

INCEPTION WORKSHOP REPORT

Nirmita Shrestha , Raj Kumar Bhattarai

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POTENTIAL ENTERPRISES: EVIDENCE FROM NEPAL*

PROMOTING INNOVATION AND INCLUSION IN GROWTH POTENTIAL ENTERPRISES: EVIDENCE FROM NEPAL

INCEPTION WORKSHOP REPORT

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IDRC • CRDI

International Development Research Centre
Centre de recherches pour le développement international

Canada



NDRI



Workshop participants

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Canada

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Background

The inception workshop for the project “Promoting Innovation and Inclusion in Growth Potential Enterprises: Evidence from Nepal”, funded by the International Development Research Centre (IDRC) of Canada, was conducted on 21 July, 2023 in Kathmandu. The project aims at assessing the two key interventions: Micro-Enterprise Development for Poverty Alleviation (MEDPA), functioning under the Ministry of Industry, Commerce and Supplies (MoICS) and the Youth and Small Entrepreneur Self-Employment Fund (YSEF) managed by the YSEF Secretariat to ensure they achieve their intended objectives. In addition, it explores the genuine requirements of the growth potential entrepreneurs, either supported or not supported by the ISPs, and assesses whether and how the additional support services contribute to the growth of their business. The research team of NDRI is implementing the project focusing on the "evidence for innovation" initiative. This initiative also aims to foster cooperation between researchers and innovation agencies so that potential interventions would be more effective. The workshop was one of the key avenues of bringing the researchers and innovation agency personnel together in designing and implementing interventions that focus on growth potential MSMEs with supports in the areas of production, processing and marketing.

Purpose of the Workshop

The purpose of the workshop was to inform all stakeholders about the project and gather feedforward information for the potential intervention. Its primary aim was to create a collaborative environment for valuable exchanges of ideas and insights among participants and research team. The workshop was attended by representatives from government organization and private sectors such as MoICS, the YSEF secretariat, the Federation of Nepal Chambers of Commerce and Industry (FNCCI), the Federation of Nepali Cottage and Small Industries (FNCSI), the Agro Enterprise Center (AEC), the Prime Minister Agriculture Modernization Project (PMAMP), Federation of Woman Entrepreneurs' Association Nepal (FWEAN), and independent entrepreneurs. A detailed list of participants is mentioned in **Appendix 1**. The participants provided information, which included suggestions on how to further engage and involve stakeholders throughout the project. A detailed program schedule is in **Appendix 2**.

Opening Session

Ms. Ashma Aryal, Outreach and Communication Officer, initiated the opening ceremony with a warm greeting extending to workshop participants. The workshop was conducted under the

chairmanship of Dr. Dev Raj Rokka, the Executive Vice Chairperson of the YSEF Secretariat. After the greetings and a few words participants were asked to share their names, position representing respective organizations.



Ms. Ashma Aryal welcoming the participants



Mr. Rajendra Khatri welcoming the participants

Mr. Rajendra Khatri, Project Manager, welcomed the participants emphasizing the vital role of the project in the development of MSME sector. He emphasized the need to establish a new foundation to address the challenges facing growth potential enterprises in Nepal.

Mr. Khatri also expressed NDRI's commitment to assisting the government and policy makers, as well as to developing a model that will set an example for promoting entrepreneurship and influencing the creation of entrepreneur-friendly environment.

The attraction of the workshop was the multimedia presentation (see **Appendix 3**) of Prof. Dr. Raj Kumar Bhattarai, the Principal Investigator of the project. Stressing the importance and a moderately ambitious objective of the project, Dr. Bhattarai presented the project background, objectives, methodology, desired outcomes, and potential impact of the project on the design and development of interdependent and interwoven business ecosystem of the enterprises. He also shared the key findings from the first phase research, which was pointing out the significance of reciprocal interdependence among the business network actors.



Prof. Dr. Raj Kumar Bhattarai addressing the participants

Discussion Session

The program was succeeded by a discussion session during which opinions and feedforwards information were collected from each participant. The focus of the session was particularly on research design and project intervention modalities. The session was moderated by the Project Manager and the participants were allotted a duration of 8-10 minutes to share their

experiences, ideas, and opinions concerning the project. The session was recorded by obtaining consent from the participants.

Participant 1: Mr. Madhab Poudel, Planning Officer of the PMAMP expressed his observations on how this project is trying to fill the gaps between the government projects- PMAMP. He also mentioned that PMAMP initiated since Fiscal Year 2073-74 with Nepal government's own budget, instead of depending on foreign aid. It started as a 10-year plan designed by the Government of Nepal as a project. The project is also regarded as Nepal's Agricultural Campaign.



The PMAMP project in Nepal faces challenges such as skilled labor shortage and political instability. The project aimed to reduce import dependency, focusing on production and exports. After restructurings, it covers 16 Super-zones, 177 zones, and 1600+ blocks. The project implementation faced hurdles due to government changes and reporting issues. Initial focus on production led to oversupply issues and wasted products. Local preferences impact infrastructure use. Farmers are eager but face marketing challenges, like falling cardamom prices. Cold storage helped mandarins, but oranges faced storage issues. Government projects lacked innovation. PMAMP aims to link zones and Super-zones with private sectors. Political interference and monopolies impact the project. Entrepreneur support is offered, targeting micro and small enterprises. Partnership options are limited. Successful examples involve separate organizations addressing the gaps. PMAMP operates across districts and seeks collaboration for local solutions within legal bounds.

An excerpt from the delivery of Mr. Madhab Poudel

Participant 2: Ms. Chitra Kumari Thamsuhang Subba, General Manager of National Cooperative Federation expressed gratitude for the insights shared by NDRI. She emphasized the diverse roles of cooperatives beyond savings and credit, including in sectors like agriculture, dairy, and manufacturing. She stressed on the importance of involving cooperatives in the study to ensure the research objectives. She mentioned the presence of over 450 medium and large-scale industries operating with cooperatives' assistance, such as dairy factories and tea estates. She discussed the challenges of collaboration, weak institutional linkage, and the need for a strong supply chain.

She also highlighted cooperative's engagement with programs like MEDEP/MEDPA and YSEF. She stressed the need for stronger collaboration and cooperation to achieve better outcomes from grants and subsidies, addressing the challenges of weak institutional linkage.



When the supply of vegetables from India was stopped, we weren't able to bring the products of our farmers to the market of Kathmandu. The supply chain is very weak over here but the cooperative sector can work in local level to help strengthen that by collecting the products and the district level cooperatives can help that distribute in the market. We have good program and policies but we are weak in the implementation phase. And I have said before we need institutional linkage because it is very important. I have pointed it out many times but we haven't been able to do this. I have been requesting the executive chairman to link us with the 1500-1600-1700 intuitions while working with them and we will provide additional help. That will help to provide better result. We are ready to help you and form a partnership with you with the implementation of this project and also with the study and research.

An excerpt from the delivery of Ms. Chitra Kumari Thamsuhang Subba

Participant 3: Ms. Pratima Thapa Karki, member of FWEAN, highlighted her organization's connection with 3000 women entrepreneurs across all seven provinces. She mentioned that the data collected by FWEAN could be shared and used for the current project. She also exhibited strong interest in forming collaborative associations with this project.



We have involved in production-focused projects. At present, our focus has shifted beyond mere production to cover post-production aspects, particularly within the area of agri-business. We also recognize the necessity of raising awareness among entrepreneurs regarding the potential value addition products associated with Nepal's agricultural sector. The prevailing issue of financial literacy among entrepreneurs arise from the difference between theoretical and practical knowledge. Our institution's research has showed that prioritizing financial literacy and improving marketing skills, especially in the digital field, would greatly benefit our entrepreneurs. I would like to emphasize our institution's interest and eagerness to establish collaborative ties with this project.

An excerpt from the delivery of Ms. Pratima Thapa Karki

Participant 4: Ms. Debaki Ghimire, Chairperson of Federation of Enterprise Development Facilitator expressed her gratitude towards the chairperson of the event, esteemed guests, and representatives from various organizations. She highlighted the role of Enterprise Development Facilitators and their contributions in fostering entrepreneurship, while sharing her own involvement in research and collaborative initiatives with various organizations.



Entrepreneurs encounter challenges in accurately calculating their costs, and to address this, the federation offers assistance in cost calculation. For instance, entrepreneurs might approach us seeking guidance on calculating the production costs of items like soap, and support is provided during the training sessions. The federation also plays a role in advising entrepreneurs against pursuing certain business ventures as part of the entrepreneurship training. The emphasis extends to strategizing the effective marketing of products. However, the federation's capacity is presently limited to providing training. Entrepreneurs often experience disappointment upon entering the market to sell their products. Thus, a shift in focus is essential: not solely identifying problems, but also developing feasible solutions. One substantial hurdle arises from the high costs of raw materials, which in turn escalates the price of the final products, making it challenging to compete within the market. These issues have a significant impact on entrepreneurs, and the federation stands as their representative. A broader vision is required that doesn't merely acknowledge these problems but actively seeks solutions to uplift the entrepreneurial ecosystem and consequently, the country's economic landscape.

An excerpt from the delivery of Ms. Debaki Ghimire

Participant 5: Mr. Rajan Parajuli, Section Officer, Ministry of Industry, Commerce and Supplies highlighted the rationale behind the MEDPA in later phase of its implementation. At the beginning, it was termed as MEDEP (Micro Enterprise Development Program). However, from the year 2018, the MEDEP program succeeded to MEDPA to address the issues of poverty as the project was intended for poverty alleviation.



The saying that the business ecosystem has suffered setbacks, but we need to come out of that notion. There have been progress and positive changes are indeed taking place. Both market accessibility and financial access have seen improvements. For instance, last year, we designated Terathum as the capital of Dhaka and witnessed a saree weaved by a local entrepreneur being priced at Rs. 15,000, which is a clear sign that there is market demand. Enterprise development facilitators and the Nepalese government are actively identifying markets. It's important to acknowledge the accomplishments and efforts of the government instead of portraying its inactions. We need to share the positive developments and spread an optimistic message. It's crucial for everyone, presented here, to abandon any notion that the youth in Nepal lack a bright future.

An excerpt from the delivery of Mr. Rajan Parajuli

Participant 6: Mr. Umesh Singh, President of FNCSI, expressed appreciation to the organizing team, chairman, chief guest, and all distinguished attendees at the event. Reflecting on the MEDPA initiative, he recognized its positive aspects, particularly during its initial phase, which covered ten districts. He shared his involvement as one of the board members of MEDEPA and highlighted the positive impact of the program, such as the Dhaka project in Terathum, which aimed to provide employment opportunities in the district. He then acknowledged instances of self-reliance but also pointed out areas for enhancement as the program encountered challenges over time. While acknowledging the government's efforts, he noted that certain geographical areas didn't receive sufficient attention and support.



Undoubtedly, MEDEP has brought numerous benefits. As per official records, approximately 678,000 cottage and small industries have been registered. It is important to clarify that MEDEP was not just about introducing micro enterprises, it aimed to collaborate and work alongside us. However, there are challenges in ensuring financial services to these registered industries with the banks and financial institutions. Unfortunately, there has not been desired coordination. Instead, many of these industries found cooperatives as a source of finance for their business. The situation worsened as some enterprises faced closure due to regulations of the financial institutions. This has led to the unfortunate closure of several businesses due to financial hardships and mismanagement. At present, only about 30% of industries are operational, which is a significant decline from its previous status. Despite contributing substantial revenue to the government and providing employment opportunities, the private sector is still at risk. Although the private sector has played its part in maintaining economic stability, the government must work to protect and boost these industries.

An excerpt from the delivery of Mr. Umesh Singh

Participant 7: Mr. D.B Basnet, Chairperson of Agro Enterprise Center shared his familiarity with MEDEP/MEDPA program of the GoN and emphasized the importance of the government's continued commitment to projects like MEDEP and its significance in supporting aspiring entrepreneurs with minimal but impactful support. He shared that the concept of micro-enterprise was introduced by MEDEP in Nepal's SME sector, contributing to local resource utilization and self-employment promotion. In his view, MEDPA has demonstrated worthy performance considering the limitation of available resources.



It is imperative for the government to fulfill its commitment to projects like MEDEP/MEDPA, recognizing their pivotal role in supporting entrepreneurs who are still in need of assistance. The required support doesn't necessarily need to be extensive; even a nominal amount of assistance can enable individuals to become entrepreneurs. The government's initiation of startup programs, including the establishment of incubation centers, is noteworthy. Interestingly, MEDEP also had a history of providing incubation facilities. However, Nepal lacks comprehensive research on the incubation concept. While startup projects are being introduced, a valuable suggestion arises that incubation initiatives should precede startups. Reports indicate that the government allocated approximately 7 to 12 lakhs per province for incubation centers in the previous year. Yet, this funding seems to be more suitable for setting up physical offices and less for the establishment of fully equipped incubation centers.

An excerpt from the delivery of Mr. D. B Basnet

Participant 8: Mr. Sunil Babu Shrestha, Former Vice Chancellor of Nepal Academy of Science and Technology (NAST) elaborated on the significant role that science and technology play in the field of business and innovation. He also emphasized how science-based approach ensuring growth and competitiveness of enterprises in today's times.

The number of entrepreneurs in our country has declined, possibly due to the prevailing focus on trade, which has contributed to the growth of an import-oriented economy. Nevertheless, there is a substantial potential for us to transition towards a self-sustaining economy, a prospect that holds great promise. The lack of understanding about what a patent is and how to register it has put us at a significant disadvantage. We possess valuable products that could provide indirect benefits if patented, but due to the absence of registration, we miss out. Moreover, our farmers are producing high-quality goods, yet there is a shortage of certification bodies, and NAST is not equipped for this purpose. Describing the ingredient composition of a product is something I addressed through an analysis service center, but we lack the necessary organizations for certification to guarantee product quality. This deficiency, I believe, hampers the growth of entrepreneurship driven by our products.

An excerpt from the delivery of Mr. Sunil Babu Shrestha

Categorically, he emphasized the need for intervention in the following aspects to support MSMEs:

- Acquiring certifications for Nepali products with export potential
- Introducing innovative approach for upgrading the enterprises, especially cottage and small industries
- Prioritizing and protecting intellectual property rights
- Emphasizing the value of indigenous technology for cottage and small industries development
- Incorporating renewable energy sources in MSMEs (for instance, using solar panels in cold store)
- Urgency to establish a link between academia and industry
- Utilizing digital platform for advancing market development



Participant 9: Mr. Rajbir Mijar, representing Bheri Karnali Krishi Firm from Surkhet has been engaged in ginger and turmeric business for many years. He is one of the beneficiaries of PMAMP project. He shared the prevailing dissatisfaction and challenges experienced by entrepreneurs, especially engaged in agricultural enterprise.

We have encountered several difficulties in our journey. Our aim was to produce turmeric powder, and to do so, we invested in a grinding machine. However, due to lack of a reliable electricity connection, we are unable to operate our business smoothly. We are running amidst of a multitude of challenges.

An excerpt from the delivery of Mr. Rajbir Mijar



Participant 10: Mr. Bishwo Mohan Adhikari, the Executive Director of the YSEF Secretariat, expressed his gratitude for the partnership and emphasized that the presentation covered both positive and negative dimensions of the business sector.



Drawing from my experience as a banker and my tenure in the banking sector, I'd like to share that BFIs have disbursed approximately 49 trillion. Over 70% of the loan portfolio serves nearly 100 businesses, impacting around 1.9 million Nepali citizens who hold bank accounts. Among these, 1.9 million have availed loans, with 100 entrepreneurs accounting for the majority of the 49 trillion disbursed. As the formulation of the monetary policy progresses, it is essential to ensure that BFIs are accessible in every municipality. In this regard, it is proposed that a portion of the deposits collected within each municipality should be reinvested in that same municipality. Such an initiative could substantially support micro enterprises. Our institution stands in solidarity with all stakeholders. We anticipate a productive collaboration ahead, which would bring meaningful outcomes.

An excerpt from the delivery of Mr. Bishwo Mohan Adhikari

Participant 11: Mr. Kishor Dahal emphasized that this project has embraced an approach to facilitate the development of new policies for MSMEs and provide feedback on existing ones.

By looking at how different support programs have led to the development of various enterprises, we can understand what makes some enterprises successful and what kind of help they require to improve. I think the project's goal is to gather these insights and make a significant contribution to shaping policies and getting feedback on them.

An excerpt from the delivery of Mr. Kishor Dahal



Remarks from the Chief Guest

Dr. Dev Raj Rokka, Vice Chairperson, YSEF Secretariat extended his appreciation to NDRI for embarking on an initiative focused on reforming policies, legal considerations, and fostering entrepreneurship to achieve fair resource distribution. He mentioned that the term "growth potential" caught his eye and sparked his interest in this project. He recommended assessing the impact of YSEF by first examining its legal framework, financial resources, structure, and human resources, as this provides insight into activities of the fund.



This research is focused on how to link with policies, and concepts like innovation, inclusion and growth potential. The term "growth potential" stands out as important. Currently, people are involved in entrepreneurship and self-employment in our country, and we are also influenced by modernization and westernization. We want to bring creative ideas to our businesses, but we are influenced by modernization. We must look innovation within the tradition. If we are not able to reveal the newness within the tradition, our originality will be lost.

No matter how many individuals are engaged in entrepreneurship, most of them are at loss. This creates a chain effect that hampers their overall growth. Introduction of subsidies has unfortunately led to corrupt practices. What my experience has taught me is the lack of consistency. The interest rates provided as subsidies are not standardized – they vary widely, and the loan amounts also lack uniformity. Some individuals receive loans of 15 lakhs, while others get only 2 lakhs. Moreover, the interest rates range from 4% to zero percent. Both local and state governments follow their own distinct approaches. Despite these circumstances, there are potential for development of entrepreneurship.

He said that he spent three years working with the Youth Employment Fund, and he finds it hard to accept the idea of unemployment in our country. The issue lies within our mindset. We need to redefine what we consider as employment and self-employment. We think that only those who secured government jobs through processes of Public Service Commission like becoming a Kharidaar or joining the police service are employed. But we had to broaden our perspective. For instance, if someone raises goats in the village and tends to a hundred of them, they could earn around 2 million. While a government job like that of a Kharidaar might offer a monthly salary of Rs. 30,000 to 35,000. The potential earnings from self-employment can be much higher. We need to shift our society's perspective, especially among those who aim for public service jobs, and encourage them to consider alternative paths to success.

The root of the problem lies in politics, which we must address. Meanwhile, consider a young man in a village who invests 100 rupees to raise chickens on a small piece of land in the hills of Nagarkot. If he raises those chickens, he can feed himself. When the Secondary Education Examination (SEE) results come out, if he fails, he heads abroad for work. The state's policies are partly to blame, as the Ministry of Labor and Employment and manpower companies are facilitating this outward migration. However, the Ministry should actually focus on creating jobs within the country. The practice of relying on remittances through labor migration for national economy needs to be addressed. This kind of contradictory approach should not come from the state. Hence, our advocacy centers around the need for policy changes. It is crucial for researchers to emphasize that without policy changes, there will be no progress. I do not think there is resource-related challenges in this country.

*An excerpt from the closing remarks of Dr. Dev Raj Rokka, Executive Vice President,
YSEF Secretariat*

Closing Session

The moderator Mr. Rajendra Khatri gave thanks to the participants for their constructive feedback. Shankar Shrestha, Executive Director of NDRI, expressed his gratitude to Dr. Dev Raj Rokka, Chief Guest of the event, along with all the participants, for their valuable insights and suggestions. He also extended his thanks to research project team. Mr. Nawa Raj Khatiwada, the chair of the event, delivered the closing remarks and mentioned that the workshop has successfully achieved its objectives by receiving the suggestions from the distinguished guests.



Dr. Shankar Shrestha, Executive Director, NDRI



Dr. Nawa Raj Khatiwada, President, NDRI

Appendix 1: List of participants

Nepal Development Research Institute

Inception Workshop

List of Participants

Date: 21st July, 2023

Time: 8:45 – 14:00

SN	Name	Designation	Organization	Contact No.	Email address
1	Abish Man Shakya	Founder	Almond	9849590499	abish.shakya@almond.one
2	Dr. Aruna Palikhe	Consultant/ Agro expert		9851163006	a_palikhe@yahoo.com
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4	Chitra Kumari Thamasung Subba Thamsuhang Subba	General Manager	National Cooperative Federation	9841280290	ncfcoop@gmail.com
5	D.B. Basnet	Chairperson	Agro Enterprise Centre	9851070992	dbbasnet2000@yahoo.com
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7	Dr. Devraj Rokka	Executive Vice President	YSEF	9841407311	kalyan_roka@yahoo.com
8	Gyan Hari Devkota		YSEF	9851106467	
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11	Madhab Poudel	Planning Officer	PMAMP	9851015307	paudel.madhab@gmail.com
12	Nar Bahadur Saud	Head of Training Branch	YSEF	9851211139	narendrasaudka@gmail.com
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14	Rajan Parajuli	Section Officer	MOICS	9841012587	rajanparajuli89@gmail.com
15	Rajbir Mijar	Founder	Bheri Karnali Krishi Tatha Pashu Bikash Firm	9851197729	raghudjpn123@gmail.com
16	Umesh Prasad Singh	President	FNCSI	9841524884	upsingh6@gmail.com
17	Shyam Giri	Immediate Past President/ Member	FNCSI	9851059265	
18	Dr. Divas B. Basnyat	Member	NDRI	9851038660	divas@ndri.org.np

SN	Name	Designation	Organization	Contact No.	Email address
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24	Dr. Rabita Shrestha Mulmi	EDI Expert, IDRC project	NDRI		rabita@ndri.org.np
25	Dr. Rudra Suwal	Member	NDRI		
26	Dr. Shankar Shrestha	Executive Director	NDRI		shankar@ndri.org.np
27	Er. Shanmukesh Amatya	EC Member	NDRI		amatyasc@hotmail.com
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30	Rajendra Khatri	Project Manager, IDRC project	NDRI		rajendra@ndri.org.np
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Appendix 2: Program schedule

Nepal Development Research Institute (NDRI) **Promoting Innovation and Inclusion in Growth Potential** **Enterprises: Evidence from Nepal**

Inception workshop: Program Schedule

Date: 21st July, 2023, Friday

Time: 08:45 – 14:00

Venue: Square Hotel, Pulchowk, Lalitpur

MC: Ms. Ashma Aryal

Time	Program
08:45 - 09:30	Breakfast and registration
09:30 - 09:40	Opening ceremony
09:40 -09:50	Welcome speech by Mr. Rajendra Khatri (Project Manager)
09:50 - 10:50	Project presentation brief by Prof. Dr. Raj Kumar Bhattarai (Principal Investigator)
10:50 - 11:10	Photo Session/ Tea Break
11:10 - 12:40	Opinion and feedback from the participants (one representative from each participating organization) on research design and intervention
12:40 -12:45	Remarks by Chief Guest, Dr. Dev Raj Rokka (Executive Vice-Chairperson, Youth and small entrepreneurs' self- employment fund)
12:45 - 12:50	Vote of thanks by Dr. Shankar Shrestha (Executive Director, NDRI)
12:50 - 13:00	Closing Remarks by the chairperson Dr. Nawa Raj Khatiwada (President, NDRI)
13:00 – onwards	Lunch/ miscellaneous

Appendix 3: Project presentation

Promoting innovation and inclusion in growth potential enterprises: Evidence from Nepal

Presenter:

Prof. Dr. Raj Kumar Bhattarai
Principal Investigator

21 July, 2023



Outline

MSMEs development background

An overview on MEDEP/MEDPA

An overview on YSEF

Key findings - stage I

Existing status and opportunities

Key objectives - stage II

Research design

Selection of the study participants

Priority in selecting growth potential enterprises

Intervention modality

Urgency of coordination, collaboration, and interdependence

Discussions/feedback

MSMEs development attempts

Before the periodic development plan 1956

After the periodic development plan, since 1956

Credit (loan)-based attempts: Small Farmer Development Program (SFDP), Production Credit for Rural Women (PCRW), Micro-Credit Project for Women (MCPW), Intensive Banking Program (IBP), Banking with the Poor (BWP), Rural Development Banks (RDB), Nirdhan, Centre for Self-Help Development (CSD)

Training-based attempts: Skills training programs of the DCSI/CSIDB, Skill Development Training Centers (SDTC), Vocational Training Centers (VTC), Council for Technical Education and Vocational Training (CTEVT), etc.

Micro Enterprises Development Program (MEDEP), 1998 -2018

Micro Enterprise Development Program for Poverty Alleviation (MEDPA), 2018

Youth and Small Entrepreneurs Self Employment Fund (YSEF), 2008

An overview of MEDEP/MEDPA

The Government of Nepal (GoN) and UNDP initiated Micro Enterprise Development Program (MEDEP) **1998** in 10 districts

Primary objective: Helping people start enterprise

Target group: Women, Dalit, Indigenous/ Janajati, Madhesi, and youth (16 -40 years)

Departure of MEDEP in **2018**

Implementation of Micro Enterprise Development Program for Poverty Alleviation (MEDPA) program in all 753 local levels since **2018**

MEDEP program phase wise budget allocation (1998-2018)

	United Nations Development Programme (UNDP)	
	- United Kingdom's Department for International Development (DfID) - New Zealand Government (NZDF) - Australian Government's Agency for International Development (AusAID)	
	- United Nations Development Programme (UNDP) - Australian Government's International Development Agency (AUSAID) - Government of Canada's International Development Agency (CIDA)	
	UNDP and the Australian Government's Department of Foreign Affairs and Trade (DFAT)	
Total		

Source: Evaluation report, National Planning Commission, 2015)

An overview on YSEF

The GoN launched YSEF in 2008 (after establishment of Ministry of Youth and Sports (MOYS))

Provide a interestsubsidized loan of NRs. 200,000 through banks, cooperatives and financial institutions at the local level

Entrepreneurs till 2021/22	Total entrepreneurs	Total investment (NPR)	Cost per entrepreneurs (NPR)
Self-employment	91,543	11,940,835,000	130,439.63

Source: Annual Progress Report. 2078/79. YSEF Secretariat retrieved from <http://ysef.gov.np/public/uploads/doc/pdms-2079-chaitra-644b79711b6f4.pdf>

MEDEP created entrepreneurs from 1998-2018

	Number	(%)	Cost per entrepreneur (NRs.)
MEDEP created entrepreneurs	142,593	100%	52,399
Graduated entrepreneurs	37,304	26.16%	2,00,064
Resilient entrepreneurs	29,417	20.63%	2,53,703
Scaled up	1,317	0.92%	56,66,801

Note:

1. Total budget of MEDEP (NPR)= USD 5,69,10,000@ NPR 131.14= 7,46,31,77,400

2. Contribution from Nepal government has been excluded.

Source: Ministry of Industry, Commerce and Supplies(MoICS) retrieved from <https://medpa.moics.gov.np/Home/About?infold=1018>

Key findings: Stage-I

Training program of the ISPs were most useful technique for starting business

Supports from ISPs were insufficient to sustain and scale up the business

Challenges were seen in accessing finance, business integration, management development, marketing, access to appropriate technology, quality standards including branding and labeling

Absence of **business ecosystem** based on the Indigenous knowledge, skills, and resources with industrial integration- both vertical and horizontal

Existing status of MSMEs in general

- Poor integration of enterprises in the value chain
- Missing interdependence risks mitigation measures
- Comparatively more focused on production of primary products
- Expectation of buy-back guarantee
- Increasing dependence on grants, subsidies, and support services
- Infrastructural constraints: physical, financial, technological, and institutional
- Poor compliance to the quality standards
- Inadequate reciprocity between industrial actors
- Need for innovation and inclusion for integration

Missing interdependence risks mitigation measures

Expectation of buy-back guarantee

Infrastructural constraints: physical, financial, technological, and institutional

Inadequate reciprocity between industrial actors

Need for innovation and inclusion for integration



Agriculture and agroprocessing: Smart production, processing, packaging and marketing

Handicraft and artional product Rich cultural heritage, legacy artitions

Circular/green economy: Recycling, waste management, eco-friendly packaging

Key objectives – stage II

Implement a causal comparative intervention

To develop an innovative and inclusive business ecosystem for growth potential enterprises



Research design

		Assessment on																	
		Time	3 months + 3 months			6 months	3 months			6 months	3 months			6 months	3 months			3 months	
		Participant	Causes	Effects on Innovation & Inclusion	Growth		Causes	Effects on Innovation & Inclusion	Growth		Causes	Effects on Innovation & Inclusion	Growth		Causes	Effects on Innovation & Inclusion	Growth		
Assessment of Compliance	Independent	MEDPA beneficiary	Extensive support	Employment generation	Sales		Extensive support				Extensive support				Extensive support				
		YSEF beneficiary	Collateral-free loan	Process improvement			Collateral-free loan				Collateral-free loan				Collateral-free loan				
Intervention and Assessment	Treatment group		(to be explored and identified)	Product market development			Employment generation				Employment generation				Employment generation				
				Process improvement			Process improvement	Sales			Process improvement	Sales			Process improvement	Sales			
			The trial participants will be finalized in consultation with the MoCS and local authorities. At least 21 comprehensive case studies will be carried out				Product market development				Treatment/Parallel reference (case) mirroring for ongoing feedback and support				Treatment/Parallel reference (case) mirroring for ongoing feedback and support				
			Preparing preliminary prescription for treatment intervention				Treatment/Parallel reference (case) mirroring for ongoing feedback and support				Product market development				Product market development				
																			Dissemination workshop and finalization of support packages for GEFEP

Selection of the study participants

For MEDPA beneficiaries:

- based on their graduation status i.e. who are running business for at least two years
- have recovered the initial investment
- have generated at least one additional employment
- have a succession planning potentiality

For YSEF beneficiaries:

- have received and/or are enrolled in interest subsidy after regular repayment of installment
- running the business for at least two years
- have a succession planning potentiality

For independent entrepreneurs:

- have interest and potentiality to expand the business
- increased business production and services, and
- have a succession planning potentiality

Priority in selecting growth potential enterprises

MSMEs having **growth potentiality** with a **succession plan**

MSMEs that are **interested** in expanding their business

MSMEs utilizing **Indigenous Knowledge, Skills, and Resources** (IKSaR)

Availability of **raw materials/inputs** for operations and expansion

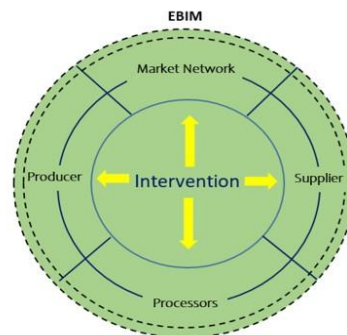
Availability of **workforce** to support operations and growth

Have **potentiality to substitute imports** and **generate employment**



Intervention modality

Treatment/intervention group		
Sector		
AB	PB/MB	SB
2	2	2
2	2	2
2	2	2
2	2	2
2	2	2
2	2	2
2	2	2
14	14	14



Coordination, collaboration, and interdependence urge

Specifically, among/between the:

Value chain and business network actors

ISPs and special programs such as PMAMP

Grants, subsidies, and support service providers

Industrial relations actors (government and government agencies, employers and their associations, employees and their associations)

For:

Product and process innovation, improvement, and value chain integration

Branding, labeling, packaging, and services development

Digitization and e-commerce promotion

Improving quality standards and certifications

Ensuring effectiveness in policy implementation and regulations

Discussions/feedback

Thank you