

# Mobile Krishi

UNLOCKING THE POTENTIAL OF  
THE AGRICULTURAL SECTOR IN NEPAL

# 72%

of the population in Nepal  
are dependent on agriculture  
for employment opportunities.

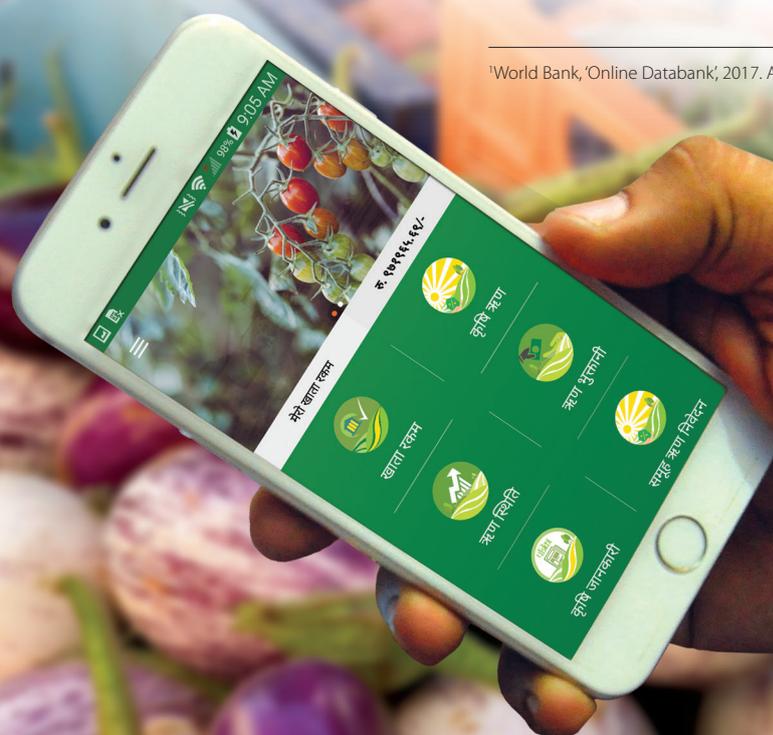


They can have access to  
quality agricultural inputs and  
also meet buyers via Mobile Krishi.

The Nepalese economy is primarily driven by the agricultural sector. It provides employment opportunities for 72% of the population and contributes 33 to the nation's GDP.<sup>1</sup> However, in the last decade, the agricultural sector has witnessed a decline of 1.9%. One of the main reasons is a lack of access to agricultural inputs, especially high-quality seeds and fertilizers. Access to high-quality inputs requires access to finance. With limited sources of formal finance, farmers are unable to purchase agricultural inputs and rely on cheaper poor-quality inputs or depend on traditional farming methods that do not provide high yields.

With an eye on the future, IME Digital Solution and Swift Technology, with a grant and technical support from the UN Capital Development Fund programme MM4P, is working on a digital marketplace to offer farmers multiple financial services (credit, savings, etc.). There, they can have access to quality agricultural inputs and also meet buyers. Mobile Krishi, which means 'mobile farming,' will use the current IME Pay mobile wallet and agent network to provide access to financial services to underserved farmers by partnering with different microfinance institutions and financial non-governmental organizations.

<sup>1</sup>World Bank, 'Online Databank', 2017. Available from <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>



## FACTS AND FIGURES <sup>2</sup>



**100**

microfinance institutions in Nepal.

**220**

branches in rural areas.



**65%**

of farmers access informal financial services (e.g., high-interest bearing credit services from landlords, family members and friends).



**19%**

of the farmers use formal financial services.



**19%**

of the total population are financially excluded.

## CHALLENGES TO SOLVE



### 1. LOW USAGE OF FORMAL FINANCIAL SERVICES FOR THE AGRICULTURAL SECTOR

The Government supports the sector through specialized institutions such as the Agricultural Development Bank and with specific regulations to encourage the provision of formal credit to farmers. However, a 2016 FinScope study notes 'limited physical banking infrastructure on the ground' and that 'farmers often rely on moneylenders (30%), family and friends (14%) to meet short-to-long-term financing needs.'<sup>3</sup>



### 2. OPERATIONAL BURDEN

Due to challenging topographies and poor road infrastructure, microfinance institutions' field staff can typically cover just three loan centres per day. Reaching more customers would require hiring more staff, which is often out of the question since profitability is limited as interest rates are capped. Furthermore, field staff usually travel for two to three days in a row before cash can be deposited in a safe place; during that time, the risk of theft is high.



### 3. POOR ACCESS TO AGRICULTURAL INPUTS

Smallholder farmers cannot afford to buy high-quality seeds or fertilizers and often get cheaper poor-quality inputs with low yields. On the supply side, manufacturers and distributors are unable to expand their networks in far-flung areas due to the high cost of distribution as well as the high cost of payments.

MICROFINANCE INSTITUTIONS + FINANCIAL COOPERATIVES

### CREDIT MARKETPLACE

Virtual marketplace with listings of different loan categories such as cattle loans, agri-input loans, solar loans and more.

Option to scan and compare loan products provided by different microfinance institutions.

AGRO-INPUT COMPANIES + DISTRIBUTORS

### AGRI-MARKETPLACE

Virtual marketplace with map of nearby agri-distributors and-retailers.

Option for farmer to select a dealer or retailer and pre-book seeds and fertilizers.



Mobile Krishi will only be available for farming members of a partner such as farmer groups promoted by non-governmental organizations, dairy cooperatives or producer cooperatives.



Mobile Krishi will be a standalone app integrated with the IME Pay application.

## PROPOSED SOLUTION

### MOBILE KRISHI MODEL



### MOBILE KRISHI

MARKET INFORMATION PORTAL + WEATHER INFORMATION PORTAL

### INFORMATION CENTRE

Resource centre that provides the latest modern farming practices.

Equipped with interactive voice response system and short message service as well as other mediums to provide real-time agricultural assistance to farmers.

<sup>2,3</sup> FinScope Survey, 'Detailed Country Report', 2016. Available from <http://nepaleconomicforum.org/portfolio/making-access-possible-nepal/>

# EXPECTED RESULTS

BY END-2018



To expand access to formal financial services across Nepal by **registering 5,000 farmers.**



To **partner with 30 farmer collectives:** three microfinance institutions and three suppliers to offer credit services to customers.



To provide a marketplace for the access and purchase of inputs and to establish a **real-time agriculture information centre.**



To successfully disburse 1,000 loans, to facilitate 1,200 transactions to purchase inputs, and to **provide information to over 600 farmers.**



**Nepal is a land of opportunities! With the right blend of innovative ideas and technological intervention the economic sectors of the country can be elevated. With Mobile Krishi we aim to do just that. Together with support from UNCDF, we are bringing solutions to underlying problems that farmers are facing on a daily basis- solutions such as access to finance and insurance to agriculture marketplace and information center. Mobile Krishi intends to support farmers to unlock the potential that the agriculture sector of Nepal holds.**



**RAGHUNATH BHANDARI**  
CEO, SWIFT TECHNOLOGY

Supported By:



For more information, please contact MM4P (Nepal Office):

UNCDF-MM4P, Central Business Park-5th floor, Thapathali, Nepal

+977 01 620 0545

[mm4p.uncdf.org](http://mm4p.uncdf.org)

@UNCDFMM4P

UNCDF MM4P

July 2018. Copyright © UN Capital Development Fund. All rights reserved.

The views expressed in this publication are those of the author(s) and do not necessarily represent the views of UNCDF, the United Nations or any of its affiliated organizations or its Member States. The designations employed and the presentation of material on the maps and graphs contained in this publication do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations or UNCDF concerning the legal status of any country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries.