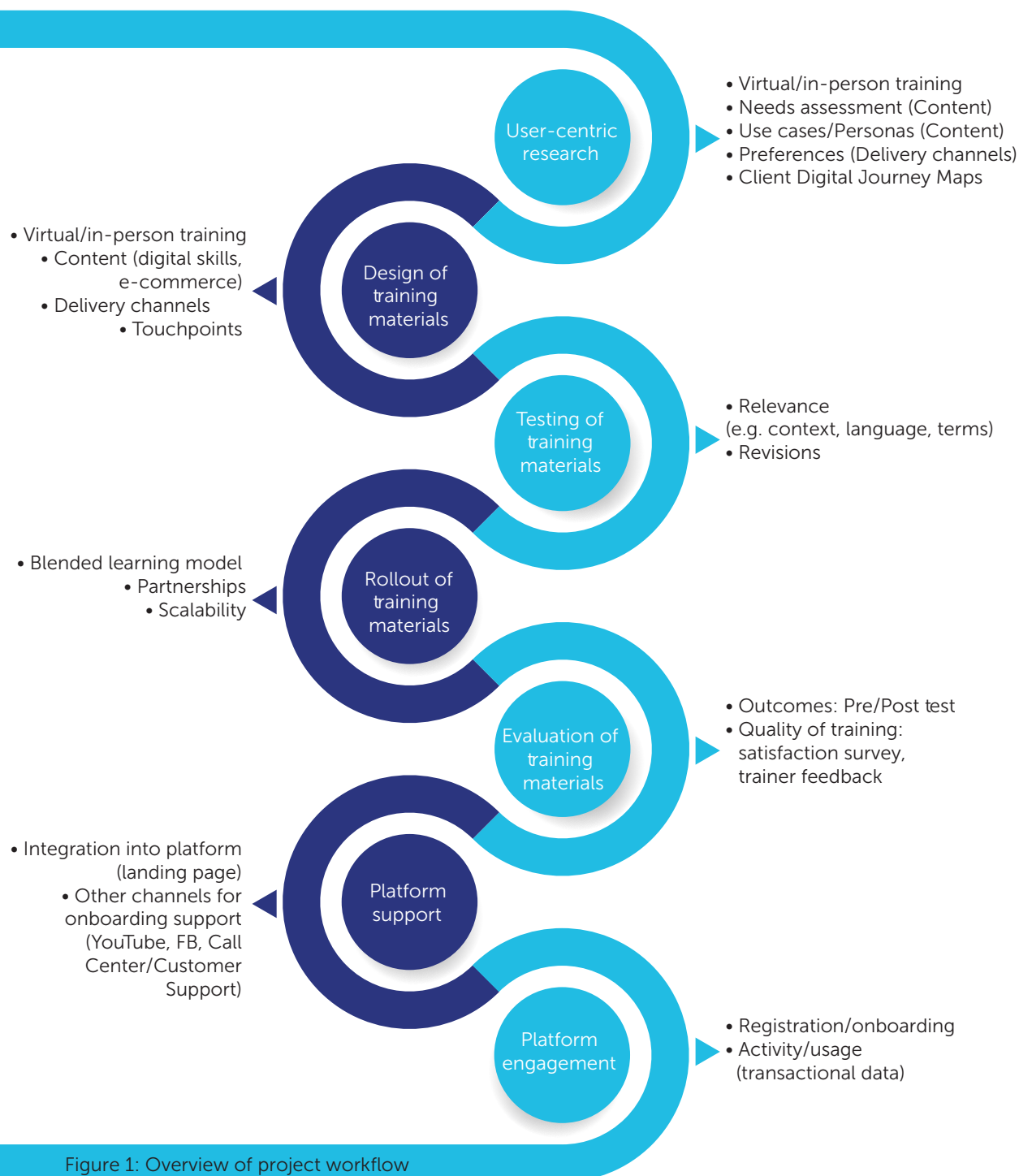


Figure 1: Overview of project workflow

Figure 1 provides an overview of the project and a snapshot of the technical assistance UNCDF provided to the four partners to ensure they followed a systematic process that involved user-centric research; design and testing of training materials informed by the client centric research; rollout and evaluation of training materials; platform support and, finally, platform engagement. This process was designed to move the platform users through the continuous stages of trained, onboarded and, finally, active platform users. The project began first with the e-commerce partners in May 2022 and then with the federations in July 2022.

# Platform partners



- UNCDF provided two virtual training sessions for each of the platform partners. The first one was held in May 2022 on how to conduct and analyse user-centric research using various human-centred design (HCD)<sup>13</sup> principles and tools (e.g., 'personas', 'client journey maps'). Then the platform partners conducted a small needs assessment with roughly 65 MSMEs in June 2022 through a mix of focus group discussions, in-depth interviews and surveys.<sup>14</sup> The needs assessment conducted with Sastodeal revealed that less than one-third of the women have formally registered their businesses and less than 10 percent have sold their products through digital platforms. This could be due to the finding that more than one-third of them thought e-commerce platforms were difficult to use. The second virtual training session was held in June 2022 on how to translate the results into programme design for the MSMEs.
- Both Sastodeal and Thulo developed 'personas' based on their client-centric research: a young rural woman entrepreneur and a young urban woman entrepreneur. They also developed client journey maps for the different stages of evaluation, selection, onboarding to the e-commerce platform, use of the platform and adoption of additional services offered by the platform. This helped them identify challenges during these different stages, particularly those related to low digital financial literacy levels and confidence in digital platforms and design a programme to overcome these challenges.
- For example, a key challenge women entrepreneurs face in creating their digital shop on Thulo's platform is taking and uploading high-quality photographs of their products, such as handmade items and accessories. As a result, Thulo provided a photographer to take pictures of the women's products for their digital shop during the in-person training and afterwards as post technical support.
- Then UNCDF worked with both platform partners to apply the user-centric research and best pedagogical practices to shape the content and delivery mechanisms of their programme in June and July 2022. The three modules developed by both partners included content to build soft skills, digital marketing and e-commerce skills to ultimately help the MSMEs grow their business by setting up a platform-specific digital shop. MSMEs learnt about the importance of expanding networks, negotiation, communications and creative approaches to run a business, as well as the benefits, channels and risks of digital marketing and e-commerce.
- For its fourth module, Sastodeal developed a Business Registration module to build the knowledge and skills necessary to own an online business; for example, the understanding of how to set up an e-mail account, open a bank account and apply for business registration. It also discusses the benefits of having a registered business and the steps and documents required for business registration. For its fourth module, Thulo developed a section on building digital skills to show how digital technologies can be used to manage and grow an online business – this also included guidance on how to set up a business e-mail account or Facebook business page.
- Following pilot testing of the materials in July and August 2022, the partners simplified some key technical terms and

<sup>13</sup> A process built on learning directly from customers in their own environments and then quickly developing and refining concepts with customers themselves (CGAP, 2014, Insights into Action).

<sup>14</sup> See Annex 1

tools such as the digital marketing plan. The pilot test revealed that participants are motivated by the stories of women owners of small businesses who experience problems with suppliers and collecting online payments. Women owners of MSMEs expressed interest in

doing research like the business owners in the video stories, setting up their business profiles on e-commerce platforms, registering their businesses and using social media to market their products. Then the materials were rolled out in August and September 2022.

## Federation partners



- UNCDF also supported FNCCI and FNCSI in conducting a needs assessment of their members in July and August 2022. Most MSME members from both organizations have never sold their products online and few members used digital technologies for their businesses. At least one out of three MSMEs felt that it is hard to use digital technology and were unaware of the benefits and risks of digital technology. More than half were unsure of the steps involved in setting up a digital shop and did not have the full confidence on how to set up their digital shop on an e-commerce platform. However, most had access to a smartphone and the Internet and three out of four would have liked to use digital technology more for marketing and selling online and would have liked to use an e-commerce marketplace to grow their business.
- UNCDF then conducted a one-day in-person training of trainers (TOT) with the staff of both FNCCI and FNCSI in September 2022. The federations identified the needs of their members and typical member 'personas' based on analysis of the user-centric research they conducted previously and key points of engagement, challenges and opportunities for building the digital capabilities of the MSMEs. Both FNCCI and FNCSI increased their knowledge, confidence and skills in the use of digital technology and e-commerce platforms to promote and grow a business and participated in group-based activities to build the digital capabilities of its members. For example, they worked in small groups to create innovative Facebook posts and a puzzle with the steps on how to open a digital shop.
- After the training, UNCDF worked with the federations to develop and translate a workbook for MSMEs and a Training Manual on the topics of digital technology, digital marketing and e-commerce. The workbook includes tools such as a 30-day social media marketing calendar, a digital marketing plan and a framework to compare e-commerce platforms. It also provides checklists on how to register a business and how to set up an e-mail account, business bank account and a digital shop on an e-commerce platform.
- UNCDF conducted a large sensitization workshop in November 2022 in Province 1 with FNCSI that was attended by 65 MSMEs, 33 of which were women-owned member MSMEs and another large sensitization workshop in February 2023 with FNCCI that was attended by 68 MSMEs, half of which were women-owned member MSMEs. The purpose of the sensitization workshops was to raise awareness on the importance, risks and benefits of digitalization in terms of access to markets and a broader customer base, to identify the challenges of the MSMEs and to solicit feedback on the content of the training modules. The workshops were

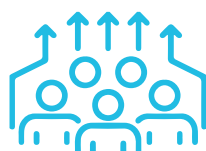


followed by a rollout of online training by FNCCI and FNCSI for their members.

- UNCDF most recently conducted a workshop with FNCCI and 29 attendees representing 23 e-commerce platforms, including Sastodeal and Thulo, in March 2023. The purpose of the workshop was to share the developed training handbook with the platforms, raise awareness on the importance of soft skills and digital marketing, explore some of the challenges platforms face in onboarding and promoting active use of their platforms among MSMEs and to identify solutions based on the content and tools presented in the workshop. The platform partners - Thulo and Satodeal - also shared some of their experiences with the project. FNCCI discussed its role in facilitating and advocating on behalf of the platforms.
- Overall, the platforms really enjoyed the experience sharing, interaction and inclusivity of all the stakeholders during the workshop. Some additional challenges they mentioned they faced to

onboard MSMEs (aside from digital literacy and lack of business registration) include the finance policy, delivery and return policy, logistics, capital and connecting as a bridge between the producers and the platform. After the workshop they plan to explore implementation via member associations such as FNCCI, share the information with other team members/staff and potentially provide training in digital marketing. If the platforms provide additional training in this area, this could be an unintended multiplier effect for the project. Lastly the platforms wanted to learn more about digital finance, customer relationship management (CRM) and search engine optimization (SEO) and suggested holding similar events in other parts of the country and a mentorship program for MSMEs. This workshop demonstrated that the federations can play a key advisory role through offering unbiased information and guidance on choosing the most appropriate e-commerce platforms as well as serve as a bridge between the platforms and its members.

## Capacity building



### Delivery model

Both e-commerce platform partners originally planned to conduct training online but, after their research revealed that women prefer in-person training, they adapted their delivery model. Thulo conducted training primarily in-person. Sastodeal conducted some trainings online and so used more of a hybrid model, including online vendor onboard training offered twice per week. The federations conducted training mainly virtually but did conduct a few in-person trainings. All four partners used a mix of videos, PowerPoint, stories and small and large group interactive activities and discussions.

Table 1: Training delivery models of partners

Partner	Delivery model
Thulo	In person
Sastodeal	Hybrid –online vendor training, in person
FNCCI	Hybrid – mainly virtual
FNCSI	Hybrid – mainly virtual

## Partnerships to scale up delivery



Thulo developed partnerships with a range of non-profits, local government and associations that helped expand outreach to their member MSMEs as well as assisted in coordination for training and other activities. Partnerships with associations worked particularly well for Thulo as MSMEs trusted the associations more than Thulo, especially outside the valley. Thulo also issued an open call for the training in social media and via e-mail prioritizing women-owned businesses.

Thulo's partnership with the Women Development Centre and Lalitpur Metropolitan City Office, Maan Mahila Ka and Sabah Nepal helped it reach women-led MSMEs. Due to its partnerships with FNCSI, Morang Merchant's Association, Province Micro Enterprise Federation Nepal and the Chamber of Industries Morang, Thulo now has MSMEs clients and a branch in Province 1. Its partnership with FNCCI helped Thulo reach rural MSMEs in Gandaki Province and in Province 1. In Province 3, Thulo partnered with FNCSI and FNCCI, Lalitpur Metropolitan City (LMC) Office, Lalitpur Handicraft Association, Mahila ka Laagi Mahila Campaign and SABAH – Nepal. In the Gandaki province, Thulo partnered with FNCCI-Gandaki via the MSMEs Growth Bazaar.

Sastodeal partnered with a large women-focused non-governmental organization, Women for Human Rights (WHR), whose mission is to fight for the socio-cultural, economic and political rights of single women of Nepal to provide training and to assist them with the necessary documents and steps to formally register their businesses. Most of the in-person trainings conducted by Sastodeal were done with this organization.

Sastodeal has also partnered with the Federation of Woman Entrepreneurs' Associations of Nepal (FWEAN), a non-profit organization that advocates and lobbies on women's economic issues of Nepal. This partnership has helped Sastodeal reach rural MSMEs. FWEAN organized a training in March 2023 that integrated Sastodeal's Digital Financial Literacy Curriculum. It also integrated a loan information session conducted by a representative from NMB Bank about the loan documentation process, including the types of business transaction documentation needed and the criteria for loan eligibility. This session was particularly useful for those looking to secure loans for their businesses and who needed guidance on the documentation process. Lastly, the training provided an onboarding session on the FWEAN BDC App, a one-stop solution for all the business-related problems faced by women entrepreneurs, which included the importance of cash flow projection and bookkeeping for business and keeping a separate record of business and personal transactions. This training was supported by USAID Trade & Competitiveness.

## Additional capacity building +++

Sastodeal conducted a two-day in-person TOT with 20 women owners of MSMEs at the end of July 2022 to build their capacity to train others on running a digital shop. It also conducted an online session for 15 trainers on the Zoom platform in August 2022 on how to conduct virtual training via the same platform. These workshops encouraged the participants to join an e-commerce platform and scale up their businesses. They expressed interest in more frequent learning opportunities for the TOT. Sastodeal conducted a second online half-day TOT in March 2023 with 25 trainers from FWEAN.



They plan to roll out the training in their respective local division of the organization. Two of the trained trainers from the first TOT have delivered trainings to more than 400 women-led MSMEs.

After FNCSI provided online training sessions via Zoom to MSMEs, some of the MSMEs in Province 1 and Province 2 requested additional in-person training to learn more about digital marketing and selling online. FNCSI's trainer, who typically travels to different districts for business purposes, conducted three additional one-day trainings in Udaypur and Biratnagar in Province 1 and Birguni in Province 2 to a total of 54 women-owned MSMEs. The trainings focused on specialized topics such as social media marketing and Facebook marketplace.

## Technical support

### Onboarding support

Thulo offered the following incentives to women-led MSMEs to promote onboarding and overcome barriers such as cost, access, motivation and capabilities (digital financial literacy and digital skills):

- Commission-free transactions for the first three months (cost)
- In-person training with travel and food per diem (cost)
- Free photography services for their products (cost, access)
- Product uploading services particularly for those with unstable Internet connection (access)
- One-on-one support on online shop management to better understand the platform (capability)
- Additional technological tools to digitize their business (capability)
- Gamification of onboarding process by assigning tasks to MSMEs and providing rewards (motivation)
- Onboarding: qualified for participation in the training
- Training participation: logo and business card design

As most MSMEs lacked any business branding, Thulo created marketing materials such as logos, business cards and large stands with QR codes linked to the e-commerce website for all the MSMEs that were trained (809 in total) (see figures below).



Figure 2: Business card design



Figure 3: Logo design

The Thulo team visited the MSMEs and helped them to upload the products' photos. To engage Province 1-based MSMEs, Thulo also hired a few local interns to support their onboarding, training and branding process.

To overcome a key challenge for the women-led MSMEs it was working with, Sastodeal staff provided additional support to help guide them through the business registration process so they could in turn access their platform. This included helping them to complete the necessary paperwork for the ward office (local authority) and then the PAN/VAT registration from the Department of Industry or Cottage and Small-Scale Industry. Sastodeal also flagged missing data (PAN) and created a separate landing page for those with missing information for business registration.

## Incentives and support for active use of e-commerce platforms

Thulo provided the following incentives to promote active use of its platform:

- Domain registration for free (lifetime)
- Business e-mail on Thulo mail platform for free (1 year)
- E-commerce website connected to domain name for free (1 year)
- Workplace by Thulo to provide billing, inventory and point of sales (POS) system for free (1 year)

Thulo has also provided continuous technical support after onboarding the MSMEs to the platform, for uploading products, content creation and shop management. MSMEs can contact Thulo's support team through phone calls, WhatsApp, Viber and messages through its social media pages. Thulo is in the process of transitioning to a ticket-based communication platform for technical support.

Sastodeal has provided additional technical support via Messenger and WhatsApp to facilitate onboarding and active use of its platform.



# Snapshot of trained MSMEs

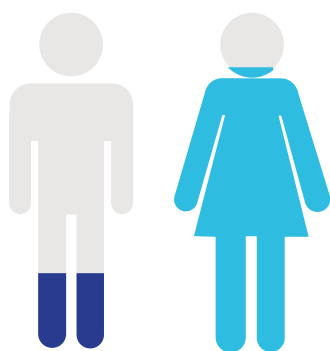


## Socioeconomic characteristics

Roughly eight out of ten participants in Thulo's training were women while six out of ten participants in Sastodeal's training were women. However, all the participants who participated in the training provided by Sastodeal in partnership with WHR and FWEAN were women (400 were trained through WHR). Two out of the three participants that Thulo trained were in the rural areas while it was the reverse for Sastodeal (89 percent urban and 11 percent rural). However, Sastodeal is currently targeting rural women MSMEs through its partnership with FWEAN.

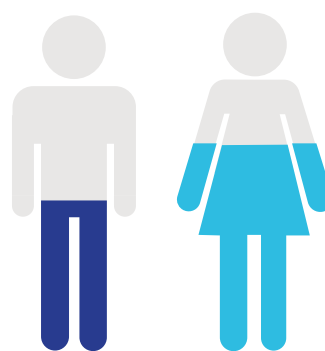
The age group is similar for both partners where roughly 80 percent of MSMEs were between the ages of 30 to 40 and 40 plus for Thulo and between the ages of 26 and 45 for Sastodeal. The education level of the entrepreneurs trained by Thulo was slightly lower than those trained by Sastodeal, as nearly 68 percent of those trained by Thulo only had a secondary or high school degree while for Sastodeal it was fewer at 58 percent. The remaining entrepreneurs had an undergraduate degree or higher. Thulo had a slightly higher percentage of those trained with a school level education (32 percent vs. 19 percent).

Most of the training participants of both partners were married - nine out of ten for Thulo and six out of ten for Sastodeal, - but Sastodeal trained more single/unmarried people than Thulo - 39 percent vs 13 percent - due mainly to its partnership with WHR, an organization that works primarily with single women. Lastly, only roughly ten percent of the MSMEs trained by Sastodeal had registered businesses.



■ 22% men ■ 78% women

Figure 4: Gender breakdown for Thulo



■ 42% men ■ 58% women

Figure 5: Gender breakdown for Sastodeal

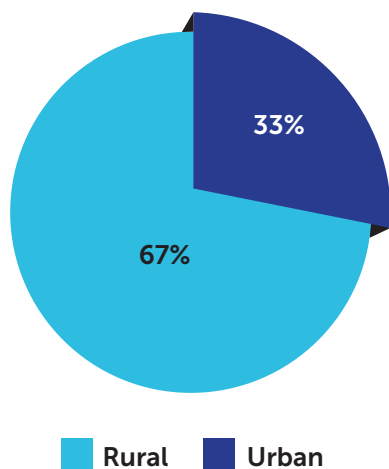


Figure 6: Geographical breakdown for Thulo

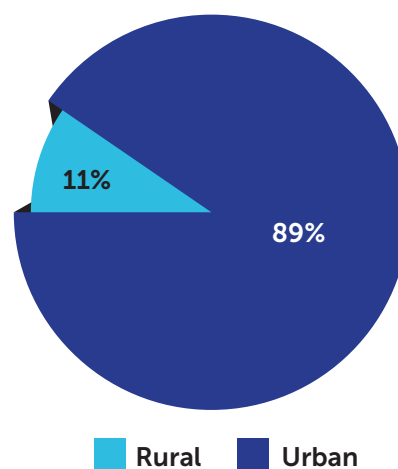


Figure 7: Geographical breakdown for Sastodeal

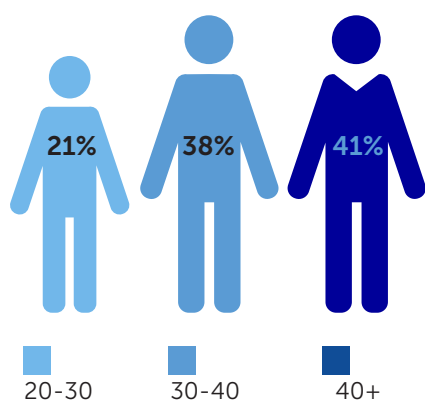


Figure 8: Age breakdown for Thulo

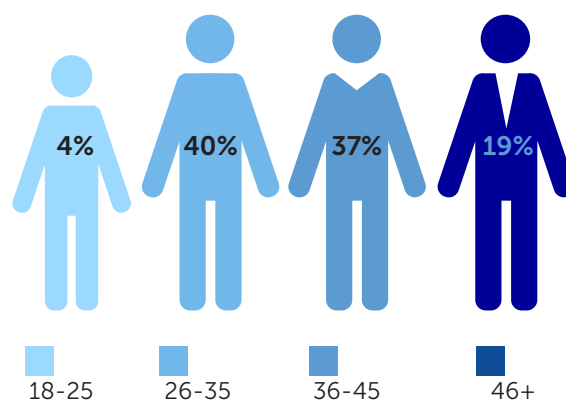


Figure 9: Age breakdown for Sastodeal

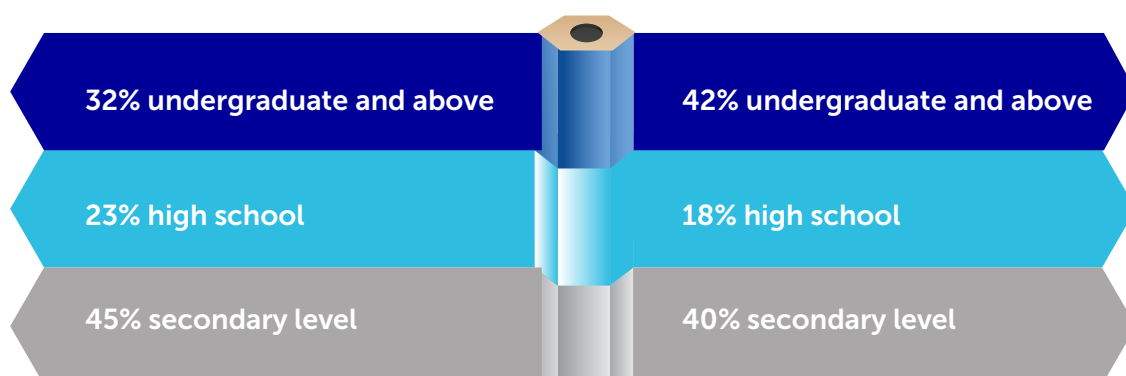


Figure 10: Educational breakdown for Thulo

Figure 11: Educational breakdown for Sastodeal

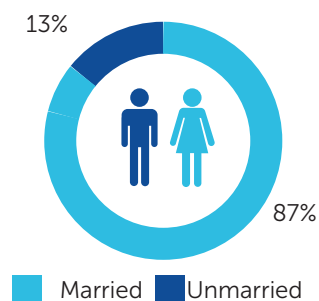


Figure 12: Marital status breakdown for Thulo

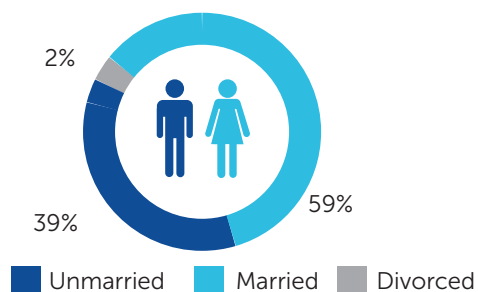


Figure 13: Marital status breakdown for Sastodeal

For the federations, most of the training participants were also women with a slightly higher proportion of women for FNCCI (74 percent compared to 62 percent).

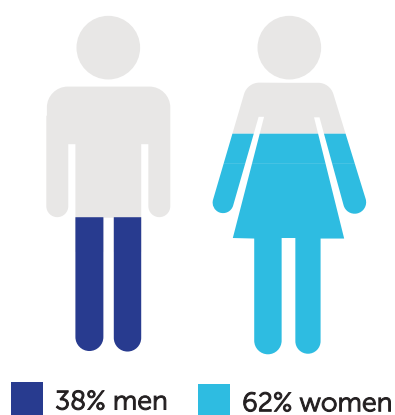


Figure 14: Gender breakdown for FNCSI

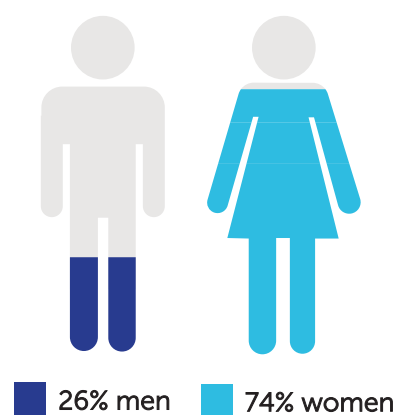


Figure 15: Gender breakdown for FNCCI

## Business characteristics



Both platform partners trained entrepreneurs who have been in business for the past five years. Sastodeal captured a more nuanced range of age of business where a little more than one quarter of the entrepreneurs have been in business for one year, nearly one quarter have been in business for two years, and one third have been in business for four years or longer. Thulo captured a longer period for age of enterprise as nearly one quarter of the trained entrepreneurs were in business between five and ten years and 20 percent have been in business longer than ten years. The weekly income levels were nearly three times higher for those trained by Sastodeal as half of the entrepreneurs had a weekly income of more than 30,000 rupees (US\$220) while three-quarters of the entrepreneurs trained by Sastodeal had a weekly income level of only up to 10,000 rupees (\$75).

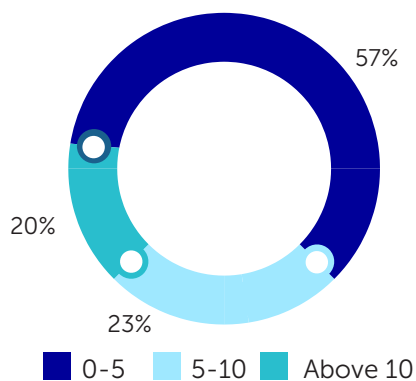


Figure 16: Age of business breakdown for Thulo

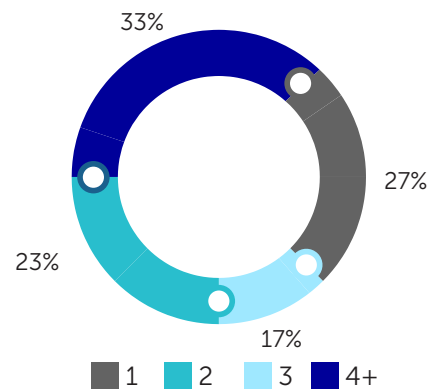
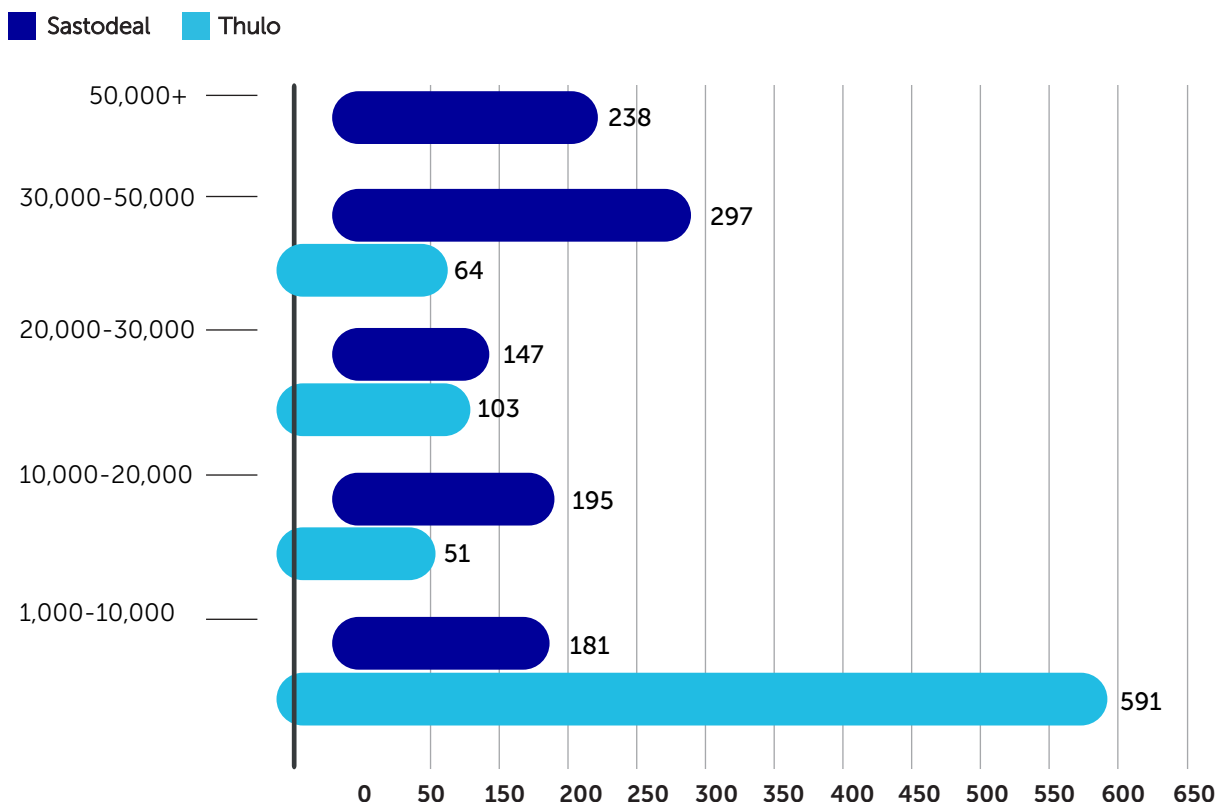


Figure 17: Age of business breakdown for Sastodeal



Figures 18: Weekly income for Thulo and Sastodeal onboarded businesses

Qualitative research with 54 participants across the four partners revealed additional information about the type of business and sector, use of technology and use of financial services. UNCDF conducted seven focus group discussions<sup>15</sup> with a mix of entrepreneurs who were active and inactive on the platform and those inside and outside of the Kathmandu valley (see Table 2).

Table 2: Segmentation of focus groups across partners

Partner	Trained	Active	Not active	Inside valley	Outside valley
Thulo	X	X	XX	XX	X
Sastodeal	X	X	X	X	
FNCCI	X				
FNCSI	X				

Most of the MSMEs trained by Thulo, FNCCI and FNCSI have registered businesses with a physical shopfront in rented space, unless the MSME have their home in a prime location or their business does not require regular customers (e.g., if they supply in bulk or are manufacturers). The MSMEs trained by Sastodeal have a mix of registered and unregistered businesses that are mainly home-based without shopfront. For these MSMEs, buyers come directly to their home to buy the product typically through referrals or from local contacts. Most of the MSMEs across all four partners work in the manufacturing services industry.

Table 3: Business information

	Thulo	Sastodeal	FNCCI	FNCSI
Type of business	Mostly registered businesses	Mix of registered and unregistered businesses	Mostly registered businesses	Mostly registered businesses physical shop
Business location	Roughly half had physical shop	Mostly home-based businesses without shopfront for inactive users and shopfront in home for active users	Physical shop in their home	Mostly physical shop
Business sector	Trade and Manufacturing Services (Food, Handicrafts, Clothes)	Manufacturing Services (Food, Books, Appliances, Pickle, Incense, Clothes) Agriculture	Manufacturing Services (Food, Garments)	Manufacturing Services (Food, Garments, Handicrafts)

<sup>15</sup> See Annex 2 for the focus group discussion guide.

## Business goals



Overall, most MSMEs, particularly women-owned MSMEs want to be financially independent and take care of their family. In the short term, MSMEs want to stay afloat in the current market, promote domestic products and expand their product offerings. In the long term, MSMEs want to register and/or grow their business, increase the quality of their products, and expand customer reach. Some MSMEs did not have long-term goals for their business due to market uncertainty.

## Business challenges



Table 4 provides a snapshot of the challenges that many MSMEs face, which can be categorized by access to financial services, cash flow management, logistics, time management, COVID-19 and gender-specific challenges. Of particular interest is the perception among women-owned MSMEs that there is bullying to avoid payments, which requires them to send men in their family to collect payments. They also perceived that there is a lack of trust by their customers, which requires them to market their products in-person, thus making it more challenging for them to sell their products online.

Table 4: Business challenges faced by MSMEs

Type of business challenge	Example of challenge
Access to financial services	<ul style="list-style-type: none"> <li>Applying for loans is a long and difficult process for busy MSMEs</li> </ul>
Cash flow management	<ul style="list-style-type: none"> <li>MSMEs in manufacturing sector provide goods to retailers on credit and face delays in getting paid for goods</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>Time and costs associated with delivery directly from MSMEs</li> <li>Delays in getting lab certificate for MSMEs in food sector</li> </ul>
Structural/Market	<ul style="list-style-type: none"> <li>Shortage of raw materials</li> <li>Lack of labour</li> <li>Increase in price of seeds for MSMEs in food sector</li> <li>Availability of lower quality and cheaper or counterfeit products makes it challenging to maintain quality and brand name/recognition</li> </ul>
Time management	<ul style="list-style-type: none"> <li>Networking with other business owners or expanding networks is difficult to do outside normal business hours (i.e., in evening)</li> </ul>
COVID-19	<ul style="list-style-type: none"> <li>Business closures especially in manufacturing sector</li> <li>Lack of sales</li> <li>Market uncertainty</li> </ul>
Gender-specific issues	<ul style="list-style-type: none"> <li>Lack of trust or fear to approach financial institutions for loan</li> <li>Bullying to avoid payments that requires them to send men in the family to collect payments</li> <li>Time management - domestic duties/childcare for younger children</li> <li>Lack of trust by customers requires women to market product physically to convince people</li> <li>Some businesses run by spouse but for purpose of loan or subsidy registered in name of women (spouse, mother)</li> </ul>



## Use of technology and financial services



Focus group discussions with all four partners revealed that most MSMEs have smartphones and use social media such as Facebook, Instagram, WhatsApp, Viber and TikTok for marketing their businesses and to upload product videos. Some have laptops and have used e-commerce platforms for either personal or business purposes such as for marketing. For inactive platform users, only their children use social media.

In terms of financial service use, most have either a personal or business bank account and have accessed either loans or savings in the past. Some have mobile wallets and use digital financial services mainly for payments such as utility payments. The use of technology seems directly correlated to the use of financial services as less active platform users typically used informal financial services such as women's savings and credit groups or cash. When the need arises to make bank transactions, they typically do so through an account of a family member.

Table 5: Use of technology and financial services

	Thulo	Sastodeal	FNCCI	FNCSI
<b>Technology use</b>	Smartphones Social Media (Facebook, Instagram, WhatsApp, Viber, TikTok) Some use e-commerce platforms for buying/selling (Daraz) More advanced for active users marketing	Smartphones Social media (Facebook, Instagram, WhatsApp and other messengers (Viber, Messenger) Most had e-commerce accounts (Daraz and Sastodeal) For onactive users, only children use social media	Smartphones Access to Wi-Fi Social media (Facebook, TikTok) Marketing and to upload product videos Awareness of e-commerce but not usage Most not registered on e-commerce platforms	Smartphone Half had laptops Social media (TikTok) Some use of e-commerce for personal and business use (Daraz and msmenepal)
<b>Use of financial services</b>	Loans from formal financial institution Some are using mobile wallets	Business bank accounts- savings, credit Mobile wallets Inactive users- loans from women's savings and credit group; do not use mobile wallets and operate with cash and when need to do transactions via bank use one of their family member's accounts	Bank accounts- loans, savings Most have business bank account Most use digital financial services for payments	Bank account – payments (i.e., utility) Most have business and personal bank accounts Some have subsidy loan from commercial banks Use cheques for payments in larger amounts

## Goals in joining platform

Qualitative research revealed that some of the reasons MSMEs stated for joining the e-commerce platform address some of the challenges they face in their business such as logistics and time management. Other motivators include business growth, trust and convenience.

Table 6: Motivators to join e-commerce platform

Motivator	Example
Business growth	<ul style="list-style-type: none"> <li>Expand customer base beyond networks and community</li> <li>Online presence of platform</li> <li>Increase sales</li> </ul>
Logistics	<ul style="list-style-type: none"> <li>Packaging and delivery support</li> </ul>
Trust	<ul style="list-style-type: none"> <li>Trust vendors of certain platforms over others</li> </ul>
Local pride	<ul style="list-style-type: none"> <li>Platform promotes genuine Nepal products</li> </ul>
Time management	<ul style="list-style-type: none"> <li>Desire more free time (especially true for women)</li> </ul>
Convenience	<ul style="list-style-type: none"> <li>Flexible hours</li> <li>Do not have to stay in physical shop all day</li> </ul>

## Key project achievements

### Outreach and geographic expansion

Table 7 provides the total number of MSMEs that were trained and onboarded on the e-commerce platforms for all four partners. As training is still ongoing for two of the partners - Sastodeal and FNCCI, - these figures are not yet final and should increase. Thulo and FNCSI exceeded most of their targets.

Table 7: Outreach figures to date (as of March 17, 2023)

Partner	Trained	Target	Onboarded	Target
Sastodeal	2,566	4,000	1,900	4,000
Thulo	809		2,210	
FNCCI	186		13	
FNCSI	167		167	
<b>TOTAL</b>	<b>3,728</b>		<b>4,290</b>	

The project aimed to train and onboard at least 60 percent women-led MSMEs across all four partners. 78 percent of the MSMEs trained by Thulo were women, while 60 percent of those onboarded were women. 66 percent of the MSMEs trained by Thulo were rural, while 58 percent of those onboarded were rural. 73 percent of those trained by Sastodeal were women, while 65 percent of those onboarded by Sastodeal were women. 62 percent of those trained by FNCSI were women while 70 percent of those trained by FNCCI were women. All four partners exceeded their gender targets for the percentage of women trained, while the percentage of women onboarded is still increasing for three of the partners (except for Thulo).

Table 8: Gender outreach to date (as of March 17, 2023)

Partner	% women trained	% women onboarded
Thulo	78%	60%
Sastodeal	70%	65% (still ongoing)
FNCSI	62%	51% (still ongoing)
FNCCI	70%	62% (still ongoing)

Thulo expanded its outreach and operations beyond the Kathmandu valley, with a focus on Province 1, 3 (Bagmati Pradesh), 4 (Gandaki Pradesh) and 5 (Lumbini Pradesh) (see figure 19). Sastodeal also has tentative plans to expand its outreach and operations outside the valley.

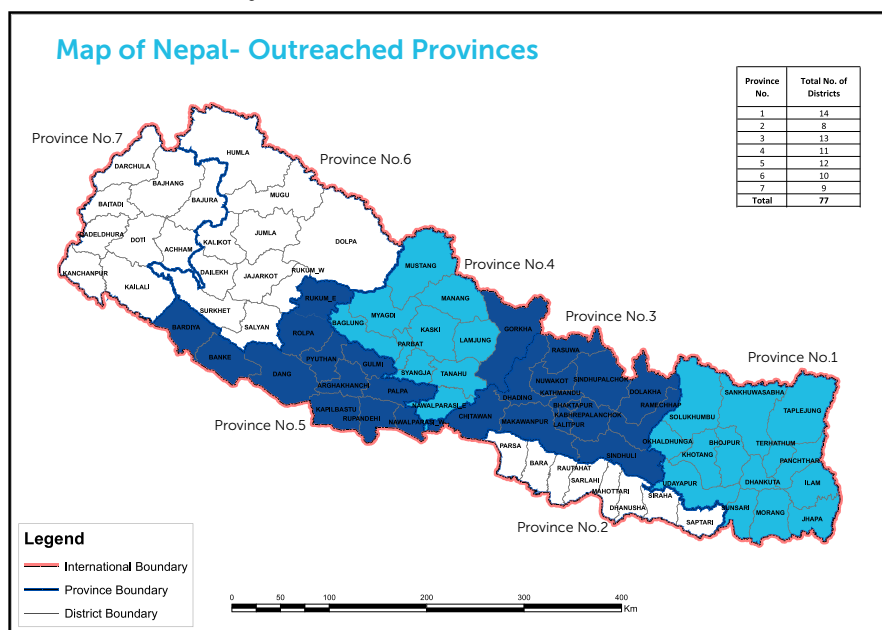


Figure 19: Provincial map of Nepal

## Increased awareness and access



Overall, the trainings raised awareness among the MSMEs about the importance and benefits of e-commerce platforms for all four partners. Most of the MSMEs were familiar with social media platforms or informal online commerce (IOC),<sup>17</sup> but not as familiar with e-commerce platforms. After the training most of the participants increased their knowledge about digital marketing and e-commerce platforms and were interested to learn more about e-commerce platforms.<sup>18</sup> The platforms were able to provide access to markets (i.e., connecting buyers and sellers), knowledge (i.e., improving digital literacy through training and workshops), technology (e.g., low-cost marketing tools) and additional support services (e.g., business registration, photography and product uploading support) for all the project beneficiaries.

## Usage indicators expected to rise over time



As is the case with financial services, once given access, it takes time to promote usage of e-commerce platforms. While many MSMEs were onboarded onto the platforms, there was less active usage of the platforms. The process of being trained, onboarded and active took longer due to challenges at both the MSME and institutional level.<sup>19</sup> A little over 100 MSMEs made one active transaction on the Thulo platform, while 48 made two or more transactions (see figure 20). The transactions were mainly in the form of online orders.

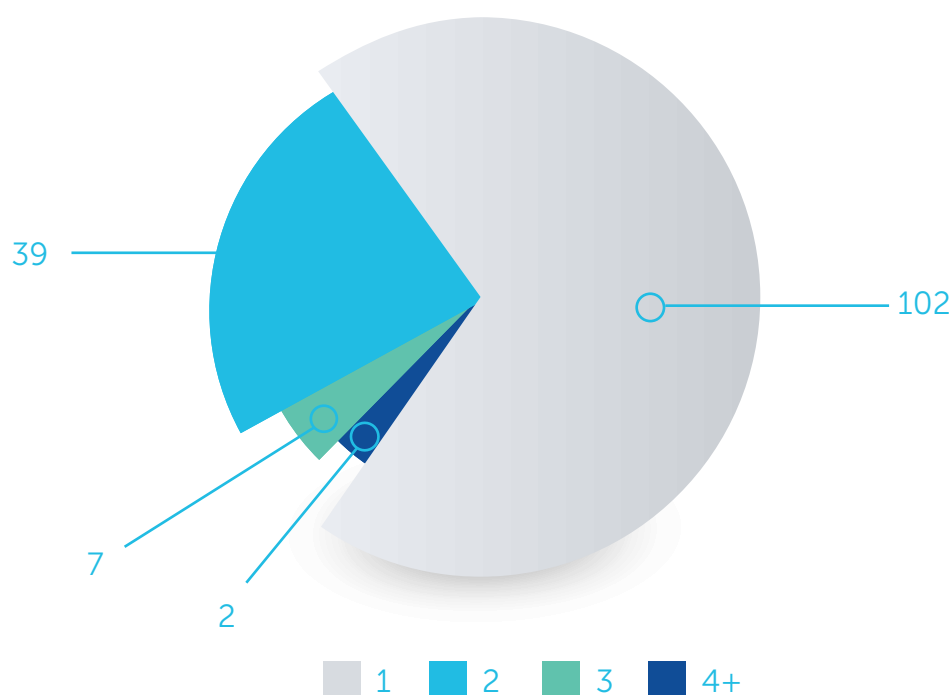


Figure 20: MSMEs with active transactions on Thulo.com platform

17. (CGAP, 2021) Business Her Way: Creating Livelihoods Through Informal Online Commerce

18. See next section: Learning assessment

19. See Section: Challenges, lessons learnt and recommendations

## Business impact



Qualitative research revealed that MSMEs who had sales through Thulo's platform had a lower rate of return and order cancellations as the customers were more reliable. Thulo's platform also streamlined their logistics such as through delivery and there was a lower likelihood of orders being incorrect. MSMEs reported easy customer acquisition and expanded customer outreach outside of the valley. They also reported some improvement in sales ranging from 5 percent to 20 percent. Thulo reported that the total sales volume during December 2022 - February 2023 was around \$7,000 for the 150 active MSMEs trained through the project. Positive impact was observed also among the beneficiaries of Sastodeal and the federations as described below.

## Spotlight on Cotton Care Home



- Name: Hasana Maharjan
- Age: 36
- Marital status: Married
- Province/City: Pulchowk Lalitpur
- Education level: Master's
- Age of business: 9 months
- Monthly income : 50,000 Rs (\$380)
- Number of employees: 2
- Physical Shop: Yes
- Digitalization level: Moderate – account only on Thulo.Com

Figure 21: Photo of Hasana Maharjan

"Thulo.com has made a huge difference in my business and my life. Thanks to their e-commerce training, I now have a better understanding of how to utilize digital technologies and promote my products online. I have been able to use the Forever Free plan to sell a select number of products through Thulo.com without paying a monthly or annual fee or sales commission. The platform has allowed me to reach a wider audience and increase my sales by 15 percent and revenue by 10,000 Rs (\$75) within a short period. I have made over 20 additional sales because having an online store has attracted more people to visit my physical store and spread awareness about my brand. With the flexibility to manage my store from anywhere with an Internet connection, I can now balance work and personal life more easily. I highly recommend Thulo.com to anyone looking to take their business to the next level."

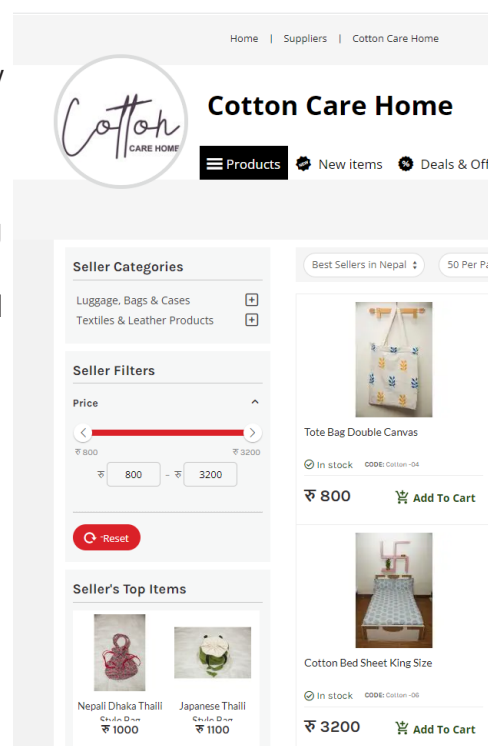


Figure 22: Social media page of Cotton Care Home

## Spotlight on Afnai Gaunko (Homemade natural sweetener)



- Name: Yamuna Ghimire
- Age: 40
- Marital status: Unmarried
- Province/City: Chabahil, Kathmandu
- Education level: Master's
- Age of business: 1.5 years
- Monthly income: 30,000 Rs (\$220)
- Physical shop: No
- Digitalization level: Advanced – accounts on Thulo, Daraz, Gyapu and Sastodeal

Figure 23: Photo of Yamuna Ghimire

"Thulo.com has been a game-changer for me and my business. Even though I had some prior knowledge of e-commerce, the course has helped me gain a better understanding of the benefits and risks of e-commerce, the value of digital marketing and the potential of e-commerce platforms. With Thulo.com, I can now make informed decisions and develop effective strategies to mitigate risks and maximize benefits of e-commerce. It has become easier for me to manage my seller account, list my products, process payments, manage orders and communicate with customers, enabling me to focus on other business activities and motivate me to sell my products through other e-commerce sites. The largest change I have seen is the potential to increase revenue over 20,000 Rs (\$150) and expand customer reach by 20 percent to 30 percent. I have also made 25 additional sales through the platform. By leveraging e-commerce platforms, I can reach a wider audience, including customers from different geographical locations, and maximize my sales and revenue potential. Thanks to Thulo.com, I am better equipped to navigate the competitive world of e-commerce and increase my chances of success. Thulo.com is a great resource for entrepreneurs who want to keep up with the latest e-commerce trends and best practices."



Figure 24: Social Media Page of Afnai Gaunko

## Spotlight on Aabha Dhukka Enterprises



- Name: Shristi Shrestha
- Age: 34
- Marital status: Married
- Province/City: Nagbahal, Lalitpur
- Education level: Bachelor's
- Age of business: 1 year
- Monthly income: Rs. 10,000+ (\$75+)
- Physical shop: No
- Digitalization level: Moderate – accounts on Sastodeal

Figure 25: Photo of Shristi Shrestha



"During Sastodeal's training I learnt about the difference between e-commerce and social commerce. Being a trainer for Sastodeal gives me immense satisfaction to be able to pass on my knowledge about digital marketing to other women and help them scale up their business. I have just initiated my project "Aba Dhukka - sanitary pad produced by women for women." It would have been challenging to reach the broader market if I had done it with traditional marketing methods. Now I have onboarded Sastodeal's platform, and I can reach my target audience in a few clicks of my mouse or even my phone. It also makes it easy to keep track of sales. I can position my products on various digital mediums and use the e-commerce site to expand my business as well as market it to the right customer segment. This makes time management very easy for me. Although it has not been very long since I joined the digital platform, I have started getting very good responses and feedback. I am excited and expect at least 80 percent of my sales from the digital platform."



Figure 26: Photo of Aba Dhukka production process

## Spotlight on Sharada Gharelu Udhyog



- Name: Sumitra Phuyal
- Age: 30
- Marital status: Unmarried
- Province/City: Morang, Kerabari
- Education level: Bachelor's
- Age of business: 3.5 years
- Monthly income: Rs. 40,000+ (\$300)
- Physical shop: yes
- Digitalization level: Advanced – accounts on Daraz, Afanta, MSMENEPAL

Figure 27: Photo of Sumitra Phuyal

"All of us use the Internet for the simplest things as well as for the most complex ones. As a business owner, it is paramount to have a basic understanding of all the core components of marketing online. Therefore, the training provided by FNCSI ([msmenepal.com](http://msmenepal.com)) came at the right time for me. I had been running my business successfully, but after COVID-19 I was forced to shut down. It was getting difficult for me to reestablish my links and sell my products as before.

After I received the training from FNCSI, my business model has completely changed. I have onboarded [msmenepal.com](http://msmenepal.com) and also opened my pages "Sharada Gharelu Udhyog" and "Newlooks" and started selling various products made of hemp and cotton. Currently, most of my sales are done online. As I focus on digital marketing, my working hours and location are always flexible. All I need is good Internet connection. I can even work from home and with digital marketing, I am able to track my daily/weekly/monthly performance score, measure my customers activity, and take action on products enhancement and new designs accordingly. The most important

thing is it saves a lot of money and resources, which in turn is a profit for my business. With the help of digital marketing, my business volume has increased a lot as I have moved from a closed-down business to an all-over Nepal and out-of-the-country delivery, Thanks to FNCSI's platform msmenepal.com, my local products have now found an international market. I have been sending my products via parcels to various countries. After looking at my success in the digital platform, my sister and few friends have started their own businesses, which are also doing well. I hope people entering the market realize the change in consumer behavior and switch to digital media."



Figure 28: E-commerce integrated virtual exhibition site (msmenepal.com)

## Responding to the needs of MSMEs: Revised business model of Thulo

During the soft skills component of the training, the MSMEs shared some of the challenges they face as small business owners. A key challenge, particularly for those in the manufacturing sector, is that they are unable to sell in bulk through e-commerce platforms as most platforms are set up for buying or selling in smaller quantities. As a result, Thulo is in the process of adding options in the platform for bulk price adjustment. They are also planning to introduce a subscription model for these sellers as this would be better suited to those who sell in bulk compared to the commission-based model where sellers pay a commission for each item sold. Thulo is also moving towards an open marketplace model, where they will act as a medium to directly connect buyers and sellers. Thulo has designed more than 20 new marketing tools/packages to be offered to the MSMEs as a value-added service for the promotion of their products and services.

Lastly, Thulo has introduced five different sub-platforms within Thulo.Com which provide 360-degree solutions for digitizing MSMEs. These include the following:

1. Thulo sites – a platform for users to create a website in one click, free basic website;
2. Thulo Ads – third party advertising platform, paid service;
3. Thulo Express – standalone logistics provider;
4. Thulo Workplace – a platform with production management (stocks), account management, team task/management, product upload back-end; free service with limited number of products and more features ranging in price from 500 to 1,000 Rs (\$4 to \$8) per month
5. Thulo Mail – email service for businesses



## Leveraging project for other MSME focused projects: Thulo

Thulo has also started collaborations with new delivery partners in more than 60 municipalities. Through this project, Thulo.Com has been able to network with diverse organizations and associations in Province 1 and focus on the agri MSMEs. For example, through its new partnership with the largest agri and trade expo in Biratnagar (Birat Expo 2079), Thulo plans to onboard over 350 new businesses onto its platform and provide opportunities for 5-6 women MSMEs to showcase and sell their products.

Thulo also began a new project to digitize more than 200 agri MSMEs in Province 1 due to the successful implementation of this project. Thulo is funding this project through its sales and private investment. This project is being implemented from October 2022 until June 2023 in collaboration with Nepal Agricultural Market Development Programme (NAMDP), also known as Sahaj. The project will focus on connecting MSMEs with buyers through Thulo Pasal, conducting training programmes on 'Building Digital Capacity' and building brand identity and marketing collateral. The project aims to increase the knowledge, employment, investments, purchases and income of the MSMEs as it relates directly to the digitization of their enterprises.

## Learning assessment

### Evaluation tools

The partners used three main evaluation tools to measure the quality and outcomes of the training (see Table 9). The pre and post test were used to measure changes and gaps in knowledge, skills and attitudes. The pre and post test were tested by the partners with a small sample to ensure that the MSMEs understand the terms and questions. The satisfaction survey and trainer feedback tool were used to measure the quality of the training.

Table 9: Evaluation tools

Evaluation tools	Description	Indicators
Pre/post test tool	10 questions across 5 module topics that measure knowledge, skills, and attitudes.  The pre test is given before the training and the post test is given after the training.	<ul style="list-style-type: none"><li>• Short term changes in knowledge/skills/attitudes</li><li>• Gaps in knowledge/skills/attitudes</li></ul>
Satisfaction survey	7 questions that measure the quality of training with participants.	<ul style="list-style-type: none"><li>• Quality of training</li><li>• Preference for topics and additional topics</li><li>• Action steps</li></ul>
Trainer feedback	6 questions that measure the quality of the training with trainers.	<ul style="list-style-type: none"><li>• Quality of training</li><li>• Topics that are popular with participants</li><li>• Topics that are unclear to participants</li><li>• Suggestions for improvements and additional topics</li></ul>

## Outcomes assessment



Table 10 presents the results of the pre and post test for the MSMEs trained by Thulo. The change between the pre and post test ranges from 13 percent to 44 percent. The largest increase in change in knowledge occurred among MSMEs in identifying that there are risks involved in e-commerce (44 percent). Other large increases between the pre and post test occurred in knowledge that a digital shop can help an MSME reach more customers outside his/her immediate area (question #6) and in the importance of being creative in product descriptions (question #3). There was nearly a 30 percent increase in those that had a digital marketing plan after training (question #5), which is an important skill for creating and growing an online business. There was also a 25 percent increase in confidence in selling products on Thulo.com (question # 10) and a 34 percent increase in using digital technology (question #4). Confidence is a key indicator for measuring attitudes related to digitalization and a necessary precursor to adopting new digital technologies.

Table 10: Pre/Post test result for Thulo

Type of question		5 correct		Changes
Question		Pre test	Post test	Pre vs post
1. You should promote your products to people outside your own social circle.	Knowledge	85%	97%	13%
2. Digital technology can be used in the following areas of your business	Knowledge	55%	89%	33%
3. It is important to be creative when describing your products.	Knowledge	46%	84%	38%
4. I feel confident to use digital technology.	Skill	49%	82%	34%
5. Do you have a digital marketing plan?	Knowledge	44%	71%	27%
6. How can having a digital or online shop help your business?	Knowledge	41%	78%	37%
7. There are risks to having an online business.	Knowledge	24%	68%	44%
8. What are some additional services offered by e-commerce platforms?	Knowledge	52%	68%	16%
9. Selling through e-commerce platforms has more benefits than selling social media platforms	Knowledge	49%	76%	28%
10. I feel confident that I can sell my products online through Thulo.com.	Attitude	65%	90%	25%

Table 11 demonstrates there was a significant increase in the percent of MSMEs who received a passing score (60 percent or higher) between the pre and post test. Only 16 percent of the MSMEs passed the pre test while 90 percent passed the post test. Thulo exceeded its target of 720 MSMEs for passing the post test.

Table 11: Passing test scores - Thulo

Number of people that pass (60% or higher)		Target	% people that pass (60% or higher)
Pre	130		16%
Post	763	720	90%

Table 12 presents the results for the pre and post test for the MSMEs trained by Sastodeal. Some of these questions are different than the questions on Thulo's pre/post test as they were tailored specifically to Sastodeal's curriculum. Compared to Thulo, there was not a significant change among the MSMEs trained by Sastodeal in the indicators between the pre and post test (ranging from -1 percent to 20 percent). This could be due to a few different factors. Most of the MSMEs that SastoDeal targeted had low education levels (60 percent had a high school degree or lower) and most of them did not have a basic understanding of technology.

They were also reluctant to complete the forms as they were not familiar with this type of questionnaire. It is possible that some of the MSMEs might have randomly selected some answers, which could explain the decrease in changes between the pre and post test. Another factor is that the condensed vendor onboard training did not cover all the topics presented in the larger training and for those that received this training, they might not have had enough information to properly answer some of these questions.

The largest change (20 percent) was seen in knowing the different ways that digital marketing can help your business (question #3) (i.e., reaching more customers outside the area, receiving instant feedback from customers and lowering your costs). Other larger changes were seen in knowing additional services offered by e-commerce platforms (question #9) (i.e., packaging, delivery, links to payments platforms) and confidence in the ability to sell products on Sastodeal's platform.

Table 12: Pre/Post test results for Sastodeal

Question	Type of question	Pre test	Post test	Pre test	Post test	Pre test	Post test	Pre vs post
1. What is the desired outcome of a financial negotiation?	Knowledge	659	659	281	295	43%	45%	2%
2. You should promote your products to people outside your own social circle	Knowledge	659	659	508	504	77%	76%	-1%
3. How can digital marketing help your business?	Knowledge	659	659	220	352	33%	53%	20%
4. One component of a digital marketing plan is the marketing platform.	Knowledge	659	659	439	471	67%	71%	5%
5. What is one requirement for having a digital shop?	Knowledge	659	659	405	386	61%	59%	-3%
6. One benefit of registering your business is that it is easier to get loans from a financial institution.	Knowledge	659	659	452	462	69%	70%	2%
7. I will register my business in the future.	Skill	659	659	422	444	64%	67%	3%
8. Selling through social media platforms has more benefits than selling through e-commerce platforms.	Knowledge	659	659	253	229	38%	35%	-4%
9. What are some additional services offered by e-commerce platforms?	Knowledge	659	659	358	411	54%	62%	8%
10. I feel confident that I can sell my products online through Sastodeal	Attitude	659	659	517	566	86%	86%	7%

Table 13 demonstrates that there was an increase by 6 percent in the portion of MSMEs who received a passing score (60 percent or higher) between the pre and post test. Sastodeal still has a way to go to achieve its target of 3,150 MSMEs who receive a passing score but is working hard to increase the outreach.

Table 13: Passing test scores - Sastodeal

	# of people that pass (60% or higher)	Target	% people that pass (60% or higher)
Pre	372		56 %
Post	407	3,150	62 %

## Quality of training

The quality of the training was measured by the satisfaction survey and the trainer feedback tool. Overall, MSMEs trained by Thulo liked the trainer's facilitation style, working on the digital marketing plan, learning about doing online business and the importance of continuous learning (soft skills module). They did not like time management and wanted more group discussions. After the training they plan to work with Thulo (67 percent), create a social media page, develop a sales plan and do the market research. They would like to learn more about branding, packaging, photography of products and website design.

Table 14: Satisfaction survey - Thulo

What liked	Trainer's facilitation style (76%)	Working on digital marketing plan (67%)	Learning about doing online business (45%)	Importance of continuous learning (78%)
What didn't like	Time Management (39%)	Marketing plan (67%)		
Actions plan to take	Work with Thulo.Com (67%)	Need to add group discussion (44%)	Develop sales plan (52%)	Do the market research (29%)
Other topics	Branding, Packaging (46%)	Create social media page (35%)		Website design (36%)

Table 15 illustrates that overall MSMEs trained by Sastodeal really like learning about the digital marketing plan (60 percent), how to reach large buyers online and how to upload products on their own. There were mixed results regarding changing the duration of the training as some wanted a shorter training, while a slightly higher percentage wanted a longer training. After the training they plan to join Sastodeal's platform (31 percent), expand their business through online sales, develop a business plan and share knowledge with the community. This last action of sharing knowledge creates an unintended multiplier effect for the project. Lastly the MSMEs would like to learn more about registering their business, registering on Sastodeal and how to upload pictures. 40 percent reported that they received all the information they needed.

Table 15: Satisfaction survey Sastodeal

What liked	Knowledge of Digital Marketing and online business (60%)	Reaching large number of buyers online (19%)	Knowledge to upload my own products online by myself (22%)	
What changes do you want to make	Reduce the duration of training (28%)	Increase the duration of training (33%)	Increase the resources of the training (39%)	
Actions plan to take	Join Sastodeal and use the online platform (31%)	Expand business through online sales (30%)	Develop a business plan according to the workshop (19%)	Share the knowledge with the community (20%)
Other topics	Registering business in online platform (16%)	Registering in Sastodeal (23%)	How to upload pictures online (20%)	I have got all information I needed (41%)

MSMEs were asked to rank the modules on a scale of 1 to 4 in the satisfaction survey (1 is the highest score, 4 is the lowest score) and then the score was weighted. Overall, the most popular module of the MSMEs trained by Thulo was Digital Marketing – 81 percent ranked this as the number one module. More than half of the participants rated the other modules as a 1. The e-commerce module was likely ranked as the lowest module based on feedback from the trainers and participants that they were tired at the end of a long day when this module was presented (Table 16).

Table 16: Weighted score of module preferences - Thulo

Ranking	Total responses	Ranked highest (x 4)	Ranked highest (x 3)	Ranked medium (x2)	Ranked lowest (x1)	Total	Total/Total responses	Final ranking
1: Soft Skills	625	1476	432	100	63	207 1.00	3.31	3
2: Digital Skills	625	1452	525	126	25	212 8.00	3.40	2
3: Digital Marketing	619	2024	150	76	25	227 5.00	3.64	1
4: E-commerce	625	1276	414	212	63	196 5.00	3.14	4

Overall MSMEs trained by Sastodeal ranked the e-commerce module as the highest, followed by digital marketing, digital skills, and soft skills. Like the MSMEs trained by Thulo, the Digital Marketing Module was very popular and of particular interest to the MSMEs trained by Sastodeal. It is surprising that the soft skills module was ranked last especially given the feedback that particularly the women MSMEs seemed more engaged in the soft skills module. It could be related to the fact that some of the women MSMEs are not used to ranking modules in a survey and did not fully understand the question.

Table 17: Weighted score of module preferences - Sastodeal

Ranking	Total responses	Ranked highest (x 4)	Ranked highest (x 3)	Ranked medium (x2)	Ranked lowest (x1)	Total	Total/Total responses	Final ranking
1: Soft Skills	952	896	1206	518	67	268 7.00	3.31	4
2: Digital Skills	953	1344	1065	412	56	287 7.00	3.40	3
3: Digital Marketing	953	1492	1071	302	72	293 7.00	3.64	2
4: E-commerce	953	1912	780	288	71	305 1.00	3.14	1

These findings were echoed in the qualitative research with both trainers and MSMEs that revealed MSMEs liked learning about digital marketing and how to leverage it to reach more customers, how to do a digital marketing plan, how to compare products with other sellers, how to compare platforms and about e-commerce platforms. MSMEs trained by Sastodeal also appreciated the training on how to register their business.

They also enjoyed the methodology such as the hands-on practical exercises, small group exercises, peer to peer feedback and individual group work. Videos and stories helped the MSMEs to relate better to the content and encouraged them to share their own stories. The soft skills module provided at the beginning part of the training also encourage the MSMEs to connect with others and share their own stories. Overall participants seemed more engaged during in-person training as compared to the online training.

## Challenges, lessons learnt and recommendations



### Challenges with training and recommendations

Table 18 highlights the challenges at the MSME level related mainly to the training and corresponding recommendations provided by staff and trainers of the partners. These challenges and recommendations revolve around the duration of the training, segmentation, content, size, delivery model, gender-specific issues and access/inclusivity. It is interesting to note that FNCSI has future plans to deliver a similar training directly to the adolescent children so they can help their parents move their business online. Some of the recommendations align with best practices such as limiting the group size during a training to promote more engagement, segmentation of groups based on various factors and making specific adaptations to the content and delivery model to promote inclusivity, access and gender equality. These recommendations could be explored further for similar projects in the future.

Table 18: Challenges with training and recommendations

Category	Challenges	Recommendations
Duration of training	Participants were tired during a long one-day training and not as engaged during the last e-commerce module	<ul style="list-style-type: none"> <li>• Divide training into multiple sessions over various days</li> <li>• Focus on one topic per day</li> <li>• One day training to raise awareness but longer training to promote usage</li> </ul>



Segmentation	<p>MSMEs who were recruited via associations had varying levels of digital skills</p> <p>MSMEs were from various industries</p>	<ul style="list-style-type: none"> <li>• Separate training by business sector, digital skills, education levels and registration status of business (i.e., documents in possession)</li> <li>• Group MSMEs according to industry so they have similar interests and can provide examples specific to that industry</li> </ul>
Content	<p>MSMEs wanted longer and more detailed sessions on e-commerce</p>	<ul style="list-style-type: none"> <li>• Provide dedicated training for platform in second session/stage of training</li> <li>• Provide more hands on exercises on uploading products and selling them through platform</li> <li>• Provide refresher trainings focused on onboarding and use of platform</li> </ul>
Size	<p>Large group size of 50</p>	<ul style="list-style-type: none"> <li>• Limit size of group to 20-25 to promote more engagement and interaction</li> <li>• Divide large group into smaller groups with different facilitators</li> </ul>
Delivery model	<p>MSMEs lose focus during online training after a few hours and they are less interactive</p> <p>Rural areas prefer in-person training and aren't comfortable with online training</p>	<ul style="list-style-type: none"> <li>• Limit time of online training to 2-3 hours</li> <li>• Use more visual and practical activities for online training</li> <li>• Set guidelines first for online training about turning on video and active participation</li> <li>• Provide in-person training in rural areas</li> <li>• Provide online training to raise awareness about platforms but provide in-person training to promote use of platforms</li> <li>• Provide online training with more advanced content (e.g., FB ads, in depth social media strategy) after provide basic content through in-person training</li> </ul>
Gender-specific issues: Time management	<p>Women have problem attending training due to family responsibilities</p>	<ul style="list-style-type: none"> <li>• Provide childcare for younger children</li> <li>• Provide half day training</li> </ul>
Access/ Inclusivity	<p>MSMEs had difficulty filling out pre/post test forms especially those with lower literacy levels</p> <p>Some MSMEs could not understand pre/post test that was only in English</p> <p>Difficult to provide simulations and have participants work on their online shops</p>	<ul style="list-style-type: none"> <li>• Provide more explanation and examples of how to complete pre/post test</li> <li>• Read and record answers from pre/post test for those with low literacy levels</li> <li>• Translate pre/post test to Nepali</li> <li>• Provide laptops/tablets for small groups to design online shop together</li> <li>• Provide training to teenage children so they can help their parents move their business online (FNCSI)</li> </ul>

## Challenges with platforms



After onboarding, MSMEs experienced various challenges with the platforms. Table 19 illustrates these challenges that revolve around cash flow management, payment systems, technical issues, digital access, digital skills/literacy, language barrier, business registration, access to financial services, time management, operations and gender-specific issues. One of the biggest challenges that this project seeks to address is limited digital literacy and skills, particularly among women, that can negatively impact their trust in platforms and ultimately their use of these platforms. Time management, language barriers, digital literacy and gender norms were common themes for both challenges with the training and with the platforms.

Table 19: MSME challenges with the platforms

Type of challenge	Example
Cash flow management	<ul style="list-style-type: none"> <li>• Delayed payments (typically 2 weeks)</li> </ul>
Payment	<ul style="list-style-type: none"> <li>• Lack of payment system so used only for uploading products and sales made through social media platforms (msmenepal.com)</li> </ul>
Technical issues	<ul style="list-style-type: none"> <li>• Platform not mobile friendly</li> <li>• Inability to share platform link directly through social media platforms (Facebook, Instagram) (Thulo)</li> <li>• Receive multiple e-mails for one order (hassle factor)</li> </ul>
Digital access	<ul style="list-style-type: none"> <li>• Difficulty accessing web page (Thulo)</li> <li>• Poor access to internet</li> <li>• Lack of access to smartphone or laptop</li> </ul>
Digital skills/literacy	<ul style="list-style-type: none"> <li>• Difficulty taking pictures, describing products and uploading products</li> <li>• Difficulty communicating details about products and services to platform support team for assistance with online shop setup</li> <li>• Lack of knowledge about e-mail; prefer communicating via messenger</li> <li>• Lack of knowledge about fee structure</li> <li>• Lack of confidence to try platform and/or operate online shop by himself/herself</li> </ul>
Language barrier	<ul style="list-style-type: none"> <li>• Delayed payments (typically 2 weeks)</li> </ul>
Business registration	<ul style="list-style-type: none"> <li>• Takes 2-3 weeks for business registration process</li> <li>• Cost and tax implications prevent the start of this process (Sastodeal)</li> </ul>
Access to financial services	<ul style="list-style-type: none"> <li>• Do not have formal bank account so if use platform payment would be deposited in account of family member and risks involved in not receiving the money</li> <li>• Many prefer using cash for sales transactions</li> </ul>

Time management	<ul style="list-style-type: none"> <li>• Busy with operations and production and unable to dedicate time to platform to complete online shop setup</li> </ul>
Operations	<ul style="list-style-type: none"> <li>• Lack of operating hours over weekend for problem resolution (Sastodeal)</li> <li>• Slow delivery time (2-4 days; longer if over the weekend) which makes it hard for those in food sector with limited expiration date</li> </ul>
Gender-specific issues	<ul style="list-style-type: none"> <li>• Lack of English language skills for e-commerce site</li> <li>• More comfortable with social media platforms</li> <li>• Confuse social media with e-commerce (low digital financial literacy)</li> </ul>

## Institutional challenges

Thulo faced the following institutional challenges:

- External factors (e.g., festival season, surge in dengue fever and election) during a period of three months made it difficult to plan training and engage MSMEs for online shop setup
- Need for continuous motivation of team members
- Time and extra resources to follow up with MSMEs
- Difficulties completing KYC of MSMEs especially those based in rural locations
- Lack of devices and good Internet connection that made it difficult in the shop setup process, particularly for women-led MSMEs who have limited access to technology/tools
- Difficulties understanding the product details sent to them by MSMEs
- Geographic expansion to other provinces required establishing delivery networks, identifying logistics partners, and onboarding the MSMEs within a short period of time

Sastodeal faced the following institutional challenges:

- Difficulty gathering MSMEs for physical training during the rainy season in Nepal
- Meeting the targeted number of MSMEs as they were busy and unable to attend training
- Planning and implementing delivery service is difficult in rural areas (target to reach 40 percent in rural areas)
- Difficulty onboarding MSMEs because they did not have all the necessary documents such as a permanent account number (PAN) for registration

## Lessons learnt

During the project, the partners learnt the following valuable lessons around partnerships, customization/contextualization, delivery model, resource management and working specifically with women-led MSMEs (see Table 20). These lessons can be leveraged for future projects that engage the same group of people.

Table 20: Lessons learnt

Category	Lessons learnt
Partnerships	<ul style="list-style-type: none"> <li>• Strong local level of collaboration with associations and local government is crucial for implementation of initiatives as MSME trust the digitization project more when approached through such associations and bodies.</li> </ul>
Customization/ Contextualization	<ul style="list-style-type: none"> <li>• Customized content is necessary, particularly in a large group, based on the industry, experience and prior knowledge about digitization of the MSMEs.</li> <li>• It is important to have materials in the local language.</li> <li>• Contextualized examples and stories are key for the MSMEs to connect with the content.</li> </ul>
Delivery model	<ul style="list-style-type: none"> <li>• In-person training is more engaging and effective than virtual training, especially for those MSMEs who are not comfortable with digital tools and technology.</li> <li>• Training is more impactful when trainers are entrepreneurs as it establishes trust and a connection with the participants making the participants more engaged.</li> </ul>
Resource management	<ul style="list-style-type: none"> <li>• It is important to have a dedicated and motivated team working on the digitization of MSMEs as digitization is a new process and requires a lot of patience and extra time.</li> <li>• More promotion of project is required to engage many MSMEs in the project.</li> <li>• MSMEs, especially rural-based, do not make digitization a priority even though they know it is beneficial in the long-run. They tend to focus on their immediate tasks and expect to be compensated through per diem for their contribution of time for the digitization process.</li> </ul>
Gender-specific issues	<ul style="list-style-type: none"> <li>• MSMEs, especially women-owned, need a deeper holistic intervention in their digitization process that extends beyond capacity building and provides additional support and value-added digital services.</li> </ul>

## Conclusion and way forward



This project has shown that digital solutions can help expand the businesses of MSMEs through increased sales and customer outreach when combined with a more intensive training, thus providing a more holistic approach. Businesses should be provided tools and technology to conduct their overall business activities online alongside training and additional support to build capacity in these digital tools. It is also important to include those businesses that are not registered and provide the necessary training and support to formalize these businesses so they can access the digital markets and tools.

This project has provided MSMEs in Nepal with access to digital markets, capacity building, technology, and branding. The results demonstrate an unintended multiplier effect in terms of sharing information about the training with other MSMEs in the community as well as with other staff or team members of the platforms for the platform representatives who participated in the most recent workshop.

This project has shown the platforms that the way forward is to provide this 360-degree service to promote onboarding and active use of its platform among MSMEs. For example, the platforms observed that MSMEs need to learn to perform their daily operations online to increase their comfort level with the digital platforms. It has also shown that the digitization of MSMEs takes time and patience as does any change in behavior. Thus, it is necessary to first build digital knowledge, skills and attitudes first to ultimately change digital behaviors.

MSMEs have also requested specialized training on some additional topics such as Search Engine Optimization (SEO) and social media management. They have also expressed interest in a more in-depth training on branding, packaging, photography and uploading of products and website design. The platforms wanted to learn more about digital finance, customer relationship management (CRM) and SEO. These topics could be integrated into the design of a more advanced course with MSMEs, refresher trainings or sensitization workshops with platforms in other provinces and areas outside of the valley.

It would be interesting to explore and isolate the outcomes of a training based on the type of delivery model as one might assume the outcomes would be greater with an in-person delivery model for a training as compared to an online training. It would be interesting to explore other delivery models such as the mentorship model suggested by the platforms. It would also be interesting to explore differences in outcomes by gender across the four partners.

Lastly for those MSMEs, typically women-led MSMEs, who are not formally included in the financial system, content on comparing the advantages and disadvantages of formal and informal financial services and steps to open an account could be integrated in the training along with inviting representatives from local financial institutions to share information about their products and services. This would facilitate direct payments to an account in their name, minimize the risks associated with sending payments to a family member's account and ultimately provide a pathway to promoting the digitalization of these women-led MSMEs.

## Annex 1: Digital skills and e-commerce assessment survey

### Personal and business profile

<b>Personal profile</b>	
1. What is your name?	
2. What is your gender?	a. Man b. Woman
3. How old are you?	c. 18-25 d. 26-35 e. 36-44 f. 45-54 g. 55+
4. Are you married or single?	a. Married b. Single c. Divorced
5. How many children do you have?	a. 0 b. 1 c. 2 d. 3 e. 4
6. What level of schooling did you complete?	a. Primary b. Secondary c. Certificate d. Undergraduate e. Master's
<b>Business profile</b>	
7. What kind of business do you have?	a. Home based b. In rented space c. In space I own
8. How long have you had that business?	a. 0-1 years b. 1-2 years c. 3-4 years d. 5 years +
9. What sector is your business in?	a. Food b. Hospitality c. Manufacturing d. Beauty

10. Who else do you employ at your business?	<ul style="list-style-type: none"> <li>a. Friends</li> <li>b. Family members</li> <li>c. Employees/casual workers</li> <li>d. No one, I work alone</li> </ul>
11. How long have you been a member of the business association?	<ul style="list-style-type: none"> <li>a. 0-1 years</li> <li>b. 1 year</li> <li>c. 2 years</li> <li>d. 3 years</li> <li>e. 4 years +</li> </ul>
12. Are you a member of another business association?	<ul style="list-style-type: none"> <li>a. Yes</li> <li>b. No</li> </ul>
13. Have you ever sold anything online for your business?	<ul style="list-style-type: none"> <li>a. Yes</li> <li>b. No</li> </ul>
<b>Use of digital technology</b>	
14. What do you think about digital technology?	<ul style="list-style-type: none"> <li>a. It is easy to use</li> <li>b. It is somewhat hard to use</li> <li>c. It is hard to use</li> <li>d. Not sure</li> </ul>
15. What type of digital technology do you have access to?	<ul style="list-style-type: none"> <li>a. Basic cellphone</li> <li>b. Smartphone</li> <li>c. Laptop or computer</li> <li>d. Internet</li> <li>e. Social media</li> <li>f. E-mail account</li> </ul>
16. What do you use digital technology for?	<ul style="list-style-type: none"> <li>a. Personal use</li> <li>b. Business use</li> <li>c. Both</li> <li>d. Neither</li> </ul>
17. If you use digital technology for your business, how do you use it?	<ul style="list-style-type: none"> <li>a. Production</li> <li>b. Marketing</li> <li>c. Accounting</li> <li>d. Business Management</li> <li>e. Inventory</li> <li>f. Selling online</li> <li>g. Not applicable</li> </ul>
18. What would you like to use digital technology more for?	<ul style="list-style-type: none"> <li>a. Production</li> <li>b. Marketing</li> <li>c. Accounting</li> <li>d. Business Management</li> <li>e. Inventory</li> <li>f. Selling online</li> <li>g. Other</li> </ul>

<p><b>E-commerce</b></p> <p>19. What are some of the benefits of e-commerce for a small business owner?</p>	<p>a. Market or customer expansion b. Convenience c. Flexibility d. Lower costs (e.g., inventory, operating) e. Access to data about customers' preferences f. All of the above g. Not sure</p>
<p>20. What are some of the risks of e-commerce?</p>	<p>a. Cyber security (e.g., hacking, malware, phishing) b. Privacy issues for customer data c. System reliability (e.g., payments system) d. All of the above e. Not sure</p>
<p>21. What experience have you had with an e-commerce marketplace?</p>	<p>a. As a buyer b. As a seller c. Both d. Neither</p>
<p>22. What are some of the steps involved in setting up a digital shop in an e-commerce marketplace?</p>	<p>a. Decorate your digital shop b. Pricing of products c. Taking pictures and uploading product pictures d. Linking bank account of MFS account for payments e. Identifying and reaching out to potential customers f. Setting up logistics and delivery system g. All of the above h. Not sure</p>
<p>23. Would you like to use an e-commerce marketplace more to grow your business?</p>	<p>a. Yes b. No c. Maybe</p>
<p><b>Programme content and delivery channels</b></p> <p>24. How have you learnt about digital technology or e-commerce in the past?</p>	<p>a. Friends b. Family members c. Other business owners d. Online videos (YouTube) e. Training course or workshop</p>
<p>25. If you've participated in a training or workshop before, what was it like?</p>	<p>a. In-person b. Virtual c. In groups</p>



26. What more would you like to learn about digital technology or e-commerce?	a. Benefits of digital technology b. Risks of digital technology c. How to set up a digital shop d. How to market products online e. How to set up business e-mail account f. Other
27. What type of training or workshop do you prefer?	a. In large groups b. In small groups c. In-person d. Virtual
28. When is it most convenient for you to attend a training or workshop?	a. Early morning b. Mid-day c. Evening d. During the week e. On the weekend
29. How long are you available to attend a training or workshop?	a. 1-2 hours b. 3-4 hours c. All day

## Annex 2: Focus group discussions guide

### I. Respondent details

<b>Personal and household information</b>		
Name:	Age:	Gender:
Province:	City/town/village:	
Marital status:		Size of household:
Occupation:		Education Level:
Main source of household income:		How long has the business existed:
<b>Business information</b>		
Main area of business (Business sector):		
Number of employees:		Is this your main business: <input type="checkbox"/> Yes <input type="checkbox"/> No

Revenue from business (monthly):	<input type="checkbox"/> below NPR 10000 <input type="checkbox"/> NPR 10000 - 20000 <input type="checkbox"/> NPR 20000 - 30000 <input type="checkbox"/> above 30,000
Do you have a physical shop? Yes <input type="checkbox"/> No <input type="checkbox"/>	Is your business running on any other e-commerce platform than Thulo.com? <input type="checkbox"/> Yes <input type="checkbox"/> No

## II. Technology use

What do you think about technology?	Is it easy to use? a. Is it hard to use? Why? b. Is it useful to you? Why or why not?
What type of technology do you have access to?	Do you have access to a cellphone? Smartphone? If yes, do you share a phone with others? If so, who? Do you have access to the Internet? To social media? Do you have access to computers/laptop?
What do you use technology for?	Do you use it for personal use? If so, for what purpose? What are most common websites or apps? For how long? At what time? How did you learn about it? Do you use it for your business? If yes, how do you use it for your business? What are most common websites or apps? For how long? At what time? How did you learn about it? If not, why not? What would you like to use technology more for? What type of support would you need to use it for this purpose? [For those who didn't receive any training]

## Financial services history

Do you have a bank account?	If yes, which bank/MFS? What do you use it for?
<input type="checkbox"/> Yes <input type="checkbox"/> No	Is it a personal bank account or a business bank account? If personal bank account, ask: Why do you not have a business bank account?

<p>Do you have any formal financial services, including savings, credit, insurance, pension, payments?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p>Which one do you use regularly and why?</p> <p>Do you use them for personal or business purposes?</p>
<p>Do you use digital financial services?</p> <p><input type="checkbox"/> Yes   <input type="checkbox"/> No</p>	<p>Which one do you use regularly and for what purpose?</p> <p>Do you use digital financial services for personal use or business use?</p> <p>If for personal use, ask: Why do you not use digital financial services for your business? What additional support would you need to use digital financial services for your business?</p>

### III. Personal history, business motivation, and challenges

Theme	Core questions
Business motivation	<p>Why did you decide to open a business?</p> <p>To be financially independent? To take care of your family/children?</p> <p>What inspired you to become an entrepreneur? What are your goals for your business? In the short term (next year)? In the long term (beyond one year)?</p>
Challenges	<p>What are the main challenges you face in Nepal as an entrepreneur?</p> <p>What have you done to solve them?</p> <p>How easy or difficult has it been to achieve your business goals?</p> <p>How has Thulo.com helped you solve some of these challenges? How has it helped you achieve some of your business goals? (KEY QUESTION)</p> <p>What challenges did you face during COVID-19? How did you resolve them?</p>
For women entrepreneurs:	<p>What challenges have you faced as a woman entrepreneur? (e.g., access to finance, time management, domestic duties/childcare, access to technology – shared phone, problems negotiating with suppliers)</p> <p>How are these challenges different than challenges men might face?</p> <p>What have you done to overcome these challenges?</p> <p>How involved is your family in managing your business?</p> <p>Do you make decisions about your business on your own or with your family (i.e., spouse, children)?</p> <p>How has Thulo.com helped you solve some of these challenges? How has it helped you achieve some of your business goals? (KEY QUESTION)</p> <p>What challenges did you face during COVID-19? How did you resolve them?</p>

## IV. Main discussion: Experience with e-commerce platform and digital literacy training

Core questions	Probes
How did you find out about Thulo.com?	What problems did you have with the Thulo.com platform? What additional support do you need to use the Thulo.com platform?
For those not trained: What training or support did you receive prior to using Thulo.com?	Did you participate in a digital literacy training from any other platform/NGOs/private sector? Identify the topics and try to collect information on training frequency, content, and methodology. What did you like about this training? What did you dislike about this training? How could it be improved? What additional support do you need now to use Thulo.com?
For those trained: What was your overall experience with the digital literacy training offered by Thulo.Com?	What did you like about it? What did you dislike about it? How could it be improved? Which topics did you like most? (Soft Skills, Digital Skills, Digital Marketing, E-Commerce)? Which topics did you like least? (Soft Skills, Digital Skills, Digital Marketing, E-Commerce)? What other topics would you like to learn about? What did you like about the format of the training? (e.g., large group discussion, small group discussion, individual work, tools, etc)? Dislike about it? How did this training compare to other trainings you've participated in? Would you recommend this programme to someone else? Why? Why not? Who would you recommend it to?
For those with unregistered business before participating in the programme (Sastodeal): How did your participation in the programme motivate you to register your business?	What did you learn about the benefits of a registered business? What type of support did you receive to register your business? What additional support did you need?

## Annex 3: Individual interview guide: staff

### I. Respondent details

Personal and household information		
Name:	Age:	Gender:
Province:	City/town/village:	
Marital status:	Size of household:	
Occupation:	Education Level:	
Main source of household income:		

### II. Main discussion

Core questions	Probes
What was your role in the project?	How was the team structured, and what were the different roles?
What was the problem the project was trying to solve?	Increasing digital literacy/capabilities of MSMEs? Increasing the confidence of women-owned MSMEs? Increasing the economic empowerment of women-owned MSMEs?
How did you onboard MSMEs?	What process or steps did you follow? What tools did you use? What worked well about your onboarding process? (e.g. taking pictures of business products during in-person trainings) What challenges did you face while onboarding the MSMEs to the platform? How did these challenges differ for women-owned MSMEs and men-owned MSMEs? (ID, documentation, KYC etc)
How did you train the users (e.g., online, or face-to-face)?  How effective was the training?	What worked well during the training? Which topics did MSMEs like the most (Soft Skills, Digital Skills, Digital Marketing, E-Commerce)? Which topics did MSMEs like the least? What other topics would be helpful for MSMEs? How did the format of the training work? Large group discussion, small group discussion, individual work, tools, etc? How did this training compare to other trainings in digital financial literacy that Thulo.com has offered in the past?

What didn't work well during the training? What were the challenge that you faced during the training?	How did the challenges diffe for online or in-person training? How did the challenges differ for women-owned MSMEs and men-owned MSMEs? How could the in-person training be improved? How could the online training be improved?
What were the biggest challenges faced by MSMES during the project?	Difficulties accessing the platform? Difficulties using the platform? Specific needs or challenge for women-owned MSMEs? Challenges related to geographic location and digital divide? How did you overcome these challenges? What changes or pivots did you have to make during the implementation?
What were the most important lessons the team learnt during the project?	What would the team do differently if they were to work on a similar project in the future? What best practices will you adopt in the future? (e.g., onboarding process, training design process, project management techniques, communication strategies, team building practices)? What tools or resources did the team find particularly useful? Which tools or resources will you use in the future?
What are the key achievements of the project?	What were the project goals or criteria for success? To what extent were these achieved? What milestones or accomplishments is the team particularly proud of? What impact has the digital platform had on the business of the MSMEs? Easier operations? Expansion of client base or geographic outreach? Additional revenue for the users? Business registration? (Sastodeal) To what extent have been the impacts? How have the impacts of this project compared to the impacts of other projects? How could you leverage the successes of this project for future opportunities?
Overall, how satisfied are you with this project? [on a scale of 1 to 5, with 1 being the least and 5 being the most]	Has your experience with this project [exceeded, met, or not met] your expectations? Why? Why not? Would you recommend this project to others? Why? Why not?

## **ABOUT UNCDF**

The United Nations Capital Development Fund (UNCDF) is the United Nations' flagship catalytic financing entity for the world's 46 least developed countries (LDCs). With its unique capital mandate and focus on the LDCs, UNCDF works to invest and catalyse capital to support these countries in achieving the sustainable growth and inclusiveness envisioned by the 2030 Agenda for Sustainable Development and the Doha Programme of Action for the Least Developed Countries, 2022–2031.

UNCDF builds partnerships with other UN organizations, as well as private and public sector actors, to achieve greater impact in development; specifically by unlocking additional resources and strengthening financing mechanisms and systems contributing to transformation pathways, focusing on such development themes as green economy, digitalization, urbanization, inclusive economies, gender equality and women's economic empowerment.

A hybrid development finance institution and development agency, UNCDF uses a combination of capital instruments (deployment, financial and business advisory and catalysation) and development instruments (technical assistance, capacity development, policy advice, advocacy, thought leadership, and market analysis and scoping) which are applied across five priority areas (inclusive digital economies, local transformative finance, women's economic empowerment, climate, energy and biodiversity finance, and sustainable food systems finance).

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