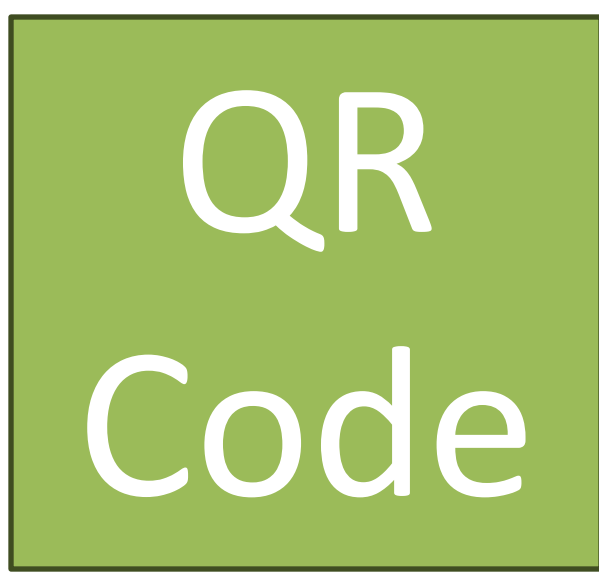




Promoting Innovation and Inclusion in Growth Potential Enterprises: Evidence from Nepal

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1 Introduction

NDRI conducted this research project from March 2023 to February 2026 with the support from International Development Research Centre (IDRC), Canada. The rationale for undertaking this project emerges from the need to assess the drivers of growth for MSMEs in Nepal. There is insufficient assessment of whether targeted beneficiaries (youth, women, marginalized communities) are actually benefiting. This study focused on the impacts of two innovation support programs (ISPs): Micro Enterprise Development Program for Poverty Alleviation (MEDPA), managed by the Ministry of Industry, Commerce, and Supplies (MoICS), and the Youth and Small Entrepreneurs Self-employment Fund (YSEF), implemented by the YSEF Secretariat of the Government of Nepal. The research findings have revealed gaps and challenges in the continuation and scaling up of enterprises, particularly those micro, small and medium sized enterprises (MSMEs) receiving support from the two ISPs.

2 Objectives

Primary objective: Assess the impacts of ISPs on the MSME sector and utilize the evidence to inform strategies to promote inclusion and innovation in growth potential enterprises.

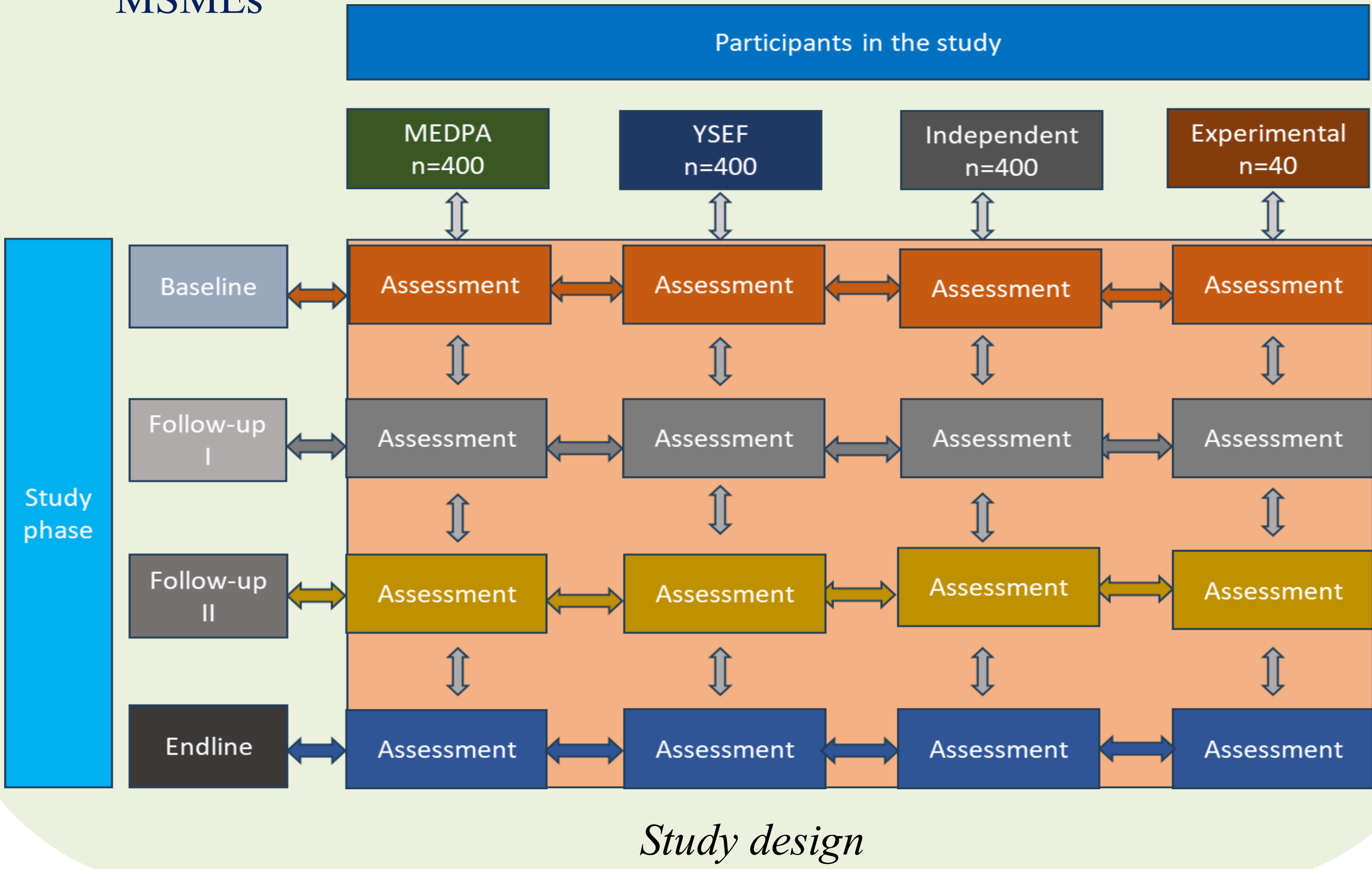
Specific objectives:

- Assess the impacts of two interventions - MOICS’s MEDPA and YSEF- in terms of employment generation, process improvement, product/market development, and sales growth;
- Implement a causal comparative study to assess the impact of intervention/ support services on growth potential MSMEs participating and/ or not participating in the MEDPA and YSEF programs;
- Determine if the interventions of the MEDPA and YSEF programs are reaching their intended beneficiaries (e.g., youth, women, entrepreneurs in low-income settings) and detail what could be done to bolster their equity, diversity, inclusion, and innovation outcomes; and
- Utilize the findings to inform the development of growth potential enterprises promotion (GPEP) policies and strategies for promotion of business innovation ecosystems that support the enterprises in Nepal.

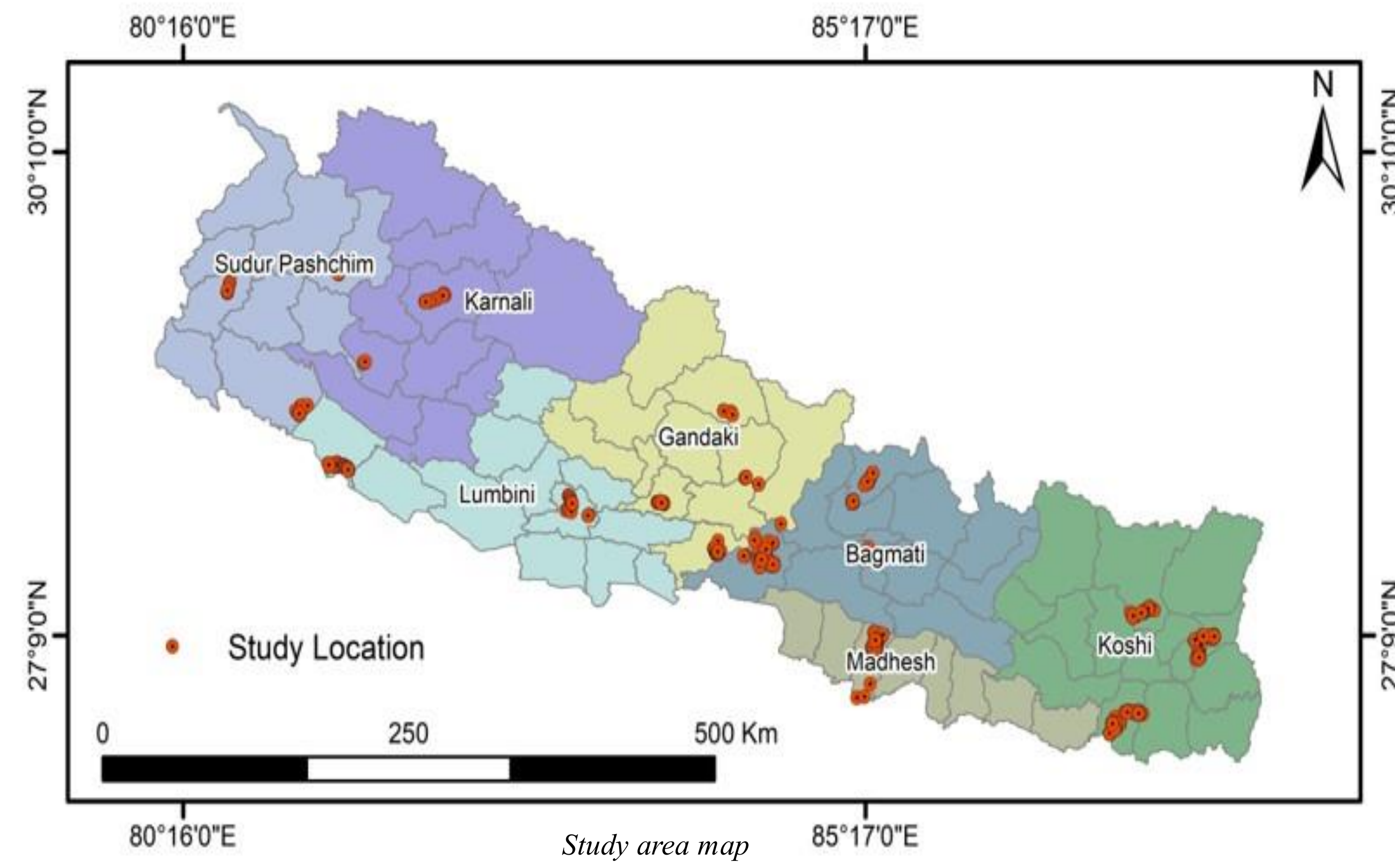
3 Methodology

Research Design: Causal comparative research design
Primary Data Collection Method: Structured questionnaire involving 1219 entrepreneurs, Key Informant Interviews (KIIs), and In-depth Case Study
Methodology:

- Comparison of results from baseline, six-month follow-up surveys
- Assessment of impact on MEDPA and YSEF program beneficiaries as well as independent MSMEs
- Implementation of need-based interventions to support growth-potential MSMEs



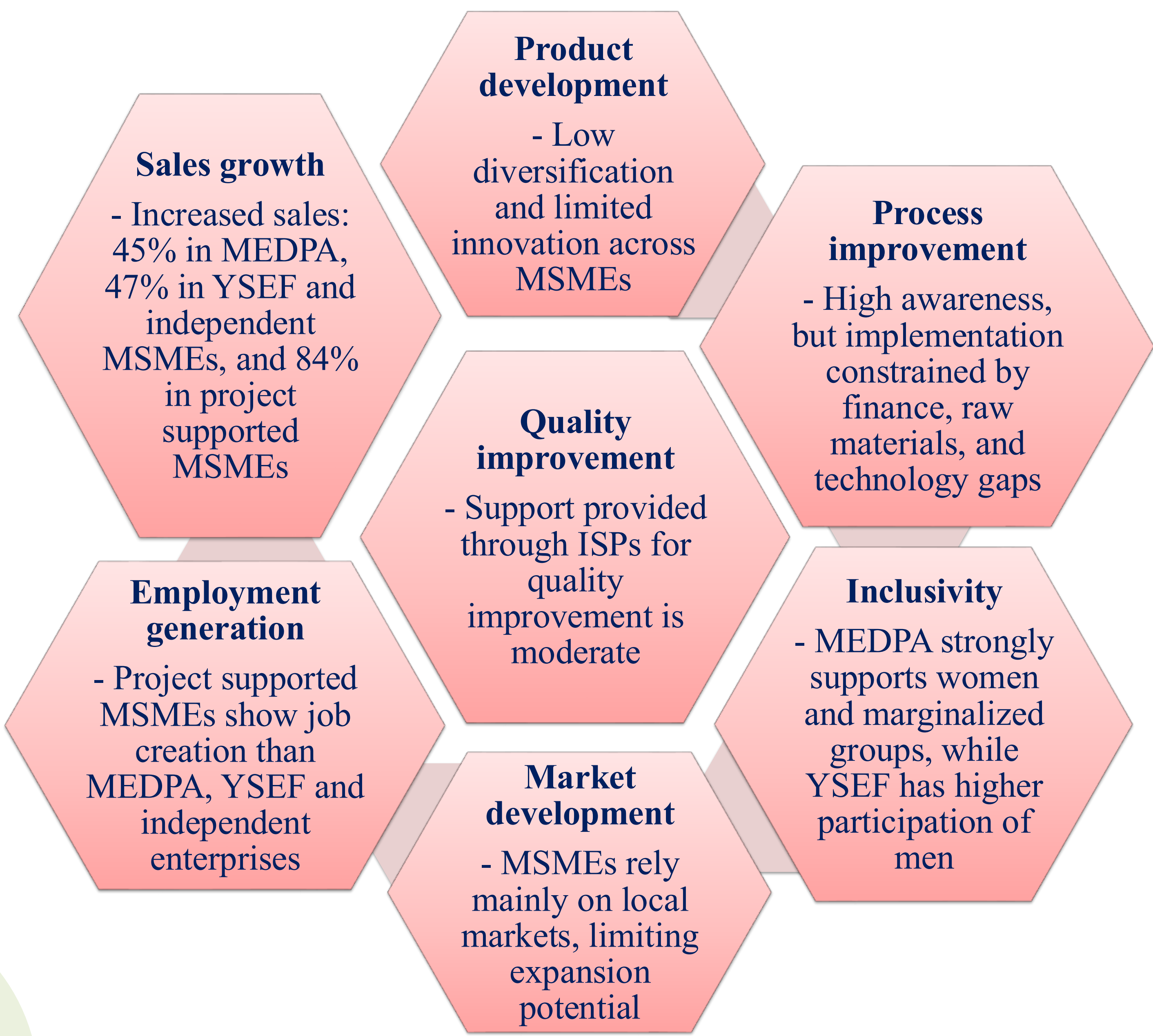
4 Study Coverage



5 Key Activities

Phase I March – August 2023	• Exploratory Field Visit • Inception workshop
Phase II September 2023 – February 2024	• Baseline survey • Case study
Phase III March – August 2024	• Provincial workshops (3) • Follow-up survey I • Intervention
Phase IV September 2024 – February 2025	• Intervention • Follow-up survey II
Phase V March – August 2025	• MEDPA program review workshops (4) • Exposure visit to India
Phase VI September 2025 – February 2026	• In-depth case study • Endline survey • Dissemination and validation workshop

6 Key Findings



7 Actionable Recommendations

- Conduct a comprehensive review of existing programs** to avoid duplication and ensure policy coherence.
- Adopt a “one-door system”** to simplify access and strengthen coordination among innovation support programs.
- Expand support beyond micro and small enterprises** to include medium and large industries for stronger value chains.
- Use pre-implementation mapping** of local resources, value chains, skills, and export potential for program design.
- Go beyond finance and training** - support market access, certification, and quality assurance.
- Provide targeted support for IKSaR-based enterprises** to preserve indigenous knowledge and promote local employment.
- Ensure sustained post-startup support** for women entrepreneurs to strengthen business growth and resilience.
- Establish an integrated enterprise portal** to track support and enable sequenced, non-duplicative assistance.
- Promote place-based program design** tailored to urban, rural, and remote area contexts.



A group photo taken during dissemination workshop of the project

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