CASA
Commercial Agriculture for Smallholders and Agribusiness

Inclusive Growth for Firms and Farmers: Lessons from CASA's work in climate resilience and export readiness with Nepali agri-SMEs

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Commercial Agriculture for Smallholders and Agribusiness

The Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme aims to drive global investment for inclusive climate-resilient agri-food systems that increase the income of smallholder farmers.

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Cover photo: Urban Food employees produce sausage at its factory in Nagdhunga, Kathmandu, Nepal

INTRODUCTION

Small and medium agribusinesses in Nepal, and the smallholder farmers who supply them with produce, face numerous challenges in scaling their business models and farming activities to realise growth in revenue/income. Two principle challenges facing these businesses are the ability to adapt to climate change to ensure the resilient production that can underpin a growth in sales and the difficulties associated with accessing export markets as a key pathway to scale.

Reflecting on 37 agribusiness partnerships since 2019, this paper captures lessons emerging from CASA's portfolio in Nepal, focusing on five case study agribusinesses (see Annex 1). It documents, firstly, the opportunities for agribusinesses to adopt and promote climate-smart and resilient practices both at the firm level and within the smallholder supply chain. The cost savings and improved resilience of production can provide the foundation for agribusinesses to pursue export markets. The paper then reflects on how CASA has supported agribusinesses to align with international standards, build credible market presence, and invest in compliance and branding to capitalise on the opportunity of higher price premiums, greater product differentiation, and more consistent demand from institutional buyers, that come with entering export markets.

Following CASA's closure in Nepal in September 2025, the time has come to reflect on and share key insights on how agribusinesses can continue to pursue resilient and inclusive pathways to scale.

KEY INSIGHTS

- Programmes can support agri-SMEs with clean energy transitions to reduce long-term operational costs, and improve product quality and consistency, providing a foundation for business growth.
- Argi-SMEs are well positioned to incentivise smallholder farmers to uptake climate-smart practices and can do so through three levers: invest in demonstration plots that showcase multiple technologies; fund localised R&D to develop and validate context-specific solutions; and strengthen dissemination. In turn, business incentives for these activities must be made clear.
- Certification support must be a core part of agri-SME growth strategies, particularly ones with a focus on export.
- Digital support offers low-cost, high-impact pathways for agri-SMEs to boost international visibility and access export markets and should be integrated into agri-SME export readiness programmes.
- Place-based branding and storytelling and professional packaging can help differentiate products and enable sustainable market entry and growth at higher margins than white-label entry.
- Through targeted pilots, programmes can provide evidence-based incentives for agri-SME investment in farmer training and formalising relationships with smallholder supply chains to secure reliable quality production as the basis for inclusive growth.
- Training must be end-to-end across the value chain, not just at supply, to ensure export market compliance.
- Programmes should look to work beyond the firm, combining capacity building with institutional coordination and policy alignment with government agencies to streamline the export process and reduce barriers to entry.
- Investment readiness support is essential, and agri-SMEs require tailored support in this. Capital not only expands production capacity but also improves the systems, quality, and consistency needed to service export markets.

ABOUT CASA

The Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme has been funded by the UK's Foreign, Commonwealth and Development Office (FCDO) since 2019, with 100% of funding allocated under International Climate Finance (ICF) since 2023. CASA demonstrates the business case for global and national investment in climate-resilient agri-food systems which increase smallholder farmer incomes. The programme facilitates increased investment in agribusinesses by demonstrating the commercial and development potential of inclusive business models with smallholder farmer supply chains. CASA achieves this by:

- Demonstrating the commercial viability and building the investment-readiness of small and medium-sized (SME) agribusinesses with smallholder farmer supply chains
- Helping impact and return-oriented investors to increase the impact of their investments through the provision of inclusive technical assistance
- Strengthening the voices of smallholder producers (especially of women in agribusiness decision-making) and their positions within supply chains (through improved offtaking or aggregation arrangements); and
- Filling the information, evidence and learning gaps holding back investment.

To demonstrate the commercial and development potential of business models with smallholder farmer supply chains, CASA has piloted catalytic interventions within agricultural value chains in Nepal, including in vegetables, dairy, medicinal and aromatic plants (MAP), and agri-processing. Across these value chains, CASA Nepal has partnered with 37 agribusinesses to leverage £5,367,849 in third-party investments and engage 111,203 smallholder farmers who have experienced an average income uplift of 15%.

ADOPTING AND PROMOTING CLIMATE-SMART AND RESILIENT PRACTICES

Climate-smart and environmental resilience practices are vital for improving the sustainability and competitiveness of agri-SMEs and the smallholder farmers in their supply chains. This is particularly true in the context of the increasing impacts of climate change on agricultural production in Nepal. CASA's experience shows that transitioning to clean energy and adopting climate-smart technologies and practices – such as solar dryers, drip irrigation, and climate-resilient seeds – can reduce costs, boost efficiency, and strengthen climate adaptation. Agri-SMEs are well-positioned to lead this shift through demonstration, localised innovation, and effective knowledge sharing. Below, we explore two such possibilities, one at the firm level and one at the level of the smallholder farmer supply chain, providing evidence from CASA that can inform future agribusiness activities and development programme design.

1. Energy transition enables cost-effective and sustainable operations for agri-processing businesses

Energy transition from fossil fuels to sustainable electricity-based systems presents a significant opportunity for reducing operational costs in the food processing industry. Despite the clear benefits, many agri-SMEs remain unaware of the opportunities that energy transition can offer. Limited access to information, technical expertise, and strategic guidance often prevents these businesses from recognising how a shift to electric systems can reduce costs and improve efficiency. To overcome this gap, CASA has facilitated the provision of technical assistance to several of its agribusiness partners to support the assessment of benefit and pathways to operationalisation of sustainable energy transitions. From across the portfolio, Poshilo Foods, a growing food processing company,

and Satya Herbal and Spice Products Pvt Ltd, stand out as compelling examples of how this can be done successfully.

Creating a roadmap for energy transition

Agri-SMEs often lack awareness of the options they have in terms of sustainable business practices and the costs and benefits associated with them. Therefore, supporting businesses to develop iterative plans or policies that provide step-by-step pathways to transition can encourage them to take the first step, realise potential benefits, and continue to invest in sustainable practices as the business scales. For example, CASA linked Poshilo Foods with a technical assistance provider to formulate a comprehensive Environmental, Social, and Governance (ESG) policy that provided a strategic roadmap for improving sustainability across its operations. The ESG policy, developed with CASA's support, was instrumental in identifying the energy transition as a key opportunity area and prioritising the shift to electric-powered systems. Guided by the policy, Poshilo has initiated the gradual replacement of its Liquefied Petroleum Gas (LPG)-based machinery with electric-powered plants and equipment.[1] This transition not only aligns with global sustainability goals but also enhances production efficiency and reliability, critical factors for long-term competitiveness.

Establishing the business case for energy transitions

At the time of writing, around 40% of Poshilo's products are made using electric machines instead of LPG-based ones. Whilst the transition is still in the early stages, initial estimates suggest that it could lower the company's overall energy expenses by about 20%. Encouraged by these promising results, Poshilo is now preparing to transition to a fully electric-powered processing system within the next year. This shows how through targeted pilots, clear business incentives for cost savings can promote the adoption of practices which also reduce environmental impacts of agribusinesses.

Similarly, Medicinal and Aromatic Plant (MAP) processing companies such as Satya are exploring low-cost, renewable energy options following support from CASA. Currently relying on firewood and biomass to operate boilers for drying, Satya has initiated a shift following CASA-facilitated training on energy-efficient and sustainable practices which highlighted the opportunities of adopting solar-powered dryers—a renewable, clean, and cost-effective solution that improves drying consistency and product quality while significantly reducing fuel costs. For instance, a solar dryer used for processing Asphaltum (Shilajit) can be installed for as little as £5,333, making this transition both practical and scalable. While the cost of production using a solar dryer is expected to increase significantly—by around 50 percent—compared to a firewood-powered boiler due to longer extraction times and increased labour requirements, the improved quality of the final product also improves, potentially increasing revenue by up to 75 percent. Having assessed the business case for transition, Satya plans to complete installation within a year.

The shift in practices from both Poshilo and Satya reflect a broader awareness among MAP processors of the long-term benefits of energy transition, not only in terms of environmental sustainability but also in market competitiveness. As global buyers increasingly favour sustainably-processed products, companies like Poshilo and Satya are gaining a competitive edge by transitioning to cleaner technologies.

Energy transitions as the foundation for agribusiness growth

The Poshilo and Satya examples highlight how energy transition, whether to electric or solar-powered systems, can deliver economic efficiency, environmental sustainability, and improved market positioning for agri-processing businesses. These factors can provide a solid foundation for agribusiness scaling, including through accessing export markets where international buyers have an increasing preference for sustainably produced products.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

To promote cost-effective, sustainable, and export-ready operations, CASA recommends that supporting agri-SMEs in adopting clean energy solutions such as electric and solar-powered systems be built into programme support in the future. CASA's experience shows that, with the right technical assistance and strategic guidance, businesses can identify energy transition opportunities, reduce long-term operational costs, and improve product quality and consistency.

1. Note that transitioning away from LPG is beneficial when renewable sources of electricity are readily available (as is the case in Nepal), but in contexts where coal-fired generators dominate electricity production, LPG is likely to be significantly better in terms of associated emissions.

2. Resilient firms and farmers: Agri-SMEs as leaders in climate-smart adoption

In addition to embedding climate-smart practices within the firm, agri-SMEs are well-positioned to take a leadership role in guiding smallholder farmers toward the adoption of climate-smart agricultural practices, improving their climate resilience. CASA has supported agri-SMEs in promoting a number of climate-smart agricultural practices, including drip irrigation, mulching, protected tunnels, climate-resilient seeds and saplings, and automation[2]. These practices are increasingly essential for helping smallholder farmers cope with the growing challenges posed by climate change. However, the high upfront investment required to adopt such technologies often makes farmers hesitant, meaning they need support in adopting such practices. Examples from the CASA portfolio show agribusinesses are well placed to provide such support. In addition to improving resilience at the smallholder farmer level, these practices also underpin the resilience of agribusiness production which is critical when servicing buyers who expect consistent quality and quantity of production as is often required for export markets.

Giving farmers confidence: The value of local demonstration plots

Seeing is believing. Smallholder farmers are often rightly reticent to adopt practices that they do not have experience of and therefore often do not trust. Across the global agri-extension field, demonstration plots are a tried and tested methodology for increasing farmer confidence in given practices. When the demonstration takes place locally, in similar ecological conditions to which the farmers are working and are run by people whom they know and trust, it has a greater ability to influence practice adoption. Paicho Pasal, with technical support from CASA, established a large-scale demonstration plot spanning over 12.5 acres (100 ropanis) in Palpa District. This site was unique in that it showcased multiple climate-smart inputs simultaneously—including seeds and saplings, protected tunnels, and irrigation systems—unlike typical demonstration plots that focus on only one technology. This site served as a practical, real-world example where farmers could observe the benefits of multiple climate-smart technologies first hand, e.g., improved yields, efficient resource use, and better resilience to climatic stress. By reducing uncertainty and building farmer confidence, such demonstration-based approaches have proven to be an effective way to accelerate the adoption of sustainable and resilient farming practices. Investing in such initiatives also makes strong business sense for agri-SMEs. “By supporting smallholders in adopting climate-smart practices, agri-SMEs can strengthen their local sourcing supply base, enhance product quality and consistency, and reduce climate-related risks in their value chains,” said Dhruba Neupane, Managing Director of Paicho Pasal. “This alignment of commercial and environmental objectives increases resilience not only for the farmers but also for us.”

Paicho Pasal climate-smart agriculture demonstration plot

Developing and disseminating localised knowledge on climate resilience

Whilst demonstration plots can be effective at the local level, there are challenges in how their impact on practice adoption can be scaled more widely. As such, other pathways to dissemination must be explored. To accelerate the adoption of climate-smart practices among agribusinesses that work with and procure from smallholder farmers, Paicho Pasal see a two-pronged strategy as critical:

1. **Invest in research and development (R&D) on localised climate-resilient technologies and techniques**. The Paicho Pasal Managing Director reflected that, “Many climate-smart solutions currently available are either not tailored to Nepal’s diverse agro-ecological zones or lack field validation

2. See the CASA Learning Brief Five Steps that Help Bring Climate-smart Agriculture to Smallholder Farmers: Case notes from Nepal.

at the community level. R&D can help bridge this gap by generating practical, scalable innovations suited to local conditions such as region-specific seed varieties, adaptive irrigation models, or cost-effective post-harvest technologies."

2. **Strategic dissemination of knowledge**. Smallholder farmers often lack access to credible, timely information on emerging technologies and practices. To address this, Paicho Pasal emphasised the importance of using demonstration plots, farmer field schools, digital tools, and extension services as vehicles for transferring knowledge. Agri-SMEs, given their position as both market actors and service providers, are well-positioned to lead this process, serving as a bridge between innovation and last-mile adoption.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

Drawing on CASA's experience, scaling the adoption of climate-smart practices requires targeted support in three key areas: incentivising agri-SMEs to invest in demonstration plots that showcase multiple technologies; funding localised R&D to develop and validate context-specific solutions; and strengthening dissemination through farmer field schools, digital tools, and extension services. These measures will empower agri-SMEs to lead climate-smart transitions while strengthening their local sourcing base.

ENTERING EXPORT MARKETS AS A PATHWAY TO SCALE FOR AGRI-SMES

Export promotion represents a major opportunity for Nepal's agri-SMEs, offering a pathway to higher-value markets, stronger revenues, and long-term business growth. With rising global demand for organic and sustainably sourced agricultural products, Nepali agri-SMEs are well-positioned to tap into export markets, especially in Europe, North America, India, Japan, and the Middle East. Compared to the domestic market, exports can offer higher price premiums, greater product differentiation, and more consistent demand from institutional buyers. However, unlocking these opportunities requires alignment with international standards, credible market presence, and investment in compliance and branding. Agribusinesses in Nepal often require tailored support to have the knowledge of these opportunities and the confidence to invest in them. This section highlights five pathways for supporting Nepali agribusinesses to capitalise on the opportunity offered by export markets.

1. Certification can unlock export markets but SMEs often require support to achieve it.

Almost all international markets require some form of certification to achieve product entry. CASA's experience of supporting agri-SMEs to achieve certification highlights that they are not just procedural milestones; they are strategic tools that enhance agri-SMEs' access to high-value markets. This is particularly true in the case of CASA support to Satya Herbal and Spice Products and Poshilo Foods. Through targeted technical assistance, CASA helped these companies understand certification requirements, improve internal systems, and connect with accredited agencies. This hands-on support enabled them to navigate complex certification processes and align their operations with international standards.

Targeted technical and financial support lowers the barriers to certification.

When agri-SMEs understand the strategic value of certification, and receive the right kind of support, they are more likely to invest in compliance that meets global standards, unlocking international market opportunities in the process. The Managing Director of Satya Herbs noted that, "Although fees for certification are not that high, the process itself is challenging for agri-SMEs like us, as it is difficult to navigate the documentation, meet compliance requirements, and coordinate with certification bodies ... Without expert guidance, we would have struggled to complete the process." This highlights the valuable role that development programmes can play in supporting agribusinesses through the certification process. In turn, this can demonstrate the return on the investment required to achieve compliance that can come through increased market access and sales.

Return on investment in certification through increased sales

Although the certification process requires considerable technical and financial resources, the investment pays off through expanded market access, increased product value, and strengthened brand credibility. For companies like Satya, certifications such as Organic, Hazard Analysis and Critical Control Points (HACCP), Current Good Manufacturing Practice (CGMP), and International Organisation for Standardisation (ISO) function as trusted signals of quality, safety, and compliance. These are essential attributes for meeting the stringent standards of buyers in international markets such as in Europe and North America. “The first thing buyers in those regions ask about is certification,” said Rabindra Nath Shukla, Managing Director of Satya. “After certification, I found buyers in the UK, Netherlands, Portugal, and Germany, selling 400 kg of Asphaltum (Shilajit) this year, up from just 15 kg in the European market last year.” Following this return on investment, Satya has decided to pursue further certifications on its own, including Fair Trade and Fair Wild, indicating a longer-term mindset shift toward quality and compliance.

Workers in Satya's factory processing cypress wood

CASA’s experience with Poshilo Food reinforced the value of targeted support in overcoming certification barriers. CASA’s work with Poshilo Food shows that even initial certifications – such as the Nepal Standard (NS) and Food Safety and Standards Authority of India (FSSAI) approvals – can create meaningful market opportunities. For Poshilo, these certifications directly enabled entry into the Indian market, demonstrating that early progress on compliance can translate into tangible cross-border trade benefits.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

CASA’s support to Satya and Poshilo shows that with targeted technical and financial assistance, SMEs can meet global standards, boost exports, and gain market credibility. As such, it is recommended to make certification support a core part of agri-SME growth strategies, particularly ones with a focus on export.

2. Digitalisation is a low-cost tool to increase visibility and unlock export opportunities.

Building trust with foreign buyers is critical to successfully entering and servicing export markets. Contrary to popular opinion, building these relationships does not necessarily require large-scale investments. Rather, strategic use of digital tools can deliver outsized returns, with modest, well-targeted digital interventions capable of significantly increasing the international visibility and credibility of agri-SMEs. This is highlighted by CASA’s experience with Satya Herbal and Spice Products.

Basic upgrades to company’s digital presence through a professional website

Upgrading a company’s digital presence, such as through a professionally developed website, can be a powerful tool for export readiness. By working with a digital media company, Satya created a buyer-facing, content-rich online platform that communicated its product quality, supply chain transparency, and brand values. This demonstrated that a relatively small investment in domain registration, hosting, and design can effectively serve as a 24/7 storefront to attract and engage international buyers.

Sector specific platforms allow efforts to be targeted at the right buyers

In addition to company specific platforms, leveraging sector-wide digital platforms can extend outreach beyond traditional methods such as cold calls and trade fairs. Satya’s registration on SupplySide365, a niche

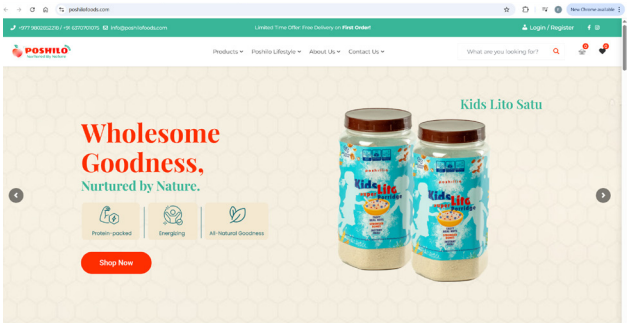
global trading platform for medicinal and aromatic plants, enabled direct access to a curated network of potential buyers. This shift resulted in over 50 virtual B2B meetings, more than doubling the company's previous engagement levels, with six of those resulting in confirmed sales, as well as opening new export opportunities. The overarching insight is that for agri-SMEs, digitalisation is not just a technical upgrade, it is a strategic tool for global market integration. When digital investments are aligned with business goals, they can unlock visibility, foster trust, and build long-term international relationships without requiring large capital outlays. This was also one of the key learnings from the review of CASA's digitalisation work.

3. Premium positioning is key to entering competitive export markets.

Despite the large size and significant demand in export markets, the congested nature of these markets, and global competition to service them, means there can be challenges to entry. Establishing a premium brand position is one way to overcome these challenges and can be achieved through professional upgrades to brand profile and presentation.

Place-based branding can be highly effective in establishing a premium position

India is often the most logical initial target for Nepali agribusinesses looking to establish themselves in export markets. However, the congested nature of the marketplace means that agribusinesses must find a way to differentiate themselves to buyers and consumers. Establishing a premium position is one way to achieve this. One option for Nepali agribusinesses is to position high-Himalayan agri-products as premium, health-focused offerings as a successful strategy for entering and scaling in the Indian market. With rising health consciousness among Indian consumers, there is a clear demand for natural, nutrient-rich, and authentic food products, particularly those associated with wellness and purity. Exploiting this market trend, CASA supported



Poshilo have established a premium market position through consistent branding across products and communications channels, including their website.

Poshilo not just on product quality, but on strategic positioning that links origin, wellness, and premium value. For agri-SMEs, aligning branding and marketing with consumer aspirations can unlock scalable and sustainable growth in this high-potential market.

CASA's support in these areas helped Poshilo create a compelling visual identity and effectively communicate the health and origin attributes of its products, specifically targeting Indian buyers. This combination of authentic sourcing and professional branding enabled Poshilo to carve out space in a competitive but growing health food segment. Indian buyers responded positively to the narrative of clean, traditional, and nutrient-dense grains from the Himalayas, reinforcing the idea that provenance can significantly influence perceived value.

Moving beyond white-label goods to increase returns

Selling white-label goods (i.e., unlabelled products to be branded and sold by another company) offers a quick route to market entry at lower investment, making it ideal for testing new products and establishing relationships with international buyers. However, selling white-label goods lacks product differentiation (i.e., no brand presence for the producing company is established) and can significantly undermine margins, where the company providing the labelling and branding will often capture a more significant proportion of the sale value. As such, moving towards branded products offers the producing company more control over the final product, a chance to establish brand identity and loyalty, and the chance to retain a higher percentage of sale value. Agribusinesses often require additional support to establish a branded

product within export markets and realise these benefits.

The case of Himalayan Supervores highlights the value of investing in packaging and branding to enhance export competitiveness. With technical assistance on branding and packaging, Himalayan Supervores was able to move beyond selling white-labelled products in bulk to offering goods under its own brand. This strategic shift not only added value to the products but also helped the company build brand recognition in international markets. This intervention helped make the products fully compliant with international standards and more attractive to overseas buyers. As a result, approximately 8-10 percent of Himalayan Supervores' total exports are now under their own brand. This shift has also led to value addition, with branded products generating over 30 percent more income compared to those sold under white-label arrangements.

Similarly, Abiral Dairy[3], an exporter of dog chews that initially relied on white-labelled sales, successfully made inroads into the e-commerce giant Amazon under its own brand. This transition was made possible after the company began packaging its products in poly bags—an improvement supported through CASA's interventions—demonstrating how value addition and branding can open doors to international markets. Currently, Abiral Dairy exports five percent of its total products under its own brand. According to Bishow Bandu Sharma, Chief Operating Officer of the dairy, the profit margin for dog chews sold under the company's own brand is around 40 percent, compared to just 10 to 12 percent when sold under white-label arrangements. These experiences highlight how targeted branding and packaging support can significantly strengthen a company's positioning in export markets and add long-term value to its products whilst increasing profitability.

Abiral Dairy sought branding guidance to move from selling white-label dog chews to their own branded product, realising a significant increase in per unit margin.

Packaging requirements for export markets

In addition to offering brand differentiation, there are often formal regulatory requirements pertaining to packaging that must be complied with to enter export markets. There is also an important regulatory element of packaging for export markets as it must comply with the labelling regulations of target countries. To address this, Himalayan Supervores, with CASA's assistance, engaged a professional designer to develop packaging layouts for corrugated boxes and food-grade plastic bags. These designs included essential elements such as the company's name, tagline, product description, nutritional information, country of origin, and net weight.

4. Strengthening local supply chains enhances export potential

For an exporting agribusiness, securing a reliable source of raw materials is just as important as securing a market for the product. Reliable suppliers capable of consistently delivering high-quality raw materials in sufficient volumes are essential, as exporters do not have the flexibility to change suppliers with every new production batch. Whilst this is often particularly challenging for firms sourcing from smallholder farmers (as opposed to larger-scale producers), CASA has highlighted how the required stability of quality and quantity can be realised through smallholder farmer supply chains, facilitated by the provision of well-targeted technical assistance.

3. Abiral Dairy is a private dairy company founded in 2021 that focuses on aggregating raw milk from its own collection centers and other dairy cooperatives, supplying it to larger dairy firms. The company also produces dog chews for the international market.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

We recommend supporting Nepal's agri-SMEs in developing strong origin-based branding, compelling storytelling, and high-quality packaging that align with the wellness-driven preferences of Indian consumers. This premium positioning, backed by professional marketing, can help differentiate products and enable sustainable market entry and growth.

We recommend supporting agri-SMEs in developing attractive, compliant packaging designs and building their own strong brand identities. Moving away from white-label products allows them to differentiate their offerings and capture higher profit margins in competitive global markets.

Good agricultural practice training to improve product consistency

Agribusinesses have direct incentives to ensure their supplying farmers use good agricultural practices to attain the necessary product quality to achieve and retain certification. The provision of smallholder farmer training programmes through agribusinesses can help to overcome some of the common challenges in achieving the required quality. For example, Poshilo initially faced challenges in establishing a dependable supply chain that could consistently provide quality grains and superfoods for its *satu*[4]. With support from CASA, Poshilo delivered Good Agricultural Practices (GAP) training to over 1,000 farmers across 18 cooperatives. The training focused on strengthening farmers' capacity in improved production techniques, as well as pre-harvest and post-harvest handling, storage, and packaging for transport.

As a result of these efforts, Poshilo now reports having a stable and adequate supply of raw materials to meet its growing demand, laying a strong foundation for scaling up its exports. Beyond consistency and volume, this reliable supply chain also enables Poshilo to build a compelling export narrative that highlights ethical sourcing, farmer livelihoods, and traceability, which increasingly matter to buyers in premium and ethical markets.

This was also a key learning for Paicho Pasal[5], which recently entered the international market by exporting pickles made from domestically sourced vegetables to Japan. "Without securing reliable domestic sources, we cannot expand into international markets. If we have to keep changing suppliers, or in some cases even import raw materials, our product will not be consistent enough for export," said Dhruba Neupane, Managing Director of Paicho Pasal. "Therefore, it is important that business models like Paicho Pasal should be replicated in large number throughout the country and scaled up too." He further noted that leveraging public-private partnerships (PPPs)—where agri-SMEs, smallholder farmers, and government agencies work together—could provide a practical and effective mechanism for rapid replication and scaling. These partnerships can mobilise resources, align incentives, and ensure that technical support reaches both ends of the value chain.

Paicho Pasal packing house for pickles to be sold in export markets

4. Satu, also known as Sattu in some regions, is a type of flour made from roasted grains and pulses, commonly used in Nepal and India. It is a versatile ingredient that can be consumed in various ways, such as a drink or porridge, or incorporated into other dishes.
5. Established in 2014 in Beletaksar, Gulmi, Nepal, Paicho Pasal is a private company that collects, processes, and sells fresh vegetables. It follows a unique model by sourcing produce directly from smallholder farmers in remote areas—regardless of quantity—and supplying it to urban markets, while also processing any unsold stock.

Supply chain support must be end-to-end to meet standards and optimise cost savings

Farmers are not the only actors in the supply chain who require support to meet the stringent requirements of export markets. One of the key learnings from CASA's intervention was the transformative impact of delivering end-to-end capacity building which aligns with global standards across the agricultural value chain.

While Himalayan Supervores[6] had already established functioning systems for harvesting, transportation, and processing, these practices fell short of meeting international benchmarks required for competitive export markets. To address this, CASA piloted a comprehensive, hands-on training programme targeting every stage of the value chain, from farm-level harvesting to final product delivery. This effort engaged all critical actors, including farmers, transporters, and processing centre workers, ensuring a holistic and coordinated approach. The TA provider brought in specialised knowledge on post-harvest handling and value chain optimisation, helping tailor the training content to local needs. For example, the expert trained farmers on identifying the optimal harvest time to maximise quality and active ingredient content. Transporters were trained on hygienic handling and appropriate packaging methods to prevent contamination and physical damage during transportation. Meanwhile, processing centre workers received guidance on proper sorting, processing, and storage techniques to maintain product integrity and meet export-grade standards. Together, these interventions significantly elevated the quality, consistency, and presentation of the company's fresh and processed vegetables, making them far more suitable for international markets, particularly in the Middle East. Improved postharvest handling and packaging techniques not only enhanced product shelf life but also helped align the entire operation with export-grade requirements.

Importantly, the training also led to tangible cost savings. As noted by Nelson Shrestha, postharvest and processing losses were reduced by at least 50 percent, marking a major step forward in both operational efficiency and profitability. This experience highlights how strategic technical support aimed at global best practices can turn a "good enough" operation into one that is fully export-ready, driving better economic outcomes and long-term sustainability for agribusinesses.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

Agri-SMEs can confidently rely on smallholder farmers to secure consistent and quality raw material if they make modest investments in training. We recommend supporting agri-SMEs to invest in farmer training and capacity-building to ensure consistent supply and product quality. Strengthening relationships with smallholder farmers through targeted technical assistance and inclusive business models helps maintain product consistency and builds resilient, sustainable supply chains for export growth. We also recommend supporting agri-SMEs to formalise relationships with farmers through models such as contract farming, cooperatives, or organised farmer groups. These structures, combined with training on Good Agricultural Practices, help ensure consistent, high-quality supply for export markets.

Providing end-to-end training aligned with global standards across the entire agricultural value chain is crucial for export readiness. We recommend delivering comprehensive capacity-building programmes that engage all value chain actors—farmers, transporters, and processors—to improve product quality, consistency, and handling. This holistic approach enhances competitiveness in international markets, reduces losses, and boosts operational efficiency and profitability for agri-SMEs and smallholder farmers.

6. Established in 2018, Himalayan Supervores is a private company that procures fresh vegetables, which are then washed, sorted, and graded before being sold to domestic and international buyers.

5. Working beyond the firm: The importance of enabling environment and investment leveraging to accessing export markets

While programmes like CASA are instrumental in building the capacity of agri-SMEs and their smallholder farmer supply chains to become export-ready, their impact can be significantly amplified through the active involvement of a wider range of stakeholders, since the broader export ecosystem must also function smoothly for such efforts to translate into sustained export growth.

Enabling environment and policy can enable or constrain access to export markets

Nelson Shrestha of Himalayan Supervores highlighted that despite CASA's comprehensive support, the lack of coordination with key government bodies such as the Ministry of Industry, Commerce and Supplies and the Civil Aviation Authority of Nepal (CAAN) posed serious operational challenges. For exporters dealing with highly perishable goods like fresh vegetables, bureaucratic delays and mishandling at airports can result in significant financial losses and reputational risks. According to Mr Shrestha, sensitising these authorities to the time-sensitive nature of agricultural exports could have created a more supportive enabling environment, reducing friction in the export process. A more collaborative approach involving both development partners and government agencies is essential to streamline export procedures and unlock the full potential of Nepal's agri-exports. This experience underscores the need for systemic engagement, where capacity building of agri-SMEs is complemented by institutional support and policy alignment to ensure efficiency, reliability, and long-term competitiveness in international markets.

Leveraging investment to support export readiness

Support to make agri-SMEs investment ready can play a pivotal role in export readiness. CASA's experience with Satya and Poshilo illustrates this. Both companies faced barriers to investment common to small and growing businesses, including limited technical capacity to develop robust financial documents and an inability to attract or access external capital.

In Satya's case, a financial expert provided through CASA helped the company prepare detailed financial reports and cash flow projections, enabling it to secure a loan of £199,278. This investment was critical for purchasing raw materials and upgrading machinery, which significantly increased production capacity. The new machinery not only improved efficiency but also ensured product quality met international standards—a key requirement for accessing export markets. Additionally, the ability to purchase raw materials in bulk allowed the company to maintain consistent supply and meet orders from overseas buyers. As Managing Director Rabindra Nath Shukla noted, this infusion of capital directly contributed to making Satya's products export-ready.

Similarly, CASA supported Poshilo through a customised financial consulting service that helped the company become investment ready. This led to a strategic equity investment from the Manoram Group, which acquired a 50 percent stake. The capital enabled Poshilo to invest in new processing equipment and expand its production. Just as importantly, Manoram's experience in food processing enhanced Poshilo's operational efficiency, while its established export channels to the US market helped Poshilo quickly access international buyers.

Together, these cases highlight a key learning: when agri-SMEs receive the right combination of financial expertise and strategic investment, they are better positioned to scale operations and meet the standards required for export markets. Investment is not just about capital; it is about unlocking capacity, improving systems, and opening doors to new opportunities. In both cases, CASA also helped create linkages and exposure to potential investors, an essential step in bridging the gap between investment readiness and actual investment.

INSIGHTS FOR AGRIBUSINESS PROGRAMMES

As a supportive enabling environment is critical to smooth servicing of export markets, we recommend fostering stronger collaboration among development programmes, government agencies, and other key stakeholders to create an enabling environment that streamlines export processes, reduces operational bottlenecks, and supports timely delivery. This systemic approach, combining capacity building with institutional coordination and policy alignment, is critical for sustaining and scaling agri-export growth.

To strengthen agri-SMEs' export readiness, it is essential to support them in becoming investment-ready. We recommend providing tailored financial expertise to help agri-SMEs develop strong financial documentation and business plans, enabling them to attract strategic investment. CASA's experience shows that access to capital not only expands production capacity but also improves systems, quality, and consistency, which are key requirements for entering and competing in international markets.

CONCLUSION

To unlock export potential of agri-SMEs of Nepal, targeted, practical interventions must continue to focus on strengthening both export readiness and environmental sustainability. Support should prioritise strategic certifications, digital visibility, and branding—three relatively low-cost but high-impact enablers of market access. As seen with Satya and Poshilo, tailored technical and financial assistance can empower SMEs to meet international standards, gain buyer trust, and access new markets. Facilitating access to international and national certifications (such as HACCP, Organic, FSSAI) and helping SMEs articulate premium product positioning can accelerate cross-border trade, especially with high-potential markets like India, the EU, the US, and Japan.

In parallel, investment-readiness support—including financial documentation, market analysis, and investor matchmaking—should be scaled up to attract both debt and equity capital for export growth. Strengthening the supply base through training of smallholder farmers, and embedding global standards across value chains, will ensure consistency in quality and quantity of raw materials. Finally, closer coordination among development partners, government agencies, and the private sector is essential to streamline trade procedures, build infrastructure, and promote Nepal's agri-exports at scale.

In addition, promoting climate-smart and environmentally-resilient practices should be embedded as a core strategy for long-term agri-SME competitiveness. Support should prioritise energy transition to clean technologies—such as electric and solar-powered processing systems—which reduce operational costs, improve product quality, and align with global sustainability trends. CASA's experience with companies like Poshilo and Satya shows that even small-scale renewable energy upgrades can yield significant cost savings and production benefits over time.

Agri-SMEs need to be helped to incentivise uptake in local adoption of climate-smart technologies—including drip irrigation, protected tunnels, and climate-resilient seed varieties—through demonstration plots, technical assistance, and inclusive sourcing models. These efforts not only enhance smallholder farmer productivity and resilience but also secure reliable raw material supply for export-focused enterprises. Investing in locally-relevant research and development (R&D) – and strengthening dissemination through farmer field schools and digital tools – will accelerate the uptake of these practices. Together, these actions can enhance environmental sustainability, increase climate resilience, and build more future-proof agri-value chains.

Annex 1: CASA Nepal's Partners

Abiral Dairy

CASA partnered with Abiral Dairy Pvt Ltd, a Madhesh-based company working with over 6,000 smallholder farmers, to support the packaging and export of dog chew to international markets.

The project focused on helping Abiral package chhurpi in retail-friendly polybags and meet export requirements to list the product on Amazon. While the company had already invested in a processing unit in Kathmandu and initiated trial production, it lacked the technical expertise and certifications necessary for international sales. With CASA's support, Abiral worked on improving product quality, securing required certifications, and completing steps to successfully enter global e-commerce platforms like Amazon.

Himalayan Supervores

Himalayan Supervores, a Kathmandu-based private company, launched its vegetable packhouse operations in 2019, just six months before Nepal's COVID-19 lockdown in March 2020. Prior to the lockdown, the company sourced two tonnes of vegetables daily from selected farmer groups, processed them through its in-house washing, sorting, and packaging facility, and supplied them to institutional clients such as hotels and restaurants. Following the easing of lockdown restrictions, Himalayan Supervores prepared to scale its operations. The company aimed to aggregate five tonnes of vegetables per day and expand its customer base across three segments:

a. Institutional clients (e.g., hotels and restaurants)
b. Export markets—specifically Qatar, where it began shipments through an agreement with Respect Trading and Contracting WLL, and
c. Individual consumers seeking fresh, quality-assured produce.

To ensure quality and traceability, the company continued sourcing directly from farmers and worked toward compliance with standards such as Good Agricultural Practices (GAP). It also developed plans to supply 'ready-to-cook' vegetables to domestic institutional buyers to streamline meal preparation.

To support this scale-up, Himalayan Supervores sought an agriculture loan from banks and financial institutions (BFIs) to invest in cold storage, a chilling van, upgraded processing facilities, and GAP and GMP certifications. In response, CASA provided technical assistance to develop a business plan, supported investment mobilisation, delivered quality compliance training, and facilitated the export process.

Paicho Pasal

Paicho Pasal is an agri-SME that sources vegetables from rural hill regions and sells them in urban markets. Since starting operations in 2014, the company faced challenges such as managing smallholder farmer supply chains, competing with imports, and accessing investment for growth. To support Paicho's expansion, CASA helped the company upgrade its collection and processing facilities, digitalise operations, enhance marketing through a structured media plan, and provided technical assistance to help them enable farmers to adopt climate-smart practices.

Poshilo Foods

Poshilo Foods is a pioneer in producing branded, health-focused Satu in Nepal, targeting niche consumer segments with affordable, protein-rich alternatives. With a 300% year-on-year sales growth, the company aimed to scale operations, diversify products, and enter the Indian market.

However, it faced key constraints in raw material sourcing, marketing, factory operations, and certification. In response, CASA supported Poshilo by helping secure financing for a semi-automatic plant, delivering GAP training to 1,000 smallholder farmers to ensure consistent supply, and developing a comprehensive branding and marketing strategy. CASA also facilitated SOP development and staff training, supported ESG policy creation, and guided Poshilo through obtaining NS and FSSAI certifications—enabling its export readiness for India.

Satya Herbal and Spice Products

Satya Herbal and Spice Products is a medium-sized processor and exporter of high-value MAPs based in Nepalgunj. Initially focused on South Asian markets, the company expanded into North America and Europe with branded, processed products—responding to higher margins and lower competition. Driven by strong feedback from European buyers, Satya aimed to become one of Nepal's top MAP exporters by scaling production and improving quality.

With CASA's support, Satya addressed key challenges across its supply chain, production, and marketing. The company trained new and existing farmers in better harvesting and post-harvest practices, upskilled factory workers to ensure high-quality processing, and pursued essential international certifications (ISO, HACCP, GMP, Organic). CASA also helped Satya strengthen its export marketing by improving its digital presence and preparing for trade events. These interventions were aimed at increasing MAP collection, boosting production, and growing revenue through stronger positioning in the European market.

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