

Enabling growth of MEDEP micro enterprise to small: Constraints and pathways to scaling up

Kshitiz Puri

Ministry of Industry

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Abstract

Government of Nepal with its various partner agencies has been committed to enterprise development. One of such programs which have yielded significant success over the years is the Micro Enterprise Development Program (MEDEP). But despite the rigorous training method, availability of funds, technological and technical assistance, the potential of MEDEP program has not been realized. Most of the enterprise either get fizzled out or get plateaued after a while, resulting in very less number of scaled up and resilient enterprises. This research has attempted to identify the underlying cause of slow growth of micro entrepreneur to scale up along the ranks to small enterprise, and has made policy recommendations based on field study, case study of enterprises, literature review, study of best practices around the globe to facilitate the growth of MEDEP micro entrepreneurs to small entrepreneurs.

Keywords: MEDEP. enterprise, enterprise development, growth.

List of Abbreviations

BDSPPO	Business Development Service Provider Office
DoC	Department of Cooperatives
ED	Enterprise Development
INGO	International Non-Government Organization
IPRAD	Institute for Policy Research and Development
MEDEP	Microenterprise Development Programme
NGO	Non-Government Organization
PCI	Per Capita Income
RoE	Return on equity
SHGs	Self-help groups
TISS	Tata Institute of Social Science
WIB	Women in Business

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I. Introduction

Nepal has been reeling under widespread poverty since ages. According to Nepal Living Standards Survey (NLSS) 2011, 25% of Nepalese lived below the poverty line when the threshold of being poor was earning less than 0.6 USD per day (which for World Bank is 1.25 USD per day) (Pokharel, 2015). Much of the blame is generally put towards lack of economic development, industrialization, and thus the resulting lack of employment opportunities. That figure gives a good projection of Nepal which would have been worse, if not for foreign employment by Nepalese, and the remittance thus earned. According to Asian Integration Report (2016) Nepal ranks first in remittance per GDP in the world which was already 25% of GDP in 2012 (Nepal Remitters Association , 2013). Though remittance has helped a lot in balance of payment equilibrium and in increasing the living standard of Nepalese people, it has always been viewed as "unsustainable" because of consumption pattern and less investment friendly climate (from an interview with Dr. Laxman Pun, Chief Technical Advisor, MEDEP)

Government of Nepal in its various policies and plans has been maintaining a similar line when it comes to mass labor emigration and poverty. The government being acutely aware of unsustainable nature of foreign labor is trying to decrease dependence on remittance and trying to increase more sustainable nature of revenue generation such as job creation, enterprise creation and investment in productive sectors here within Nepal. Despite its immediate upturn in fortune because of foreign labor, GON along with several partner agencies is committed towards keeping the productive labor force within the country, and for this enterprise development has been identified as the "magic solution". As a result of which , enterprise development and capacity development programs like USAID's SAKCHAM, Helvetas' ILAM, GIZ's UNNATI

have been in operation in partnership with the GON to develop entrepreneurial orientation among rural and sub-urban Nepalese society. These programs have been successful owing to their focus on capacity development of entrepreneurs. One of such programs that have been significantly yielding results in terms of enterprise creation and alleviating poverty is Micro Enterprise Development Program (MEDEP).

MEDEP started its operation in 1998 in collaboration with GON and UNDP. Over the years, the program has been implemented in four phases, now covering all 75 districts of Nepal. MEDEP has provided entrepreneurship development training, technical skills, access to finance, testing and transfer of appropriate technology, business counselling and market linkages to over 60,585 micro entrepreneurs (UNDP, 2013) . After undertaking trainings through MEDEP, entrepreneurs have reported increase in income, production, use of technology, sales, and investment (IPRAD, 2012).

Institute for Policy Research and Development (IPRAD) assessment of MEDEP found that only 7.53 % of the enterprises are resilient (a precursor of growth of micro enterprise to small). Almost 60% of the enterprises are considered to be non-resilient, meaning subsistence level of operation and very vulnerable to external factors (IPRAD, 2012) . The resilience of enterprise is very crucial for its sustainability and upward movement of growth. There are many advantages of a micro enterprise graduating to small industry for an economy. Small and Micro Enterprises (SMEs), when developed properly, have potential to be one of the major sources of exportable products and high foreign currency earners for the country. If this sector is developed, it would help to reduce trade imbalance and earn more foreign currency for the development of the country. It means higher employment opportunities, sustainable growth, and increase in per

capita income (PCI). But the graduation of MEDEP entrepreneurs to small entrepreneurs hasn't been found to be significant (NPC, 2015) .

It is crucial for the government and policy makers to take initiatives to facilitate the growth of micro enterprise to small and upwards. As suggested by several studies, this can be done in many ways. For example, the Philippines uses 3M (Market, Money, and Mentoring) approach for micro enterprise (ME) development, where the government itself facilitates training, market and soft loans for enterprise expansion. The crucial part of their entrepreneurship development is the continuous consulting from industry experts. (ASEAN, 2017). India has adopted lenient measures such as tax holiday for three years for startups. GON also needs to come up with new and innovative policies and programs to create conducive environment for micro entrepreneurs to be able to grow, and programs like MEDEP/MEDPA must continue to incorporate change to facilitate growth of their entrepreneurs.

Working modality of MEDEP/MEDPA

MEDEP/MEDPA is an initiative of United Nations Development Program in partnership with Government of Nepal to help alleviate poverty through enterprise creation and development to extremely poor, poor and marginalized community. MEDEP has developed a Micro Enterprise Development Model or MEDEP model, shown in figure 1.1. It consists of six stages:

1. Social mobilization for enterprise development
2. Enterprise development through SIYB/MED
3. Technical skills development
4. Access to credit
5. Use and transfer of appropriate technology

6. Market linkages and market consultation

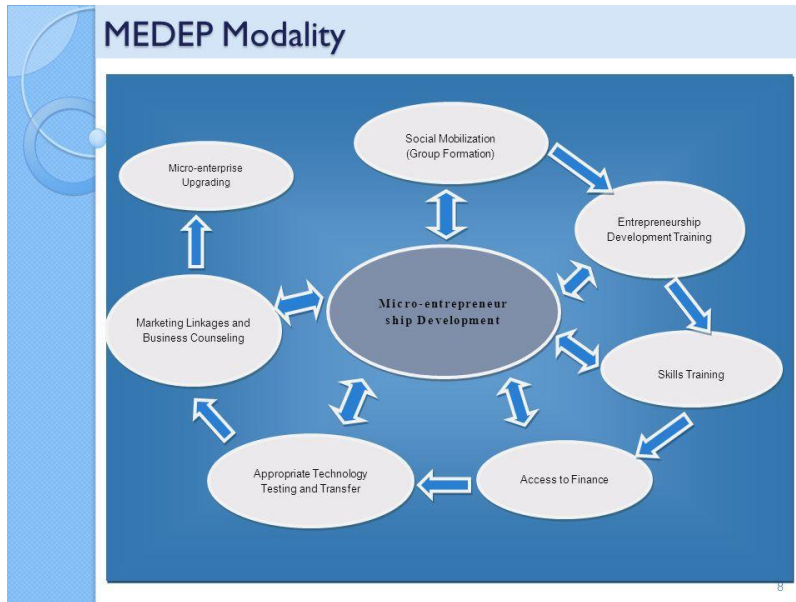


Fig 1.1 MEDEP Model

The MEDEP model has also been internalized by MEDPA. Both MEDEP/MEDPA are demand driven model, having 3 strategic directions:

1. Demand driven program
2. Sustainable enterprise partnership
3. Local capacity development

Along with internalization of MEDEP, MEDPA also possess Micro Enterprise Development fund (MED-F) to facilitate easy finance to its entrepreneurs. As per the scaling up, MEDEP/MEDPA have identified four stages of ME development as shown in figure 1.2.

- Pre- start up
- Start up
- Graduate

- Resilient

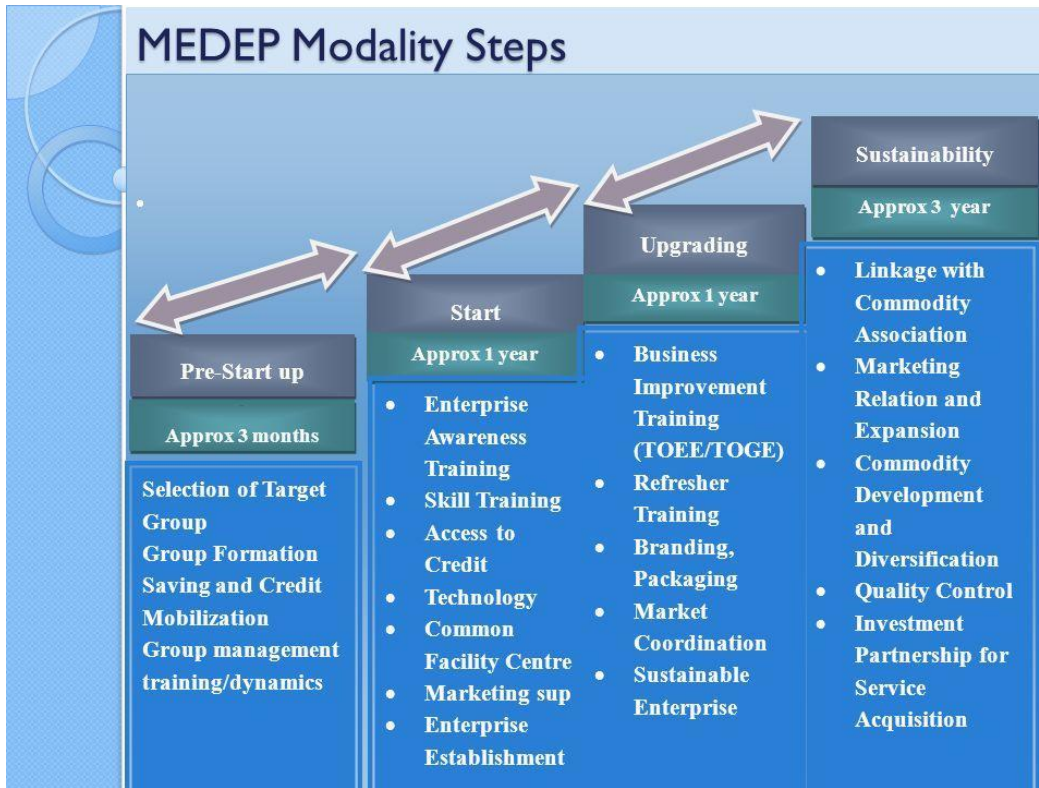


Fig 2; categorization of MEDEP Micro enterprises.

II. Methodology

This research is based on field based research and data analysis of the secondary data provided by MEDEP and primary data collected from the field. The research employed mixed method approach of research analysis. The basic premise of this methodology is that such integration permits a more complete utilization of data, than conducting separate quantitative and qualitative data collection and analysis. It has attempted to explore and analyze the issues

regarding the growth of MEDEP micro entrepreneurs to small enterprise.

Tools and Sampling

The field study was carried out in Pyuthan district. The district was selected because both MEDEP and MEDPA programs have been implemented there since the first phase. The tools of data collection used were survey by questionnaire, data analysis of the MEDEP Business Development Service Provider Office (BDSPO) data, interview, and case study of one representative from each enterprise at each stage. Survey research has provided with the general status of the enterprise, their constraints, and the way the entrepreneurs have overcome their past challenges. Observation and in-depth interviews were conducted to delve into the characteristics of entrepreneurs. Data analysis helped select the respondents of each distinct category and understand their growth patterns. For this set of data collection, the researcher selected 7 entrepreneurs from each category based on the data provided by MEDEP. Half of the total number of resilient enterprises were made respondents. For uniformity, the researcher took the same number of startups and graduated entrepreneurs as set of respondents for each group.

III. Literature Review

There have been several studies to identify various factors for enterprise growth. USAID report on Understanding Micro and Small Enterprise Growth (2005) has noted several factors determining small firms' ability to grow, such as contextual (business environment) and social factors, individual characteristics, firm level variables, etc. The report has identified as the main factor of MEs expansion on kind of enterprise, namely Growth Oriented Gazelles (products with high growth potential) vs survivalist firms. It has also stated that the regulatory and institutional environment in developing countries frequently hampers small enterprise growth. Smaller firms more frequently report of instability in government policies, thus reducing chances of growth enabling investment. Ironically government policies that actually aim to benefit SMEs may also suppress growth if they provide disincentive for expansion, and if the growth is associated with losing the valued benefits. Focus on export may result in losing the domestic market, and it's less likely without demanding local consumers that developing firms can access the higher margin. Also in the article the importance of vertical linkages, horizontal linkages and supporting market are discussed. The literature also claims that there is vast similarity when it comes to constraint of growth across the world despite their distinct difference in culture, value system, resources, economic condition, educational level, etc (Nichter & Goldmark, 2005).

Ascarya, and Siti Rahmawati in their article titled 'The determinants of micro enterprise graduation' talked about how almost all MEs never graduate to be SEs and have identified various important factor for enterprise growth, such as:

- Management know-how
- Market(business characteristics)
- Infrastructure and macroeconomic condition

- Family support
- Owner of business (individual characteristics)
- Skilled human resource
- Easy and cheap access to finance and availability of appropriate technology.

The report has also suggested some policy interventions:

- Free space in mainstream market for the products
- Exposure to corporate world so as to encourage the use of local products as raw material
- Train the mindset regarding growth (Ascarya & Rahmawati, 2015)

A study on MEDEP and the involvement of women has also identified these causes:

- Lack of asset ownership
- Less share of women and girls in intra household resource deprivation
- Lack of proper education and development opportunities (G.C., 2005)

This article though fails in identifying the gender specific case of institutional framework. In a conversation with Dr. Bina Pradhan, Advisor, Federation of Business and Professional Women, she pointed out the flaws in planning and process of enterprise development model. She stated that the process fails to include gender barriers, and like every other model, MEDEP model also claims to be gender sensitive. However, study on MEDEP programs showed that despite its huge success in terms of creating successful of women entrepreneurs, MEDEP framework hasn't acknowledged the challenges of women in its operation.

The study of MEDEP evaluation reports, third party reports and various publications hinted that most of the research was focused on pre startup and startup phase as well as creation of enterprise and sustaining it. However, the literature seemed to lack detailed study on graduated and resilient phases of startup. Thus, the findings were more general to enterprises rather than specific to growth-related problems. Some of the challenges identified by several of such reports are - lack of entrepreneurship development facilitators, insufficient daily contact for program implementation and service delivery, delay in appointment of outside service provider as required, less involvement of micro entrepreneurs. A provision of alternative EDP was also suggested based on tailored needs of each region. But the literature on MEDEP is inadequate in recognizing constraints that are detrimental for enterprise growth. The human side, the market side and the strategic side of a business has been completely overlooked, which for any business is crucial (Grunert and Ellegaard, 1992) .

IV. Research framework

The framework for this research was developed by integrating four factors borrowed from various literature and has encompassed five major dimensions of growth and have identified constraints and will recommend based on those,

Market: Market will deal with the issues regarding market linkages, accessibility to potential market, marketing process,

Money: Money will deal with the issues of initial capital, access to credit, injection of growth capital, access to bank loans, etc.

Mentorship: This dimension of the study deals with the skill based training, availability of a mentor on the same line of business, management related training, enterprise development facilitator's skill and availability.

Member: This dimension of the study will deal with the individual characteristics of the owner, such as risk taking, enterprising, learning zeal, etc., his/her work , social and economic background, degree of dependency to the enterprise,

Enterprise: The kind of business, its strategic advantage, the availability of raw materials, man power, nature of ownership of business, replicability and the innovation applied in the business model.

The framework is based on the Onion model used by German Development Institute on a study of upgrading micro and small enterprise. It has four layers: entrepreneurs, enterprise, networks, and environment (Milagrosa, 2014). The framework was also derived from 3M model of Philippines enterprise growth: Market, Money, and Mentorship. This I feel is sufficient enough to address the constraints as it involves, marketing, product, process, and management

were generally innovation takes place required for growth (Loewe, Hampel-Milagrosa, & Reeg, 2013).

V. Discussion

The discussion in this article is organized in accordance with the main themes that emerged during the analysis, namely- Money, Market, Member, Mentoring and Enterprise. The participants in the study shared their experiences and challenges influencing the performance of their businesses. The following section discusses and provides justification of the themes identified on the basis of responses from participants by way of verbatim quotes.

Money: The first theme that emerged during the study was problems related to money. Pre-startups and startups would complain about the challenges of accessing loans from formal institutions, the size of loans from non-formal to be limited, and graduated and resilient entrepreneurs complained about the size of loans and grant to be disproportionate to their size which can be commonly represented as "*Hattiko mukh ma jira* " and "*ma 10 jana employ garne ra arko eklai garne lai pani barabar reen diyera kasari huncha, awasyakta hernu paryo ni.*¹

From my study, it was found that every resilient and graduated enterprise had taken loans- similar to the startups- and deemed it to be too low. However, the ones in the resilient stage were better able to take loans from banks and other formal channels, owing to their growth and financial stability. Also, enterprises that had graduated were found to be in limbo as an

¹ Translation: They should provide loan according to the size and needs of enterprise.

entrepreneur shared, "*hamilai ta bank ley pani pattyaudaina, and MEDEP ley pani aba tapai haru ta purano vaisaknu bhayo aru lai paalo dinu parcha vannu huncha*"²

Thus, lack of funds and clear policy regarding distribution of available funds are clearly disrupting the enterprise to reach their full potential.

Three major challenges were identified in terms of money:

1. Lack of injection funding for growth at scaled up stages
2. Lack of clear policy for fund access for enterprises at different stage of growth resulting in uniform distribution to all the loan seekers,
3. Lack of availability of funds

Market: The second theme that emerged during my study was opportunities and problems related to market. Most of the resilient enterprises had clearly identified their market, established their distribution link and network, and held a distinct advantage over the market owing to their age, experience and expertise. Similarly, graduated micro enterprises had good potential for growth due to their strategic advantage. For example a micro enterprise of bamboo handicrafts was found to lagging behind because of lack of proper market linkages towards its potential market, which according to him was urban area. He chose the traditional ways of selling as he did not have sufficient knowledge of modern ways, this compromised on his scalability, although his product had high demands potential. Most of the enterprises in graduated and startups had yet to identify the importance of having their brand name, labelling of the products, etc. Even when graduated enterprises want to grow, they find that their market has been saturated because

² Translation: the bank doesn't believe us and the officials at MEDEP say that we are already graduated, so we should give a chance to the new entrepreneurs.

of their nature of business, and for that market knowledge and research should be facilitated so as to let them be aware of the perils of selecting enterprise that already has a very competitive market.

For example, in Kalanga bazar (Pyuthan) alone there were several sewing and tailoring enterprises run by women entrepreneurs, resulting in heavy competition, and leaving very little market share to new entrants. Though such enterprises are less capital intensive, labor intensive and rural women are found to be inclined to it, it also has no room to grow beyond a certain limit owing to high competition and small size of market, resulting in a number of graduated micro enterprises which will never go on to become resilient or small. As one official put it "*Nepali haru lai nakkal garne bani huncha, ek jana ley je garyo tyasai ko pachadi daudinchan and bazaar sano cha , tyastai ta ho ani*" Translation: We nepalese generally tend to follow whatever others have succeeded in, resulting in creation of similar firms in a small market, thus leading to fierce competition and no room to grow.

Mentorship: Almost every successful entrepreneur shared the need for good training opportunities either through their own family or interest, as they were used to pursuing with the skills learned during childhood or skills attained from mentorship from someone in the community. However, most of the enterprises at lower scale complained about the short duration of skill based training, non-availability of management based trainings and so forth. One resilient entrepreneur shared, " One month of training provided to me on tailoring was not enough, so I reached out to my instructor and asked him to teach me at his shop. I worked there for 13 months without pay." Similarly, a graduate entrepreneur said that he went to Chitwan to learn about

beekeeping for 5 more months. It was found that inadequacy in skills for marketing, accounting and bookkeeping practices inhibited growth of graduate level entrepreneurs.

GUMAN GM shared "*aafu napadheko manche,, hisab rakhne vanera kitab ta deko cha, tara milauna aaudiana, kasari rakhne*". translation: We have been given books for maintaining accounts, but don't know how to maintain them as can't read or write.

None of the entrepreneur were aware of keeping their personal and professional finances separate, which is one of the fundamental rules of account keeping for a successful business.

In an interview with One EDF, she shared "...almost every trainings after the major trainings are provided by me for more than 9 VDCs, which is almost impossible to do on regular basis. Apart from logistics, how can anyone expect that I can be on expert on everything? That's so ridiculous and I am just a student of bachelor..."

So basically four challenges were identified,

1. Inadequate training to the entrepreneur during their basic skill training, every single one said the first training of three months is simply not enough.
2. Absence of clear policy for advanced training on the related field
3. Lack of education and mentoring on the advanced level of accounting, management, planning or marketing.
4. Both quality and quantity of EDFs.
5. Absence of of business skills, managerial skills trainings, strategic trainings, etc.

Member: Member here denotes the member of the MEDEP program and its various institutions.

Mostly, the bureaucracy and enterprise development organizations such as MEDEP are seen as determining factors for an entrepreneur's success or failure, and very little attention is given to

the personal attributes of the entrepreneurs, such as their dedication towards enterprise and their economic background or social background. Several articles all around the world have attributed a firm's success on owner themselves. A study of characteristics of entrepreneurs has identified six basic individual characteristics that determine a firm's success, (1) commitment and determination; (2) leadership; (3) opportunity obsession; (4) tolerance of risk, ambiguity and uncertainty; (5) creativity, self-reliance and ability to adapt; and (6) motivation to excel (Timmons, 1994). A related stream of research examines how individual demographic and cultural background affects the chances that a person will become an entrepreneur and be successful at the task. (Byers, Kist, & Sutton, 1997).

Through my study, I found that the entrepreneurs who showed zeal to learning, were risk takers, knew the value proposition of their business and had motivation to take the work forward were the ones who succeeded. For example, Ms. Tilak Kumari (name changed), a resilient entrepreneur with annual revenue exceeding NPR 20 lakhs shared, "After my husband kicked me out from my family, I somehow got involved with MEDEP, and I had no other options for a living, but this enterprise. I took further training for more than a year, learned the skills, and proved my capability to people who doubted me. To strengthen my network I went out of my way to bond with people who would help me and my career grow."

An EDF recounted her experience of working with two entrepreneurs at same industry, one was from a rich family with other alternates for income, and the other trainee was a woman who had been cast out by her family and had no other means to earn a living. She shared that the former trainee was reluctant to put in effort for enterprise expansion, while the latter was solely dependent on the growth of her enterprise, and thus very active to work on it. During the fieldwork and interviews, it was a recurring theme that people who from well-off families

abandoned their enterprises. In the above example, the woman from the well-off family had abandoned her enterprise whereas the other MEDEP entrepreneur was now in the process of expanding her business and had also invested in a second enterprise.

Similarly, people were also found to have come up with innovative ideas to make sure that their enterprise stood out from the others. For example, an elderly woman who had received a training on allo (Nettle) threading realized that if she only continued with allo threading, her business would not be any different from the others in the same industry. She also took another training course in designing and sewing products using allo. Her innovative approach of adding value to the product helped differentiate her business from others. Such enterprising and adaptive mindset is seen lacking in most of the still struggling entrepreneurs.

Thus, the challenges with regard to membership are down to individuals and selection process.

1. Creating risk taking behaviors
2. Creating an enterprising mindset
3. Problems at entrepreneurs' screening process

Enterprise: This section deals with the enterprise specific factors that determine the success of an enterprise. For example a firm with easy access to low cost raw materials can have strategic advantage over its competitor. When it comes to micro enterprises my research showed that collective ownership of business, unless it is of a significant size, has failed. In many cases, the partners ended up selling their share to one person within the partnership. A start up entrepreneur shared that because the sales were very low, there was less motivation to work collectively; and thus she gave up the partnership.

Similarly, allo based enterprises were found to be doing considerably well, as allo is a unique perennial plant variety found in Pyuthan district with no acquisition cost whatsoever. A prominent allo entrepreneur shared that, directly and indirectly she is paying over more than 1000 people in a year for working with her. Similarly, despite lacking all the other skills, Guman GM, a bamboo handicraftsman, was doing good enough by the virtue of the Pyuthan being one of the most productive place for Bamboo. Another successful entrepreneurs Tilak Kumari shared, " I was wasting a lot of money on waste products and needed to find a way to use them. I learnt Dolls making which could have used those waste products. Now I train nearby districts and Pyuthan on doll making as well, earning quite a good sum of money every year. "

A pickle manufacturing entrepreneur despite her superior skill, extremely supportive family, had to close her enterprise down owing to high cost of raw materials which had to be imported from other districts. The cost of production was high and she also had to compete with the Indian pickles that were easily available in local market. Thus the value of the characteristics of enterprise, its suitability according to its core strength must be identified while deciding on an enterprise.

Strategic advantage, unique positioning, right business model are major sources of business success (Teece, 2010) which have been completely overlooked by the Enterprise Development (ED) organizations in Nepal. Even to negate the cheap Indian products the lesson on positioning the product, tweaking the business model so as to gain a competitive advantage has been found to be lacking completely in the MEDEP model. There is limited understanding among micro entrepreneurs regarding scaling their business from micro enterprise, to small or large enterprises.

VI. Conclusion/Recommendations

There is no dispute when it comes to effectiveness of MEDEP program over the years. The number and the story of its success speak for itself. But in my study, we also saw various stories which remain incomplete because of the rigidity of its structure, no proper scaling plan of micro enterprises for which MEDEP/MEDPA and GON must introspect. Some of the recommendations that may help MEDEP/MEDPA achieve their aim of graduating MEDEP micro entrepreneurs to small entrepreneurs are as follows:

- 1. Having a proper scaling up plan in place:** During the study it was found that the officials, EDFs had an indifferent attitude towards enterprises which are already resilient or have been deemed resilient despite the clear need of assistance. As felt in my interviews, officials were only concerned with the creation of enterprise and their graduation. Similarly, the categorization of enterprises according to their age rather than their financial strength was perplexing. Several graduated enterprises were found to in a much better condition than several of the ones deemed resilient, and which by the virtue of being categorized fell out of attention from the officials. It is likely that this was because of the unclear policy and operation plan related to gauging support required by entrepreneurs for scaling up.
- 2. Creation of a basket fund:** Access to finance and information of credit lending has been a major problem. In Nepal there are several government institutions working for credit lending. But because of their lack of coordination, and bureaucratic hassles, a concerted effort for financing is lacking, resulting in information gap to entrepreneurs. Through this study, the researcher recommends to create a basket fund to facilitate financing either through a collective bank or an organization.

- 3. Collaboration with private sector regarding injection of growth capital:** Recently Nepal has seen a wave of entrepreneurship in urban and semi-urban sectors, as a result of which several venture capitalists and investment groups are encouraging the growth of startups through seed funding, accelerator capital, etc. Organizations like Rockstart Impact, Antarprerana, M&S Next are encouraging agriculture and forestry based enterprises- that have a proven track record and sound business plan- to apply for capital, which could be beneficial for the enterprises that are doing well and seeking to grow. This approach will introduce the equity aspect of growth oriented enterprises, than debt aspect, as is still the case. GON, along with its partner organizations should try exploring such collaborative approaches of lending or financing rather than trying to address the problem alone.
- 4. Collaboration with educational institutions:** One of the major challenges that entrepreneurs are facing is lack of enterprise development facilitators. One sustainable way of solving that could be partnership with business schools where MBA graduates, as a course requirement, could be assigned work for a micro enterprise and help the enterprise in their area of expertise. One such practice is already being carried out in Kathmandu University School of Management MBA program where each student has to spend 20 days with a micro enterprise and consult them in their area of expertise; the program has been deemed quite successful for both the entrepreneurs and students. Programs like MEDEP/MEDPA should explore such relationships with educational institutions so as to create a synergy in education and entrepreneurship.
- 5. Rectifying screening process:** Although MEDEP uses PRA approach for enterprise selection and one of the major criteria is selecting hard core poor and non-hard core poor,

the evidence seemed to be on the contrary. Among the most stagnated of the enterprises and the ones that have been shut down, most are the ones who are from rich background or have other alternate means of income generation. So perhaps a greater care during screening or a revision of screening process would help in selection of targeted individuals.

6. **Leveraging strategic advantage:** In line with the government policy of pocket sectors for enterprise creation, each of the districts may have some strategic advantage. In my case, Pyuthan has a distinct advantage when it comes to allo and bamboo, and has potential for setting up of a large industry based on these products. MEDEP can go beyond creation of nascent enterprises and also create an enterprise that deals in trading, which will give the product an outlet as well, and open up more avenues for those enterprises. Such possibility of leveraging the strategic advantage of districts needs to be considered.
7. **Revise the indicators of categories:** Though this paper uses the MEDEP indicators for the categorization, during the study the indicators were found to be ineffective and unscientific. If the plan is to systematically grow the micro enterprise to small, MEDEP must revise the indicator of the scaling up process and have appropriate interventions to help elevate their status. Assigning weights to indicators based on their importance and use of marking model to identify the categories of enterprise on basis of total marks obtained will make the enterprise categorisation process more scientific and take under consideration the financial aspects of the enterprise than just alone.
8. **Update the training module:** Almost every entrepreneur in the study complained that the duration of basic skill training in the MEDEP model was very short. Those

entrepreneurs who could afford expert mentorship, or had the social network for it were able to advance their learnings, while others were unable to progress. The course progression plan for advanced skill trainings need to be in place. For this, MEDEP/MEDPA needs to work with private sector to establish business incubator and accelerator programs in each district where business consultation can be conducted. This can also be helpful in finding market linkages and value proposition of the enterprises.

9. Link with corporate world: One of the striking features of the MEDEP model that we found in Pyuthan was almost non-existent relationship of micro enterprises with the corporate world. Large industries, by nature, consume huge amounts of raw and semi-processed materials that are finished products of the micro enterprises. GON must consider establishing forward linkages of micro enterprises with corporate houses, by the virtue of which a constant supply chain can be maintained. The micro enterprises engaged in allo products, herbal soap, pickle production, incense sticks production, and poultry farming in Pyuthan can reap huge benefits from such arrangement, and it has been seen from practices in other developing countries that such linkages have also been beneficial for corporations.

10. Social Innovation trainings: In India, when government was trying to encourage creation of micro and social enterprise, one of the major challenges was replication among the MEs. Most of the MEs did similar kind of business, resulting in increased competition, less value and subsistence level of enterprise. Government of India in association with several educational institutions like Tata Institute of Social Sciences (TISS), Indian Institute of Management, designed a course of incremental innovation from which the entrepreneurs were able to identify their core strengths (from

conversation with Prof Satyajit Majumdar, TISS). GON and its various partner agencies should also develop an innovation model and educate the entrepreneurs about the value of innovation in business model to increase their entrepreneurial mindset.

11. Market research facilitation: Despite MEDEP being a demand driven model, one of the aspects lacking while selecting enterprise by entrepreneurs is the measurement of demand of that particular enterprise. For this, an intervention must be designed so as to facilitate their choice of enterprise.

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