Final Report
Assessment of Effectiveness of MEDEP's Support to Make Micro Entrepreneurs More Resilient through Job Creation and Livelihoods Improved

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Acknowledgement

Micro-enterprises are veritable vehicles for the achievement of the national objective of poverty reduction through employment generation. The Micro Enterprise Development Program (MEDEP) was launched in Nepal by the Government of Nepal and United Nations Development Program in 1998. MEDEP has been supporting micro enterprises in various forms to start up and graduate in to profitable business. The present study has been undertaken to assess the effectiveness of MEDEP's support to make micro enterprises more resilient.

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ABBREVIATION

APSOs	=Area Programme Support Office
BDSPO	= Business Development Services Providers Organization
BDSPs	= Business Development Services Providers
CFCs	= Common Facility Centre
DDCs	=District Development Committee
DEDC	=District Enterprise Development Committee
DMEGA	= Discreet Micro- Enterprises Group Association
EDFs	= Enterprises Development Facilitators
FAO	= Food and Agriculture Organization
FGD	= Focus group Discussion
FHAN	= Federation Handicraft Association of Nepal
FNCCI	= Federation of Nepalese Chamber of Commerce and industries
FNCSI	= Federation of Nepalese Cottage and Small Scale industries
GON	= Government of Nepal
HH	= Households
ILO	= International Labour Organization
IPRAD	= Institute for Policy Research and Development
KII	=Key Informant Interview
MEDEP	= Micro-enterprises Development Program
MEDPA	= Micro-enterprises Development for poverty Alleviation
MEGA	= Micro- Enterprises Group Association
MOI	= Ministry of Industry
MSEs	= Micro and Small Scale Enterprises
PCI	= Per Capita Income
PPS	= Probability Proportional Sample
SIYB	= Start and Improve your Business
SWOT	= Strength, Weakness, Opportunity and Threats
TOEE	= Training of existing entrepreneurs
TOGE	= Training of Growing Entrepreneurs

TOPE	= Training of Potential Entrepreneurs
TOSE	= Training of Selected Entrepreneurs
TYIP	= Three Years Interim Plan
TYP	= Three Year Plan
UNDP	= United Nations Development Program
USAID	= United State Agency for International Development
VDCs	= Village Development Committee

Table of Contents

Executive Summary

This study was carried out to assess the effectiveness of MEDEP's intervention to make micro-entrepreneurs more resilient through job creation and income change. For this both quantitative and qualitative data and information were collected by using different tools and techniques. Assessment of effectiveness of the intervention was done by using following methods (a). Entrepreneurs survey (b) BDSP survey, (c) Focus Group Discussion (d) KII and (e) Case studies. Retrospective information was also obtained from the survey tools. The survey site of the impact evaluation was MEDEP intervention areas. MEDEP intervention covers 38 districts in the country. Out of which, seven districts were selected. This sampling scheme produced a total of 385 entrepreneurs' households (1 district in each APSO* 7 number of APSO 55 entrepreneurs in each district). One BDSP was interviewed in each sample district. Survey tools such as FGD, KII, and case studies were also conducted in the sampling areas identified for entrepreneur survey.

In the present study these enterprises have been categorized in seven sectors including construction and information technology. The maximum and minimum percentage of micro enterprises belong to agro based and IT based categories respectively. Of the total surveyed enterprises, 49.09 percent are agro based, 20.0 percent service based, 15.32 percent forest based, 9.87 percent artisan based, 3.12 percent construction based, 1.56 percent tourism based and 1.04 percent IT based. This means that most of the enterprises are engaged in agro based activities. Out of the total surveyed enterprises 70.65 percent of enterprises were operated under the individual management. The share varied from 61.02 to 84.42 percent in different categories of enterprises. The highest percentage (84.42) was found in service based micro enterprise followed by construction based (83.33 percent) and artisan based (73.68 percent).

Of the total micro-enterprises only 56.62 percent enterprises are operational around the years, 42.34 percent are seasonal and, 1.04 percent are casual.

From survey information it is clear that locally available raw materials are used by most of the enterprises. But most of them are not concerned about sustainability of source of such raw materials. Survey data show that 47.79 percent of respondents carried out some activities for

making supply of raw materials sustainable whereas 52.21 percent of respondents did not carry any activity for this.

Survey information indicates that 76.36 percent of micro enterprises prepare business plan where as 23.64percent of them run their business without any plan

Study shows that the size of average investment has increased in all sectors of micro enterprises. The average investment has increased by 213percent in the current year as compared to size of initial investment. This means that the micro enterprise development program has helped in capital formation in MEs.

The pattern of sources of investment also slightly changed .Loan financing is increasing, reflecting MEDEP's role in establishing or enhancing MEs access to banks and financial institutions.

Survey data show that 75.58 percent respondents use improved technology whereas 24.42 percent use traditional technology. MEDEP is the major source of improved technology to the micro enterprises.

Significant increase can be seen on production in almost all categories of enterprises .Also there has been a significant product diversification by 37.8 percent enterprises during last 3 years.

The majority (56.63percent) reported that the number of client has not been increased in the current year as compared to last 3 years. However majority 80.13percent respondents said that their sales volume had been increased during the last 3 years.

Data shows that 25.71 percent of respondents are selling intermediate products while68.31percent are selling final products.72.98percent reported that there was high demand of their product.

In case of marketing network 67.79percent reported that they sale their product in local market. Wholesaler, retailer and middle men are the main channels used by MEs. Security, multiple taxes, shortages of price related information and transportation management are the major challenges to reach the product in the market. Only a small percent of respondents carried out market development activities in the process of selling their product. MEs use multiple modes of payment system, but majority (64.85percent) receives their payment on installment basis.

In absolute term profit has increased, but as return to investment it has decreased substantially. In the year of establishment the rate of return to investment was as high as 120.39 percent whereas it declined to 81.1percent in the current year. But the rate of return is still lucrative for reinvestment.

There are multiple sources of income of the households of the entrepreneurs interviewed. But an overwhelming majority (85.7percent) reported micro enterprise as the major source of income, followed by agriculture (70.6percent), wage/salary (27.3percent) and others (10.6percent). Thus, it appears that entrepreneurs largely depend on the micro-enterprises for their survival .By all source of information (Survey, FGD, and KII) in all surveyed districts; it is revealed that the MEDEP intervention has increased the income of rural people

The average annual income was Rs. 102104, highest being in Nawalparasi (Rs. 141187) and lowest in Sunsari (Rs. 77973). The average annual income for other sample districts falls in between. Within the total income the share of income from micro enterprises account for 60.6 percent (Rs 23.7 million).

To assess the impact of MEDEPs on income, baseline and current per capita incomes are compared in each district. Baseline PCI was obtained from MEDEP database. Current PCI was derived from the survey data. A remarkable increase in per capita income is seen in all districts. It is highest 357.7 percent in Sindhupalchwok and lowest 119.5percent in Baitadi.

.A total of 1484 direct employment has been created by 385 enterprises. On an average, a ME provides 4.6 number of employment, which was only 3.63 three years before. Similarly number of employment generated by micro enterprise increased by 24.15 percent during this three years. In addition to direct employment a total of 1054 indirect employment has been generated by micro enterprises in the survey areas. This indicates that the number of indirect employment is also close to direct employment. It means that micro enterprises have significantly contributed to employment generation in the country particularly in rural areas.

Different BDSPs provide their services to different categories of enterprises. The study found that agro based, forest based and service based services were provided by all BDSPs in the sample areas.

Entrepreneur development is a primary objective of the BDSPs. It is a challenging task. Different kind of services and counseling are required for this. All BDSPs provide services of entrepreneur identification; establishing business linkages, social mobilization and skill/capacity building training. But the services related to credit access were provided only by Sindhupalchowok, Pyuthan and Baitadi BDSPs. BDSPs of Sindupalcowk, Pyuthan, Surkhet and Baitadi districts carried out the business counseling activities also. The institutional development activity is also carried out by Dhanusa, Pyuthan, Surkhet and Baitadi BDSP.

Micro-entrepreneurs are considered to be more vulnerable to the change, given the more limited range of risk management mechanism they can access. A MEDEP enterprise is assumed to be resilient if it has market linkages to be able to innovate, grow business and overcome shocks.

Regarding the resilience of the MEs, a resilience test based on a set of indicators found that 7.79 percent enterprises are resilient and 40.52percent enterprises are potential to be resilient. Rest 51.69 percent enterprises are considered to be non- resilient.

Category wise the resilience ratio is highest in construction followed by service based enterprise. Out of 12 construction enterprises, 3 enterprises (25.0 percent) are resilient similarly 11.69 percent service enterprises are resilient. The resilient ratio is lowest at 5.08 percent in forest category. Agriculture category has resilient ratio of only 6.35 percent.

Although resilience ratio is low the number of resilient enterprises is highest (12) in agriculture category, followed by service. Of the total resilient enterprises agro enterprises and service enterprises account for 40 percent and 30 percent respectively. Also Category-wise most of the potentially resilient enterprises belong to agro-based enterprises (84), followed by service (32) and forest (20). This indicates that reform should be focused on agriculture, service and forest sectors.

Adaptation of improved technology, increase marketing network, relation with other organization and product diversification activities are the major issues required to be addressed to make the non resilient and potentially resilient enterprises resilient. This requires more trainings, stakeholder meetings, trade fairs, exposure visits, marketing centres, technology up-gradation support and information centres. The total resiliency cost is estimated to be Rs.1222.87 million.

Chapter 1
Introduction

1.1 Background

Micro and small scale businesses play vital role in socio economic development of a country .They are veritable vehicles for the achievement of the national macroeconomic objective of employment generation at low investment cost and through enhancement of apprenticeship training. Micro and small scale enterprises have been accepted worldwide as an instrument of economic growth and development. Many governments, particularly in the developing countries have made tremendous efforts to establish policies to enhance the capacity of micro and small scale enterprises (MSEs).

Micro-enterprises form an essential element of the promotion of broad-based economic growth and improvement in the well- being of the poor and women by providing significant income and employment opportunities. But there is a need of strengthening the linkages between the policy makers and entrepreneurship, the contribution of micro entrepreneurship to achieve equity as well as economic growth, and efforts to address issues of gender inequality and poverty through micro enterprises activities (Kazi, 1997).

The Micro-Enterprise Development Programme (MEDEP) was initiated by the Government of Nepal (GON) and the United Nation Development Programme (UNDP) in 1998. The program has been extended to 38 districts by the project's third cycle (2008 – 2013). The main aim of the project is to create employment and income opportunities for the rural people providing business as well as technical skill training and other support for poor women, young and disadvantaged people to set up and run micro-enterprises. It also facilitates to establish Business Development Support Services Organizations for micro-entrepreneurs. But starting up of a business does not guarantee resilience. It requires further support. MEDEP has therefore typically supported micro-entrepreneurs to start-up and graduate into profitable business by providing them with targeted technical support in the form of entrepreneurship trainings, linkage with financial service providers, linkage with markets, business counseling, labeling, branding, packing and other services.

1.2 Rationale of Study

With MEDEP's support activities to make micro-entrepreneurs more resilient, it is expected that micro-entrepreneurs achieve: (i) increase in the size of their micro-enterprises whilst maintaining proportion in all aspects of the business, (ii) increase in sales volume (iii) increase in profit retention (iv) increase in number of clients/market segments (v) product diversification (vi) adaptation and upgrading to improved technology (vii) increase in market network (suppliers and sales intermediaries) (viii) moving from part time to full time of engagement in business and (ix) expanding entrepreneurs outreach in current or new geographic locations and timely delivery. As a result, the enterprises create more jobs and entrepreneurs her/himself and others employed in enterprise move out of absolute poverty due to increase in their income.

MEDEP has provided various supports to micro-entrepreneurs to make them more resilient. The reasons for providing such support are: (i) micro-entrepreneurs' insufficient capital, inadequate credit recovery, less opportunity return (ii) unavailability of raw materials or services (iii) lack of new technology and inadequate advanced skills (iv) limited access to market information, low competitiveness, low marketing knowledge and skills, low market understanding, no demand analysis, not consciousness about packaging and branding, no easy availability of skilled workforce at local level and (v) improper business management plan such as low productivity, underutilization of existing capacity, poor business skill, no proactive role of entrepreneur, split of group members, right entrepreneur wrong enterprise, inappropriate pricing, fail timely delivery in said volume and quality.

MEDEP's strategic activities for making micro-entrepreneurs more resilient are: (i) comprehensive training in financial analysis and management (ii) tailor made training in general business management (iii) entrepreneurship education-think and act like an entrepreneur (iv) facilitation for adoption and adaption of improved and advanced technology (v) facilitation for their access to financial capital (vi) strategic linkage with DMEGA, Cooperative, and DEDC, Business houses and other resource rich service providers (vii) encourage bulk quality production, purchase and collective marketing (viii) strengthen micro-enterprise assessment process and help them define their growth goals (ix) provide additional Advanced or refresher trainings (x) create mentoring opportunities for micro-entrepreneurs and (xi) build networks of entrepreneurs/marketing opportunities.

Nearly 400,000 job seekers enter the job market every year. Inadequate job creation in the country is manifested by the out flux of young population to overseas in pursuit of employment. Nevertheless, of the reduction in poverty headcount ratio in Nepal by 11 percentage points between 1995 and 2004, a time of great economic and political difficulties, nearly 35 percent of it could be attributed to remittances from the overseas migrants. In this context MEDEP, MoI, UNDP and USAID realized a need of an in-depth and extensive study that critically analyzes MEDEP's impacts on job creation and income change that measures the number of people who moved out of the poverty from both quantitative and qualitative perspectives.

An Impact Assessment of MEDEP was carried out by an Independent Team in 2010. This study reported that 80% of MEDEP enterprises continue to do business — a high success rate that reflects the strength of this program. This assessment covered impacts on micro-entrepreneurs that were created by MEDEP in its first and second phases. The aspects of MEDEP's support to micro-entrepreneurs to *graduate* into profitable businesses and to make them more resilient were not analyzed. There is, thus, a need of an independent assessment that identifies quantitative and qualitative impacts of the MEDEP's interventions to make micro-entrepreneurs more resilient. Hence, the project board meeting held on 5th April 2013 decided to conduct this assessment. In this context Institute for Policy Research and Development (IPRAD) undertook an Assessment of effectiveness of MEDEP's support to make micro-entrepreneurs more resilient through job creation and livelihood improvement'.

1.3 Literature Review

As early as 1969 International Labor Organization (ILO) asserted that unemployment was not cyclical but chronic and intractable in almost every developing country. Hence policy formulation in these countries focused on employment as a major policy objectives. The World Bank sector policy paper on employment and development of small enterprises published in 1978 chartered the path for that institutions increased financial support for the promotion of small and micro enterprises. Then after, bilateral and multilateral development assistance organizations in general have also increased their support for small and micro-enterprises.

In Nepal the Ninth Plan (1997-2002) had given priority on cottage and small industry development for poverty reduction through the creation of productive employment in rural areas. The Tenth Plan (2002-07) had stressed on the need of micro enterprises development and promotion to reduce rural poverty. Three Year Interim Plan (TYIP) and subsequent Three Year Plans (TYP) also continued to promote and extend the micro enterprises development program. Realizing its importance, Industrial policy 2010 has also made separate provision for micro enterprises with specific incentives and institutional arrangement.

In Nepal a project called MEDEP was lunch in 1998 to develop micro enterprises and create employment opportunities in rural areas. A number of literatures are available on micro enterprises and MEDEP. ILO (2003) highlighted the role of Micro and Small Enterprises (MSEs) in generating employment opportunities and alleviating poverty in Nepal. According to this document contribution of MSEs is significant, forcing policy makers, academics and others to consider MSEs as a vehicle for economic development at grass roots level.

ILO study 2005 indicates that the micro-enterprises development gained self –confidence of Nepalese women and expanded their business which helped to improve their status in the family and in the community. Even in a patriarchal environment, micro-enterprises have some positive effects on women. Therefore, micro-enterprises seem to be a useful tool for the empowerment of women, although it is not sufficient in itself to trigger social change.

USAID (2008) concludes that majority of the Nepal's poor live in rural areas, where there are very few possibilities for wage employment. It argues that MSEs can create vast opportunity for productive self -employment in rural areas. Besides this the micro and small enterprises can strengthen the channels by which the benefit of growth are transmitted to the poor as well as improve productivity and performance in key sub sector that drive overall growth.

FAO (2009) reported that small and medium forest enterprises (SMFEs) in Nepal have the potential to create economic opportunities- income and employment- at local and national level.

Micro Enterprises: Development for Poverty Alleviation (2010) gives a detail account of micro enterprises development in Nepal under MEDEP Project and discusses issues, problems, challenges and measures taken to address these challenges. This book also assesses impact of micro enterprises on poverty alleviation and economy.

Babita (2010) reported that in Nuwakot district the micro – enterprises have been a major agent in changing woman’s role from traditional work to non - traditional work. The socio-economic condition of woman has changed and woman's access to and control over the resources has increased.

NARMA Consultancy (2010) indicated MEDEP as a standalone micro enterprises development program, which can be considered as one of the most successful development initiatives implemented by government of Nepal in partnership with UNDP and other development partners between 1998 and 2008. This study has also identified some short comings of MEDEP including lack of institution building and inadequate access to financial services. This study suggested, among others, to move from supporting all types of small enterprises to adding a value chain prospective, to make provision of demand oriented business development and to incorporate support for growth and financial services.

1.4 Objectives of the Study

The overall objective of the study is to assess the effectiveness of MEDEP's intervention to make micro-entrepreneurs more resilient through job creation and income change. The specific objectives are:

- To describe the concept, types and activities of interventions to make micro-entrepreneurs more resilient; and criteria, processes and mechanism of identifying potential existing micro-entrepreneurs and the areas of support needed for them to be more resilient. To develop key indicators or variables for assessing adequately the quantitative and qualitative results from such interventions.

- To identify positive and negative effects of the MEDEP's interventions to make micro-entrepreneurs more resilient, in particular on (i) increase in the size of their micro-enterprises whilst maintaining proportion in all aspects of the business, (ii) increase in sales volume (iii) increase in profit retention (iv) increase in number of clients/market segments (v) product diversification (vi) adaptation and upgrading to improved technology (vii) increase in market network (suppliers and sales intermediaries) (viii) moving from part time to full time of engagement in business (ix) adequately the quantitative and qualitative impacts of MEDEP interventions on job creation and income change, and (x) expanding entrepreneurs outreach in current or new geographic locations.

- To assess whether the MEDEP's interventions to make micro-entrepreneurs more resilient can be financed by micro-entrepreneurs themselves or through linkages with private sectors or other stakeholders.

- To assess the cost of resilience support i.e., how much the different types of business development support services provided under resilience cost. What will be the government's willingness to fund this work and to what extent should the government fund it? Which inputs should be funded by the MEs themselves and what is their willingness to fund?

- To identify the issues, challenges and problems and the ways to address these for more effectiveness of MEDEP's support to micro-entrepreneurs to *graduate* into profitable businesses and *resilient entrepreneurs*

- To suggest suitable mechanism (institutional and operational) of developing more effective ownership and self-finance by micro entrepreneurs for the above support services gained from business service providers

- To find out whether the BDSPs (Business Development Service Providers) are willing to provide their services to micro-entrepreneurs or not. If so then how do the BDSPs think services could be made more readily available to the micro-entrepreneurs in a sustainable way, including BDSPs own sustainability.
- To recommend effective business development services for making resilient micro-entrepreneurs.
- To assess the employment opportunities created by MEDEP (in terms of full time, part time, or even hour basis and the convert part time into full hour service for calculation of person days).

1.5 Methodology

Both quantitative and qualitative data and information were collected by using different tools and technique.

Evaluation Design

Assessment of effectiveness of the intervention was done by using following methods (a). Entrepreneurs survey (b) BDSP survey, (c) Focus Group Discussion, (d) KII and (e) Case studies. Some retrospective information was also obtained from the survey tools, where required.

The survey site of the impact evaluation was MEDEP intervention areas. MEDEP intervention covers 38 districts in the country. Out of which, seven districts were selected.

Sampling Procedures

Entrepreneurs Survey - While designing the sample, an attempt was made to ensure that the selected sample contains a sufficient number of entrepreneurs' households scattered as much as possible throughout the catchments area comprising of caste/ethnicity, gender and poverty level. Each entrepreneur's household in the selected district was given an equal chance to be selected in the sample.

The impact evaluation involved three -stage probability sampling: i) All APSO and ii) selection of district (iii) selection of entrepreneurs.

Stage1: In the first stage, all APSOs were selected so that the different program categories of micro-enterprises such as agro-based, forest based, service, artisan, tourism and others and the diversity of micro-entrepreneurs were covered.

Stage 2: It was difficult to cover all districts and all entrepreneurs in a district as it was costly as well as time consuming. Therefore, one district from each APSO was selected by using Probability Proportional to Size (PPS) sampling procedure. The Universe of the PPS was the total number of entrepreneurs per district. This sampling scheme fairly provides the diversity of the population in terms of geography and caste/ethnic composition. This method has two advantages over simple random sampling method. First, it is less time consuming and less costly. Secondly, the method provides an approximately self-weighted sampling for each district.

In each APSO selected, one district with the highest number of entrepreneurs was selected. Before selecting the district, the number of entrepreneurs in each district under the APSO was listed in order to select the district with the highest number of the entrepreneurs. However, a consideration was taken into account to cover development region and ecological belt as well. Accordingly, the following seven districts were selected: Sunsari, Dhanusa, Sindhupalchok, Nawalparasi, Pyuthan, Surkhet and Baitadi. These 7 districts roughly represented 18.4% of the MEDEP intervention districts.

Stage 3: Statistical theory suggests a sampling ratio of 1% to 1.5% (sample size divided by the sampling universe) may be adequate to understand the populations mean if the sampling universe is relatively homogenous and if the sampling universe is relatively large e.g., 50,000 or more (Neuman, 1997). In our case, the sampling universe was homogenous in terms of level of income of the entrepreneurs at the time of MEDEP program intervention. This is because the MEDEP targeted to the poor and very poor households across its intervention districts. Considering this and in view of limited cost and time available, we have targeted a sample size of 1% of 32,408 active entrepreneurs, which account for 324. There is also 'a rule of thumb that there should be at least 50 cases for each subgroup to be analysed' (opt. cit.). Considering this rule, we have selected 55 samples for each district. Thus, we have determined the sample size of 385 which accounted for 1.19 percent of the total active entrepreneurs.

Before sampling of a particular type of entrepreneurs, listing of the entrepreneurs in the district was done. The entrepreneurs were selected on the basis of proportion of entrepreneurs in each category – thus, selecting entrepreneurs from all the categories.

This sampling scheme produced a total of 385 entrepreneurs' households (1 district in each APSO* 7 number of APSO * 55 entrepreneurs in each district). Following the relationship between sample size and sampling error as shown in Table 1, this sample size produces a sampling error of less than 3.64%, which can be considered as minimum.

Table no 1.1 Relationship between sample size and sampling error

Sample size	100	200	500	1000	2000	5000	10000
Sampling error	5%	3.64%	2.24%	1.58%	1.12	0.71%	0.50%

One BDSP was interviewed in each sample district. Survey tools such as FGD, KII and case studies—were also conducted in the sampling areas identified for entrepreneur survey.

Table no: 1.2 Sample size of the Entrepreneur survey, BDSP survey, FGD, KII and Case studies.

Districts	Entrepreneur survey	BDSP survey	FGD	KII	Case Study
Sunsari	55	1	1	3	1
Dhanusa	55	1	1	3	1
Sindhupalchok	55	1	1	3	1
Nawalparasi	55	1	1	3	1
Pyuthan	55	1	1	3	1
Surkhet	55	1	1	3	1
Baitadi	55	1	1	3	1
Total	385	7	7	21	7

Evaluation Tools and Instruments

This study requires both primary and secondary data of qualitative and quantitative in nature. Secondary data and information was collected from official data base of MEDEP. Primary data was collected from (i) Entrepreneur survey, ii) BDPS survey, iii) Focus Group Discussion, iv) Key Informant Interview and v) Case Studies.

Desk Review – The evaluation team extensively and critically reviewed the progress reports of MEDEP and its partner organizations including other relevant materials.

Entrepreneur Survey - A semi-structured questionnaire was designed for the entrepreneur survey with the consultation of MEDEP. The questionnaire included household income, expenditure, expenditure pattern, expenditure on education and health facilities, number and types of employment, food sufficiency, saving, and business related questionnaires such as size of business, sales volume, profit retention, number of clients, product diversification, adaptation and upgrading of technology, market network outreaching etc.

BDSP Survey – The main aim of this survey was to identify whether the BDSPs were willing to provide their services to micro-entrepreneurs or not; BDSP's perception on making service more readily available and sustainability of the micro-entrepreneurs as well as BDSP's sustainability. Strengths, weakness, opportunity and threats (SWOT) analysis of BDSPs were also done.

Focus Group Discussion (FGD) - One FGD was conducted in each survey district with the entrepreneurs to understand whether and to what extent the micro enterprises have contributed to income change, employment generation and poverty reduction. For this a checklist was developed and finalized with the consultation of MEDEP.

Key Informant Interview (KII) - KII was conducted in each selected district in order to understand the perception of community people about the program intervention. Three–key informants were–interviewed in each district. A guideline was developed to facilitate the discussion with KIs in which the following broader issues were enquired: perception on the MEDEP' program intervention on income change, employment generation and poverty reduction among the targeted people, especially among poor women and socially excluded group and indigenous peoples.

Case Study - One case study was carried out in each sample district. The case studies facilitated to understand the whole process of program interventions and changes brought by the intervention for the individual lives.

Data Management, Analysis and Assessing Indicators

The quantitative data was entered in SPSS software for analytical purpose. The SPSS is well-known data entry software which minimizes the human errors in data entry. The qualitative

Chapter 2
Demographic Status of the Surveyed Entrepreneurs

This Chapter discusses the age, sex, caste/ethnic groups of respondents and population structure, family size etc of the entrepreneurs.

2.1 An Overview of Survey

An entrepreneur's survey was carried out to collect primary data and information for assessment of the effectiveness of MEDEP's program and its contribution on job creation and improvement in livelihood. The survey covers seven districts, out of 38 districts of MEDEP interventions. The selected districts are Sunsari, Dhanusa, Sindhupalchwok, Nawalparasi, Pyuthan, Surkhet and Baitadi. 55 sample respondents were selected for interview from each district. All together 385 respondents were surveyed under the study. Among the total respondents 11 respondents were affected by conflict and 4 respondents were found disable or differently able. The number of sample respondents in each district is presented below.

Table no 2.1: District wise Sample Respondents

District	No of Respondents	Percent
Sunsari	55	14.3
Dhanusa	55	14.3
Sindhupalchwok	55	14.3
Nawalparasi	55	14.3
Pyuthan	55	14.3
Surkhet	55	14.3
Baitadi	55	14.3
Total	385	100

Source: Field Survey, 2013

2.2 Demographic Characteristics of Respondents

Demographics have important implication on development process. The demographic characteristics of selected entrepreneurs are presented below by shedding light on population structure, age group, caste and ethnicity of the survey respondents.

Sex Structure

In the survey, the total respondents are 385. Out of this, the female respondents are 219 (56.88 percent) and male 166 (43.12 percent). Unlike in other scale of enterprises, women involvement is higher than men in MEs, despite the fact that male population is bigger than the female. This indicates role of MEDEP in women empowerment through job creation and employment.

Table no 2.2: Sex Wise Respondent

	No of Respondent	Percent
Male	166	43.12
Female	219	56.88
Total	385	100.0

Source: Field Survey, 2013

Age Structure

The respondents are categorized in four age groups. Field survey data show that, the maximum number of respondents belongs to below 40 age-groups, whereas the minimum numbers of respondents are in above the 60 age group. Among the total respondents, 228 (59.2 percent) fall in the category of below 40 age group. This is followed by 41-59 age group, with 143 persons (37 percent) whereas, the minimum number 14 (3.6 percent) fall in category of above 60 age group .Thus the data on age structure shows that mostly young people are engaged in MEs. This obviously means that MEs provide jobs mostly to youths.

Table no 2.3: Age group wise Respondent

Age group	No of Respondents	Percent
Below 40	228	59.2
41-59	143	37.1
60+	14	3.6
Total	385	100.0

Source: Field Survey, 2013

Caste and Ethnicity

The data show that the highest percentage of respondents belongs to Adibashi/ janajati caste group whereas the lowest percentage of respondents belong to the other miscellaneous ethnic groups. Among the total respondents 37.2 percent fall in the Adibashi/ janajati (Indigenous nationalities) caste, 36.6percent in Chetri/ Brahman, 23.1 percent in dalit and 3.1percent in others. Indigenous nationalities are considered to be disadvantaged population of the country. It is evident from above data that MEDEP has attempted to uplift the lives of such a marginalized section of the population.

Table no 2.4: Caste/ethnicity Wise Respondents

Caste /ethnicity	No of Respondents	Percent
Chhetri/Brahman	141	36.6
Adibashi/Janajati (Indigenous nationalities)	143	37.2
Dalit	89	23.1
Others	12	3.1
Total	385	100.0

Source: Field Survey, 2013

2.3 Demographic Characteristics of the Study Population

Demographic characteristics of the study population are presented in this section. The survey data show that, the number of male population is higher than the number of female population in the surveyed areas. Among the female population, 40.19 percent fall in 25-59 age group, 23.74 percent in 15-24 age group , 23.02 percent in 5-14 age group , 6.93 percent in 0-4 age group and 6.12 percent in above 60 age group . But in case of male population , 40.23 percent population fall in 25-59 age group , 23.61 percent in 5-14 age group, 21.99 percent in 15-24 age group , 8.89 percent in 0-4 age group and 5.28 percent in above 60 year age group . The survey data indicate that, the highest percent of population belong to 25-59 age groups and lowest above 60 age groups both in case of male and female.

Table no 2.5: Sex and Age Group Wise Population of the Entrepreneurs Households

Age Group	No of Female	% female	No of Male	% of Male	Total No	Total %
0-4	77	6.93	104	8.89	181	7.93
5-14	256	23.02	277	23.61	533	23.32
15-24	264	23.74	258	21.99	522	22.84
25-59	447	40.19	472	40.23	919	40.21
Above 60	68	6.12	62	5.28	130	5.60
Total	1112	100	1173	100	2285	100

Source: Field Survey, 2013

Family size

The average family size of the respondents is 6.07. However largest numbers of families have 5 to 6 members. The survey data show that, 40.26 percent households have 5 to6 family members, 30.90 percentage households have 7 and above family members and 28.84 percent households have 1 to 4 family members.

Table no 2.6: Family Size

Size of family	Household	Percentage Household
1-4	111	28.84
5-6	155	40.26
7 and Above	119	30.90
Total	385	100

Source: Field Survey, 2013

Level of Education

Education is observed as a means of upgrading people's level of consciousness. Besides, it is also seen as a factor that significantly contributes to the socio-economic upliftment of the people. Therefore, education on the one hand, makes people able to adopt other alternative means of livelihood and on other helps them to understand the substance of environmental conservation program. Except this, it is a major component of human resource development.

According to the survey, 33.38 percent of the populations are enjoying education in 6-9 class, 33.02 percent peoples are in below 5 classes, 18.23 percent are SLC pass, 8.22 percent are +2 pass and 7.15 percent are above 12 class. But among the male population , 30.67 percent population are in below 5 class , 32.27 percent in 6-9 class , 19.06 percent SLC pass , 9.73 percent are +2 passed and 8.27 percent populations are above 12 class . But in case of female population , 35.75 percent are below 5 class , 34.67 percent are 6-9 class 17.25 percent population are SLC pass , 6.48 percent population are +2 pass and 5.86 percent population are above 12 class . This data reveal that the number of people having higher education is still small . This means that most of the rural people had dropped their study after basic education due to the lack of access and opportunity. This trend is more visible in female population. Like-wise very few persons among surveyed entrepreneurs have received skill training. Out of total 1399 population of 385 entrepreneurs only 10 have received training of CTEVT.

Table no 2.7: Education Status

Level of education	No of Male	% Male	No of Female	% Female	Total	Total %
Below 5	230	30.67	232	35.75	462	33.02
6-9	242	32.27	225	34.67	467	33.38
SLC Pass	143	19.06	112	17.25	255	18.23
+2 Pass	73	9.73	42	6.48	115	8.22
Above 12	62	8.27	38	5.85	100	7.15
Total	750	100	649	100	1399	100

Table no 2.8: Micro Entrepreneurs having CTEVT Training

(In number)

Level of Training	Male	Female
Level 1	5	3
Level 2	1	1
Level 3	0	0
Level 4	0	0

2.4 Food Sufficiency Status

To analyze the food sufficiency status of the entrepreneurs, they are categorized into five strata on the basis of food sufficiency maintained from the income of micro enterprises. Survey data show that 44.92 percent entrepreneurs have been suffering from food deficiency as they can have food for only 6 months or less with their income from micro enterprises. Data indicate that 29.51 percent entrepreneurs have food sufficiency and among them 16.01percent entrepreneurs have surplus income. The micro entrepreneurs having food deficiency are compelled to adopt different other activities. The problem of food deficiency is being coped with agriculture, wage labor, loan etc.

Table no 2.9: Food Sufficiency Status

Sufficient for months	No of Respondent	Percent
0-3	52	13.50
3-6	121	31.42
6-9	81	21.03
9-12	52	13.50
12+	62	16.01
Not stated	17	4.41
Total	385	100.0

Source: Field Survey, 2013

Chapter 3:
Effect of MEDEP Intervention on MEs

MEDEP has been providing various technical and financial supports to establish and develop micro enterprises in the rural areas. Effects of these interventions are reflected in various aspects of MEs.

3.1 Investment

Investment is crucial for business operation. There are different sources and types of investment. Size and pattern of investment also reflect the condition of enterprises. For comparison, information related to amount of initial and current investment was obtained from the survey.

As compared to the initial amount of investment, current investment increased in all categories of micro enterprises at varying rates. It increased by more than seven times in tourism related micro enterprises, and by more than four times in construction based microenterprises. Similarly investment was increased by more than four times in artisan based and two times in agro based, forest based and service based micro enterprises. This means that the micro enterprise development program has helped in capital formation in MEs.

Table no 3.1: Size of Investment of Sample Enterprises

(in rupees)

Categories	Initial Investment	Current Investment	Change in Investment
Agro based	17420.10	56192.59	38772.49
Forest based	26694.85	75542.37	48847.52
Tourism based	19153.00	164166.66	145013.66
Artisan based	17644.73	81973.68	64328.95
Service based	34159.96	83386.18	49226.22
IT based	15000.00	57625.00	42625.00
Construction based	39135.83	181358.33	142222.50
Total average	24172.57		75862.33

Source: Field Survey, 2013

There are different sources of investment. For analysis purpose they were categorized into self-finance, grant and loan. MEs use one or more sources of investment. But survey data show that self-finance is the source of investment for most of the micro entrepreneurs. In the initial stage 48.39 percent of respondent relied on self-finance. Later this ratio slightly increased and reached to 49.25 percent. It indicates that though not substantial, micro-enterprises have reinvested their income in the business. The share of MEs using the loan as a source of investment increased substantially during last three years. In the initial stage 24.29percent of respondents were found borrowing loan for investment in MEs. It has increased by 5.3 percentage point and reached to 29.59 percent at current. This means that the access to credit has been increased to micro entrepreneurs. It is noteworthy here that the MEDEP plays catalyst role in establishing or enhancing MEs access to banks and financial institutions.

Table no 3.2: Sources of Investment

Sources	Initial Investment	Percent of responses	Current Investment	Percent of responses
Self	255	48.39	263	49.25
Grant	144	27.32	113	21.16
Loan	128	24.29	158	29.59
Total	527	100.0	534	100.0

Source: Field Survey, 2013

3.2 Use of Technology

Technologies have been divided into two types, namely improved and traditional. Improved technology means improvements made in existing machineries or equipments such as use of fan to make fire, motors / engines to improve efficiency, tomato production under the plastic house or use of improved seeds. Traditional technology means continuation of existing / local practices.

Survey data show that 75.58 percent respondents use improved technology whereas 24.42 percent use traditional technology. Use of improved technology is highest (100 percent) in IT based enterprises, followed by tourism based (83.33percent) and agro based (82.01 percent) enterprises. It is lowest in forest based micro enterprises (62.71 percent).

Table no 3.3: Use of Technology

Categories of enterprises	Type of Technology		Total (%)	Improved technology Provided by				Total (%)
	Improved (%)	Traditional (%)		MEDEP (%)	GoN (%)	Self (%)	Others (%)	
Agro based	82.01	17.99	100.0	67.74	6.45	14.19	11.62	100.0
Forest based	62.71	37.29	100.0	45.95	13.51	21.62	18.92	100.0

Tourism based	83.33	16.67	100.0	60.0		40.0	0	100.0
Artisan	65.0	35.0	100.0	72.0		12.00	16.00	100.0
Service based	72.72	27.28	100.0	64.29	3.57	17.86	14.28	100.0
IT based	100.00	0	100.0	50.0	0	50.00	0	100.0
Construction	75.0	25.0	100.0	44.44	0	55.56	0	100.0
Total	75.58	24.42	100.00					

Source: Field Survey, 2013

Improved technology plays vital role in producing quality products. Different sources are providing the improved technology to the micro- enterprises. MEDEP has been the major source. 71.30 percent respondents received the improved technology from MEDEP. Data also shows that tourism based enterprises were found totally based on MEDEP for improved technology. Except IT based all types of enterprises have received improved technology from MEDEP at various proportion. Training is a major source of technology improvement. A number of basic trainings are provided by BDSP and DMEGA, the institutions developed by MEDEP.

3.3 Production

3.3.1 Volume of Production

Out of total 385 respondents, only 326 (84.67 percent) provided information on their production. To examine the changes in production level, production data of current year was compared with the data of three year before. However no common measurement unit was available for different products of diverse natures. They were expressed in Kg. Meter, Piece, Liter, number and Dozen. However, significant increase can be seen from the survey data in almost all types of production in all districts. Production data of agro based products are mostly expressed in the unit of Kg. The volume of production expressed in Kg has been increased by 71.2 percent and reached to 363800 kg in the current year from 212496 in 3 years before. Forest based, artesian based and leather products are shown in piece. The volume of production given in piece has also been increased by 106.83 percent in the current year compared to three years before. The production data given in liter was that of milk which increased by 61.18 percent in the current year as compared to three years before. Like-wise number of service provided persons increased by 88.90 percent from 150463 persons to 164721 persons in the current year compared to three years before. The Focus Group reported that some Dhaka production enterprises had been inactive or semi active due to the lack of market. This has been reflected in the production data expressed in meter. Overall scenario indicates that with the intervention of MEDEP in the areas of finance, technology, training and other inputs, the level of production has been increased over the time.

Table no 3.4: Volume of Production

Unit	3 Years Before	Current Year	Change in percent
Kg	212496	363800	71.20
Meter	9960	8690	-12.75
Liter	8720	14055	61.18
Pieces	556378	1150795	106.83
Service Provided Person	150463	284225	88.90
Dozen	32313	52041	61.05
Average			62.73

3.3.2 Product Diversification

Production diversification is crucial to sustainability of MEs. It reduces risk of market vulnerability. Product diversification requires resources and technology. MEDEP has been supporting MEs in these areas. Product diversification related question was incorporated in the questionnaire. Only 84.65 percent respondent responded the question. Among them percent reported that they had diversified their product during last 3 years. District wise, the percentage of enterprises which diversified their product varied from 42.1 percent to 65.5 percent. The highest (65.5percent) and lowest (42.1 percent) percentages were noticed in Sindhupalchock and Sunsari districts respectively.

Category wise such percentage varied from 33.3 percent in construction based enterprises to 72.7 percent in artisan based enterprises. Product diversification also depends on nature of business. No respondents from tourism and IT based enterprises diversified their product.

Table no 3.5 : Respondents on Product diversification

(in percent)

	Yes	No	Total	N
Sunsari	42.1	57.9	100.0	38
Dhanusa	59.2	40.8	100.0	27
Sindhupalchock	65.5	34.5	100.0	29
Nawalparasi	58.9	41.1	100.0	39
Pyuthan	59.2	40.8	100.0	49
Surkhet	57.4	42.6	100.0	47
Baitadi	53.8	46.2	100.0	39
Total average	56.3 (151)	43.7(117)	100.0	268
Categories of enterprises				
Agro based	52.2	47.8	100.0	138
Forest based	61.2	38.8	100.0	49
Tourism based		100.0	100.0	2
Artisan	72.7	27.3	100.0	33
Service	61.1	38.9	100.0	36
IT		100.0	100.0	1
Construction	33.3	66.7	100.0	9
Total	56.3(151)	43.7(117)	100.0	268

Although 268 respondents informed that they had diversified their production, only 151 respondents were able to mention number of products. As depicted from following table total number of products increased from 445 three years ago to 613 in the current year. Thus there has been a significant product diversification by 37.8 percent during last three years.

Table no 3.6: Number of Products

	3 years ago	Current Year	% change	No of Respondents
Sunsari	42	55	30.9	16
Dhanusa	69	99	43.5	16
Sindhupalchwok	25	49	96.0	19
Nawalparasi	63	95	50.8	23
Pyuthan	86	105	22.1	29
Surkhet	87	115	32.2	27
Baitadi	73	95	30.1	21
Total	445	613	37.8	151

3.4 Sales

3.4.1 Number of Clients

To obtain the information regarding whether or not the number of clients increased during past 3 years, related questions were incorporated in the questionnaire. As most of the MEDEP enterprises produce and sell final goods in the local market, it was not possible to find data on exact number of clients. However majority (56.63 percent) of the respondents reported that the number of client has not been increased in the current year as compared to the last 3 years. Only 43.37 percent of respondents said that the number of client of their products has been increased in the current year as compared to the last 3 years .The perception of respondents as regards to increase in number of clients varied from one district to another. The maximum and minimum respondents viewing increases in number of clients were found in Pyuthan (76.37 percent) and Dhanusa (20.0 percent) respectively. The highest percentage was noticed in Pyuthan district, followed by Nawalparasi (58.18 percent) and Surkhet (49.09 percent) district. Category wise, hundred percent of IT and construction based enterprises reported that the number of their clients had increased. This was followed by service based, agro based and forest based enterprises by 48.05 percent, 47.08 percent and 40.68 percent respectively. Overall scenario indicates that the number of clients of the MEDEP enterprises has not been increased in a expected way. This means that they need to extend their market beyond the local market.

Table no 3.7: Increase in number of Clients

(in percent)

	Yes	No
Sunsari	30.9	69.1
Dhanusa	20.0	80.0
Sindhupalchock	40.0	60.0
Nawalparasi	58.18	41.82
Pyuthan	76.36	23.64
Surkhet	49.09	50.91
Baitadi	29.09	70.91
Total average	43.37	56.63
Categories of enterprises		
Agro based	47.08	52.92
Forest base	40.68	59.32
Tourism base	16.66	83.34
Artesian	23.68	76.32
Service	48.05	51.95
IT	50.0	50.0
Construction	50.0	50.0
Total	43.37	56.63

3.4.2 Sales Volume

To obtain the information regarding the change in sales volume, related questions were incorporated in the questionnaire. However out of the total respondents only 79.74 (307) percent respondents responded the questions. Among them 80.13 percent reported that their sales had been increased during the last three years. However percentages of respondents reporting so varied from one category of enterprise to another. The maximum percent was recorded in construction based enterprises (91.67 percent) and followed by forest based enterprises (87.76 percent) whereas the minimum percent was recorded in IT based enterprises (25.0 percent). District wise, in all districts, majority of respondents, ranging from 52.63 percent in Dhanusa to 95.83 percent in Nawalparasi, reported that their sales volume has been increased in current year as compared to 3 years before. Thus from these responses, a conclusion can be drawn that there has been a significant progress in sales of MEDEP enterprises.

Table no 3.8: Responses on whether Sales Volume Increased or Not

(In percent)

District	Yes (246)	No (61)	Total	N
Sunsari	84.31	15.69	100.0%	51
Dhanusa	52.63	47.37	100.0%	38
Sindhupalchock	92.11	7.89	100.0%	38
Nawalparasi	95.83	4.17	100.0%	48
Pyuthan	78.43	21.57	100.0%	51
Surkhet	76.0	24.0	100.0%	50
Baitadi	77.42	22.58	100.0%	31
Categories of enterprises				
Agro based	77.99	22.01	100.0%	159
Forest base	87.76	12.24	100.0%	49
Tourism base	80.0	20.0	100.0%	5
Artisian	78.26	21.74	100.0%	23
Service	81.82	18.18	100.0%	55
IT	25.0	75.0	100.0%	4
Construction	91.67	8.33	100.0%	12
Total	80.13	19.87	100.0%	307

Source: Field Survey, 2013

Data on sales volume is expressed in different measurement units such as kg., liter, meter, pieces, person, dozen etc. Therefore; it is difficult to measure exact change in sales volume. But based on the data given in following table in different measurement units it is crudely estimated that there has been increase of sales volume by 58.98 percent during last three years. Such an increment is seen in almost all types of products in all districts.

Table no 3.9: Volume of Sales of Current Year and Three years before

(In Unit)

	Sales		
Unit	3Years before	Current year	Change in %
KG	176934	321854	81.9
Meter	9650	8659	-10.27
Piece	554707	1131027	103.89
Liter	9080	10525	15.91
Service provided person	145570	297266	104.21
Dozen	32883	52041	58.26
Total			58.98

Source: Field Survey, 2013

Chapter 4:
Performance of Micro-Enterprises and its impact

This chapter examines how MEs are being performed and what has been their achievement and impact.

4.1 Performance of Micro-Enterprises

4.1.1 Micro-Enterprises and their Categories

The government of Nepal and the United Nations Development Program (UNDP) implemented Micro-Enterprise Development Program (MEDEP) in July 1998 to create off – farm employment and income opportunities for the rural communities. MEDEP has successfully completed the first, second and third phases in September 2013 covering 38 districts. MEDEP has provided technical and financial supports to develop micro enterprises in the rural areas. Large number of micro enterprises have been established and developed by MEDEP during the period of 1998 to 2013. As of July 2013, 51490 micro enterprises have been established under MEDEP covering 38 districts. Of them 12333 enterprises (24.0 percent) are located in the sample districts. Among the 12333 enterprises only 7092 are active. District wise numbers of enterprises are presented below.

Table no 4.1: Number of Enterprises

District	Total of Enterprises	Active Enterprises
Sunsari	2390	1698
Dhanusa	1560	865
Sindhupalchwok	1869	1165
Nawalparasi	2073	870
Pyuthan	1484	732
Surkhet	997	628
Baitadi	1960	1134
Total	12333	7092

Source: MEDEP Data Sheet

In the past these enterprises were categorized under six different sectors such as agro-based, forest based, tourism based, artisan based, service based and others. However in the present study these enterprises have been categorized in eight sectors including construction and information technology. Survey data show that the maximum and minimum percentage of micro enterprises belong to agro based and IT based categories respectively. Of the total surveyed enterprises, 49.09 percent are agro based, 20.00 percent service based, 15.32 percent forest based, 9.87 percent artisan based, 3.12 percent construction based, 1.56 percent tourism based and 1.04 percent IT based. This means that most of the enterprises are engaged in agro based activities.

Table no 4.2: Category of Surveyed Micro Enterprises

Category	No of Respondent	Percent
Agro based	189	49.09
Forest based	59	15.32
Tourism based	6	1.56
Artesian based	38	9.87
Service based	77	20.00
IT based	4	1.04
Construction based	12	3.12
Total	385	100.0

Source: Field Survey, 2013

4.1.2 Management of Micro-Enterprises

Micro enterprises are established and operated in different forms such as individual entrepreneur, group entrepreneur, company, cooperative etc in the country. But in the surveyed districts micro-enterprises were found operated only by the individual entrepreneurs and groups. Category wise management status of enterprises is presented below.

Table no4.3: Category wise Management of enterprises

(In percent)

Categories of enterprises	Individual (%)	Group-based (%)	Total (%)
Agro based	66.67	33.33	100.00
Forest base	61.02	38.98	100.00
Tourism base	66.67	33.33	100.00
Artesian	73.68	26.32	100.00
Service	84.42	15.58	100.00
IT	75.0	25.0	100.00
Construction	83.33	16.67	100.00
Total	**272**	**113**	**385**
Row %	70.65	29.35	100.00

Sources: Field serve 2013

Data revealed that 70.65 percent of the total enterprises were operated by individuals. The share varied from 61.02 to 84.42 percent in different categories of enterprises. The highest percentage (84.42) was found in service based micro enterprise followed by construction based (83.33 percent) and artisan based (73.68 percent). Of the total enterprises, 29.35 percent of were found operated by groups. The share varied from 15.58 to 38.98 percent in different categories of enterprises. The highest percentage (38.98) was found in forest based micro enterprise followed by agro (33.33percent) and tourism based enterprises (33.33 percent), whereas 15.58 percent of service based micro- enterprises were found operated by group.

4.1.3 Operational Status of Micro-Enterprises

Data show that categories of only 56.62 percent enterprises are operational around the years, 42.34 percent are seasonal and, 1.04 percent is casual. Among the casual enterprises, 50.0 percent are forest based, 25.0 percent are agro based and 25.0 percent are artisan based enterprises. But, among the seasonally operated enterprises, 75.47percent enterprises are agro based, 12.27 percent are forest based, 6.13 percent are service based, 4.29 percent are artisan based, 1.23 percent are construction based and 0.61 percent are tourism based enterprises. Among the actively (year round) operated enterprises, 30.73 percent are service based, 29.83 percent are agro based, 19.97 percent are forest based, 13.76 percent are artisan based, 4.59 percent are construction based,2.29 percent are tourism based and 1.83 percent are IT based enterprises. The survey result show that most of enterprises are being operated smoothly, only few units are being sick or casually operating.

Table no 4.4: Status of Operation

Type	Number of Enterprise	Percent
Casual	4	1.04
Seasonal	163	42.34
Year round	218	56.62
Total	385	100.0

Table no 4.5: Operational Status of Micro Enterprises

Categories of enterprises	(casual) (%)	Seasonal (%)	Active (Year round) (%)
Agro based	25.0	75.47	29.83
Forest base	50.0	12.27	16.97
Tourism base	0	0.61	2.29
Artisan	25.0	4.29	13.76
Service	0	6.13	30.73
IT	0	0	1.83
Construction	0	1.23	4.59
Total	100.00	100.00	100.00

N	4	163	218
% in total	1.04	42.34	56.62

Source: Field Survey, 2013

4.1.4 Sources of Raw Materials

It is found that surveyed enterprises use multiple sources of raw material. Present data indicate that, locally available raw materials are used by maximum number of enterprises. Of the total respondents of 385, locally available raw materials have been used by 225 (58.4 percent), whereas international market has been used by only 26 (6.7 percent) respondents. Locally available raw materials are used by 74.6 percent of forest based, 70.9 percent of agro based, 50.0 percent of tourism based, 36.8 percent of artisan based, 33.8 percent of service based and 33.33 percent of construction based enterprises. Similarly using self- produced raw materials are used by 28.6 percent of forest based, 22.1 percent of agro based, 16.67 percent of tourism based , 13.2 percent of artisan and 7.8 percent of service based enterprises. Construction and IT based enterprises do not use self-produced raw materials. 181 enterprises (47.1 percent) reported that they also use the raw materials purchased from local market. 75.0 percent IT based enterprises purchase raw materials from local market as well. Similarly, 51.3 percent of agro based, 50.00 percent of tourism based, 45.5 percent of service based, 44.1 percent of forest based, 34.2 percent of artisan based and 33.33 percent of constriction based enterprises also purchase raw materials from local market. Only 24.7 percent respondents were found using national market as source of raw materials. Category wise, national market has been used as source of raw material by 60.5 percent of artisan based enterprises, 58.3 percent of constriction based enterprises, 50.00 percent of IT based , 38.9 percent of service based enterprises , 33.33 percent of agro based enterprises and 10.1 percent of forest based enterprises . But only 23.7 percent of artisan based, 10.4 percent of service based and 2.6 percent of agro based enterprises obtain raw materials from international market. MEs belonging to other categories do not use this source for raw material. Thus the survey results indicate that maximum enterprises use locally available raw materials. However, some entrepreneurs, particularly forest based reported difficulties in obtaining raw materials due to cumbersome rule of forest office. Similarly, it is also learnt from FGD that there is difficulties in transportation of raw leather required for leather products. Imported raw materials are also not easily and timely available, according to Key Informants of Nawalparasi district in particular.

Table no 4.6: Availability of Raw Material

	No of Responses	Percent
Locally Available	225	58.4
Self –Production	79	20.5
Purchase from Local Market	181	47.1
National Market	95	24.7
International Market	26	6.7
Total	606	

Table no 4.7: Availability and Sources of Raw Materials

Categories of enterprises	Locally available (%)	Self-production (%)	Purchase from local market (%)	National Market (%)	International Market (%)
Agro based	70.9	28.6	51.3	15.3	2.6
Forest base	74.6	22.1	44.1	10.2	0
Tourism base	50.0	16.67	50.0	33.33	0
Artesian	36.8	13.2	34.2	60.5	23.7
Service	33.8	7.8	45.5	38.9	10.4
IT	0	0	75.0	50.0	0
Construction	33.33	0	33.33	58.3	0
Total Number of responses	225	79	181	99	22
% of total responses of total respondent	58.4	20.5	47.1	25.7	5.7

Source: Field Survey, 2013

4.1.5 Taking Initiatives to Make Raw Materials Sustainable

From survey information it is clear that locally available raw materials are used by most of the entrepreneurs. Sustainability of source of such raw materials is crucial to long run business operation. Therefore a question was asked on whether respondents carry any activity to make the supply of locally available raw materials sustainable. Survey data show that 47.79 percent of respondents carried out some activities for making supply of raw materials sustainable whereas 52.21 percent of respondents did not carry any activity for this. While analyzed by category of enterprises it is found that such activities are carried out by 60.53 percent of Artesian based enterprises, 57.67 percent of agro based enterprises, 35.06 percent of service based enterprises, 33.33 percent of tourism and construction based enterprises and 32.20 percent of forest based enterprises . But as they do not use locally available raw materials IT based enterprises do not carry any activity in this regard. Thus the survey results show that artisan based enterprises are highly concerned about sustainability of source of local raw materials, while forest based enterprises are least concerned with this issue.

Table no 4.8: **Activities carried out to make supply of raw materials sustainable**

Categories of enterprises	Yes (%)	No (%)	Total (%)
Agro based	57.67	42.33	100.0
Forest based	32.20	67.80	100.0
Tourism based	33.33	66.67	100.0
Artesian	60.53	39.47	100.0
Service	35.06	64.94	100.0
IT	0	100.00	100.0
Construction	33.33	66.67	100.0
N	184	201	100.0
Row%	47.79	52.21	100.0

Source: Field Survey, 2013

4.1.6 Business Plan and Its Application

Survey information indicates that 76.36 percent of micro enterprises prepare business plan where as 23.64 percent of them run their business without any plan. Among the enterprises making business plan only 87.41 percent apply it practically whereas 12.59 percent of them do not practically apply their business plan to run the enterprises, although they prepare it.
Data indicate that, all tourism based and IT based enterprises prepare and apply the business plan. However only 81.58 percent of artisan based, 76.19 percent of agro based, 74.85 percent of forest based, 74.02 percent of service based and 67.67 percent of construction based micro enterprises prepare business plan. However, only 93.55 percent of artesian based, 88.89 percent of agro based, 84.09 percent of forest based, 82.46 percent of service based and 75.0 percent of construction based enterprises apply their business plan in practice.

Table no 4.9: Respondents making and applying the Business Plan

Categories of enterprises	Business Plan				Whether Practically Apply			
	Yes (%)	No (%)	Total (%)	N	Yes (%)	No (%)	Total (%)	N
Agro based	76.19	23.81	100.0	189	88.89	11.11	100.0	144
Forest base	74.85	25.42	100.0	59	84.09	15.91	100.0	44
Tourism base	100	0	100.0	6	100.0	0	100.0	6

Artesian	81.58	18.42	100.0	38	93.55	6.45	100.0	31
Service	74.02	25.98	100.0	77	82.46	17.54	100.0	57
IT	100	0	100.0	4	100.0	0	100.0	4
Construction	67.67	33.33	100.0	12	75.0	25.0	100.0	8
N	294	91		385	257	37		
Row%	76.36	23.64	100.0%		87.41	12.59	100.0%	294

Source: Field Survey, 2013

4.1.7 Production and Types of Products

As evident from the discussion in section 3.3 production performance of the MEs under MEDEP is satisfactory. The overall level of volume of production has increasing trend. Regarding types of products data, show that among the total respondents 25.71percent are selling intermediate products while , 68.31percent are selling final products and rest 5.97 percent respondents are unable to state what type of products they are selling . Among the enterprises of different categories 38.98 percent of forest based, 33.33 percent of tourism and construction based, 26.98 percent of agro based, 25.0 percent IT , 20.78 percent of service based and 5.26 percent of artesian based enterprises sell intermediate products, whereas 86.84 percent of Artesian based , 75.00 percent of IT based , 72.73 percent of service based , 66.67 percent of agro and tourism based , 58.33 percent of construction based and 57.63 percent of forest based enterprises sell final product. Thus it is clear that majority of enterprises of all categories sell final products in the market.

Table no 4.10: Distribution of respondents, according to the types of products selling and categories of enterprises

Enterprise categories	Intermediate (%)	Final product (%)	Not stated (%)	Total (%)	N
Agro based	26.98	66.67	6.35	100.0	189
Forest based	38.98	57.63	3.39	100.0	59
Tourism based	33.33	66.67	0	100.0	6
Artesian based	5.26	86.84	7.90	100.0	38
Service based	20.78	72.73	6.49	100.0	77
IT based	25.0	75.0	0	100.0	4
Construction based	33.33	58.33	8.34	100.0	12
Total number	99	263	23	100.0	385
Row %	25.71	68.31	5.97		

4.1.8. Sales and Demand of Products

As discussed in section 3.4 sales volumes of MEDEP enterprises has grown significantly. In this section we discuss on entrepreneur's perception on demand of their products. Survey data show that there is high demand of micro entrepreneur’s products. 72.98 percent total respondents reported that there was high demand of their products. 20.78 percent of respondents even stated that the demand for their products was very high. Only 6.24 percent respondents perceived the demand as low or uncertain.

Survey data shows that the demand is very high for 31.58 percent artisan, 25.0 percent of IT based, 20.78 percent of service based, 20.63 percent of agro based and 16.67 percent of construction based enterprises. Similarly, demand is high for 100.0 percent of tourism based enterprises, 75.0 percent of construction based enterprises, 74.60 percent of agro based enterprises, 74.02 of percent service based enterprises, 69.49 percent of forest based enterprises, 65.79 percent of artisan based enterprises and 50.0 percent of IT based enterprises. As it is low for only 3.12percent of total enterprises demand is not perceived as a serious problem. But meeting it is a challenge.

Table no 4.11: Distribution of respondents reporting the Scales of demand , according to the categories of enterprises

Categories of enterprises	Very high (%)	High (%)	Low (%)	Cannot be said (%)	Total (%)	N
Agro based	20.63	74.60	2.11	2.66	100.0	189
Forest base	16.95	69.49	8.48	5.08	100.0	59
Tourism based	0	100.00	0	0	100.0	6
Artisan	31.58	65.79	2.63	0	100.0	38
Service based	20.78	74.02	1.30	3.90	100.0	77
IT based	25.0	50.0	25.0	25.0	100.0	4
Construction based	16.67	75.0	0	8.33	100.0	12
Total No	80	281	12	12		385
Row%	20.78	72.98	3.12	3.12	100.0	

Source: Field Survey, 2013

4.1.9. Market Networking

As entrepreneurs are commercial creatures, they produce goods and services for markets to earn profit; this section assesses the marketing behavior of the enterprises. Data Show that 67.79 percent respondents sale their products in local market. This has been so because most of entrepreneurs do not have information on other markets and also do not have idea on value chain for national or international markets. Lack of adequate transport network has also been attributable to confine the entrepreneurs in local market. Of the total enterprises, 21.04 percent sell their products in district level market and only 10.65 percent in national market, revealing that local market is the main market for products of micro – enterprises. 100 percent of products produced by IT based enterprises are sold in local market. Similarly local market is market for 87.01 percent of service based, 66.67 percent of tourism based, 65.79 of artisan based , 65.61 percent of agro based and 58.33 percent of forest based enterprises .Different categories of enterprises sell their products in district level market at varying proportion, highest being tourism and construction based enterprises and lowest being service based enterprises. 33.33 percent of tourism and construction based, 26.32 percent of artisan based, 25.40 percent of agro based, 18.65 percent of forest based and 7.76 percent of service based enterprises sell their products in district level market. Only limited enterprises sell their products in the national market. 30.50 percent of forest based, 8.34 percent of construction based, 7.94 percent of agro based, 7.89 percent of artisan based and 5.20 percent of service based enterprises have their networking in national market. No products of tourism based and IT based enterprises are sold in national market.

Table no 4.12: Distribution of respondents by market for their products, according to the categories of enterprises

Categories of enterprises	Local market/ village (%)	District level market (%)	National market (%)	International Market	Total (%)	N
Agro based	65.61	25.40	7.94	1.05	100.0	189
Forest based	50.85	18.65	30.50	0	100.0	59
Tourism based	66.67	33.33		0	100.0	6
Artisan	65.79	26.32	7.89	0	100.0	38
Service based	87.01	7.79	5.20	0	100.0	77
IT based	100.00	0	0	0	100.0	4
Construction based	58.33	33.33	8.34	0	100.0	12
Total	261(67.79)	81 (21.04)	41 (10.65)	2 (0.52)	100.0	385

Source: Field Survey, 2013

4.1.10 Marketing Channels

Marketing channel is a set of interdependent organizations involved in the process of placing products and services with consumers. The participants in the marketing channel provide a number of key functions which increases the effectiveness of placement through the channel. Information gathering, Product promotion, negotiation of price and financing the costs of the activities in the channel and physical distribution of products are the key functions of marketing channel. Collecting centre, middle persons, wholesaler and retailers are the channel members that MEs use. Enterprises may use different levels of channel. It depends on different factors including nature of products.

Survey data show that the maximum percentage of respondents follows producer to retailers marketing channel to sell their product. Producer to retailer marketing channel is followed by 83.33 percent of construction based, 55.93 percent of forest based, 50.0 percent of artisan based, 43.39 percent of agro based and 49.35percent of service based enterprises. All tourism and IT based enterprises follow this channel. 45.76 percent of forest based, 36.36 percent of service based, 34.92 percent of agro based, 34.21 percent of artesian based and 16.66 percent of construction based enterprises use producer to wholesalers marketing channel. Only small numbers of MEs use middle persons or collection centers as marketing channel to sell their products. Thus producer to retailer and producer to wholesaler is the marketing channel mostly used by MEs.

Table no 4.13: Distribution of respondents reporting the market channels, according to the categories of enterprises

Market channels	Agro based (N=189)	Forest based (N=59)	Tourism based (N=6)	Artesian based (N=38)	Service based (N=77)	IT based (N=4)	Construction based (N=12
Collection in the center	16.93	22.03	16.67	15.79	11.69	0	41.67
Middle person	14.29	6.78	16.67	15.79	12.99	0	0
Wholesalers	34.92	45.76	0	34.21	36.36	0	16.66
Retailers	43.39	55.93	100.0	50.0	49.35	100.0	83.33

4.1.11 Commission to Market Channels

Survey data show that 34.28percent respondents provide 5-10 percent commission to the market channels, 21.30percent provide 11-15 percent , 13.25percent provide 16-20 percent and 13.77percent provide more than 20 percent . Rest 17.40 percent do not know about commission. As such they are not paying any commission for marketing channel.

Table no 4.14: Distribution of respondents reporting the commissions to be provided for the market channels, according to the categories of enterprises

Enterprise categories	Commissions to be provided for marketing channels						
	5-10% (%)	11-15% (%)	16-20% (%)	20% more (%)	Don't know (%)	Total (%)	N
Agro based	38.62	24.34	10.05	11.64	15.35	100.0	189
Forest base	27.12	27.12	15.25	16.95	13.56	100.0	59
Tourism based	16.67	16.67	33.33	16.67	16.66	100.0	6
Artesian based	31.58	26.32	10.52	15.79	15.79	100.0	38
Service based	31.17	10.39	16.88	16.88	24.68	100.0	77
IT based	50.0	0	50.0	0	0	100.0	4
Construction based	33.33	8.33	16.67	8.33	33.33	100.0	12
Total	132 (34.28)	82 (21.30)	51 (13.25)	53 (13.77)	67 (17.40)		385

Source: Field Survey, 2013

4.1.12 Major Challenges to Reach the Product in the Market

Major challenges to reach products in the market have been categorized in seven categories. They are related to market policy, security, multiple taxation, transportation, management, training and others. Among them, transportation was cited as challenge by highest percent (61.4 %) of respondents .This fact is also supported by FGD. Like-wise 43.50 percent respondents pointed market policy as a challenge. For 33.3 percent respondent's management is a challenge, and for 31.90 percent it is training. Micro enterprises face multiple challenges including multiple taxation and security in this regards. From the data received in the survey for all categories of enterprises, transportation seems to be major challenge followed by market policy. Except for tourism based enterprises, management is also a serious challenge for all other type of enterprises. For tourism based enterprises security has been a major problem. Percentage of enterprises citing security as challenge is as high as 50 percent in tourism based enterprises and 40 percent in construction based enterprises. In addition to this lack of warehouses and market centers were also cited as constraints in marketing of MEDEP products by discussants in Focus Group and Key Informants.

Table no 4.15: Distribution of respondents according to challenges to reach the product to the market and according to the categories of enterprises

Enterprise categories	Related to market policy (%)	Security (%)	Multiple taxation (%)	Transportation of goods (%)	Management (%)	Training on Marketing (%)	Others (specify) (%)
Agro based (N=198)	32.4	9.8	17.4	70.1	30.4	26.8	8.0
Forest based(N=59)	57.1	5.0	11.4	65.4	45.1	42.6	.0
Tourism based (N=6)	20.0	50.0	.0	15.0	.0	10.0	50.0
Artesian based (N=38)	25.0	16.7	16.7	61.1	38.9	38.9	16.7
Service based (N=77)	42.9	14.3	14.3	10.0	20.0	31.4	5.7
IT (N=4)							
Construction based(N=12)	40.0	40.0	.0	40.0	20.0	20.0	20.0
Total (385)	43.5	10.6	13.0	61.4	33.3	31.9	7.7

Note: Responses are multiple ones.

4.1.13 Market Promotion Activities

Market promotion activities are highly important for sustainability of micro enterprises. Market promotion activities generally, include packing, grading, standardization, leveling, brand registration, quality test, advertisement, personal sale, trade fair etc. Survey data show that among the total respondents , 31.97 percent respondents carried out the packing activities, 34.54 percent respondents carried out grading ,28.05 percent carried out standardization , 14.02 percent carried out leveling activity , 12.21 percent registered brand 20.0 percent carried out quality test , 29.61 percent carried out advertisement , 37.40 percent carried out personal sale and 36.65 percent participated trade fair for market promotion of their products .

Given data indicate that, micro-enterprises are poor to select appropriate tools of market promotion and strongly implement them for sustainability and resilience of micro enterprises. Most of the entrepreneurs' are not quality concuss. Also there is a shortage of quality testing facilities.

Table no 4.16: Distribution of respondents by market promotion and categories of enterprises.

Market promotional activities	Agro based (N=189) (%)	Forest base (N=59) (%)	Tourism base (N=6) (%)	Artisan (N=38) (%)	Service (N=77) (%)	IT (N=4) (%)	Construction (N=12) (%)	Total (N=385) (%)
Packing	30.69	35.59	16.67	63.16	25.97	25.0	25.0	31.97
Grading	31.22	32.20	33.33	90.0	40.26	50.0	16.67	34.54
Standardization	28.57	30.51	16.67	42.10	18.18	0	41.67	28.05
Leveling	13.76	27.12	16.67	15.79	40.26	0	8.3	14.02
Brand registration	11.11	13.56	16.67	15.79	12.99	0	8.3	12.21
Quality test	20.63	25.42	0	21.05	15.58	25.0	16.67	20.0
Advertisement	26.98	30.51	50.00	31.58	32.47	0	41.67	29.61
Personal sale (door to door)	40.74	37.29	0	44.74	19.48	0	25.0	37.40
Trade fair	35.45	18.64	16.67	50.00	18.18	25.0	16.67	36.65

Source: Field Survey, 2013

4.1.14 Mode of Receiving Payment of Product

Payment may be on installment basis, cash basis, credit basis and advance basis. Most of micro enterprises deal their transaction on installment, cash or credit basis. Only small member of respondents reported that they get advance payment. According to the survey data maximum respondents (64.85percent) receive their payment on installment basis. This is followed by credit basis (46.41 percent), cash basis (35.91percent), advance basis (10.59 percent) and 10.59 percent respondent reported that they sell on other basis.

Table no 4.17: Distribution of Respondents by Mode of Payment and Categories of Enterprises

Enterprise categories	Installment basis (%)	Cash basis (%)	Credit basis (%)	Advance basis (%)	Other specify (%)
Agro based(N=189)	72.0	38.8	34.0	9.6	1.6
Forest based(N=59)	80.2	38.5	25.8	7.3	4.9
Tourism based(N=6)	30.0	25.0	20.0	5.0	.0
Artesian based(N=38)	45.8	51.2	49.2	30.4	17.4
Service based (N=77)	42.7	52.9	29.2	5.16	9.3
IT based (N=4)	100.0	.0	100.0	.0	.0

Construction (N=12)	83.3	45.0	66.7	16.7	.0
Total (N=385)	64.85	35.91	46.41	10.59	4.74

4.1.15 Profit of Micro-Enterprises

Profit is the main indicator of business performance of an enterprise. A question was asked to the entrepreneurs about the profit from the enterprises that they have been operating in the year of the establishment of the enterprise, three years after the establishment and the current year (previous 12 months from the date of survey). This information is summarized in Table…. Data reveal that the profit of enterprises remained at the same level for first three years of establishment. However, a noticeable increase in profit was recorded in current year across the survey districts. In the initial year of the establishment of the enterprise, the average profit was Rs. 29102 which increased to Rs. 61576 in the current year. It is also revealed that the profit was highest in Nawalparasi (Rs. 97665), followed by Surkhet (Rs. 76400), Sindhupalchwok (Rs. 72125), Dhanusa (Rs.67320), Sunsari (Rs.56567), Pyuthan (Rs. 34758) and Baitadi (Rs. 26194). Although, in absolute term profit has increased, as return to investment it has decreased substantially. In the year of establishment the rate of return to investment was as high as 120.39 percent whereas it was reduced to 81.1percent in the current year. But the rate of return is still lucrative for reinvestment.

Table no 4.18: Profit of enterprises
(In Rupees)

District	Year of Establishment	Third Year of Establishment	Current Year
Sunsari	62354	65705	56567
Dhanusa	25200	30436	67320
Sindhupalchwok	46191	55118	72125
Nawalparasi	20785	29960	97665
Pyuthan	26525	30804	34758
Surkhet	17163	20072	76400
Baitadi	5502	8868	26194
Average	29102	34423	61576

Source: Field Survey, 2013

4.2 Impact of Performance of MEs

4.2.1 Income of Micro-Entrepreneurs

Table…shows the annual total income, average household income and per capita income from the micro-enterprises, according to the districts. Data reveal that, a total income of Rs. 39.3 million was generated in the year of the survey by the respondent's households. The average annual household income was Rs. 102104, highest being in Nawalparasi (Rs. 141187) and lowest in Sunsari (Rs. 77973). The average annual income for other sample districts falls in between. Of the total income the share of income from micro enterprises account for 60.6 percent (Rs 23.7 million).

Table no 4.19: Annual Income of Entrepreneurs

(In Rupees)

District	ME Income	Other*	Total Income	Share of ME income on total income	AHH Income of total income
Sunsari	3111193	1174000	4285193	72.6	77973
Dhanusa	3702610	2835000	6537610	56.6	118865
Sindhupalchwok	3966875	2136500	6103375	64.9	110970
NawalParasi	5371624	2393666	7765290	69.2	141187
Pyuthan	1911704	2065000	3976704	48.1	72304
Surkhet	4202000	2054500	6256500	67.1	113754
Baitadi	1440678	2945000	4385678	32.8	79740
Total	23706684	15603666	39310350	60.3	102104

***Other income includes agricultural income, Salary and wages, remittance and others.**

To assess the impact of MEs on income, baseline and current per capita incomes are compared in each district. Baseline PCI was obtained from MEDEP database and current PCI from the survey data. A remarkable increase in per capita income is seen in all districts. It is highest 357.7 percent in Sindhupalchwok and lowest 119.5percent in Baitadi. This shows that MEDEP has exerted positive impact on raising income of the people.

Table no 4.20: Comparison of PCI

District	Baseline PCI	Current PCI	Increase in %
Sunsari	5732.5	12792	123.1
Dhanusa	5240.1	19172	265.9
Sindhupalchwok	4400.5	20143	357.7
Nawalparasi	5078.4	22060	334.4
Pyuthan	5036	14102	180.0
Surket	6561.7	21208	223.2
Baitadi	5300.4	11633	119.5
Total			

Source: Field Survey 2013 and MEDEP Baseline data base

4.2.2 Major Sources of Income

There are multiple sources of income of the households of the entrepreneurs interviewed. But an overwhelming majority (85.7percent) reported micro enterprise as the major source of income, followed by agriculture (70.6percent), wage/salary (27.3percent) and others

(10.6percent). Thus, it appears that entrepreneurs largely depend on the micro-enterprises for their survival .By all source of information (Survey, FGD, KII) in all surveyed districts, it is revealed that the MEDEP intervention has increased the income of rural people.

Table no 4.21: Major sources of income

Sources	No of respondent	Percent
Micro-enterprise	330	85.7
Agricultural	235	61.0
Wage/salaries	110	27.3
Others	41	10.6

Note: Responses are Multiple

4.2.3 Poverty Reduction

As level of income raised, a substantial number of people moved up from absolute poverty line. To find out number of people below the poverty line, thresholds for base year and current year were estimated on the basis of NLSS figure of 2010/11for absolute poverty line and inflation data. The estimated value of threshold for baseline year was Rs, 13166 and Rs. 17283 for current year. According to base line data out of the 385 households only 7 households were above the poverty line and rest all are below the poverty line.

But, after the MEDEPs intervention the scenario has been changed. Now, out of 385 households 43.9percent of them moved above poverty line. Thus within survey districts 169 households got rid of poverty during three years due to MEs. This scenario indicated that MEs have exerted positive impact on poverty reduction in program implemented districts

Table no 4.22 : District wise Status of Poverty of Surveyed Households

Districts	No of total respondents	Below poverty line	Above poverty line
Sunsari	55	35	20
Dhanusa	55	30	25
Sindhupalchwok	55	27	28
Nawalparasi	55	18	37
Pyuthan	55	36	19
Surket	55	27	28
Baitadi	55	43	12
Total	385	216	169
Row %	100.0	56.1	43.9

Source: MEDEP data based and Field survey 2013

4.2.4 Employment Generation

Micro enterprises have been promoting economic activities in the rural areas. Such a promotion in economic activities has contributed in generating employment opportunities. Besides, contributing to direct employment the micro enterprises also promote indirect employment particularly for the rural people.

Survey data indicate that total 1484 direct employment has been created by 385 enterprises. On an average, 4.6 number of employment have been generated by each enterprise. The average number of employment generation varied from one sector to another. It is highest in construction sector (7.0) and lowest in IT sector (2.0). In addition to this total 1054 indirect employment has been generated by micro enterprises in the survey areas. This indicates that the number of indirect employment is also close to direct employment. It means that micro enterprises have significantly contributed to employment generation in the country particularly in rural areas.

Table no 4.23: Status of Employment Generation

	Direct employment			Average no of Employment	Indirect Employment	Grand total
	Full time	Part-time	Total			
Agro based	398	392	790	4.2	480	1270
Forest based	74	135	209	3.5	245	454
Tourism based	23	12	35	5.8	45	80
Artesian based	48	53	101	2.7	94	195
Service based	136	121	257	3.3	121	378
IT	4	4	8	2.0	6	14
Construction based	62	22	84	7.0	63	147
Total	745	739	1484		1054	2538
Total Average	2.2	2.4		4.6		

Source: Field Survey, 2013

Survey data indicate that during last three years the total number of direct employment created by 385 enterprises has been increased significantly by 478 (24.15 percent).The average number of employment per enterprise also increased from 3.63 three years before to 4.6 in current year. Thus micro enterprises have significantly contributed to employment generation in the country particularly in agriculture and forest sector. However these sectors provide more part time employment. The share of part time employment in total employment increased from 46.8 percent three years before to 52.1 percent in current year. Nevertheless, as indicated by the survey data and information received from FGDs and interviews with key informants, role of MEDEP enterprises in employment generation in the rural areas is important.

Table no 4.24: Changes in employment

	Current Year			3 Years ago			Change during the 3-years		
	Full time	Part-time	Total	Full time	Part-time	Total	Full time	Part-time	Total
Sunsari	125	95	220	107	62	169	18	33	51
Dhanusa	99	89	188	77	53	130	22	36	58
Sindhupalchock	105	87	192	73	48	121	32	39	71
Nawalparasi	96	102	198	71	65	136	25	37	62
Pyuthan	97	135	232	73	81	154	24	54	78
Surkhet	132	125	257	99	79	178	33	46	79
Baitadi	91	106	197	64	54	118	27	52	79
Categories of enterprises									
Agro based	398	392	790	328	285	613	70	107	177
Forest base	74	135	209	68	40	108	6	95	101
Tourism base	23	12	35	8	2	10	15	10	25
Artisian	48	53	101	42	28	70	6	25	31
Service	136	121	257	92	70	162	44	51	95
IT	4	4	8	4	2	6	0	2	2
Construction	62	22	84	22	15	37	22	7	47
Total	745	739	1484	564	442	1006	163	288	478

Source: Field Survey, 2013

4.2.5 Expenditure of the Family

Out of the total respondents, 370 provided information regarding the expenditure. As presented in Table below the total annual expenditure was found to be Rs. 36.6 million among 370 households of the entrepreneurs. Accordingly, the average annual expenditure per household was Rs. 99050.30. However, the annual expenditure varies by districts – being highest in Nawalparasi (Rs. 127810) and lowest in Baitadi (Rs. 50066).

Table no 4.25: Annual Expenditure of the Surveyed Households

(In Rupees)

District	Total Expenditure	Average HH Expenditure
Sunsari (n=51)	3812312	74751
Dhanusa (n=53)	5791922	109281
Sindhupalchowk (n=48)	4632847	96518
Nawalparasi (n=54)	6901753	127810
Pyuthan (n=55)	7009690	127448
Surkhet (n=55)	5796479	105390
Baitadi (n=54)	2703611	50066
Total (370)	36648614	99050.3

Source: Field Survey, 2013

Expenditures in education and health were found to be very remarkable across the survey districts. However it varies from district to district. Dhanusa has highest expenditure of 26.7 percent in education while in health Sunsari has highest expenditure of 22.1 percent. This will have a far-reaching positive consequence in generating the human capital in future and improvement in livelihood. Focus group discussants and key informants also confirmed that MEDEP interventions have contributed to improve the livelihood of rural people.

Table no26: Expenditure Patterns by Sectors

(In percent)

District	Food	Education	Health	Others	Total
Sunsari	41.6	16.4	22.1	19.9	100.0
Dhanusa	44.0	26.7	11.7	17.6	100.0
Sindhupalchwok	53.4	18.5	13.4	14.7	100.0
Nawalparasi	46.6	20.7	14.2	18.5	100.0
Pyuthan	45.7	17.3	14.1	22.9	100.0
Surkhet	57.3	15.5	12.1	15.1	100.0
Baitadi	47.2	17.7	15.3	19.8	100.0

Source: Field Survey, 2013

Chapter 5
Status of Business Development Service Providers

For providing services to micro enterprises, initially MEDEP has provided sufficient support to increase the capacity of the BDSP institutions. In this study a survey was carried out among BDSPs to evaluate them in terms of human resources, decision making, and willingness to provide their services to micro-entrepreneurs. Further, BDSPs were enquired about their perception on resilience of the MEs and SWOT of their organizations in providing effective services to the enterprises. For this, seven BDSPs were interviewed. The findings of the survey are presented below

5.1 Number of Staff and Their Caste/Ethnic Groups

Human resource is an important element of service providing institutions. Technical as well as administrative staffs are required for their smooth operation. Altogether 79 persons were employed in the seven BDSPs. The number of staffs varied for one BDSP to another. The highest number of staffs (29) is in Surkhet BDSP whereas lowest number of staffs (7) in Sindhupalcwok, Nawalparasi and Pyuthan. Among the total staffs 45 (56.9 percent} are working as technical staff and rest 43.1percent as administrative staff. In general technical staffs are not adequate in most of BDSPs. Out of the total staff, 59.5 percent are women. This means that BDSPs have been providing more opportunity to women compared to men.

Table no 5.1: Number of Staff

District	Total Staff	Male	Female	Administrative	Technical
Sunsari	10	5	5	3	7
Dhanusa	9	4	5	2	7
Sindhupalchwok	7	5	2	2	5
Nawalparasi	7	3	4	2	5
Pyuthan	7	2	5	2	5
Surkhet	29	7	22	18	11
Baitadi	10	6	4	5	5
Total	79	32	47	34	45

In terms of caste and ethnic groups, 40.6 percent are Bahun Chhetri and others. This is followed by Indigenous nationalities (35.4%), and Dalit (16.4%). Rest 7.6 percent staffs are from Madheshi community. This shows that high priority as been accorded to Indigenous nationalities and Dalit communities – the most disadvantaged groups in Nepal. Altogether 51.9 percent staffs are from the Indigenous nationalities and Dalit communities.

Table no 5.2: Caste and Ethnicity Staffs

District	Dalit	Indigenous Nationalities	Madheshi	Others (Bahun Chhetri and other)	Total
Sunsari	0	3	1	6	10
Dhanusa	0	1	3	5	9
Sindhupalchwok	3	1	0	3	7
Nawalparasi	1	2	1	3	7
Pyuthan	3	3	0	1	7
Surkhet	2	15	1	11	29
Baitadi	4	3	0	3	10
Total	13	28	6	32	79
Row %	16.5	35.4	7.6	40.6	100.0

Source: Field Survey, 2013

5.2 Participation in Decision Making

Gender equality has been recognized as a critical factor to equitable development in Nepal by the Government of Nepal and its development partners. Chairperson, secretary and treasurer are considered to be key position in decision making. Survey data indicates that out of the 21 positions 8 (38.09 percent) positions was held by female. This scenario indicates that the participation of female in decision making position has been considered by MEDEP supported institutions, which can help to equitable participation in development.

Table no 5.3: Participation in Decision Making

	Chairman	Secretary	Treasurer	Total Male	Total Female
Sunsari	Male	Male	Male	3	0
Danusa	Male	Male	Male	3	0
Sindhupalchowk	Male	Female	Male	2	1
Nawalparasi	Female	Female	Male	1	2
Pyuthan	Male	Female	Male	2	1
Surkhet	Female	Male	Female	1	2
Baitadi	Male	Female	Female	1	2
Total				13	8

5.3 Categories of Services Provided by the BDSP

Different BDSPs provide their services to different categories of enterprises. Survey information indicates that agro based, forest based and service based services are provided by all BDSP in the sample areas. In addition, BDSP Sunsari has provided artesian service, Dhanusa provided tourism, artesian and construction related services. BDSP of Nawalparasi and Surkhet districts provided artesian services in the sample districts.

Table no 5.4: Category of service provided

	Sunsari	Dhanusa	Sindhupalchok	Nawalparasi	Pyuthan	Surkhet	Baitadi
Agro based	X	x	X	x	X	x	x
Forest based	X	x	X	x	X	x	x
Tourism base	-	x	-	-	-	-	-
Artesian based	X	x	-	x	-	x	-
Service based	X	x	X	x	X	x	x
IT based	-	-	-	-	-	-	-
Construction based	-	x	-	-	-	-	-
Other	-	-	-	-	-	-	-

Note: x represents the presence of the particular services.
Source: Field Survey 2013.

5.4 Services Provided by the BDSP

Entrepreneur development is a primary objective of a BDSP. It is a challenging task. Different kind of services and counseling are required for this. Survey information show that all BDSPs provide services of entrepreneur identification, technology related training, establishing business linkages, social mobilization and skill/capacity building training. But the services related to credit access are provided only by Sindhupalchowk, Pyuthan and Baitadi BDSP. BDSP of Sindupalcowk, Pyuthan, Surkhet and Baitadi districts provide business counseling also. The institutional development activity is also carried out by Dhanusa, Pyuthan, Surkhet and Baitadi BDSPs. Thus the data reveal that the number of activities carried out by different BDSPs vary from four to eight. There is lack of marketing specific activities/trainings.

Table no 5.5: Activities Carried out by the BDSPs

Services	Sunsari	Dhanusa	Sindhupalchwok	Nawalparasi	Pyuthan	Surkhet	Baitadi
Identification of Entrepreneurs	X	X	X	X	X	X	X
Technology related training	X	X	X	X	X	X	X
Linkage with business activities	X	X	X	X	X	X	X
Social Mobilization	X	X	X	X	X	X	X
Skill/Capacity Training	X	X	X	X	X	X	X
Access to loan	_	_	X	_	X	_	X
Business counseling	_	_	X	_	X	X	X
Institutional development	_	X	-	_	X	X	X
Others	_	_	_	-	_	_	_

5.5 Existing Capacity of BDSP

Strong institutional capacity is required for the service providing agencies to make sufficient services readily available to the entrepreneurs. In this regards, some questions were incorporated in the questionnaire. Majority of respondents (57%) reported that the existing capacity of BDSP was sufficient to provide the services to the entrepreneurs; 29 percent reported that the existing mechanism was partially sufficient whereas 14 percent said that the existing mechanism was not sufficient. According to respondents a series of training as well as other services are required to the entrepreneurs. However some BDSPs are found unable to provide required services for entrepreneurs within the given time of three months. In addition to this there is a lack of skillful and trained technical manpower (level 2 pass) required by BDSPs in the rural areas. FGD also indicated inadequacy of trained manpower with BDSP exerting adverse impact on quality, frequency and timeliness of their services.

Table no 5.6: Existing Mechanism

District	Sufficient	Partial sufficient	Not sufficient
Sunsari			X
Dhanusa	X		
Sindhupalchwok	X		
Nawalparasi		X	
Pyuthan	X		
Surkhet		X	
Baitadi	X		

5.6 Willingness to Provide Services

To obtain the information regarding the willingness of BDSPs to continue the services, related questions were incorporated in the questionnaire. Survey information shows that all BDSPs are ready to continue the services to micro - enterprises.

Table no 5.7: Willingness of BDSP

Name of Districts	Status of Willingness	
	Yes	No
Sunsari	X	-
Dhanusa	X	-
Sindhipalchok	X	-

Nawalparasi	X	-
Pyuthan	X	-
Surkhet	X	-
Baitadi	X	-

Where, X= Yes , Source: Field Survey 2013

5.7 SWOT Analysis of BDSP

The BDSP officials were asked about the SWOT of their organizations in providing services to the entrepreneurs. The common strengths include: well-furnished office, trained and experienced human resources, gender and social inclusive working committee and staff. The common weaknesses of the organizations are reported to be lack of sufficient resources, inadequate salary to motivate staffs. Linkages of the activities of BDSP with Governmental organizations, and multiple-donors in the project, improvement in income of the target groups are reported to be the opportunity of organizations reaching to the most disadvantaged groups. Strike, extortion, demand of donation from the political parties, armed groups (in Dhanusa), difficult geography to monitor the activities regularly and effectively (Baitadi, Pyuthan and Sindhupalchowk) are the key threats reported in the study (see Box…).

Table no 5.8: SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Sunsari			
Office, Equipment, sufficient staff, training	No sufficient resources	Linkage with the GoN	No problem
Dhanusa			
Capable Committee, PC, EDF No members in the BDSP are from the same family well-equipped office equipments (7 lap-tops, 1 multi-media and 1 OPD) Bought land for the office	Shortage of skilled human resources for developing proposals. Capable persons are being migrated, shift to other organization	Current partners: MEDAP, PAF, Ministry of Peace and Reconstruction Possibility of project from LGCDP	Demand of donation from the armed group and by others Threats from other organizations not to come as competitive one Political influence
NawalParasi			
Well- furnished office, inclusive executive committee, internal auditing system, regular review and monitoring and sufficient staffs.	Weak condition between local stakeholders, shortage of qualified technical level 2 passed manpower. Costly monitoring activity due	Establishment of processing unit of some agro based product particularly ginger and honey. Easy availability of raw material.	Geographical difficulty, wide diversification of activities.

	to geographical location.		
Pyuthan			
Well-furnished office Inclusive working committee Sensitive to gender and disadvantaged groups Regular renewal of the organization Internal auditing Transparency in the implementation of the program Formulation of annual program Regular review of the programs Regular meeting of the working committee Trained human resources	Weak information dissemination to field Costly monitoring, evaluation due to geographical difficulty	Incorporation of programs by the DDC Access to the remote and disadvantaged areas of the district Extension and coordination with many donor organizations Coordination and partnership with other districts Training, exposure visits	Weak monitoring from the concerned organization Donor driven project Less investment in the project from the community as expected Labor migration – resulting lack of skilled and capable human resources
Surkhet			
Good physical infrastructure Experienced and skilled staff Capacity to develop coordination and cooperation	No adequate fund Difficult to receive technology on time	Improvement in the economic condition of the target group Increase in coordination and cooperation with the partner organizations	Strike, Geographical difficulty – resulting poor monitoring
Baitadi			
Training Staffs, entrepreneur development training Team building, social mobilization	Lack of facilities, refresher training and less motivation due to lack of funding	Improvement in the economic status of the target groups Reduced social discrimination Employment generation	Geographical difficulty Lack of market support Focus only on hard core poor
Sindhupalchowk			
Well-furnished office Trained human resources Inclusive working committee Internal auditing Formulation of annual program Regular review of the programs	No adequate fund Difficult to monitor due to geographical difficulties	Incorporation of programs by the DDC Access to the remote and disadvantaged areas of the district Extension and coordination with many donor organizations Coordination and partnership with other districts	Geographical difficulty Cheap Chinese goods compared to the goods produced by the entrepreneurs

5.8 Perception of BDSPs on Resilience of MEs

When enquired about resilience of MEs all the BDSP personnel interviewed across the districts reported that the following activities should be carried out: increase the frequency of skill development training; provide marketing support activities and establish marketing channels; provide advance technology; regular counseling and field monitoring and increase the access to credit. In case of Dhanusa, the BDSP personnel also reported that there should be provision of tax rebate on import of raw materials for *laha* bangle from India and provision for food quality test.

Similarly FGDs also indicated need of following services of BDSPs to make entrepreneurs resilient.

- Provide refresher and advance training to entrepreneurs regarding the technology.
- Increase the linkage with financial institution for credit.
- Increase the time and budget for program of creation of entrepreneurs.
- Improve coordination mechanism between BDSP and DMGA.
- Properly apply objective wise selection process.
- Shorten the process of selection of entrepreneurs.
- Enhance technology support.
- Provide marketing management training.
- Enhance counseling service to entrepreneurs.

Chapter 6
MEDEP MODALITY OF MICRO-ENTERPRISES DEVELOPMENT

Entrepreneurship Development, Technical Skills Development, Access to Finance, Appropriate Technology Testing and Transfer, Marketing Linkages and Business Counselling, Social Mobilization for Enterprise Development are popularly known as MEDEP modality in Nepal . It is comprised of a number of steps and sub-steps as shown below:

6.1 Modality of MEDEP

1. **Identification of program location and Market centers**

Step I: Resource potential survey: This survey is conducted with Participatory Rapid Appraisal (PRA) technique for the assessment of availability of raw materials, socio-economic situation, identification of indigenous skill and market access .

Step II **:** Triangulation of findings: Findings of resource potential survey is verified with other district indicators, facts and surveys carried out by other projects, agencies and programmes.

Step III: Selection of market centre and program location: Based on the results of resource potential survey and triangulation, criteria for the selection of programme location is set. Generally market centre or program location is selected on the basis of (a) availability of raw materials, (b) local traditional skills (c) access to markets (d) settlement of potential entrepreneurs (e) demand and interest of target groups, among others.

Step IV ***:*** Submission of the Proposal: The proposed programme locations and market centres are submitted to the District Enterprise Development Committee (DEDC) formed under the chairmanship of the District Development Committee

Step V: Approval: DEDC review and approve the programme locations and market centres.

2. **Identification of potential Entrepreneurs**

Step I: Poverty mapping in selected program location through PRA to select the poor households.

Step II: Household (HH) survey through social economic baseline survey. The purpose of this survey is to collect basic demographic profile, employment details, sources of income, ownership status of land and other livelihood assets/capital, sources and level of income, management of food supplies of the potential households. For this, the MEDEP has developed a structured HH survey questionnaire (Form A).

Step III: Administration of survey questionnaire for the unemployed and potential entrepreneur members of the HHs. Having identified unemployed members in the households through the form A, the next questionnaires (Form B and Form C) is administered to them. This questionnaire focuses on the educational status, knowledge, skills, interest/priorities, economic sources, entrepreneurship background, family background, membership in other groups and associations etc.

Step IV: Selection of potential entrepreneurs within the selected households in participatory discussions and interactions with the concerned households.

3. **Establishment of micro-enterprises**

Step I**:** Identification of products which can be produced at the local level. In this step, **traders survey** (Form D) is carried out to identify potential markets, traders, market demand for the products (quantitative and qualitative), market situation and so forth.

Step II: Prepare the **potential list of products** which can be produced at the local level

Step III: Provide an **orientation and skill oriented training** to potential entrepreneurs focused on enterprise development, selection of appropriate enterprises, preparation of business plan, marketing etc

Step IV: Provide Start and Improve Your Business (SIYB) training which is comprised of the following sequential four packages: (a) Training of Potential Entrepreneurs (TOPE), (b) Training of Selected Entrepreneurs (TOSE), (c) Training of Existing Entrepreneurs (TOEE), and (d) Training of Growing Entrepreneurs (TOGE).

4 Follow up support services and technical backstopping: following activities are included in this step:

Activity 1: Group formation and organization

Activity 2: Assistance to receive financial services

Activity 3: Appropriate technology support services through skill oriented training and common facility centres

Activity 4: Impart remaining two training packages of SIYB-TOEE and TOGE

Activity 5: Assistance for establishing marketing linkages and market access

6.2 Assessment of MEDEP Modality

The model is based on two key things, firstly effective selection of potential entrepreneurs; secondly, rigorous entrepreneurship training to assist the participants to identify their latent entrepreneurship within themselves by themselves. The former is more focused on the target group. It uses a three pronged approach: the model focuses firstly on the demand of the potential beneficiaries and availability of local resources; secondly on the ability of the potential participants to use local resources; and lastly, on the market demand and potential for the products and services.

Social Mobilization

Enterprise Development Facilitators (EDFs) were fulltime employees and getting regular salary. MEDEP encourages EDFs and Programme Coordinators to establish Business Development Service Providing Organizations (BDSPOs), as a non-government and non-profit making organizations, and provides output based contracts to them under two different arrangements. Firstly, BDSPOs have to receive contracts through the respective DDCs for the establishment of new enterprises. Under second arrangements, MEDEP finances directly to the BDSPOs for providing follow-up services and technical and marketing support to the operating MEs. Social mobilization is weak, as leaving BDSPO by experienced EDFs is frequent due to low level of salary. Conducting social mobilization has become almost optional to BDSPs.

Technical skills development: Entrepreneurship development is necessary but not adequate. Therefore, DMEGAs and BDSPOs have been providing need based technical skill oriented training on demand to the entrepreneurs for a period ranging from 5 days to 3 month depending on product. MEDEP has not done any assessment of the training. Questions arise, is it a good idea to provide such long duration training? Is it really necessary? If it is intern type training, it should be acknowledged and reported. The good thing about the skill oriented training was using the successful entrepreneur's as trainer. However, FGDs show that the

MEs who have dropped enterprises, are still being used as trainers. Some participants of the FGDs were very critical about this. BDSPOs/MEDEP should follow it up and not use drop-outs as trainers.

Appropriate technology testing and transfer: This activity is also a key component of MEDEP model. MEDEP has been supporting the establishment of Common Facility Centre (CFC) for MEGs. Generally when building or common working place is needed for CFC, MEs are required to generate part of funding through VDC, DDC and other funding agencies aside from free land from the VDC and voluntary labour contribution of the participant MEs. Machineries and equipments are generally provided free of cost by MEDEP. MEDEP’s support for CFC was well appreciated by all respondents. CFC has provided not only working space for very poor MEs who lack space in their small houses to operate enterprises, but it has also created a learning platform for them. More than men entrepreneurs, women entrepreneurs are more enthusiastic and interested to work in CFCs because this allows them to come out of the house and free themselves from routine HH works.

CFC has provided opportunities for those who were earlier considered unbendable to become creditworthy, and to become a venue for testing and transferring appropriate technologies for MEs. However, a few participants in most of the FGDs reported that some of their colleagues have monopolized the equipments and using as private property. Therefore, MEDEP should strictly observe the principle that CFC facility is provided only to a group of individuals (individual or group proprietorship) but never allow becoming personal property. A programme like MEDEP can provide initial support for setting up CFCs and all the relevant linkages, yet does not have the time to do proper institution building of these group enterprises. The peer monitoring system can fail, giving rise to elite capture. Thus in any further implementation and scale up of MEDEP by the government, building strong and transparent governance systems in these organizations would be an important component to ensure these group enterprises be both inclusive and equitable, and also financially and organizationally sustainable.

Business counselling and Market linkages: Business counselling and market linkage component are important components for the success of MEs. For this, MEDEP has been conducting several supporting activities such as inter -districts exposure visits of successful MEs, support to fairs and exhibitions organized at district and central levels by trade related organizations such as Federation of Nepalese Chambers of Commerce and Industries (FNCCI), Federation of Nepalese Cottage and Small Industries (FNCSI), Federation of Handicrafts Association of Nepal (FHAN), financial assistance (travel costs) to selected MEs to bring their products to the fairs and exhibitions, assisting MEs to improve the quality of their products and label their products, and encouraging DMEGAs to operate market outlets in the district .

MEDEP has been supporting many products. So far, MEDEP has been spending most of its resources and time for the establishment of enterprises. Market research has just been initiated as part of the programme. Except for a few entrepreneurs most of the respondents do not have linkages with the markets. They sell their products and services in the local markets. MEDEP’s support to enhance competitiveness among MEs was not adequate compared to the need stated by the MEs. Discussions with MEGs revealed that processors and traders who have direct linkages with markets have not shared their profit margins equitably with the primary producers.

Effectiveness

FGDs with key stakeholders, MEGs, BDSPOs and MEGAs revealed the following success factors of the MEDEP modality which have either individually or together contributed to the effectiveness of the programme. There are several factors responsible for the success of MEDEP modality. Key factors are:

Assisting people to identify latent entrepreneurial skill by themselves: Many organization or projects directly give the cash or materials support to develop as well as operate the enterprises. But, MEDEP focused to support on the social mobilization, counselling, motivation and providing opportunities to participate in training like Start and Improve Your Business (SIYB), and organizing training at the Spots (village) so that women and poor people could participate.

Targeting and selection of poor people: The result of FGDs with DDCs, BDSPOs, DMEGAs, EDFs, CFCs, Entrepreneurs and others revealed that targeting of the poor and identification of entrepreneurs within the household are very strong and crucial in MEDEP. The targeting process within the MEDEP model combines both the qualitative and quantitative methods. In qualitative method, participatory well-being ranking and household survey are implemented.

Key to the success of this program in reaching more than 60 % women and 20% Dalit and other excluded groups is the combination of the qualitative and quantitative method.

Group approach to enterprise promotion: Potential micro- enterprises are encouraged to group. Group approach is expected to be more cost efficient and enable BDSPOs and DMEGAs to reach a large number of participants timely and effectively. The importance of group is discussed with them.

Technical advice and supervision of the grass root service providers from APSOs and MEDEP. During the interaction, officials or many BDSPOs and DMEGAs indicated timely support and technical advice as one of the key factors for the effectiveness of the programme. Most of the BDSPOs and DMEGAs highlighted the need for timely supervision and guidance from the professional staff and experts.

6.3 Strength and Weaknesses of MEDEP Modality

Despite the effectiveness of this modality, there are some weaknesses. The strength and weaknesses of the modality is presented below.

Table no 6.1: Strength and Weaknesses of MEDEP Modality

Strengths	Weaknesses
➢ Targeted poverty reduction program which has emphasized gender equality and focus in poor peoples and women. ➢ Priority to use local raw materials, resources and facilities. ➢ Program focused on enterprise that generates income and employment opportunities for youths ➢ Directly support the livelihoods of the poor and excluded ➢ A demand based model	➢ Inadequate services and support for ensuring market access for the MEs ➢ Inadequate monitoring and supervision ➢ Short-term contract (Three months) with DMEGAs and BDSPOs ➢ Insufficient market development activities

Source: Field survey and FGD

According to FGD, KII, DMEGA, BDSPs, the existing modality of MEDEP is good. But, implementation time is not sufficient. Currently BDSPs are required to complete several activities such as feasibility study, identification of project, training, social mobilization and establishment of enterprise etc within a short period of three months. Because of time constraint, often quality is compromised. Therefore for better result, present study recommends to expand the time period of implementation by three more months. This will also help MEs to be resilient. The activities wise breakdown of time period is given bellow:

Table no 6.2: Proposed Time Frame

S.N	Activities	Time
1	Pre-feasibility study for opportunity and location Identification	1 month
2	Identification and Selection of potential entrepreneurs and social mobilization	1 Month
3.	Business Plan development	1 month
4	Establishment of micro –entrepreneurs (training , Technical support etc.)	1 month
5.	Follow up	1month
6	Feedback and modify	1 month

Chapter 7

Status of the Resilience of MEDEP Enterprises

7.1 The Concept

Generally resilience is understood as the ability to bounce back from entrepreneurial failure. Resilience is also used to describe good developmental outcomes despite high risk status, sustained competence under stress, and recovery from trauma (Werner, 1995). Resilience may be viewed as a measure of successful stress coping (Connor et.al.2003). Resilience is mainly the result of interaction of business enterprises with their environments and the processes that either promote well-being or protect them against the overwhelming influence of risk factor.

The concept of resilience has emerged as a factor that protects entrepreneurs against the threat posed by challenges in the business environment (Chen &Yung 2009, Karra et.al.2008). Business resilience refers to the ability of a business to protect itself from untoward unexpected events and risks and to continue the business in changing business environment and surroundings. There are internal as well external events that could disrupt business operations. Increasing competition, continuous technological development, increased use of information technology, and greater market uncertainty are the major challenges of current business environment. Thus the issue of resilience is linked with improving competitive strength, adoption of improved technologies, market as well as product diversification which reduce vulnerability of business.

Micro-entrepreneurs are considered to be more vulnerable to the change, given the more limited range of risk management mechanism they can access. A MEDEP enterprise is assumed to be resilient if it has market linkages to be able to innovate, grow business and overcome shocks.

7.2 MEDEP Interventions

In order to make MEs more resilient MEDEP has made following interventions

(a) Comprehensive training in financial analysis and management

(b) Tailor made training in general business management

(c)Entrepreneurship education-think and act like an entrepreneur

(d)Facilitation for adoption and adaption of improved and advanced technology (e)Facilitation for their accessing financial capital

(f) Strategic linkages with DMEGA, Cooperatives, DEDC, Business houses and other resources rich service providers

(g)Encourage bulk quality production, purchase and collective marketing

(h) Strengthen micro-enterprise assessment process and help them define their growth goals

(i) Provide additional advanced or refresher trainings

(j) Create mentoring opportunities for micro-entrepreneurs and

(k)Build networks of entrepreneurs/marketing opportunities.

7.3 Resilience Test

The business continuity is the central point of business resilience. Future continuity of a business is largely directed by its past performance. But success of an enterprise also depends on its current strength and future plans as well as strategies. Hence in order to appraise resilience of an enterprise it is required to evaluate its past performance indicators as well as future business approach.

Enabling business environment is required for the sustainability of micro-enterprises. Business environment may differ from one country to another and from time to time. Generally ability of enterprises to absorb the shocks (internal and external) is considered as resilience. There are number of factors that affect resilience of enterprises. These factors are broadly categorized into three viz economic, social and technical. Economic factors contain market competition, access to market, availability of raw material, and access to capital and finance. Social factor includes social networking of enterprises. Likewise technological factor contains adaptation of improved technology.

Profit is the main indicator of business resilience. However many more indicators need to be tested in course of proper diagnosis of resilience. MEDEP considers profit and age of the enterprise as two main indicators of resilience. A micro-enterprise running a profitable business for last two years or more after graduation is resilient (MEDEP's approach to deliver resilient micro entrepreneurs). If this narrow definition of resilience is used, 59 percent of MEs (156 out of 385 surveyed MEs) are resilient. However as reflected in ToR, MEDEP also expects Micro-enterprises to achieve following factors in order to be more resilience.

1. Increase in the size
2. Increase in the sales volume

3. Increase in profit retention
4. Increase in number of clients
5. Product diversification
6. Adaptation of and upgrading to improved technology
7. Increase in market network
8. Moving from part time to fulltime engagement in business
9. Expanding entrepreneurs outreach

Thus considering above facts and in line with MEDEP's expectations for resilience, the study team sets following 14 indicators for resilience test.

1. Increase in sales volume
2. Increase in investment
3. Profit
4. Increase in profit retention
5. Increase in number of client
6. Increase in production capacity
7. Adaptation of and upgrading of improved technology
8. Increase in marketing networks
9. Increase in employment
10. Business age
11. Relation with other organizations
12. product diversification
13. Availability of raw material
14. Business plan

A scoring criterion has been applied in order to test resilience of the enterprises surveyed in this study. An enterprise gets one mark for attaining an indicator and zero mark for not attaining an indicator. As there are 14 indicators, the full mark is 14. Those enterprises attaining 11 indicators (securing 75 percent) and above are considered as resilient and attaining 8 to 10 indicators (scoring more than 50 percent) are considered as "potential to resilient". All enterprises securing 50 percent or less mark are considered as non-resilient.

Based on above test, it is found that 7.79 percent enterprises are resilient and 40.52percent enterprises are potential to be resilient. Rest 51.69 percent enterprises are considered to be non- resilient.

Table no 7.1: Resilience Status of Surveyed Enterprises

Status	Non Resilient	Potentially Resilient	Resilient	Total
Score	Up to 7	8 to 10	11 to 14	14
Number of Enterprises	199	156	30	385
Percentage	51.69	40.52	7.79	100

Source of data: Field Survey, 2013

Category wise the resilience ratio is highest in construction followed by service based enterprises. Out of 12 construction enterprises, 3 enterprises (25 percent) are resilient. Similarly, 11.69 percent service enterprises are resilient. The resilient ratio is lowest at 5.08 percent in forest category. Agriculture category has resilient ratio of only 6.35 percent.

Table no 7.2: Category wise Resilience ratio of surveyed MEs

Category	Non - Resilient		Potentially Resilient		Resilient		Total	
	No. of MEs	Percent	No. of MEs	Percent	No. of MEs	Percent	No. of MEs	Percent
Agro	93	49.21	84	44.44	12	6.35	189	100.0
Service	36	46.75	32	41.56	9	11.69	77	100.0
Forest	36	61.02	20	33.90	3	5.08	59	100.0
Artisian	19	50.00	16	42.11	3	7.89	38	100.0
Construction	9	75.00	-	-	3	25.0	12	100.0
Tourism	5	83.33	1	16.67	-	-	6	100.0
IT	1	25.0	3	75.0	-	-	4	100.0
Total	199		156		30		385	

Source: Field Survey, 2013

Although resiliency ratio is low, the number of resilient enterprises is highest (12) in agriculture category, followed by service. Of the total resilient enterprises agro enterprises and service enterprises account for 40 percent and 30 percent respectively. Also Category-wise most of the potentially resilient enterprises belong to agro-based enterprises (84), followed by service (32) and forest (20). This indicates that reform should be focused on agriculture, service and forest sectors.

Table no 7.3: Category wise Resilience status of surveyed MEs

Category	Non – Resilient	Potentially Resilient	Resilient

	No. of MEs	Percent	No. of MEs	Percent	No. of MEs	Percent
Agro	93	46.74	84	53.85	12	40.00
Service	36	18.09	32	20.51	9	30.00
Forest	36	18.09	20	12.82	3	10.00
Artisian	19	9.55	16	10.26	3	10.00
Construction	9	4.52	-	-	3	10.00
Tourism	5	2.51	1	0.64	-	-
IT	1	0.50	3	1.92	-	-
Total	199	100.00	156	100.00	30	100.00

Source: Field Survey, 2013

Altogether 156 (40.52 percent) enterprises are found to be potential to be resilient. But to make them resilient various supports are required. To identify areas of support service required, attainment of different indicators by potentially resilient enterprises is analyzed. It is found that most of the enterprises (147) are failed to develop relationship with other organizations. Likewise expansion of marketing network, adaptation and upgrading of improved technology and product diversification are found to be weak areas of resilience. This indicates that MEDEP should facilitate MEs establish and develop relationship with other organizations. It should also accord priority in providing training on marketing, advance technology and product diversification

Table no 7.4: Main Indicators to be addressed for Resiliency

Indicators	Number of enterprises not attaining the indicator		
	Non – Resilient	Potentially Resilient	Resilient
Sales Volume	143	9	0
Increase Investment	94	27	2
Profit	150	7	0
Increase profit Retention	152	5	0
Increase number of client	165	43	1
Increase Production capacity	104	15	1
Adaptation of Improved technology	190	120	10
Increase marketing Network	178	121	11
Increase in employment	189	129	13
Period of operation	0	0	0
Relation with other organization	187	147	27
Product Diversification	182	119	12
Availability of Raw material	44	19	5
Having Business Plan	60	37	0
Total			

District wise, both Sindupalchowk and Pyuthan has highest (10.91) percentage of resilient enterprises, followed by Dhanusha (9.09 percent) and Sunsari (7.27 percent). Rest all three districts have lowest percentage of 5.46. Baitadi, however, has highest percentage (49.09) of potentially resilient enterprises followed Sunsari (45.46 percent) and Surkhet(43.64percent). Therefore these districts should get priority in resilience programs.

Table no 7.5: District wise Resilience status of surveyed MEs

Districts	Non – Resilient		Potentially Resilient		Resilient		Total	
	No. of MEs	Percent	No. of MEs	Percent	No. of MEs	Percent	No. of MEs	Percent
1. Sunsari	26	47.27	25	45.46	4	7.27	55	100.0
2. Dhanusha	32	58.18	18	32.73	5	9.09	55	100.0
3. Sindupalchowk	30	54.55	19	34.54	6	10.91	55	100.0
4. Nawalparasi	32	58.18	20	36.36	3	5.46	55	100.0
5. Pyuthan	26	47.27	23	41.82	6	10.91	55	100.0
6. Surkhet	28	50.90	24	43.64	3	5.46	55	100.0
7. Baitadi	25	45.45	27	49.09	3	5.46	55	100.0
Total	199		156		30		385	

Source: Field Survey, 2013

7.4 Cost of Resilience

Altogether 32408 entrepreneurs are active in 38 districts in Nepal under MEDEP interventions. Survey indicated that out of the total active MEs only 7. 79 percent MEs are found resilient. Rests 40.52 percent MEs were found to be potentially resilient and 51.69 percent MEs are found Non resilient. This indicates that separate types of facilities or treatment are required to make them resilient. Based on the category of to be resilient and non-resilient MEs, required cost is estimated separately.

Cost for to be Resilient MEs

Study identify that adaptation of improved technology, increase marketing network, relation with other organization and product diversification activities are required to make the enterprises resilient. To address these identified activities, package training, contained of Relationship development, adaptation of improvement technology, product development and marketing is recommended. Also frequent stakeholder meetings, local level trade fairs, and exposure visits need to be organised. Similarly marketing centres and business information centres should be established. Technology up gradation support is required particularly for technology improvement and product diversification. For all these activities e total cost is estimated to be rupees 544786 thousand is required. Sub-activities wise cost breakdown is given below:

Table no 7.6: Estimated Resiliency Cost for to be Resilient of Enterprises

Activities	Unit	No of MEs	Per unit cost (Rs)	Total cost (Rs)
Package Training for skill enhancement(Relation development , Adaptation of improvement technology , Development marketing activities)	1	12963	12000	155556000
Stakeholder Meeting twice a year in each district	76		100000	7600000
District level Trade fair	38		500000	19000000
Exposure visit				5000000
Establishment of Marketing Centre one in each district	38		5000000	190000000
Technology up-gration support (Equipment/Tools)		12963	10000	129630000
Establishment of Information centre			1000000	38000000
Total				**544786000**

The number of non- resilient MEs is estimated to be 16952. They can be upgraded with some more trainings and support. The estimated cost for uplifting them to' potential or to be resilient' is Rs. 678080 thousand. Activities wise cost breakdown is given bellow:

Table no 7.7: Estimated cost for Non-Resilient to be Resilient of Enterprises

Activities	Unit	No of MEs	Per unit cost	Total Cost
Refresher raining	1	16952	15000	254280000
Business planning training	1	16952	5000	84760000
Technical support (Equipment and material)	1	16952	20000	339040000
Total				**678080000**

According to the information received from Survey, FGD and KII , MEs may not be able to bear all required cost for resilience. However, they may share some cost. Yet large amount of investment can-not be expected from them for this purpose. As Government has already internalized MEDEP and launched MEDPA , it will have to bear major part of the cost.

Chapter 8
Conclusion and Recommendations

8.1 Conclusion

The study finds that most of the micro enterprises have been able to contribute in employment creation and improvement of livelihood of the rural people in terms of social sector expenditure and women empowerment.. Most o them have achieved success in terms of production, sales, profit earning and other business indicators. BDSPs are providing different types of support to them and willing to continue it. In addition to BDSPs, DMEGA and other institution are in place to support micro enterprises. Hence, the scope of being these enterprises resilient is high, provided capacity building particularly on technology adaptation and up gradation, product diversification, marketing network and relation with other organizations is enhanced.

8.2 Recommendations

Based on the information gathered from different stakeholders through survey, FGDs, KII and secondary sources and their analysis, following recommendations are presented to make micro-enterprises resilient. Recommendations are placed in two sections. One section contains general recommendations applicable to all MEs to become potentially resilient, resilient or more resilient. Another section contains of specific recommendations to convert potentially resilient MEs to resilient

8.2.1 General Recommendations

1. Raise education level of Entrepreneurs: The level of formal education of micro-entrepreneurs is low. The number of entrepreneurs having higher education is small. As education plays vital role in expanding and upgrading business, it is recommended to raise education level of micro-entrepreneurs through formal or informal programs.

2. Establish fund for rehabilitation of sick micro-enterprises: A large portion of micro enterprises are inactive or sick. In the selected district, out of 12333 enterprises 5241 are not active or sick. It is desirable to rehabilitate these enterprises on the basis of viability. For this, it is advised to establish a fund

3. Launch special program for ensuring sustainability of locally available raw materials: Most of the micro-enterprises use locally available raw material. However, most of them do not take any initiative to protect and preserve the sources of such raw materials. Therefore, MEDEP or DMEGAs should launch special programs to ensure sustainable supply of locally available raw materials.

4. Provide Refresher and Advance Training: A basic training is provided to entrepreneurs by BDSP and DMEGA before establishment of an enterprise. But there is lack of adequate refresher or advance trainings to cope with changing business environment and technology. As business is a dynamic activity onetime training is not enough. Refresher or advance trainings should be provided as and when required.

5. Future training programs for micro-entrepreneurs should give a higher priority to marketing: Most of micro-enterprises sell their products in local market. They lack knowledge on national and international marketing. But most of the MEDEP trainings are production oriented. Therefore, in future trainings, priority should be given to marketing in order to make micro entrepreneurs able to reap benefits from national and international market.

6. Develop market Infrastructure: Adequate and efficient market infrastructures such as transport network, warehouse, market centers, laboratories for quality control etc. help to make micro-enterprises more resilient. So efforts should be made to develop such infrastructures.

7. Enhance access to credit: Although financial sector has been remarkably expanded, all stakeholders report that access of credit is still limited and difficult. Therefore, it is recommended to undertake a study to identify constraints and remedial measures in this regards. As the survey of BDSPs reveals that all BDSPs are not providing required services in this regard, it is also recommended to activate them for this.

8. Strengthen BDSPs: BDSPs are supporting pillars of MEs. The success of MEs largely depend on adequacy, quality, appropriateness and timeliness of support services provided by the BDSPs. BDSPs should be able enough to meet the services required not only to create MEs but also to make them graduate and resilient. However, currently it is reported that often BDSPs are unable to meet those requirements. Therefore, it is recommended to frame qualifying criteria for BDSPs. Also MEDEP should provide trainings for BDSPs in order to make them able to deliver services not only for production but also for national and international marketing.

9. **Extend Contract Period for BDSP:** BDSPs create MEs on the basis of contract with APSOs. To create MEs, BDSP has to carry out a number of activities including training. If properly done without compromising quality, it takes about six months to carry out all these activities. However, APSOs provide only three to four months. Therefore for better result with high probability of success, it is recommended to extend the contract period for six months.

10. **Strengthen DMEGAs:** DMEGAs have crucial role in monitoring of MEs. For making monitoring of MEs more effective, it is recommended to strengthen the DMEGAs with more human and financial resources.

11. Develop MEs across the value chain: To make distribution more efficient and cost effective and to extend MEs in trading and related service activities it is recommended to promote MEs across the value chain of certain viable products in which large number of MEs are engaged, While doing so MEDEPs practice of empowering women and socially excluded disadvantaged/poor people should be strictly followed. This will also help to create a women friendly market structure for MEDEP products.

12. Promote Business Linkages: As small in size, MEs may not be able to perform both production and marketing activities. This is more so in case of export products. What is important is to establish business linkages with other members of value chain and promotional agencies such as TEPC, NMEGA, FNCCI and FNCSI. .

13. Improve MEDEP Data Base: MEDEP has maintained a data base with fair amount of data on micro enterprises. But it still lacks important data such as volume of production , sales etc. To make it more useful in policy formulation and program design, it is recommended to improve the data base.

8.2.2 Specific Recommendations for resilience of potentially resilient MEs

1. Organize Stakeholders meeting, Trade Fairs and Exposure Visits: The study shows that most of the potentially resilient MEs do not have relationship with other organizations. Therefore, to develop wider and strong public relation with all concerned organizations, it is recommended to held frequent stakeholders meetings, district level trade fair once a year and exposure visits.

2. Provide Package Training: Among various indicators of resilience, relation with other organizations, adaptation improved technology; product diversification and expansion of market network are found weak among potentially resilient MEs. Therefore it is recommended to design and conduct a package training contained of public relations, adaptation of improved technology, product development and marketing for potentially resilient MEs.

3. Provide Technology Up-gradation Support: As incentive to adopt improved technology, support should be provided in the form of machineries, equipments and tools so that MEs are encouraged to adopt improved technology.

4. Establish Product Development Centers: For product diversification, knowledge on product development is required. It also demands research and development. MEs may not be able to afford it individually. Hence it is suggested to establish and run such centers by MEDEP.

5. Establish Marketing Centers: Marketing network of MEs is not strong. If marketing centers like Saughat Ghar are replicated in each district, it will help potentially resilient MEs to be resilient.

6. Establish Information Centers: Without enough knowledge and information, appropriate product development and marketing is not possible. Therefore, establishment of information centers is recommended for capacity building of potentially resilient MEs to become resilient.

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Annex 1: Case study

1. A successful woman

Dhanmala Budhamagar is a resident of sugauliwang VDC ward no.3 Pyuthan. Previously she was just a house wife doing only household works. Having no skill in her hand, she spent her life only on household works such as cow grazing, farming, grass cutting etc. These non-monetary hard works were not sufficient to meet the basic needs of the family and she had to depend on her husband's income who had gone abroad to work as a labour. But the income from abroad was also not sufficient to cover their expenses. Hence she had to take loan from money lender to meet their needs, which was even not sufficient for them. Thus she was struggling with such a hard life.

In 2055 through MEDEP, she involved in "Kothi Himal Allo Production and Processing Micro Enterprise Group". She took different entrepreneurship development and Allo weaving trainings and started her own Allo Handloom and Allo Weaving Enterprise.

Dhanmala Budhamagar is very much confident on her own enterprise and also giving skill development training to other village women. All her domestic expenses, school fee for children, medical expenses, even repayment of loan are covered by the profit she earns. Currently she earns Rs. 15000/- per month and with her income she had already purchased assets worth of about Rs. 2 lakh. She saves Rs. 1040/- per month in cooperative. With all these economic activities, Dhanmala Bhudhamagar has made her own identity in the village as a successful woman entrepreneur.

2. Pinki Devi Das: A Successful Story

Pinki devi Das, a house wife woman, of Paudeshwor VDC of Dhanusha district was spending very hardly life with her husband, who was a labour, a daily wage earner. Having no family support and being involved only on domestic work, she had to depend on her husband's income which was not sufficient to meet even basic needs. Her family used to believe that women should be involved only in household activities (not in business). Therefore there was no support to her from her family. Instead there was discrimination against her from her family.

Pinki heard from a entrepreneurship development facilitator that a skill development training programme on Lahachura (a kind of bangle) being organized by MEDEP in Paudeshwor VDC. She was interested to participate but only two persons from Paudeshwor VDC were invited to participate the programme. So she could not attend the program. Then Pinki went to Mansinghpatti for training. But the training was for the people living Mansinghpatti only. But with the help of training supervisor Raghu Bir Singh of Dhanusha she became able to participate in the training programme. During the training period she suffered from lots of difficulties. She had to walk daily with hungry stomach. There was no support from her family.

After completing her training Pinki borrowed a loan of Rs. 1500 from her group and started her own business of laha bangle in 2007 September. But there was no support from her family. And also there were problems of lack of capital and non availability of raw material. Now Pinki is a successful entrepreneur.

She is also a source person to give training for other women. Till date, she has already given training to 200 people in Janakpur, Lahan and other different places. In compensation she gets 600 rupees per trainee which was only 500 rupees previously. She charges 3000 rupees per person if any individual comes to her residence for training. She earns Rs. 80 thousand to 1 lakh annually from her training. MEDEP has supported her for providing trainings on entrepreneurship, leadership and marketing and also supported Rs. 1 lakh to purchase a kathghara (wooden hut). MEDEP also provided her all tools required for making laha bangle.

Pinki is now financially strong. She is able to meet her children's education expenses of about 18 thousand per year. Her children are studying in boarding school. She has raised total capital of Rs. 95 thousand in her business, and her annual income is 120000 rupees. She has purchased household items worth about 200 thousand.

Now her family also supports her. There is no discrimination against her. Her life has been easier. She is satisfied and committed for education of her children and to grow her business.

3. Dil Kumari : A Successful Micro- entrepreneur

Dil Kumari, born in Chautara and married in Kunchowk VDC, Sindhupalchok, was suffered not only from racial discrimination but also from poverty. Despite her willingness to do some business she could not do so due to lack of capital. She was helpless and unemployed. As she did not have any earning, her parent in laws used to discard her. In such a difficult situation she came to chautara, started to work as a daily wage labourer to produce copper and brass wares with traditional skill. She also worked as a labourer to operate iron furnace on daily wage basis. Income from these sources was not enough to meet the domestic expenses. She used to live in a small rented room.

In 2063, MEDEP started its programme in Sindhupalchok district. Dil kumari was selected as a participant for business orientation program. Attending this program, Dil Kumari had a perception that development of a poor country like Nepal is not possible without developing traditional skill into a professional one. Later she obtained lapsi and ginger processing training and started her own micro enterprises on these products with the support of MEDEP. Having four years experience and good income, she participated in a 7 days fair held at Bhurikuti mandap organized by MEDEP. This gave her good knowledge about market. Now, she has diversified her business to utensil store, sheep farming and breeding of goat. She earns 400000 rupees from pig farming per year, 5000 rupees from utensil store per month. She has purchased a house about 5000000 rupees at chautara at main road and one house with four rooms is being constructed at Gairi Gau in chautara.

Meeting all the expenses including college fee of her two sons and one daughter, Dil Kumari is able to deposit 200 rupees daily in group and deposit 500 rupees monthly in deposit scheme. According to the baseline survey conducted by MEDEP, previously Per capita income of her family only was Rs. 6490 rupees. Now it is 126000 rupees. Her husband and one son has also become entrepreneur. Now Dil Kumari has made her own identity in the village. She has earned both money and prestige. Her family members are also now supporting her. She is happy with her entrepreneurship.

4. Dhani Ram

Dhani Ram, a resident of Dasharatha Muncipality ward no. 1, Baitadi is a 43 years old man. He is just literate and has six members in his family with wife, two sons and two daughters. He had very hard life suffering from hand to mouth problems. In order to overcome the problem he went to India and spent six years in Banglore and six years in Panjab. But the income was not enough to cover his family expenses. Then he returned to his town in Nepal. In 2057/58 with the help of MEDEP, Dhani Ram took hair cutting training and started his own saloon with a small investment of just 200 – 300 rupees. Now he has investment of approximately 100 to 150 thousand rupees in his saloon.

Now, Dhani Ram's daily earning is about 500 – 700 rupees. He has 1 ropani land. He has built one house costing 3-4 lakh rupees from the income of saloon. He has investment of about 40000 rupees and also had one shop with a value of about 2 – 2.5 lakh.

Dhani Ram has great desire to educate his children and has been investing on them. Thus Dhani Ram has improved his financial condition with the help of DMEGA / MEDEP. Dhani Ram has bitter experience of racial discrimination. As he is from lower caste he could not enter into restaurants 18 years before. But things have changed now. He can sit and eat even with upper cast people. He can earn his life in his own native land with skill given by MEDEP and Government as well.

5.Harikala Sijapati: A worker and an employer

Harikala Sijapati, the resident of Solighopteki ward no. 1, is known as a successful entrepreneur in Surkhet, Birendranagar. She established Srijana Dalmot Enterprise jointly with Chandra three years before. In initial stage Harikala had to face many problems such as marketing and non availability of raw materials.

Now being able to produce quality products demand of her product exceeds supply. All raw materials are also started to be available in local market in reasonable price. Her efforts and quality product helped her to expand the business now.

Previously, she was involved in weaving threats, which was not sufficient to meet her basic needs. But when MEDEP came to her village, she had an opportunity to take the training and with the machinery support of about Rs. 75000/- Harikala Strated Dalmoth Business. She earned 3 lakh 87 thousand rupees in three years. She is generating employment opportunity to others also. Hence, she has proved herself as a legend of both worker and employer.

6. Successful entrepreneurship story.

Sabitri Devi Chaudhari, with two sons and a husband lives in Tutaha VDC of Duhavi ward no-3 of sunsari district.

Before starting an enterprise, being a housewife Sabitri was spending a very hard life with her two sons and husband. She had to sold her property of 18 katha land for surgical treatment of her stomach. She suffered from hand to mouth problems and lived below poverty line. But when MEDEP came in their village, she got an opportunity to involve in MEDEP program and took seven days business training and three months Jute weaving training from office of Cottage and Small Scale Industries.

Later on she started her own Jute Jhalla, Enterprise. The weaving style and quality of her Jute Jhalla attracted others and she established herself as a trainer. MEDEP and office of Small and Cottage Industries hired her as a trainer and she has given training in 8 VDCs.

Since one and half years, she has been continuously involving in giving training to many other women. Now she is a member of DEMEGA and Chairperson of Micro Enterprise Group. She had participated in Pokhara and Chitwan Industrial Fair. She also took part in DEMEGA national meeting in Kathmandu and became a member of DEMEGA National Committee.

Now Sabitri is known as a successful entrepreneur with enough income. She is able to send her sons in School and College. With the support of DEMEGA and her family, she is able to raise her living standard from below poverty level.

7. Durga Devi: A successful Honey Entrepreneur

Durga Devi Poudel, a resident of Sunwol VDC ward. 1, Nawalparasi, married in early age. Both husband and wife, being unemployed, spent their life in scarcity and poverty with three children and with their parents. Having no skill, her husband Jayalal Poudel worked in

Lumbini Sugar Factory as a labor and she also worked in village homes. Even then their income was not sufficient to meet basic needs of their family.

In 2050, MEDEP came in their village and she was selected to take training on Bee keeping. Durga Devi started her own Bee keeping farming with7000/- rupees. On her way of farming, she suffered from many problems and was ready to shutdown the farming business. But, in the mean time MEDEP again gave assurance to support her business. This raised her confidence and with the jill of success in one day, she continued her farming business. Initially she started Bee keeping with only two Ghar. But now she has 36 Ghars. She sells her honey of about 2.5 to 3 quintal annually. In 2063 her husband gave up his all labor works and involved in bee keeping farming full time. Even her children have also got opportunity to learn the skill and helped her in leisure time. Durga Devi has opened a Shop in her house to sell honey. She earns 250000 rupees annually. With her income she had already purchased 4 Katha land and build one house. She has been able to send her all children to college. From initial stage to till date she has made total investment of 150000/ rupees and now she has capital formation of 540000 rupees. Durga Devi is generating employment to others. She has made herself a successful bee keeping entrepreneur which raised social prestige in the village. She is very satisfied with her business and wants to inspire other women to involve in this business.

Annex 2: Questionnaires

Section I. General Information

1.1 Name of Entrepreneur: ………………….

1.2 District:………………………1.3 VDC/Municipality……………………. 1.4 RMC……………. 1.5 ward no. ………….. , 1.6 Age: ……………….. 1.7 Sex : Male…1, Female ….2 1.7a Disability status (if disabled specify)…….
1.8 Caste/ethnic groups: Chhetri/Brahman….1, Adibasi/Janajati (Indigenous Nationalities)….2, Dalit…3, Others (Specify)……..1.8a Whether conflict affected family (yes…..1, no…..2)
1.9 Family Size: ……………………..1.9

1.9a Composition of the Family

Age groups	Male	Female	Total
0-4			
5-14			
15-24			
25-59			
60 and above			

1.9b Education

	Male	Female	Total
Illiterate			
Below 5 class passed			
Below 10 class passed			
SLC passed			
10+2 passed			
Above 10+2 passed			
National Skills Testing Board (NSTB) under Council for Technical Education and Vocational Training (CTEVT) exam passed, what level?			

QN	Questions	Options
1.10	Type of operating enterprise	Individual...........…………1 Group based-enterprise …..2 Company.......................3 Cooperatives.......................4 Others (specify)..................
1.11	Date of Enterprise establishment?	
1.12	How many members are involved?	…………

		Category of enterprise	Number of enterprise	Activities of enterprise
1.13	Category of Enterprise (Please also ask the number of enterprise within the enterprise) *(Multiple answer possible)*	1.Agro-based……. 2. Forest based…… 3. Tourism based… 4. Artisan based…. 5. Service based---- 6. IT based…….. 7. Construction based… 8. Tourism\based …… 9. Others……….	…………… ……………. ……………. ……………. …………….. ……………..	…………… ……………. ……………. ……………. …………….. ……………..

1.14	Registration of the enterprise?	Yes..1 No..2
1.15	If yes, where?	VDC/Municipality..................1 CSIO/CSIDB..........................2 Company registered office........3 Cooperative.............................4 Others (specify).............
1.16	Affiliation/Membership with other organization	MEG, MEGA.............................1 DMEGA.....................................2 NMEFEN................................3 FNCSI…………………………4 FNCCI……………………………5 Cooperatives…………………...6 Others (Specify)……...
1.17	How actively the enterprise is operating?	Sick (casual)............................1 Seasonal.................................2 Active (year round)..................3 Graduated 4
1.18	Sources of raw materials *(Multiple answer possible)*	Locally available resources......1 Self-production ……………......2 Purchase from local market…..3 National Market……………….4 International Market ………….5
1.19	To what extent it is easy to collect/buy the raw materials?	Very easy................................1 Easy.......................................2 Low.......................................3
1.20	If very easy or easy, why so?	
1.21	If low, why so?	
1.22	If your or your group enterprise is forest based then how easy or difficult has been to draw raw materials from the community forest or private forest or government forest?	It is easy…………………1 It is difficult……………..2
1.23	If you are facing difficulty then what are the difficulties (list down)	1…. 2…. 3…..
1.24	If your or your group enterprise is agro-based	It is easy…………………1

	then how easy or difficult has been to draw raw materials for processing enterprise and technology and market for primary production?	It is difficult……………..2
1.25	If you are facing difficult then what are the difficulties (list down)	1…. 2…. 3…..
1. 26	Have you initiated any activities to make sustainable of raw materials? (Environment friendly -harvesting plans ....),	Yes…………………………......1 No………………………………2
1.27	If yes, types of activities initiated?	………………………….
1.28	Had prepared your business plan before you started your enterprise?	Yes…………1 No…………..2
1.29	Did you practically apply it?	Yes…………1 No…………..2
1.30	If yes, what were the advantages? (list down)	1…….. 2……. 3……..
1.31	If no then how did you manage to run your enterprise?	1…………….. 2……………… 3……………….
1.32	If you have revised your business plan then how many times and why?	Revised Times……… Why? ………
1.33	Who helped you to prepare business plan initially and now can you prepare your business plan by yourself or by your group? If yes then please provide the format of business plan you are using?	
1.34	If no then who should help you and are you ready to pay for preparing business plan by consultant (EDFs) or experts? If yes, then how much you can pay and if not then who should provide support if MEDEP does not pay?	1. Ready to pay NRs………. 2. No, should provide support by ……….

Section II. Investment, Production and Sales

QN	Questions	Options
2.1	Size of Initial (date) investment in Rs.	....
2.2	Source of Investment *(Multiple answer possible)* *(In case of kinds, please convert it into cash)*	1. Self (Rs)…………. 2. Loan (Rs.) (MEG, cooperatives, FIs)............. 3. Grants (Rs.)................
2.3	If grants, which organizations provided it?	....
2.4	Current investment in Rs	……………
2.5	Source of current investment (financial access)	1. Self (Rs)…………. 2. Loan (Rs.) (MEG, cooperatives, FIs)............. 3. Grants (Rs.)................

2.6	If grants, which organizations provided it?	If Rupees: If materials:
2.7	Annual production capacity of your enterprise?	Product ………… Volume…………… Unit…………
2.8	Annual production of your enterprise by month during the last 12 months?	Product ………… Volume…………… Unit…………

Srawan	Bhadra	Aswin	Kartik	Mangsir	Poush	Margh	Falgun	Chaitra	Baishak	Jestha	Ashad	Tot

QN	Questions	Options
2.9	If production capacity is not fully utilized, reasons for it?	1………………….. 2…………………… 3……………………
2.10	Annual sales volume of your enterprise during last 12 month?	Volume……………….. Unit……………………
2.11	Whom do you sale your products?	Wholesaler…………………1 Retailer……………………..2 Self ………………………..3 Both………………….........4
2.12	Approximate Number of clients for your products?	Wholesalers………….. Retailers………………. Persons ………………..
2.13	Average market price per unit of your product during last 12 month? (in Rs.)	To Wholesaler………… To Retailer…………….. To Persson ……………
2.14	What is the average production cost per unit of your product (per kg /meter/Bottle etc.)?	
2.15	What is the annual income of the enterprise during the last 12 month? (In Rs.)	
2.16	Do you have marketing plan (market, production, financial, sales etc.)? (Please check the indicators in the hard copy of the plan)	Yes No 1. Production 1 2 2. Market/Sales 1 2 3. Financial 1 2
2.17	If not (production or market/sales or financial), reasons for it?	1. Production ……………. 2. Market/Sales ………… 3. Financial………………

Section III. Employment Opportunities Generated by the Enterprise

QN	Questions	Options
3.1	How many workers are employed in your enterprise?	Self …….. Others……… Total …………………... Full time ………………. Part time ……………….

3.2 Persons employed in the enterprise (Direct employment)

S.N	Name	Sex Male…..1 Female..2 (32a)	Age (32b)	Caste/ethnic groups (32c)	Type of job Full time….1 Part time…2 (32d)	If partial hours/ per day (32e)	Rate of salary received (in Rs.) (32f)	
							Monthly	Daily
1								
2								
3								
4								

Note Full Time job refers to at least 8 hours work per day usually in the year round basis, while Part Time refers to less than 8 hours work per day.

3.3	How many persons are being indirectly benefited (job creation) from your enterprise? *Note: Indirect job creation implies the number of persons immediately benefited from the enterprise except the wages/remuneration*	………………….

Section IV. Income and Expenditure Patterns of the Family

QN	Questions	Options
4.1	Amount of annual expenditure (In Rs.) (excluding the expenditure incurred for running the enterprise)	………………….
4.2	Expenditure pattern of the family during the one year (In Rs.) *(Multiple answer possible)*	1. Food ………………… 2. Education……………. 3. Health……………….. 4. Others (Specify)……..
4.3	What are your income sources? (Ask the monthly income) *(Multiple answer possible)*	1. Micro Enterprise…….. 2. Agriculture…………… 3. Wage/salary………….. 4. Others
4.4	For how many months is income of your enterprise sufficient for food consumption?	0-3 months…………………..1 0-6 month…………………...2 0-9 months…………………..3 0-12 months…………………4 Surplus………………………5
4.5	If not sufficient for the whole year , how do you manage your livelihoods during the shortage period? *(Multiple answer possible)*	Loan…………………………1 Agriculture………………….2 Daily wages/ salary ………...3 Other (specify)……..
4.6	If surplus, where do you use or invest? *(Multiple answer possible)*	Saving in FIs ………………1 Provide loan………………...2 Reinvestment in micro-enterprise………………...3

		Purchas of assets (land, house, and other)………………………..4 Holding Cash………………..5 Other areas (specify.------.

Section V. Technology Use

QN	Questions	Options
5.1	What type of technology are you applying now to run the enterprise?	Improved……………………1 Traditional…………………..2
5.2	If improved technology, how did you get it?	
5.3	Is the technology appropriate to use? *(Multiple answer possible)*	Gender friendly......................1 Location specific....................2 Easiness to maintain ....3 Easily available.......................4 Cost effective.........................5 Others (specify)
5.4	Have you received any technical support to develop the enterprise?	Yes…………………………1 No…………………………....2
5.5	If yes, what type of support you have received? *(Multiple answer possible)*	Training……………………1 Equipment support…………2 Marketing support…………3 Exposure visit……………...4 Demonstration support…….5 Others (Specify)………….
5.6	Which organization has provided the support? *(Multiple answer possible)*	MEDEP……………………1 GoN………………………...2 NGOs……………………….3 Local bodies (DDC/VDC)….4 Others (specify)……………..

Section VI. Marketing and Networking

QN	Questions	Options
6.1	Which is the current market for your products? *(Check: Business Plan and Market Survey)*	Local market/village………1 District level market……….2 National market ……………3 International market………..4 (Specify)
6.2	How is the demand of your product?	Very high…………………...1 High………………………...2 Low……………..................3 Cannot be said……………...4
6.3	If very high or high, do you have ability to produce as per the market demand?	Yes…………………………..1 No…………………………...2

QN	Questions	Activity	Yes	No
6.4	What market promotional activities you are doing to increase the demand or to satisfy the clients?		Yes	No
		Packaging	1	2
		Grading	1	2
		Leveling	1	2
		Brand registration	1	2
		Quality test	1	2

		Advisement 1 2 Personal sale (door-to-door) 1 2 Trade fair 1 2
6.5	Do you directly sell your product in these markets?	Yes……………………….1 No…………………………2
6.6	If no, what is the marketing channel of your product?	Collection centers…………1 Middle persons……………2 Wholesalers……………….3 Others (specify)………
6.7	What is the percentage of margin you have to provide to market channels?	5-10%................................1 10-15%...............................2 15-20%...............................3 20% and more ……………4 Don't know………………..
6.8	What type of product you supply in market?	Intermediate………………1 Final product………………2
6.9	What is the payment system of your products? *(Multiple option possible)*	Installment basis................1 Cash basis..........................2 Credit basis........................3 Advance basis....................4 Others (specify).................
6.10	Who are the targeted consumers of your product?	Children…………………..1 Adults…………………….2 Elderly……………………3 All of above………………4
6.11	What are the challenges/problems you are facing in the process of marketing? *(Multiple option possible)*	Policy/regulation options…1 Security ....2 Multiple taxation………….3 Transport of goods…..…….4 Management……………….5 Training ……………………6 Others (Specify)
6.12	If any of these, please specify? *(Multiple option possible)*	Policy/regulation options…… Security .... Multiple taxation…………… Transport of goods…..…….. Management……………….. Training …………………….

Section VII. Sustainability and Resilient

QN	Questions	Options
7.1	To what extent are you satisfied from the business?	High (60 % and above)……..1 Medium (25-60%)……….. ..2 Low (up to 25 %)……….. ...3
7.2	Are you interested to enhance the capacity of the enterprises?	Yes…………………………..1 No……………………………2 Don't know…………………..3
7.3	Is there any possibility to finance your enterprise to make more resilient by yourself?	Yes…………………………..1 No……………………………2 Don't know…………………..3
7.4	If no or don't know, do you think your enterprise be financed by any other organizations?	GoN…………………………1 FIs ....2 Others (specify)……………….
7.5	To what extent do you think that the current enterprise you are doing is relevant for your needs? *(skills, financial, market, technical)*	Very much…………………..1 Much………………………...2 Low………………………….3
7.6	If very much and much why so?	…………………………………
7.7	If low, why so?	……………………………….
7.8	Do you feel that existing BDSP support is adequate for the sustainability of your enterprise?	Yes…………………………..1 No……………………………2 Don't know…………………..3

Section VIII. Moving towards resilient of the Enterprise

SN	Activities	Whether it occurred? Yes…..1 No……2 (801)	Please mention in volume		
			In the year of establishment (802)	3 year ago (803)	During the last 12 month (804)
1	Increase size of enterprise in terms of production capacity (Unit…………….)				
2	Increase annual sales volume (Unit…………..)				
3	Increase profit retention (in Rs.)				
4	Increase the number of clients				
5	Product diversification (Mention products' name)		1. 2. 3. 4.	1. 2. 3. 4.	1. 2. 3. 4.
6	Adoption and upgrading to improve technology (Mention the name of technology)		1. 2. 3.	1. 2. 3.	1. 2. 3.
7	Market networks				
7.1	No. of suppliers (wholesalers)				
7.2	No. intermediaries (middlepersons)				
8	Employment				
8.1	No. of fulltime employees (Mention the number including entrepreneurs her/himself)				
8.2	No. of part time employees (Mention the number and hours per week of work)				
9	Expanding entrepreneurs outreach (Mention the name of location)		1. 2. 3.	1. 2. 3.	1. 2. 3.

10. What are the major problems you are facing in the process of operationalization of enterprise?
a.------------------
b.-----------------
c.--------------------
d-----------------

Questionnaires for BDSP

Section I. General Information:

S.N	**Question**	**Option**
1.1	Name of BDSP, responding person and designation	
1.2	District	
1.3	VDC/ Municipality	
1.4	Year of Establishment	
1.5	Affiliation /Membership with other organization	

Section II. Support for Sustainability of Enterprises

S.N	**Question**	**Option**
2.1	Do you have the adequate human resources?	Number of staff: Male …Female …..; Dalit …, Indigenous Nationalities ….., Madhesi …., Non Madhesi Others ……; Different background of staff Administrative………….. Technical………………..
2.2	Does your organization have the following?	Executive body………1 Management cells……2 Both…………………3
2.3	How many entrepreneurs did you support?	………………
2.4	What is the composition of GSI in three main decision making positions (Chair, Secretary, Treasurer) ? (Male or Female)	Sex Caste/ethnic Chair ……………………… Secretary ………………… Treasurer …………………
2.5	What categories of entrepreneurs did you provide the services during the last 12 months? *(Multiple answer possible)*	Agro-based……………….1 Forest-based……………….2 Artisans based…...3 Service based…………….4 Construction based………5 IT based …………………6 Tourism based ……………7 Others (Specify)………
2.6	What types of services did you provide to the entrepreneurs during the last 12 months? *(Multiple answer possible)*	Market demand and target group identification …………1 Technology related……2 Linkage with business actors. ....3 Social mobilization ……..………4 Skill/capacity training……..…………5 Accessing of loan …..6 Business Counselling …7 Institutional development such as co-operative formation,

		management, entrepreneurs group formation, MEGA and DMEGA institutional development ………..8 Others (Specify)……
2.7	How frequently did you provide the service during the last 12 months? (Please write the number)	Market demand and target group identification …………1 Technology related……2 Linkage with business actors. ....3 Social mobilization …….………4 Skill/capacity training…….…………5 Accessing of loan …..6 Business Counseling …7 Institutional development such as co-operative formation, management, entrepreneurs group formation, MEGA and DMEGA institutional development ………..8 Others (Specify)……
2.8	What types of training did you provide? Specify	1. 2. 3.
2.9	What is the cost of resiliency support service per entrepreneur? *(Please check official records)*	1.Technology related (Rs.)……. 2.Linkage with business actors (Rs.)…. 3.Social mobilization (Rs)………….. 4.Skill/capacity training (Rs.)………… 5. Branding, packaging, labeling (Rs.) Others (Specify)…………
2.10	To what extent do you think that the entrepreneurs are willing to pay (fund) for services?	Very high…………….1 High………………….2 Low…………………..3
2.11	To what extent do you think that the Government is willing to support fund for the services?	Very high…………….1 High………………….2 Low…………………..3
2.12	Are you willing to continue services to the MEs?	Yes……………………1 No…………………….2 Not sure………………3
2.13	If yes, why so?	
2.14	If no or not sure, why so?	
2.15	In your opinion, is exiting institutional mechanism	Sufficient……………..1

	sufficient for the making service more readily available to the MEs?	Partially sufficient ……2 Not sufficient…………3
2.16	If partially or not sufficient, what kinds of institutional mechanisms are required for making service more readily available to the MEs?	i. ii. iii. iv
2.17	In your opinion, is exiting institutional mechanism of BDSP sufficient for the making MEs sustainable?	Sufficient………………1 Partially sufficient ……..2 Not sufficient…………..3
2.18	If partially or not sufficient, what kinds of institutional mechanisms are required for making ME sustainable?	
2.19	In your opinion, what kinds of support services are required to make the entrepreneurs more resilient?	1. 2. 3.
2.20	What is the effectiveness of your support services? Give example	

Section III. Status of BDSP

S.N	Question	Option
3.1	Size of Initial Investment NRs :	
3.2	Source of Investment	Self NRs………… Loan NRs……………… MEDEP support NRs………. Other specify……………..
3.3	If loan, source of loan?	Bank …………………..1 Co-operative …………2 Finance company………3 Other (specify)………….
3.4	Size of current investment (in NRs.)	
3.5	What is the source of current investment (in NRs)?	Self NRs………………. Loan NRs……………… MEDEP support NRs…. Other specify………….
3.6	Are you satisfied for your business services?	Yes……………………1 No……………………..2
3.7	If yes, are you interested to continue it?	Yes……………………1 No……………………..2
3.8	If yes, what is your plan to continue this service?	
3.9	Do you think that your BDSP will sustain given the existing mechanism?	Yes……………………1 No……………………..2
3.10	If no, what kinds of mechanisms should be developed for sustaining BDSP?	
3.11	Is your organization capable of delivering services needed by entrepreneurs to make them resilient?	Yes……. No…….
3.12	If yes at what level:	High………………..1 Medium……………2

		Low…………………3
3.13	If not then in what areas your organization should be capacitated?	
3.14	Is the existing manpower particularly Enterprise Development Facilitators (EDFs) sufficient to provide the services for creating new entrepreneurs or scaling up of existing entrepreneurs? Provide number of EDFs available in your organizations	Yes…………..1 No……..2 Number of EDFs……….
3.15	If not then how many number of EDFs are required?	
3.16	Is the capacity (education, training, experiences) of the existing EDFs enough to address the issues and problems of entrepreneurs to make them resilient?	Yes…………..1 No……..2 Not sure ……..3
3.17	If yes, then mention their capacity (list down the services/activities they can perform)	1…. 2….. 3……
3.18	If not in what areas their capacity should be enhanced (list down)	1…. 2….. 3……
3.19	Do you think the present 15 months Technical SLC course designed to develop EDFs level 2 under CTEVT can provide services and address the problems of micro and small enterprise development?	Yes………………1 No………………..2 Not sure …………3
3.20	If not what level of courses should be developed to train higher level EDFs?	
3.21	Is the existing course contents of EDF level 2 or 3 are sufficient ?are they of much higher standard to grasp by SLC graduates?	Yes………………1 No………………..2 Not sure …………3
3.22	If you feel that it is of higher standard than required then what course contents do you suggest to exclude or modify (list down)	1…….. 2……..
3.23	You should have understood while working in MEDEP model through grants received from MEDEP or government (MOI, DDCs, VDCs, Municipalities, etc.) , that making entrepreneurs resilient means they should be self sustaining and also should be ready to pay buying services because MEDEP will not pay anymore to graduated entrepreneurs. The potential areas of enterprise development for poverty alleviation in Nepal are Agro-Based enterprises ,Forest Based , Tourism Based , Artisan Based or IT based areas, which require more high tech supports. The existing EDFs are for facilitating to entrepreneurs in general areas. Do you think that more subject matter specific EDFs are needed to make more and more micro-enterprises resilient and graduate them to small enterprise? What areas and which level of EDFs are required for this? (list down)	1. Agro-Enterprise level……. 2. Forest Enterprise level……. 3. Tourism Enterprise DF level ……. 4. Artesian DF level ……. 5. Construction DF level……. 6. IT based DF level… 7. Service based DF level 8. Others……..

Section IV. Please provide the strengths, weaknesses, opportunities and threats of your organization?

SWOT Analysis	Describe
Strengths (internal factors)	
Weakness (internal factors)	
Opportunities (external factors)	
Threats (external factors)	

Guideline for KII

To General KI

Question	Responses

Question	Option
Name of KI	---------------------------
Age …………Sex ………. Ethnicity …………	
District :	-------------------------
Office, if any	
Occupation	-----------------------
VDC	-----------------------------
Ward No	------------------------------
1. Have you any idea regarding the INGOs/ Development agencies which are directly / indirectly working in your locality?	
2. If yes, which INGOs /Programs are working in your locality?	
3. What do you know about MEDEP?	
4. Do you know about BDSP and their services?	
Do you know about DMEGA and their services?	
5. Do you have any idea about the entrepreneurs supported by MEDEP? Give example of success or default cases if you know any	
6. Do you think that micro-entrepreneurs supported by MEDEP the neediest group? How?	
7. In your opinion, what kinds of support services are required to make micro-enterprise more resilient?	
8. What are the future prospects of the MEDEP support products in your locality? Or out of your locality?	
9. In your opinion, do you think that the Govt. is willing to fund the cost for resilience support services?	
10. What type of contribution has MEDEP	

made in your locality? Give example. *Income change* *Employment generation* *Poverty reduction* *Social empowerment*	

<u>To specific KI representing different related institutions</u>

District Micro-Enterprise Group Association (DMEGA)/National Micro-Enterprise Federation of Nepal (NMFEN)

- How does your organization function ?
- What is the institutional structure? Is it appropriate? If no, give suggestion for appropriate structure?
- How is your data update system?
- What are the monitoring provisions and status?
- How is your linkage with the other organizations other than MEDEP? How effective it is?
- What is your opinion about BDSP and their services?
- What type of contribution has MEDEP made through your organization/association? Give example. *(Income change, Employment generation, Poverty reduction, Social empowerment)*
- What are the major challenges/problems in bringing the enterprise as resilience?

National Enterprise Development Center (NEDC)

- How does NEDC function?
- What is the strength of NEDC in terms of human resource?
- How does NEDC can act as apex body to develop capacity of member BDSPOs for service delivery and sustainability?
- What is your opinion about BDSPs and their services?
- What type of contribution has MEDEP made through your organization/association? Give example. *(Income change, Employment generation, Poverty reduction, Social empowerment)*
- What are the major challenges/problems in bringing the enterprise as resilience?

Common Facility Centers (CFC)

- How many hardcore poor people are engaged in enterprise development with your support service ?
- What is the servicer access mechanism to the hardcore poor from CFC which leads them to enterprise resiliency?
- Is the existing mechanism sufficient for brining enterprises resilience?
- If not, what kinds of mechanisms are required?
- What is your opinion about BDSP and their services?
- What type of contribution has MEDEP made through your organization/association? Give example. *(Income change, Employment generation, Poverty reduction, Social empowerment)*
- What are the major challenges/problems in bringing the enterprise as resilience?

District Enterprise Development Committee (DEDC) – DDC

- What is the MED Fund disbursement mechanism? What is its efficiency (financial, time, human resource)?
- Is the current practice is sufficient for making enterprises resilience? If not, what kinds of institutional mechanism and fund are required?
- How micro-enterprise Development Fund can help sustain or make resilience enterprises?
- What is your opinion about BDSP and their services?
- What type of contribution has MEDEP made through your organization/association? Give example. *(Income change, Employment generation, Poverty reduction, Social empowerment)*
- What are the major challenges problems in bringing the enterprises as resilience?

Project Board Members (especially Government personnel)

- What is your opinion on micro -enterprises?
- What supports you can provide to make micro-enterprises resilient? What will be the Government's willingness to fund this work? To what extent should the Government fund it?
- What is your opinion on BDSP and their services?
- What type of contribution has MEDEP made through your organization/association? Give example.
  (Income change, Employment generation, Poverty reduction, Social empowerment)
- What are the major challenges/problems in bringing the enterprise as resilience?

Annex 3:Photo gallery of field survey