Brief on MEDEP Progress
and
Introduction on Phase IV

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1 and 2 October 2013, Kathmandu

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Introduction (MEDEP Evolution)

Implementation Modality: National Execution (NEX) System

Implementing Agencies:

Central Level

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


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)
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)

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

MARKET DEMAND
- Local, National and International

MEDEP Intervention Area

Target Groups Selection and their Needs and Demands Identification

MEDEP ENTERPRISE DEVELOPMENT MODEL

1 Social Mobilisation for Enterprise Development

2 Entrepreneurship Development

3 Technical Skills Development

4 Access to Micro-Credit

5 Access to Appropriate Technology

6 Marketing and Business Counselling

Self-employment Scale up Employment to others Production


Access to Micro-Credit

Creation and Development of Micro Entrepreneurs
MEDEP Progress in Brief up to August 2013

Target versus Achievement of Phase-I, Phase-II, Phase-III

<table>
<thead>
<tr>
<th></th>
<th>Target of Mers Creation</th>
<th>Achievement of New Mers Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase-I</td>
<td>6,104</td>
<td>6,794</td>
</tr>
<tr>
<td></td>
<td>111%</td>
<td>111%</td>
</tr>
<tr>
<td>Phase-II</td>
<td>18,125</td>
<td>23,230</td>
</tr>
<tr>
<td></td>
<td>128%</td>
<td>128%</td>
</tr>
<tr>
<td>Phase-III</td>
<td>29,050</td>
<td>31,814</td>
</tr>
<tr>
<td></td>
<td>110%</td>
<td>110%</td>
</tr>
<tr>
<td>Total</td>
<td>53,279</td>
<td>61,838</td>
</tr>
<tr>
<td></td>
<td>116%</td>
<td>116%</td>
</tr>
</tbody>
</table>
Target versus Achievement as of August 2013

- **Target**: 50,840
- **Achievement**: 61,859 (122%)

<table>
<thead>
<tr>
<th>Category</th>
<th>No. of Entrepreneurs</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalits</td>
<td>14,222 (23%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indigenous Nationalities</td>
<td>22,262 (36%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>25,354 (41%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age Group</th>
<th>No. of Entrepreneurs</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Youths (16 - 35 years)</td>
<td>34,010 (55%)</td>
<td>8,842 (26%)</td>
<td>25,168 (74%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Status of Entrepreneurs</th>
<th>No. of Entrepreneurs</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduated</td>
<td>528 (1%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Active</td>
<td>32,744 (53%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seasonal Active</td>
<td>8,417 (13%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sick</td>
<td>10,191 (17%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Migrated</td>
<td>22,262 (36%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Death</td>
<td>236 (0%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dropped</td>
<td>5,481 (12%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Employment Generation:
- **Total**: 63,992
- **Men**: 21,157 (33%)
- **Women**: 42,835 (67%)

No of Micro Entrepreneurs Based on Enterprise Category as of August 2013

<table>
<thead>
<tr>
<th>Enterprise Category</th>
<th>No. of Entrepreneurs</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agro Based</td>
<td>3,320,556</td>
<td>55%</td>
</tr>
<tr>
<td>Forest Based</td>
<td>769,13%</td>
<td></td>
</tr>
<tr>
<td>Artisan Based</td>
<td>351,56%</td>
<td></td>
</tr>
<tr>
<td>Service Based</td>
<td>107,21,18%</td>
<td></td>
</tr>
<tr>
<td>Tourism Based</td>
<td>35,33,6%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>115,9,2%</td>
<td></td>
</tr>
</tbody>
</table>
Production, Sales and Profit Values in NRs '0,000,000 as of August 2013

Increase in Per Capita Income (PCI) and Family Income 2013
### Export Potential Products with RCA and DRC Values*

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

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

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**Total Export Amount of Six Months (January to June 2013, NRs 93,614,850 (US $ 936,148.5))**

- Kangan chunnari Lahathi India
- Incense stick India
- Tablet Bings India
- Ventilation Cement Block India
- Lahabangel India
- Decorative products India
- Ragla India
- Vegetables India
- Mithila Painting India, USA, Australia, Europe
- Herbal Soap Japan
- Vision product (Oyama and Panga) China, Dhaka
- Project India, USA, Japan and Europe
- Strawberries India
- Chhurpi (dried skimmied milk product) USA
- Off Season Green Peas India
- Lavender paper products Japan
- Thanka Japan, USA, China and Canada
- Leather items Japan
- Cardamon Bangladesh, India
- Allo clothes, bags, Shoe, Topy Japan, UK, Germany, Canada, Switzerland, Germany
- Dhaka Cloths Production Korea, UK, Japan, Europe
- Fresh ginger India
- Sutho (Processing product) India
- Nettle powder international markets
- Mentha Oil India
- Leaf Plates India
- Jute Carpet India
- Nets made by Pater and Straw India
- Soil Pots (Gamala) India

Total export to India only NRs. 51,590,475 (US $ 515,905) - 55.1%
Export Potential Products with RCA and DRC Values

<table>
<thead>
<tr>
<th>No.</th>
<th>Product Description</th>
<th>Origin</th>
<th>RCA</th>
<th>DRC</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Allo (Himalayan Stinging Nettle) Products</td>
<td>Canada, Switzerland, Spain, Russia, Australia, UK</td>
<td>617.85</td>
<td>0.26</td>
</tr>
<tr>
<td>9.</td>
<td>Incense Sticks and Laha Bangles</td>
<td>India</td>
<td>105.14</td>
<td>0.89</td>
</tr>
<tr>
<td>10.</td>
<td>Mithila Painting</td>
<td>America, Europe, Australia</td>
<td>7.98</td>
<td>0.21</td>
</tr>
<tr>
<td>11.</td>
<td>Bamboo Products</td>
<td>India and other countries</td>
<td>0.35</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Chyuri Herbal Soap</td>
<td>Japan</td>
<td>54.27</td>
<td>0.74</td>
</tr>
<tr>
<td>13.</td>
<td>Leaf Plates</td>
<td>India</td>
<td>1.35</td>
<td>0.98</td>
</tr>
<tr>
<td>14.</td>
<td>Dhaka (Nepali handloom handicraft)</td>
<td>Different Countries</td>
<td>0.61</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Honey (Chyuri)</td>
<td>India</td>
<td>1.35</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Impact of MEDEP: Based on Independent Assessment Conducted in 2010

**MDG 1:**
- 73.1% of the households moved out of poverty (196,960 people moved out of poverty)
- Larger percentage of women (74.6%) have moved out of poverty as compared to men (69.5%)
- Overall, the income of MEDEP participants increased by over 512%
- 60% micro-entrepreneurs are resilient
- MEs of BCTS contributed 10% to HH Income, MEs of Janajati contributed 20% and MEs of Dalit contributed 26% to HH income.
- Average PCI reached to Rs. 25,961.00 with maximum of Rs. 184,000 whereas the average PCI of non-participants is 12,514.00 with maximum of Rs. 121,000.

**MDG 2:**
- Ratio of girls to boys in primary education increased (0.99 vs 0.94, significant at 1%)
- Ratio of girls to boys in primary education increased (0.99 vs 0.94, significant at 1%)
- Proportion of HHs using wood among MEDEP participants is reduced by 6.7%
- Using LPG, biogas and Beehive Bio-Briquette have increased by 7.1%. More pronounced among women entrepreneurs

**MDG 3:**
- Larger percentage of women (74.6%) have moved out of poverty as compared to men (69.5%)
- Increase, as compared to men:
  - Representation of women entrepreneurs in community institutions.
  - Participation in community/social work.
  - Holding decision making positions in political parties.
  - Participation in VDC/municipalities meeting and
  - Ability to raise voices in VDC/DDC meeting
- 14 percent MEDEP participant women members perceived that their status within HHs as economic agent/income earner has increased than compared to control group (5.5%)

**MDG 4:**
- Consumption of quality of food increased (40.3%)
- Consumption of quality of food increased (40.3%)
- Consumption of quality of food increased (40.3%)
- Consumption of quality of food increased (40.3%)
- Consumption of quality of food increased (40.3%)
- 275 PLHA became entrepreneurs

**MDG 5:**
- Consumption of quality of food increased (40.3%)
- Now, vs 16.4% Before,

**MDG 6:**
- MEDEP participants have greater awareness on HIV/AIDS
- MEDEP participants have lower occurrence, and greater access to treatment of TB
- 275 PLHA became entrepreneurs

**MDG 7:**
- Proportion of HHs using wood among MEDEP participants is reduced by 6.7%
- Using LPG, biogas and Beehive Bio-Briquette have increased by 7.1%. More pronounced among women entrepreneurs

**MDG 8:**
- Ratio of girls to boys in primary education increased (0.99 vs 0.94, significant at 1%)
- Proportion of HHs using wood among MEDEP participants is reduced by 6.7%
- Using LPG, biogas and Beehive Bio-Briquette have increased by 7.1%. More pronounced among women entrepreneurs

**MDG 9:**
- Larger percentage of women (74.6%) have moved out of poverty as compared to men (69.5%)
- Increase, as compared to men:
  - Representation of women entrepreneurs in community institutions.
  - Participation in community/social work.
  - Holding decision making positions in political parties.
  - Participation in VDC/municipalities meeting and
  - Ability to raise voices in VDC/DDC meeting
- 14 percent MEDEP participant women members perceived that their status within HHs as economic agent/income earner has increased than compared to control group (5.5%)

**MDG 10:**
- Consumption of quality of food increased (40.3%)
- Now, vs 16.4% Before,

**MDG 11:**
- Proportion of HHs using wood among MEDEP participants is reduced by 6.7%
- Using LPG, biogas and Beehive Bio-Briquette have increased by 7.1%. More pronounced among women entrepreneurs

**MDG 12:**
- Larger percentage of women (74.6%) have moved out of poverty as compared to men (69.5%)
- Increase, as compared to men:
  - Representation of women entrepreneurs in community institutions.
  - Participation in community/social work.
  - Holding decision making positions in political parties.
  - Participation in VDC/municipalities meeting and
  - Ability to raise voices in VDC/DDC meeting
- 14 percent MEDEP participant women members perceived that their status within HHs as economic agent/income earner has increased than compared to control group (5.5%)
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.
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

Thank You
Examples of Forest Based Enterprises

- Honey based Enterprises
- Bio-briquette Making Enterprise
- Wood Veneer Enterprise
Allo Based Entrepreneurs - Variety of Products

- About 4,000 Allo entrepreneurs created.
- About 170 different products diversified.
- About 80 percent of yarn are purchased and used in

Chyuri Herbal Soap
Entrepreneurs as Employment Creators  
(more than 500 employment created)

SOME GLIMPSES OF STRAWBERRY FARMING......
Strawberry Farming in Nuwakot

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)