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Forging partnerships for women's economic empowerment: A case of agro-cooperative-based commercialisation of legumes in Ramechhap, Nepal

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Key Highlights

1. Agricultural cooperatives in Nepal, engaged as agro-enterprises, have the potential to empower rural women by creating entrepreneurial opportunities.
2. 'Cooperative-led agro-enterprises', in the present context, face bureaucratic, market and governance-related challenges.
3. Agricultural cooperatives need support in creating an enabling policy and infrastructural environment for cooperative-led enterprises.
4. Capacity enhancement of cooperative executives and members in the areas of governance, market and networking is a critical step.

Abstract

Agricultural cooperatives are internationally acclaimed as the "true agents of rural development". Yet, their significance, prospects, and effectiveness in improving the rural economy in general, and women's empowerment in particular, remain debated. In this paper, we explore a case of the journey of an agricultural cooperative into an agro-enterprise in Nepal, and analyse the potential, pitfalls, and pain points in such a transition and in empowering women. Our reflections are based on close engagement with the cooperative, women farmers, and private sector actors during a 30-month-long participatory action research project (PAR). Our findings indicate that Agricultural cooperatives can increase women's income and promote their empowerment by providing opportunities to improve production, market skills, and knowledge, as well as facilitate inclusive decision-making and entrepreneurship capabilities. However, the path to cooperative-led agro-enterprise is fraught with challenges: procedural challenges, such as bureaucratic delays in business registration, obtaining food quality certification, and product brand registration; effectively navigating market dynamics, including maintaining quality standards, pricing, and market competition; and governance issues such as ensuring commitment to cooperative principles, equity, inclusion, transparency, and active participation of members. Notwithstanding these challenges, our study shows that co-operatives can contribute to commercialising agriculture and the economic empowerment of rural women.

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For successful transition, rural agricultural cooperatives, however, need government support and an enabling policy environment to promote their multi-functional nature. Additionally, it is essential to strengthen cooperatives' internal governance, improve access to market information systems, and address financial, structural, and infrastructure barriers that impede interest and involvement in cooperatives.

Keywords: agricultural cooperatives; challenges; cooperative-led-enterprises; potentials; women's economic empowerment

1. Introduction

Agricultural cooperatives are internationally acclaimed as "true agents of rural development" (Moral and Ucles, 2022). These cooperatives are guided by the values of self-help through shared responsibility, equal rights for democratic decision making, equitable economic participation, and solidarity for collective social and economic benefits (see Box 1). Among different types of cooperatives, agricultural cooperatives pool the production and resources of farmers and rural entrepreneurs and provide a valuable interface to enter into collaborative partnerships and ensure equitable distribution of benefits (Ruete, 2014). Several studies have recognised the central role of agricultural cooperatives in improving access to farm inputs, information, markets, and agriculture-related services thus boosting farm income and reducing household poverty (O'Brien, Banwart and Cook, 2013, Mojo, Fischer and Degefa, 2017; Ruete, 2014). Studies also note that these collective organisations enhance smallholder farmers' bargaining capacity and influence on policy processes (FAO, 2012; O'Brien, Banwart and Cook, 2013; Poudel et al., 2015; Mojo, Fischer and Degefa, 2017). Neupane, Adhikari and Rauniyar (2015) and other scholars emphasised that cooperatives encourage women's involvement and foster women's empowerment (Dhakal and Meuser, 2023). Others have noted that agricultural cooperatives offer inclusive investment models that integrate the investors' strengths- capital, technology and management, and marketing expertise- with those of local farmers who provide labour, land, and local knowledge (Ruete, 2014). Hence, agricultural cooperatives are globally promoted as an institutional tool for

Box 1: Identity, Values and Principles of Cooperatives

International Cooperative Alliance has defined a cooperative as an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

Cooperative Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others."

Cooperative Principles

1. Voluntary and Open Membership
2. Democratic Member Control
3. Members' Economic Participation
4. Autonomy and Independence
5. Education, Training and Information
6. Cooperation among cooperatives
7. Concern for Community

Source: https://ica.coop/en/cooperatives/cooperative-identity

reducing poverty among smallholder farmers (Dhakal, O'Brien and Mueser, 2021). The recognition of 2025 as the United Nations International Year of Cooperatives, with the slogan "Cooperatives Build a Better World" justifies the claims.[2]

Shah's 2020 study, based on five Indian case studies, attributed the success of agricultural cooperatives to a number of factors, including effective product marketing, leadership that is well-aware, market dynamics, and inclusive representation of small and marginal farmers in the cooperative. On a similar vein, Dendup and Aditto (2020) noted that great leadership, together with the active participation of the cooperative members, improves cooperatives' operation and contributes to their success. They also highlighted the significant role of government support for the higher performance of agricultural cooperatives. Based on the review of challenges and opportunities for cooperatives in Nepal, Joshi (2024) emphasised the importance of strengthening governance, enhancing financial sustainability, adopting technology, and aligning strategies with national goals for the cooperatives' success and sustainability.

Notwithstanding the importance and prospects of agricultural cooperatives, the effectiveness of agro-cooperatives in improving the rural economy remains a debated subject. Many studies on cooperatives have pointed out a number of flaws and raised capacity and governance-related concerns. Based on a study in South Africa, Machethe (1990) summarised the major causes of the failure of cooperatives as, (i) the lack of members' affinity to the cooperatives and poor understanding of the roles of the cooperatives; (ii) the inability of cooperatives to involve members in policy decision-making, provide sufficient credit, and transport for delivery of purchases; (iii) the subsistence nature of agriculture and inability of cooperatives to compete with mainstream business enterprises; and (iv) the inability of members to dismiss inefficient management (Machethe, 1990 in Ortmann and King, 2007). More recent studies have identified poor management, inadequate training, internal governance challenges, and insufficient capital as major barriers to the sustainability and success of cooperatives (Ortmann and King, 2007; Onyilo and Adong, 2019). Tensions also persist between the efforts to promote agricultural cooperatives as an inclusive solution to realising market opportunities and the limits posed by the mismatch in their design, entrusted functions, and actual capacities (Spielman, 2008). External factors, such as poor infrastructure services and limited access to inputs and markets, could hamper the performance of cooperatives and the social and economic benefits expected from them (Ortmann and King, 2007).

In this article, we take the case of the entrepreneurial journey of an agriculture and livestock-based cooperative based in the rural hills in central Nepal and analyse the potential, pitfalls, and pain points of agriculture-based cooperatives in empowering women farmers. This study was part of a 30-month PAR project on women's economic empowerment (WEE) in the context of climate change and market uncertainties. The entrepreneurial journey of the cooperative, presented and analysed in the subsequent sections, is based on thorough engagement in the process, a series of formal and informal interactions and interviews with the women farmers, executives of the cooperative, and with the private sector implementation partner staff involved in the action research.

[2] https://ica.coop/en/2025-international-year-cooperatives

2. Cooperatives in Nepal: A brief history and present scenario

In Nepal, the history of cooperatives dates back only 75 years. The cooperative movement started only after the government established the Department of Cooperatives in the 1950s and introduced a legal framework (Dhakal, O'Brien and Mueser, 2021). Over the years, cooperatives have flourished overwhelmingly, primarily as a form of grassroots financial institutions.[3]

In 2012, the government formulated the National Cooperative Policy (MLMCPA, 2012) and introduced the Cooperative Act in 2017 (MLMCPA, 2017). A key objective of Nepal's Cooperative Act, Policy and Regulations focuses on improving the life conditions of a key group of individuals ("special interest groups") – primarily women, the poor, disabled, marginalised, landless, disadvantaged groups, and labourers – through access to cooperatives (MLMCPA, 2012, Objective 8.3). The Cooperatives Act also specifies that all three levels of the government can make provisions for tax subsidies (partial or full), seed money, subsidised loans, including special and technical support to "special interest groups" (MLMCPA, 2017).

The Cooperative Act explicitly supports women's entrepreneurship and leadership by providing grants and tax subsidies, if they are in underprivileged areas. It promotes leadership of women by stipulating 40 % participation of women in leadership positions and that there needs to be at least one female member in other committees (e.g., credit information center, savings and credit and stabilisation funds, etc.), and it also supports empowerment programmes to build their leadership skills (MLMCPA, 2017).

The government aims to facilitate sustainable and equitable economic development and social transformation through cooperatives. It has also endorsed cooperative-based agriculture enterprises and envisioned agricultural cooperatives as an institutional strategy for investing in commercial production, processing, and marketing of agricultural products (Bhattarai and Pandit, 2023; Dhakal, O'Brien and Mueser, 2021). However, studies show that low-interest credit service provisions have been the central driver behind memberships in cooperatives. Hence, many agricultural cooperatives primarily engage in financial services, refraining from their scope in agriculture promotion, and need support to strengthen their technical, financial, and institutional capacity (Bhattarai and Pandit, 2023; Dhakal, O'Brien and Mueser, 2021).

3. Sagarmatha Livestock and Agriculture Cooperative: Context and readiness

3.1. Interest of the cooperative in agro-business

Sagarmatha Livestock and Agriculture Cooperative (SLAC) is an agricultural cooperative based in Rampur, Ward No. 5 of Ramechhap Municipality in Ramechhap district, in the mid-hills of Nepal. Officially registered in 2010 under District Agriculture Development Office, SLAC is also affiliated with the Division Cooperative Office in Charikot. The history of the cooperative is closely linked to the community organisation *Char Gharey Sewa Samiti,* which was implementing the Poverty

[3] The widespread news about financial embezzlement of cooperative funds in Nepal is linked to large scale urban-based savings and credit cooperatives. This, however, is beyond the scope of this article.

Alleviation Fund Program supported by the government.[4] This community organisation later developed into the SLAC. In the fiscal year 2013/14, SLAC received financial support from the Department of Cooperative, with which they started goat farming, while also providing local communities with financial support for goat farming. SLAC also prepared the working procedures for livestock insurance and initiated the insurance programme. These investments and efforts, however, went in vain as the cooperative executive members lacked coordination and could not dedicate time to effectively materialise this rural poverty alleviation initiative. This hit the fledgling cooperative hard as its membership, which had reached 250, dropped to 92 in 2020, and its operation almost came to a halt during the COVID-19 pandemic.

SLAC was socio-economically and legally under pressure to enhance its engagements in agro-business. Located in the arid hills of Ramechhap and comprising smallholder farmers, pursuing agro-entrepreneurship proved challenging. Nevertheless, some SLAC executives were exploring potential business ventures while ensuring compliance with the Cooperative Act of 2017. The Act stipulates that savings and credit services can constitute only 30% of agro-cooperative's transactions, with the remaining 70% dedicated to agro-economic activities.[5] SLAC recognised that the varieties of legumes grown in the area serve as an important source of income. However, expanding the market for these local products was beyond its sole capacity. While exploring options, SLAC connected with the PAR team, which was searching for a cooperative engaged in agro-entrepreneurship, and demonstrated interest in initiating an agro-enterprise with the project's support. With shared interests, SLAC and the PAR team collaborated to promote a cooperative-operated agro-enterprise for branding and marketing legumes of Ramechhap and contributing to the economic empowerment of women of this rural village.

3.2. Connecting women farmers in cooperative business and expanding their capacity

In the rural context with widespread male out-migration, SLAC executives identified the strategy of increasing the participation of women farmers in decision-making roles and involving them in the higher nodes of the agricultural value chain, to institutionalise inclusive operational mechanisms, and to strengthen its management and governance. Supported by the PAR team, SLAC significantly restructured its executive committees, raising women's representation from 44% to 78%. The cooperative's membership also grew by 69%, with a 105% increase in women's membership. Subsequently, SLAC revised its bylaws and updated and developed its policies on administration, savings, loans, share membership, human resources, and group operation guidelines, adopting a gender-sensitive and responsive approach. Nine sub-committees involving 135 women members were formed to institutionalise and sustain these gender-friendly interventions, streamline the

[4] The Poverty Alleviation Fund (PAF) was a government-initiated programme, supported by the World Bank, that aimed at improving the livelihoods of poor and excluded communities across the country, by providing access to income-generating projects, community infrastructure and capacity building initiatives. PAF established 21 community organisations in the then 5 Village Development Committees (VDC) in Ramechhap district and provided them with the seed money. These community organisations were later affiliated with cooperatives formed at VDC level. SLAC was one of the cooperatives formed at that time.

[5] Article 50 (2) of the Cooperative Act 2017 states "… no sectoral or multipurpose Organization, other than the Organization Registered with the main objective of making transactions of savings and credit, shall be allowed to make savings and credit transaction as the main transaction". The Act defines "Main transaction" as "a transaction having 30% or more share in liability of savings mobilized in the commercial activities or in purchase or sales transactions of members until the latest fiscal year".

cooperative's operations, and facilitate gender-inclusive governance. The SLAC manager noted, "The women in the executive committee and the sub-committee are educated, with almost all of them having higher secondary level education. They can learn these processes and gradually take on different roles." The PAR team also provided digital financial literacy training to women farmers, equipping them to manage their finances more effectively for their domestic and farming-related activities.

3.3. An exposure visit to orient with the business modality

Shortly after it started, the PAR team took SLAC's management and leadership on an exposure visit to the National Legume Research Center in Nepalgunj. During the visit, the SLAC team learned about different methods of cultivating legumes. This exposure also helped them appreciate the high quality of Ramechhap's legumes and realise its market prospects, which could generate economic opportunities for their local communities. This experience further motivated SLAC and the PAR team to create a brand that would promote the legumes of Ramechhap more widely, paving a path to economically empower women, as the PAR project had envisioned.

4. The journey of SLAC in the agro-business

SLAC's aim to promote agriculture and livestock-based entrepreneurship had been facing challenges after its failure in the initial years due to the gaps in technological, financial, and human resources. Following the collaboration, the PAR team assisted SLAC in building its capacity in institutional, managerial and market access aspects. SLAC selected legumes, the prime product of that region, to re-initiate its steps towards agro-business. In this section, we focus on the journey and experiences of SLAC, which is gradually expanding its product range and market presence.

4.1. Struggle to register a cooperative-based enterprise

The Cooperative Act of 2017 allows cooperatives to engage in enterprise or conduct business. SLAC was, hence, well-positioned to start a legume-based agro-enterprise. To supply branded products, SLAC needed certification from the Department of Food Technology and Quality Control (DFTQC), which certifies food exports and imports exclusively for registered industries. Therefore, the first step in this venture of economically empowering women through local agro-products was establishing a cooperative-based industry.

The cooperative-based industry has to be registered with the Department of Small and Cottage Industry (DCSI). SLAC executives prepared all the documents needed for registration, which included a certificate of cooperative registration, a Permanent Account Number (PAN - for identification of tax payers), and the minutes of the executive committee's meeting endorsing the industry registration. Prepared with the necessary documents, the SLAC manager proceeded with the registration of the SLAC-owned industry. During the registration process, the manager explained to the DCSI official the intention to register the cooperative-based enterprise. However, the DCSI official insisted that the registration must be in the name of an individual, and therefore, the industry was registered under the name of the manager of SLAC, as the proprietor.

Next, the manager moved on to the tax registration process. At the tax registration office, it became clear that the registration needed to be in the name of the cooperative. The SLAC manager

returned to the DCSI office and explained that the tax registration process required the industry to be registered under the cooperative's name. Initially, the DCSI official remained unconvinced, but agreed after discussing the matter with other officials and reviewing the policies. The industry registered under the manager's name was dismissed, and the Sagarmatha Livestock and Agriculture Cooperative Industry was finally registered. Two years since the registration of the SLAC industry, the manager lamented the waste of time and resources that this resource-deficit cooperative had to bear, "The confusion during the registration process caused our cooperative a loss of NPR 12,000, and delayed the process, which could have been completed within a few weeks, by almost six months."

4.2. Obtaining food quality certification

The next important step in branding agro-products was obtaining food quality certification from the DFTQC, which was essential for including nutritional information on the labels of packaged products. The certification process requires submitting various documents - the certificate of industry registration, PAN of the industry, the executive committee's decision, and a tax clearance certificate, all of which SLAC submitted. Following this, a team from DFTQC in Sindhuli district inspected the site to ensure that the SLAC industry had sufficient space for storage and grading, the necessary equipment, and that it complied with legal protocols for grading and packaging the products. The inspection team indicated that "*the cooperative did not use tables to clean and grade the legumes"*. Consequently, DFTQC initially disapproved the certification request. SLAC then made some adjustments to address this issue and avoid contamination of the products: staff wore aprons, caps, gloves, etc., and they used a table for cleaning and grading the legumes. Subsequently, they finally succeeded in obtaining the approval for certification for six products: three types of *Rajma* (kidney beans), *Gahat* (horse gram)*, Masyang* (rice/red beans)*, and Bodi* (black-eyed beans). The certification charge for each product was NPR 500, with an equal fee for annual renewal.

4.3. Development of a brand

SLAC, which now owed a registered industry and was certified in food quality, progressed towards registering a brand name for the legume products intended for commercial promotion. In consultation with the action research project team, SLAC chose a traditional Nepali name that would resonate with consumers and reflect the authenticity of the produce as well as the sentiments of the producer farmers. Thus, the brand "*Char Ghare*y" was established, representing women's engagement in legume production in Ramechhap. The project team supported SLAC in creating the website and social media platforms for the "*Char Gharey*" brand and promoting it through farmers' stories and field footage that showcased the place, the product, and the history of *Char Gharey*. The Department of Industry of the government of Nepal registered the brand after completing an online application process. The manager acknowledged the value of branding as, "Branded products help in gaining recognition for the products and increase market opportunity as they are perceived as high-quality and certified products."

4.4. Early experience in reaching the market

SLAC persevered in its agro-entrepreneurship journey despite facing financial challenges. The situation was more difficult when it first started operating its agro-enterprise. Most of its limited savings were disbursed as loans. Consequently, the cooperative needed to arrange additional

capital to purchase legumes from the smallholder farmers who required upfront cash payments. SLAC attempted to obtain a loan from a bank but was unsuccessful due to the prevailing credit crunch. To help SLAC overcome the financial constraint, the PAR team connected SLAC to DiVYA, a women-led social enterprise, as their marketing partner who facilitated the process of bringing the legumes to Kathmandu. DiVYA provided SLAC with interest-free credit and with this support, SLAC was able to sell 3,000 kg of *Rajma* in its first year of operation in Kathmandu. DiVYA provided 12.5% of the profit to SLAC to avoid any market risks to SLAC.

DiVYA also facilitated SLAC in selling legumes in Kathmandu. However, new to the business policy and practices, SLAC expected that DiVYA would provide the full market price for the legumes. However, as a marketing partner, DiVYA deducted a portion of the market price from the payment to SLAC, which disappointed SLAC. After these initial dissents, SLAC took up the risk of selling *Rajma* by itself from the second year onwards.

The PAR team, however, helped SLAC connect with potential buyers (e.g. Pahadi Agro, Muna Bazar) in Kathmandu and conducted a comprehensive analysis of the market price for legumes. The initial market assessment involved exploring the landscape, understanding consumer preferences, identifying distribution channels, and establishing collaborations, which provided SLAC with valuable firsthand information. SLAC also benefited from the newly developed networks with potential large buyers and wholesalers in Kathmandu, in-store purchases, online portals, and farmers' markets, including the weekly market of Ramechhap. SLAC manager continued exploring possible markets which has led to the realisation of the importance of networking and negotiating skills in penetrating the multiple layers of the competitive market. The SLAC manager shared, "One of the buyers initially agreed to buy *Rajma* at NPR 220 per kg, but later refused to pay that amount. They claimed that they were offered *Rajma* of Terai at NPR 190 per kg". In retrospect, the manager acknowledged that careful engagement with marketing agents could mitigate risks and make the business viable.

4.5. Improvements from learnings

SLAC recognised that requiring farmers to transport heavy loads of legumes from dispersed settlements to the cooperative office could discourage them from selling the produce to the cooperative. To address this challenge, SLAC arranged a door-to-door collection service, which provided significant relief to women farmers bearing the sole responsibility of managing their families and farms in the absence of their migrant husbands and amid limited access to two-wheelers and public transport in this village. In its first year of operation, SLAC paid a relatively high price for the legumes from farmers. Intermediaries knew that SLAC was entering the legumes business as a new competitor, hence they paid higher prices, around 25% more, to farmers to continue their collection. The new, higher market price was hence established, which SLAC also paid. Because of financial constraints, SLAC was able to collect only 3,000 kg of *Rajma* from farmers.

As a newcomer to processing and marketing legumes, SLAC encountered different challenges. The collected legumes were stored in a room that was not protected against moisture. Before purchasing the legumes, SLAC had requested the farmers to thoroughly dry and clean their legumes. Unfortunately, the legumes were not adequately dried; this oversight led to significant losses due to insect infestations. To mitigate this, SLAC employed a few members to clean and grade the collected

legumes. However, this grading process resulted in a high amount of wastage, which further increased the production costs. After grading, the beans were stored in air-tight storage bags to prevent insect infestation and prepare for packaging. Although the air-tight bags aided in reducing insect infestation, an oversight in sealing these bags led to additional infestations, incurring further losses. These early challenges SLAC faced underscore the importance of knowledge and experience related to quality control measures, better storage facilities, and streamlined operations to ensure the sustainability of this start-up agro-enterprise.

In its entrepreneurial journey, SLAC launched two types of packaging for *Char Gharey Rajma:* paper and plastic packaging to prevent moisture and insect infestation and extend shelf life and economic viability. The paper packaging embraced environmental sustainability but was accessible only to niche markets/customers (a relatively small group), since it cost SLAC an additional NPR 45 per package. The plastic packaging was more cost-effective and in high demand, prompting SLAC to prioritise this option. To enhance business viability, SLAC diversified its sales strategy. In addition to offering small packages with or without its brand stickers, SLAC has also started selling legumes in bulk (in 25 kg and 50 kg sacks) and sold up to 600 kg to a single wholesaler. The SLAC manager recounted that some buyers purchased unpackaged legumes and sold these unlabeled *Char Gharey* products under their brand names.

As a nascent enterprise, SLAC has been navigating the trade-off between establishing its brand and maintaining sales without explicit recognition among the end users. Additionally, SLAC experience revealed that the cleaning and grading of *Rajma* cost the cooperative nearly NPR 20,000 per year. SLAC plans to discuss with farmers and set different rates for cleaned and uncleaned legumes, which could incentivise farmers to provide cleaner legumes and help reduce processing costs for the cooperative.

Over the past two years, SLAC has strengthened its network of buyers, focusing primarily on legume wholesalers. It adopted a pragmatic strategy aimed at showcasing the superior taste and quality of *Rajma* and attracting buyers even at relatively higher prices. As a part of this strategy, SLAC prepared 200-gram sample packets of *Rajma* and distributed them to different wholesalers along with SLAC's contact details. This approach proved effective, resulting in some wholesalers placing orders for the *Rajma* and other legumes. The buyers include BS Local, *Rastriya Khadya Bank*, wholesale buyers across different locations of Kathmandu Valley, as well as weekly or monthly *haat* markets organised by cooperatives and other organisations.

4.6. Exploring the market and networking with market players

Despite launching healthy and high-quality products, SLAC faced challenges in entering the established competitive markets and drawing the interest of larger market actors. It is aware of the additional risk of dealing with fraudulent market players. Therefore, SLAC has been approaching buyers cautiously and exploring diverse markets, even though it entails frequent travel between Ramechhap and Kathmandu, incurring additional expenses. The SLAC manager, who has been covering the costs personally in hopes of establishing the business, expressed disappointment over the lack of support from other executive members. Dealing with, and learning from multiple internal and external challenges and capitalising on its networks, SLAC has expanded its product range to include varieties like *Masyang* and initiated a supply of cereals, such as maize. The SLAC

manager is further excited about the potential market for *Junelo* (sorghum)*, Kaguno* (foxtail millet), *Bodi* (beans), *and Jhuse* and aims to expand its certified food base and supply of these products in the future.

4.7. Uncertain profit and limited institutional support

In 2023, SLAC purchased *Rajma* at the rate of NPR 600 per *pathi* (NPR 185 per kg). SLAC members, who sold *Rajma* to SLAC, earned a profit of NPR 16 per *pathi.*[6] SLAC maintained a "Protected Capital Return Fund" (*Samrakshit punji firta kosh*) from the profits, which was later distributed to the SLAC member farmers in proportion to the quantity they supplied. In addition to these profits, SLAC also succeeded in securing some governmental support.[7]

The profit-sharing mechanism has incentivised the farmers to sell their produce to the cooperative. The emergence of SLAC as an alternative market has also enhanced the bargaining capacity of smallholder farmers, particularly women farmers, who previously relied on external contractors, to avoid the transaction costs incurred in selling legumes in the local weekly market. The SLAC-driven initiative has demonstrated to farmers the economic potential to enhance their income through legume production. The production in the rain-fed arid hills of Ramechhap, however, is contingent on rainfall. Unfortunately, poor rainfall in 2024 decreased the production of *Rajma*, causing its price to rise to NPR 700 per *pathi* (NPR 200 per kg). Besides reduced production, the lack of finance has been a persistent challenge for SLAC, limiting its ability to purchase legumes in larger quantities. The Manager expressed concern, "Although the municipality has declared Rampur a legume pocket area, it has not supported the cooperative that is actively promoting the legume enterprises".

4.8. Structural gender issues

SLAC engaged female executives and sub-committee members to collect monthly savings and legumes from farmers. However, challenges persisted in operationalising the restructured gender inclusive governance. Women's participation in the management and governance of the cooperative and its enterprise remained low, primarily due to structural barriers and increased workloads due to growing male out-migration. The SLAC manager reflected on the challenging reality:

> *Although the number of women in the executive committee has significantly increased, their participation remains a struggle. With male members migrating for income opportunities, women are the sole caregivers at home. Their farm workloads have also increased, and they barely have time and interest in meetings, as some of them have to walk nearly 1.5 hours to reach the meeting venue. Overburdened with domestic and farm responsibilities, they are unable to travel to Kathmandu to explore markets and expand our market networks.*

Operating the cooperative-based enterprise amid limited multifold constraints, the SLAC manager admitted to having used his political connections and network with the Federation of Agricultural

[6] 20 *pathis* equivalent to one *muri*, (1 pathi is approximately 3.2 kg).

[7] SLAC obtained a grant worth NPR 200,000 from the Agriculture Knowledge Center (now Agriculture Development Office) to purchase green bags (250 pieces), a sealing machine, and a grading machine. More recently, SLAC was awarded NPR 400,000 under the Prime Minister Employment Program, which as per the SLAC manager, was possible primarily due to his political linkages.

Cooperatives to overcome the procedural challenge encountered while registering the enterprise, obtaining the quality certification, and for market expansion. Despite these efforts and progressive recognition in the market, the lack of support from the executive team and the inability of women executives, primarily hindered by gender-based constraints and travel restrictions, compelled him to shoulder the entire burden of managing the business. This situation not only posed risks to the sustainability of this otherwise progressing agro-enterprise but also undermined the principle of collective effort that should drive the cooperative, limiting the ability of this supposedly collective initiative to generate shared benefits effectively.

5. Agro-cooperatives-based agro-entrepreneurship for WEE: Rhetoric and realities

Co-operatives are rooted in the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. Improved understanding of and adherence to these values through active participation of cooperative members and their voluntary contributions to collectively address the community concerns is fundamental for the effective management of cooperatives. Strengthening leadership with effective institutional, managerial, and market access capacities can improve members' affinity to and engagement in cooperatives. Conversely, several challenges, such as a lack of understanding and commitment among the cooperative members, a weak capital base, poor management capacity, and inadequate government support, can undermine the performance of cooperatives. Additionally, a lack of conducive policy support, poor infrastructure, limited access to inputs, and market can hamper the cooperatives' performance and hence members' interest, trust, and engagement in cooperatives (Ortmann and King, 2007; Spielman, 2008; Onyilo and Adong, 2019). Structural gender issues also limit women's participation and cooperatives' inclusive and effective governance, crucial to reach the multiple goals envisioned through cooperatives, leading to a mismatch between the design and actual capacity of cooperatives.

Moreover, studies have noted that the success and sustainability of cooperatives are contingent upon a combination of internal organisational strengths as well as external support systems to strengthen cooperatives and address structural barriers (see Shah, 2020; Joshi, 2024; Dendup and Aditto, 2020; Dhakal and Meuser, 2023). Below are some key insights that the analysis of SLAC's entrepreneurial journey offers on the potential and challenges of cooperative-based agro-entrepreneurship and its capacity to promote WEE.

i. Internalisation of cooperative principles and strong leadership are crucial for effective agro-entrepreneurship.

The role of SLAC in improving the income of the smallholder legume farmers in arid Ramechhap has progressively received recognition. Market assessment, improved connection with prospective buyers, and knowledge acquired about the legume value chain have helped SLAC gradually scale up its legume-based agro-enterprise. SLAC has continued to explore ways to increase its capital base, such as by increasing share capital and member savings, and expanding its market linkages. However, these achievements are fragile without strong leadership and commitment from the cooperative executives. Adherence to the cooperative principles and active engagement of cooperative members, especially the executive members, with a focus on expanding the membership base and incentivising both members and other farmers to sell their produce to

the cooperative, is important. Exploring and mobilising market networks and leveraging social, financial, and institutional support are critical arenas that require immediate attention to ensure the growth, sustainability, and competitiveness of cooperative-based agro-enterprises. Additionally, it is important to orient farmers on the quality standard required to create, maintain, and expand the niche markets of their produce.

ii. Reforming cooperatives for inclusive governance and forging WEE is a time-intensive process.

The participatory action research project contributed to strengthening the institutional, technical as well as financial and entrepreneurial capacities of SLAC, aiming to transform it into an inclusive organisation, encouraging active involvement of women in decision-making roles and higher nodes of the agriculture value chain. Notwithstanding the positive changes towards WEE that SLAC and its fledgling agro-enterprise have fostered, the case of SLAC has illustrated that an increase in women's membership in a cooperative or their inclusion in executive roles does not necessarily ensure women's active engagement in cooperatives' governance or women's empowerment. A holistic approach to addressing gender barriers, enhancing women's capacity, and reducing their workload is integral to WEE and expanding the overall reach and inclusivity of cooperatives. Familiarising farmers with the importance of cooperatives and strengthening cooperatives' membership, management, and marketing capacity, however, is a time-consuming process that requires long-term commitment and investment (Dhakal and Meuser, 2023; Dhakal, O'Brien and Mueser, 2021; Spielman, 2008). The situation in Ramechhap was no different.

iii. Agro-entrepreneurship through cooperatives is potential but precarious, and hence less preferred

The growing agro-entrepreneurship of the SLAC and the socio-economic benefits that it has progressively brought for the local farmers have showcased that cooperative-based agro-enterprises can help in improving income and livelihoods for the rural women farmers. However, it was backed by external support, the action research project in this case, and yet encountered several challenges that hindered the transition to agro-enterprise. The challenges included a limited membership base, prevalent financial constraints, gaps in technical and managerial skills related to production, storage, and marketing, passive executive members, bureaucratic conundrums, and a lack of government support. The transition towards entrepreneurial development has been slow and uncertain. In the agro-economic context of Nepal, with challenges abound and practical support almost absent, a cooperative-based business model is often seen as a risky venture that many cooperatives choose to avoid. Additionally, the ecological factors affecting agricultural production and the lack of access to inputs, markets, and other infrastructure services crucial for effective commercialisation cannot be ignored in understanding the (dis)connections between agro-cooperative-based business policy rhetoric and realities, especially in rain-fed areas like Ramechhap (see Joshi and Devkota, 2025).

iv. Effective policy implementation for the effective operation of agricultural cooperatives

The presence of a legal framework, such as the Cooperative Policy 2012 and the Cooperative Act of 2017, has provided a foundation for the operation of cooperatives as multi-functional entities in Nepal. The Cooperative Act has explicitly supported women's entrepreneurship and leadership

through grants and tax subsidies and promoted women's partnership in leadership positions. The government has also endorsed cooperative-based agro-enterprise and encouraged support for such ventures. Yet, implementation of such policy provisions and support to strengthen the capacity are rarely available to rural agricultural cooperatives. Hence, contrary to the government's aim to commercialise agriculture and reduce rural poverty through agro-cooperatives, many agro-cooperatives have focused on savings-credit activities to align with the primary motive for membership. This narrow perspective and practice not only restricted their ability to access credit from commercial banks but also their interest and ability to venture into agriculture-based entrepreneurship and potential contributions towards socioeconomic transformations.

Government support is essential for strengthening the technical, financial, and institutional capacities of cooperatives. Regular inspections should promote and ensure compliance with policy provisions regarding cooperatives' transactions and inclusive leadership. Such support and performance evaluation can encourage cooperatives to expand to agro-entrepreneurship and implement provisions to include women and other "special interest groups" crucial for inclusive governance and equitable access to cooperatives and their services. This can help women benefit from cooperatives and enhance cooperatives' contribution to rural poverty alleviation and women's economic empowerment.

6. Conclusion

Based on our analysis of the entrepreneurial journey of SLAC, we concur with previous studies (e.g., Dhakal, O'Brien and Mueser, 2021; FAO, 2012) and emphasise the critical role of proactive government support. This support is essential for fostering understanding of and interest in engagement in cooperatives, creating a favorable business, legal, policy, and social environment for strengthening agricultural cooperatives and enabling them to operate effectively. By strengthening agricultural cooperatives, they could expand beyond savings and credit services and make vital contributions to commercialising agriculture in rural areas, where small-scale production is common. This transformation in cooperatives is crucial to gain trust and evolve into multi-functional commercial organisations that contribute to achieving multiple development goals as envisioned in "Agricultural Investment Decade (2024-2034)"[8].

Achieving this ambitious leap, however, calls for a holistic approach with collaborations between the government and other stakeholders, including the private sector, and local communities to address existing gaps in institutional coordination, information systems, and infrastructure services. Furthermore, creating an enabling environment for agro-cooperatives must include interventions that offer tailored training and address the structural challenges to enhance women's skills and capacity and ensure their effective involvement in agro-cooperatives. Such gender-inclusive measures are essential for promoting resilient agro-entrepreneurship in the increasingly feminised rural agrarian context of Nepal.

[8] The government of Nepal has declared Agricultural Investment Decade (2024-2034) to promote investment in agriculture through partnerships between cooperatives, the government, and the private sector. https://onlineradionepal.gov.np/en/2024/05/28/379484.html

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