**Access To Finance (A2F) officially starting in Nepal.**

The Government of Nepal’s Central Bank- the Nepal Rastra Bank signed a 5-year long project called ***Support to Financial Inclusion in Nepal through the Access To Finance*** (A2F) with UNCDF on 25 March 2014, for a total amount of over 8 million USD funded by UNCDF and DANIDA. The Project will be nationally implemented by the Nepal Rastra Bank (NRB), Government of Nepal (GON) with UNCDF providing technical advisory services and implementing some activities delegated by NRB.

A2F aims at providing support to financial institutions to improve their technical knowledge in agricultural finance and expand their products and services to rural areas and agricultural activities. This will allow additional 250,000 small holder farmers, and Micro Small Medium Enterprises (MSMEs) out of which at least 55% are women, to actively use appropriate and affordable financial services to support their value chain activities at a national level.

The project focuses on seven Eastern Development Region (EDR) districts of Nepal, namely Ilam, Paanchthar, Terhathum, Bhojpur, Dhankuta, Taplejung, and Sankhwasabha.

**Targeting agriculture, reaching big impact**

UNCDF has been active in Nepal since 1984. In the recent years, UNCDF has been working to strengthen local service delivery and expand access to financial services for the poor, thus promoting equitable growth.

Agriculture is the largest economic sector contributing to more than one third of GDP (32% - 36%) and employment and livelihood opportunities to more than two thirds of its population (76%). Given that many Nepalese depend on agriculture for their livelihoods, the investment into the development of the sector can make a difference in the lives of millions of people.

The sector, however, is largely dominated by the smallholder farmers hence an accelerated growth of agriculture and its multiplier effects require market oriented production, value addition and equitable distribution of benefits.

The GON has been taking steps to increase spending in agriculture and boost its production and the expansion of financial services to low-income households across Nepal is a high priority for the government.

**How is UNCDF supporting Nepal sustainable development?**

UNCDF jointly with the NRB, GON and Government of Denmark will improve access to financial services in the agricultural sector. The A2F project aims to strengthen market based inclusive growth that reduces poverty and raises the standard of living.

The purpose of the A2F project is to support financial service providers to more effectively serve the agricultural value chain actors with appropriate financial products, thereby enabling smallholder farmers and MSMEs to invest into their value chain activities leading to the sustained improvement in competitiveness of selected value chains. In this way, it will be possible to create an inclusive financial system that will support private sector driven, pro – poor growth.

**What A2F will achieve**:

* Additional 250,000 clients are reached where: 150,000 smallholder farmers and MSMEs (out of which at least 55% are women) actively use appropriate and affordable financial products to support their value chain activities on a national level. Out of these 150,000 clients -100,000 are located in the EDR region;
* Additional 100,000 clients enroll in mobile and branchless banking service out of which 45,000 are located in EDR. Out of 100,000 at least 25,000 are actively using mobile banking services. Out of 25,000 at least 15,000 are located in the EDR districts;
* Out of 150,000 clients at least 75,000 disadvantaged caste/ethnic groups actively use financial services and 50,000 are located in the EDR districts;
* Additional 10 bank and/or microfinance branches points are operational in the EDR districts and additional 15 branchless access points (e.g. agents) are operational in the EDR districts;
* 150,000 smallholder farmers and MSMEs have improved financial competencies nationally, and 80,000 are located in the EDR districts;
* The amount of agricultural portfolio of financial service providers shows positive growth and five agricultural products are developed and used;
* A National Financial Inclusion Road Map is developed.