



Government of
Nepal, Ministry of
Industry



Empowered lives.
Resilient nations.

Brief on MEDEP Progress and Introduction on Phase IV

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Contents

- * Introduction
- * Definition of Micro-Enterprise in Industrial Policy 2010
- * Geo-Political Coverage
- * Target Groups
- * Local Resource Based Enterprise Development Concept
- * Demand Driven Strategy
- * Medep enterprise development model
- * MEDEP Progress in Brief up to August 2013
- * Impact of MEDEP: Based on Independent Assessment Conducted in 2010
- * MEDEP Phase IV
- * Export Potential Products with RCA and DRC Values
- * Main Challenges and Opportunities of Expansion of Product Export
- * Possible Areas of Partnerships with MSMEs Regional Project

Introduction (MEDEP Evolution)

Implementation Modality: National Execution (NEX) System

Implementing Agencies:

Central Level

Lead Agency: (1) Ministry of Industry (MOI)

Co-implementing Agencies:

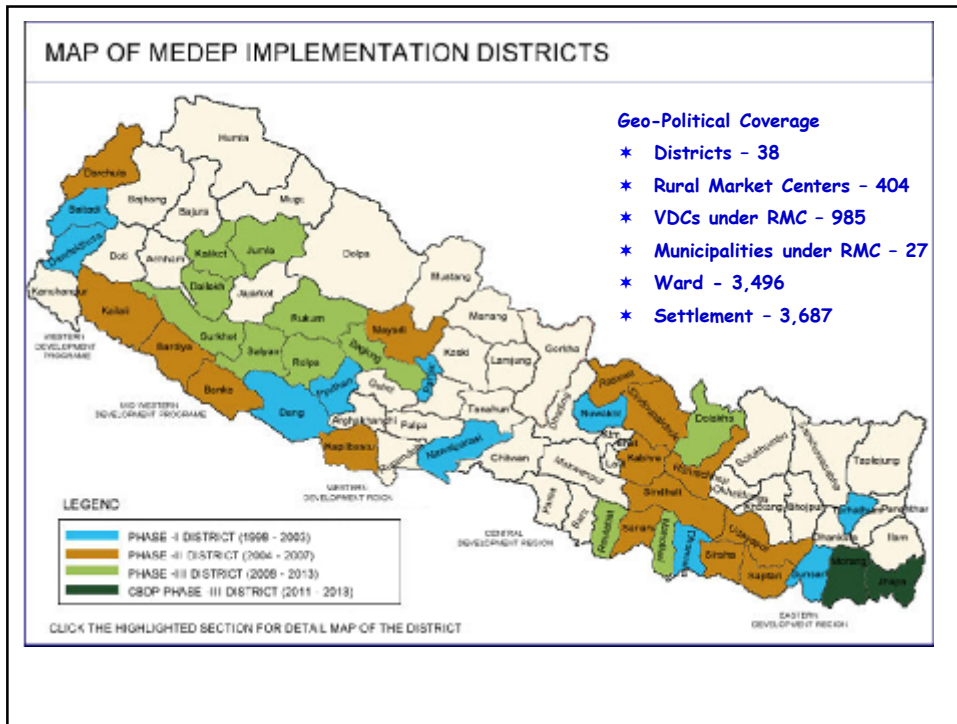
- (2) Ministry of Forest and Soil Conservation (MOFSC)
- (3) Ministry of Federal Affairs and Local Development (MOFALD)
- (4) Ministry of Agriculture Development (MOAD)
- (5) Nepal Rastra Bank (NRB) since Phase IV (new in phase IV)
- (6) Federation of Nepalese Chamber of Commerce and Industry (FNCCI) - (new in phase IV)
- (7) Federation of Nepal Cottage and Small Industry (FNCSI) - (new in phase IV)

District Level

(6) District Development Committees (DDCs)/District Enterprise Development Committees (DEDC) - 15 Member Organisations

Definition of Micro-Enterprise in Industrial Policy 2010

- * Self Employed
- * Investment: up to NRs. 200,000 (US \$ 2,000)
- * Employment up to 9 persons
- * Energy if used less than 10 kW
- * Registration in VDC level
- * Annual transaction not exceeding NRs. 2,000,000 (US \$ 20,000)



MEDEP Target Groups

A. Target Groups Based on Income Poverty (Basic Criteria) - *Non-negotiable criteria applicable to all others mentioned below*

(1) Low income families: Targeting based on income poverty having per capita income of NRs. 19,261 as per Nepal Living Standard Survey III (2010/11) and NRs. 21,168 after adjusting inflation in 2012.

(2) Hardcore Poor of any caste/ethnicity (those who cannot meet the costs of food items) having PCI less than Rs. 12,700 (60% of NRs 21,168 required to meet cost of food items to provide 2,226 calorie energy)

B. Target Groups Based on Age: Unemployed youths representing low income families (age between 16-35 years) - 60 percent

C. Target Groups Based on Social Exclusion:

1. Women - 60 percent
2. Poor Dalits - 30 percent
3. Poor Indigenous Nationalities - 40 percent
4. People representing geographical diversity - People of Mountains, Hills and Mdhesh

D. Target Groups Based on Religions:
Religious Minorities such as Islam

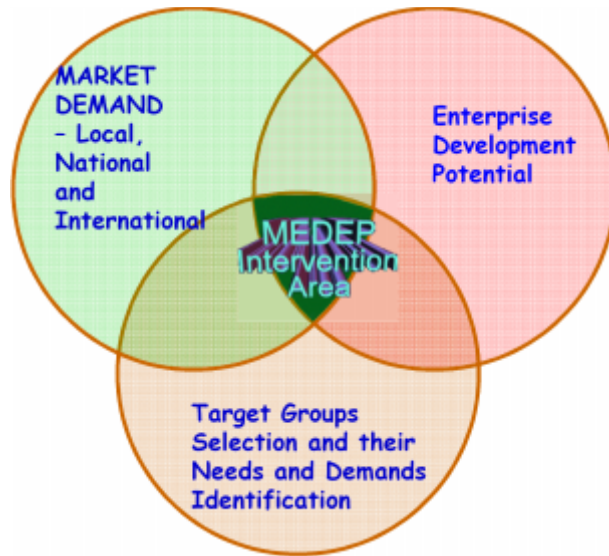
E. People living with HIV and AIDS (PLHA) and Injecting Drug Users (IDUs) - 414 - *programme completed*

F. Maoist Ex-Combatants Discharged from Cantonments = 265 - *programme completed*

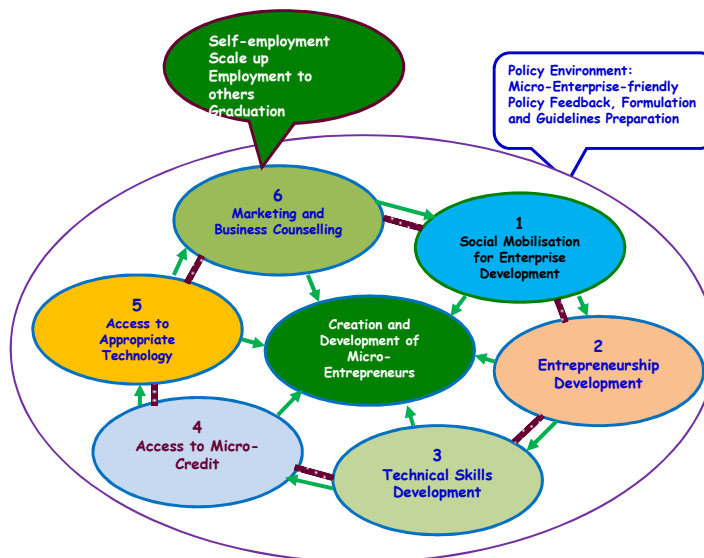
G. Bhutan Refugees affected Poor People of Neighbour Communities

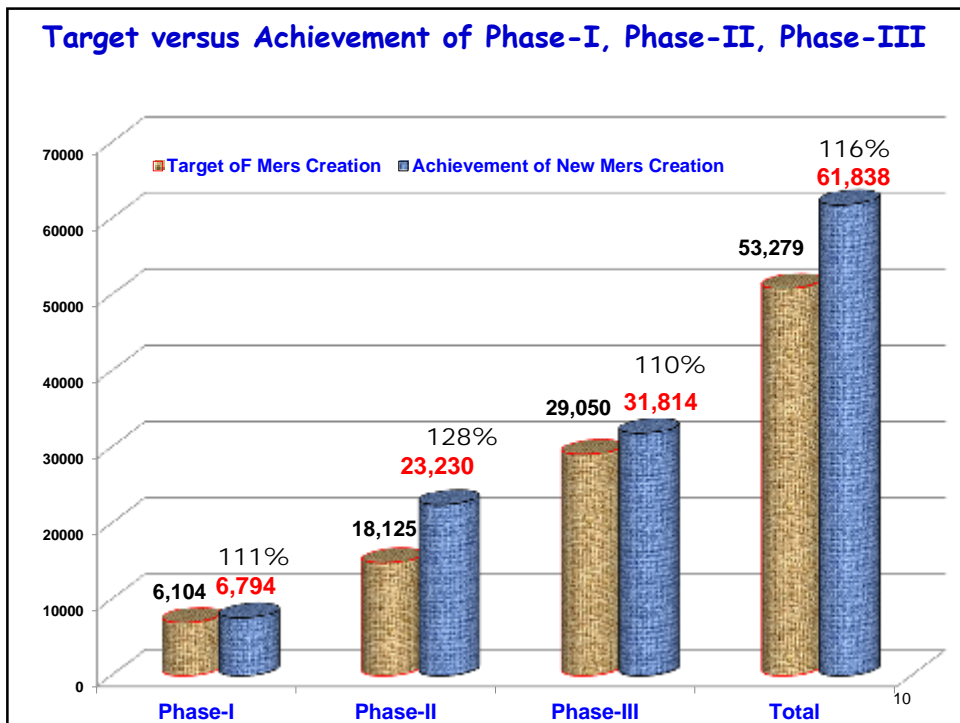
MEDEP Demand Driven Strategy

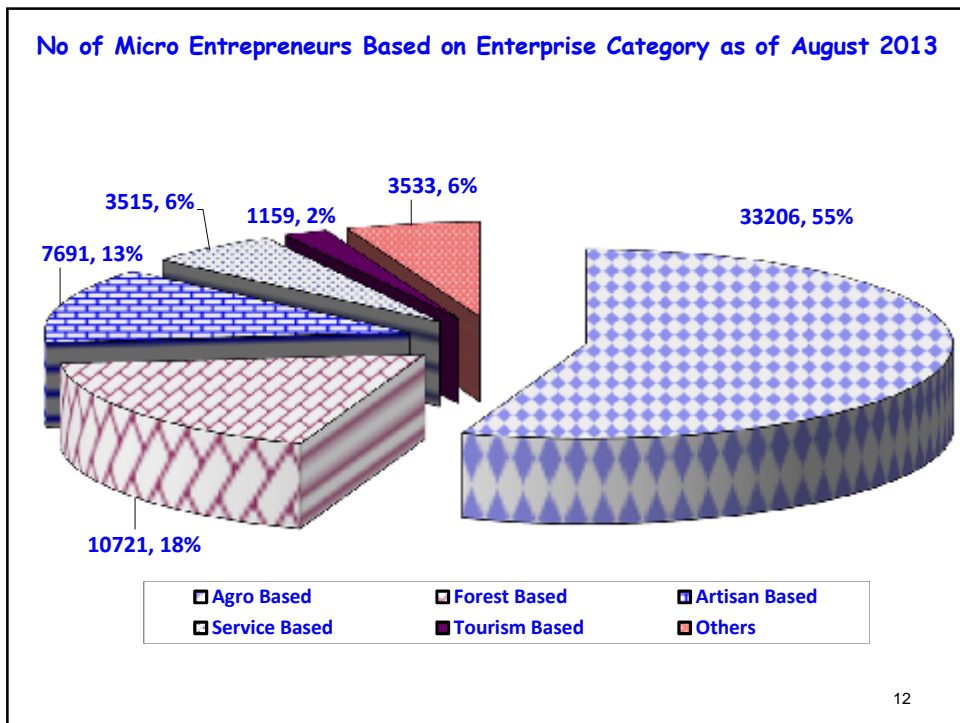
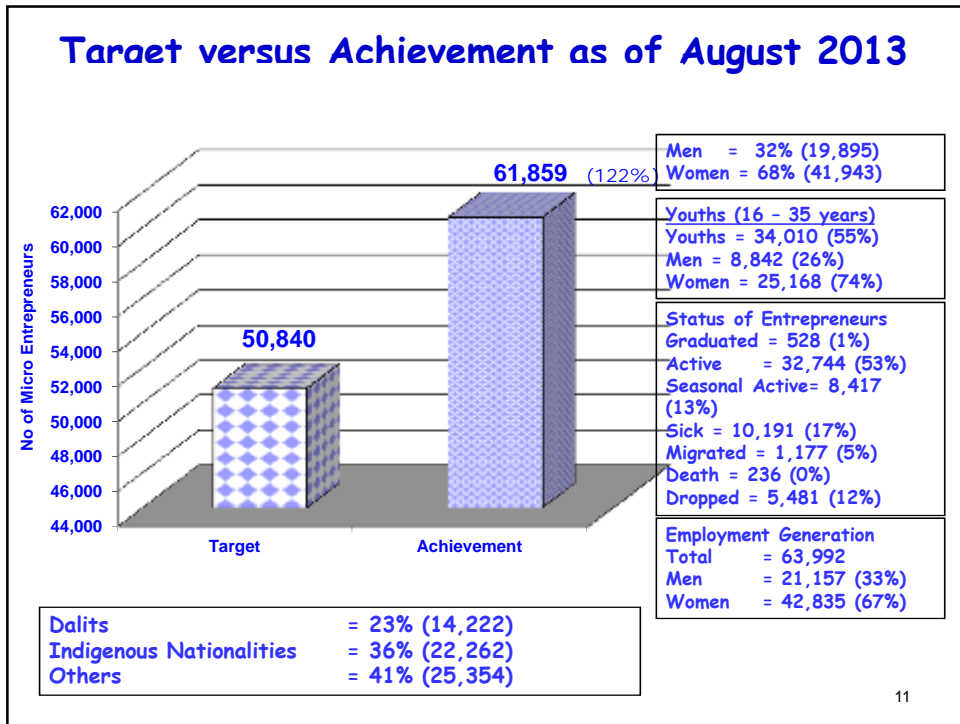
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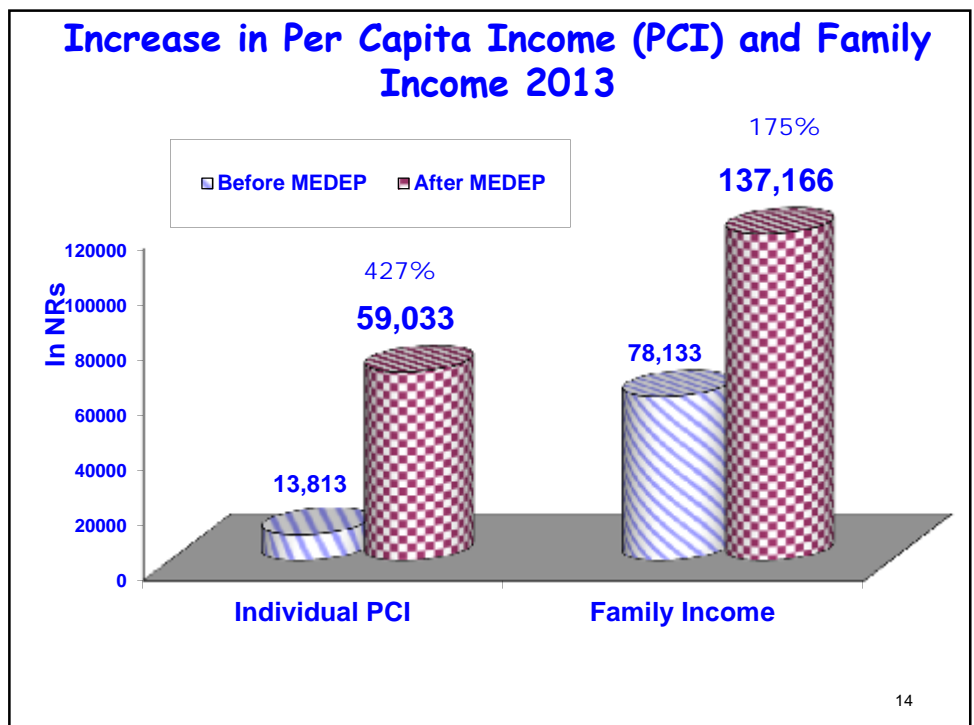
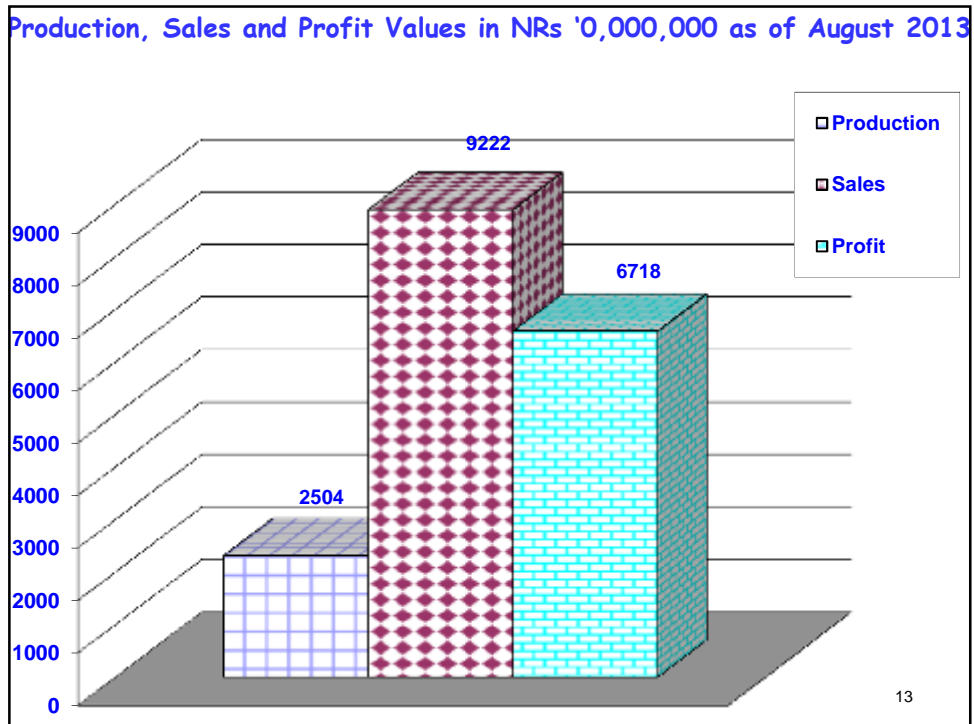


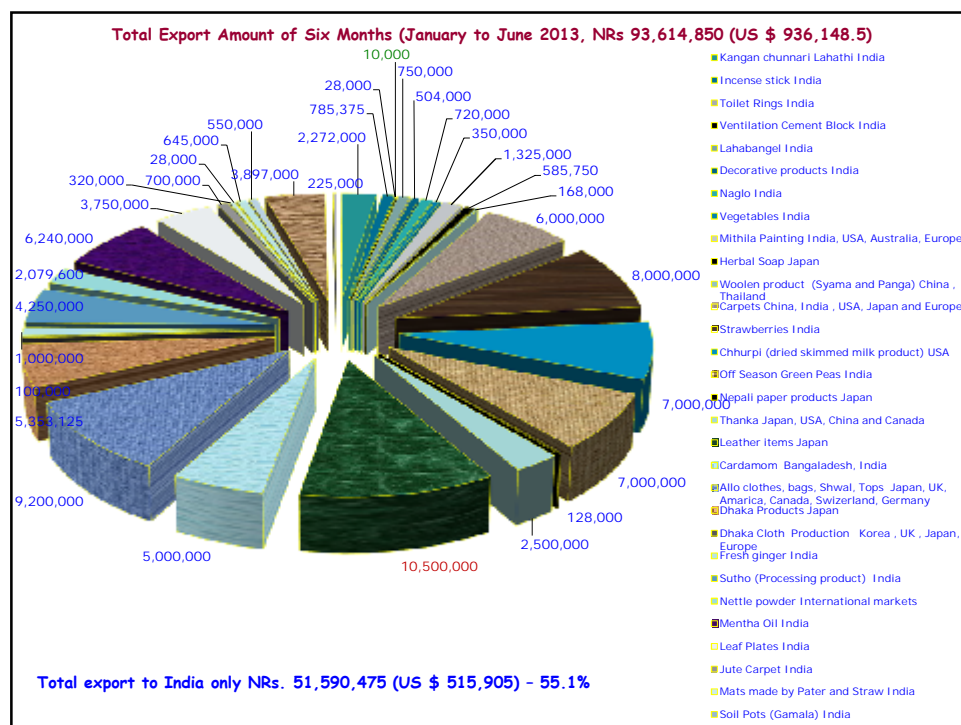
MEDEP ENTERPRISE DEVELOPMENT MODEL











Export Potential Products with RCA and DRC Values*

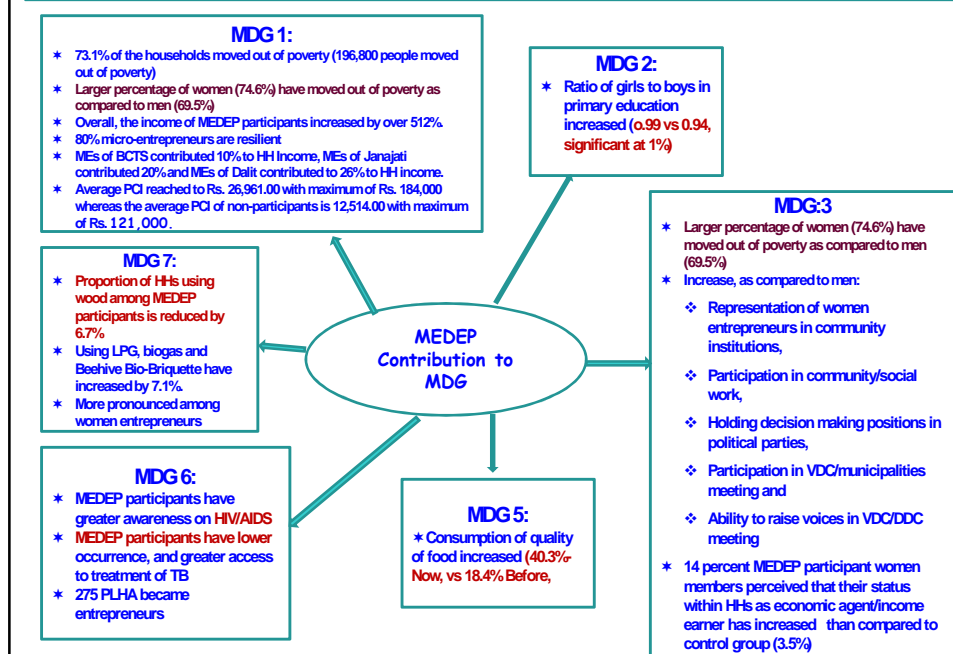
Products	Country exported	RCA Value	Domestic Resource Cost (DRC Value)
1. Woollen Carpet	Different Countries	14.15	0.51
2. Off-Season Fresh Vegetable including Green Peas and Strawberry	India and China	-	0.68
3. Fresh Ginger and Value Added Products	India	128.69	0.39
4. Shyama Panga	Tibbet China	14.15	
5. Nepal Paper and Products	Japan	100.61	0.41
6. Himalayan Nettle Powder	UK	96.89	0.44
7. Honey (Chyuri)	India	1.35	0.98

* Based on the study conducted by Institute for Policy Research and Development (IPRAD) 2012

Export Potential Products with RCA and DRC Values

8. Allo (Himalayan Stinging Nettle) Products	Canada, Switzerland, Spain, Russia, Australia, UK	617.85	0.26
9. Incense Sticks and Laha Bangles	India	105.14	0.89
10. Mithila Painting	America, Europe, Australia	7.98	0.21
11. Bamboo Products	India and other countries	0.35	
12. Chyuri Herbal Soap	Japan	54.27	0.74
13. Leaf Plates	India		
14. Dhaka (Nepali handloom handicraft)	Different Countries		0.61
16. Honey (Chyuri)	India	1.35	0.98

Impact of MEDEP: Based on Independent Assessment Conducted in 2010



MEDEP PHASE IV

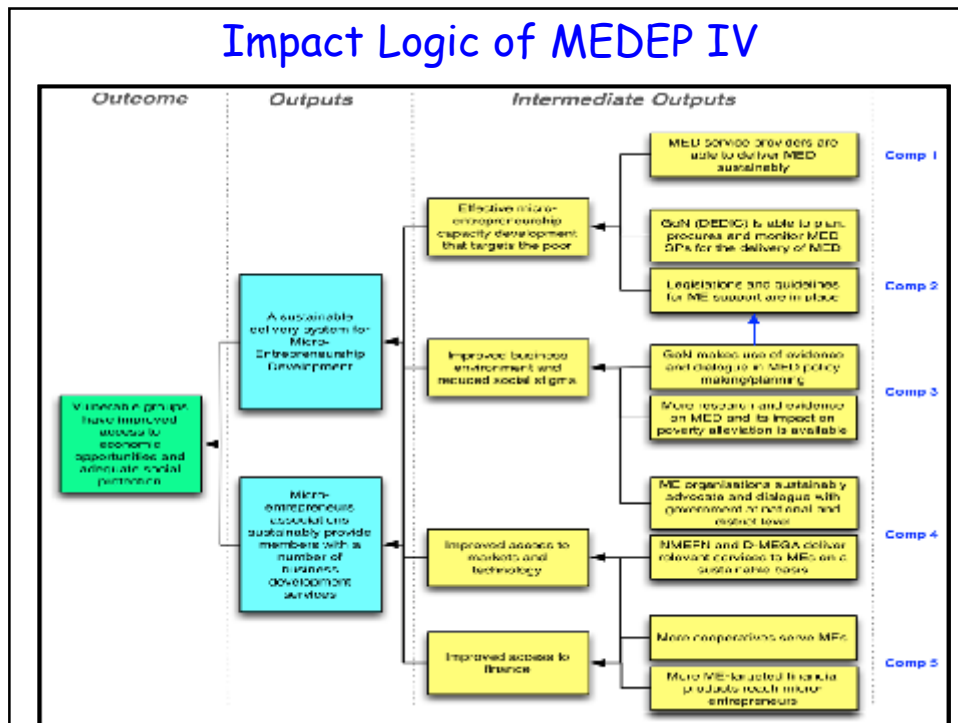
August 2013 to July 2018 (Five Years)

Main Funding Agency AusAID

Roles of MEDEP IV

- * Provide technical support to Government and other relevant stakeholders to internalise MEDEP model in alignment with Micro-Enterprise Development for Poverty Alleviation (MEDPA) - five year strategic plan
- * Strengthen the technical capacity of District Development Committees (DDCs) and member organisations of District Enterprise Development Committee (DEDC)
- * Dialogue with other donors to develop SWAp model at District level
- * Develop linkage and collaboration with similar projects and programmes of government and other donors to build synergy
- * Gradual phasing out MEDEP from 38 and replication of MEDPA in all 75 districts.

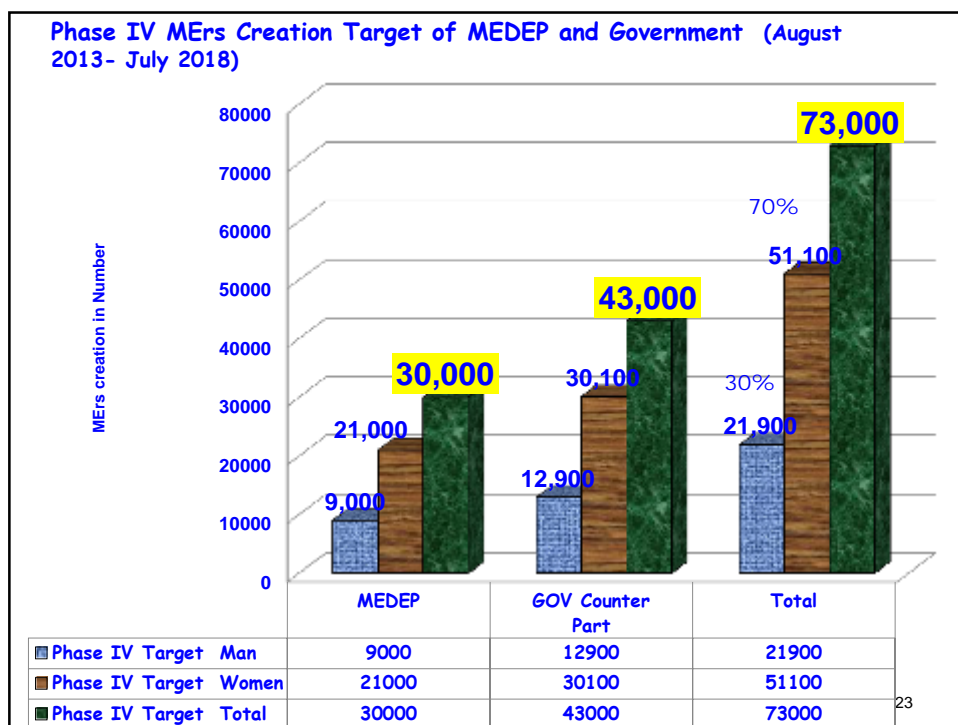
Impact Logic of MEDEP IV



The Five Focus Areas of MEDEP IV

1. The first component will support the capacity of micro-enterprise development service providers to deliver good MED and be sustainable.
2. The second component will focus on building the capacity of GoN to implement MEDPA and pool resources for MED.
3. The third component will be focussed on improving public-private (including NGOs) dialogue and the regulatory framework for micro-entrepreneurship.
4. The fourth component will strengthen the capacity of ME associations to deliver services to members (like access to market) in a sustainable way.
5. The fifth component will focus on helping ME associations to be effective facilitators of financial services to their members.

MEDEP's changed role in phase IV is from "Implementer to Facilitator" through Capacity Development of Government, non Government and Private Organisations



Main Challenges and Opportunities of Expansion of Product Export

- * Political instability
- * Informal trade with India (open border)
- * Access to financial services not adequate (Missing Middles)
- * Micro-Enterprise friendly technologies not available easily
- * Export mostly through informal sector (middlemen)
- * Poor Infrastructure (road, residue testing lab, quarantine lab, etc.)
- * Neighbour States of India reluctant to follow SAFTA agreement
- * Weak Value Chain
- * Economy of scale (micro-entrepreneurs meet the requirements of economy of scale only on selected products)

Possible Areas of Partnerships with MSMEs Regional Project

- * Work with government and private sector to develop conducive policies and regulations related to export promotion, e.g. Developing Sub-Contracting Policy for linking among MSMEs
- * Conduct study on export potential products focusing on Agro and Forest Based Enterprises (high value agriculture and non timber forest products)
- * Develop mechanism of access to finance to "Missing Middles"
- * Enhance Value Chains of selected products
- * Exchange technologies available in other countries in south Asia useful to Micro and Small Enterprises (MSEs)
- * Dialogue with State Governments of India to implement SAFTA and other agreements







Chyuri Herbal Soap







Technology Improved



Improved Banana fibre extraction machine on the left



Old Banana fibre extraction machine (Raspador) on the right



Banana fibre cloths



Vermi compost training at Nawalparasi



Babiyo Paper Making Training in Kapilbastu for Product Diversity



PMCA in Siraha - Riverbed Farming

Product: Water Melon

Achievement: Interaction and trade agreement with different traders

Findings: Import nearly 10 MT watermelon per day from Bihar in Kalimati and Balku vegetable markets during season. Nepal imports about 4,353,506 Kg watermelons each year from India. It shows that there is opportunity to produce more watermelon to reduce import of watermelon from India. The price during February gets Rs. 60 to 70 per Kg. Other season only Rs. 14 to 22 per Kg. (source: Kalimati Market Board, Kathmandu)



Watermelon harvested from riverbed farm Marketing of watermelon in Dhalkebar