

# Entrepreneurship Development in Nepal: A Case of ELAM

Shilu Manannndhar Bajrachary

---

**Abstract:** *The importance of micro enterprise and entrepreneurship development in a poor country like Nepal cannot be overemphasized. Micro enterprises could seem easy tools to intervene for promoting employment friendly strategies directed towards poverty reduction. However, developing entrepreneurship and micro enterprises is a daunting task in the state of vicious circle of poverty. In such a situation, ELAM programme can be effective in breaking the formidable circle, because the aim of ELAM interventions is to improve livelihoods condition by assisting the process of establishment of micro enterprises by poor communities. It has been so far successful in generating the sizeable number of potential clients, screening and enrolling the genuine clients into the programme by identifying potential clients with entrepreneurial traits, option and family support, potentials of mobilizing finance and credit, product market potentially, and creativeness.*

---

## I. THE CONTEXT

Poverty in Nepal is pervasive, largely chronic, and reflected in dimensions of social and human progress. Nepal is one of the poorest countries in terms of not only per capita income but also in all socio-economic aspects such as life expectancy, infant and maternal mortality rate, adult literacy, per capita calorie and malnutrition. Nepal's population of 28 million continues to experience high levels of poverty, especially rural poverty, and high levels of unemployment and underemployment. It is estimated that approximately half of the available work time of Nepali adults is underutilized. Eighty percent of the population depend for its livelihood on agriculture, with its seasonable off-season and slow periods. The National Planning Commission estimates that 25.4 percent of Nepal's people live below the poverty line, currently set as Rs. 13,328 per year per person. Understandably, the Government of Nepal has placed the highest priority on poverty reduction and employment generation. The biggest challenge faced in the country's development efforts is about how to reach the poor and vulnerable communities of rural Nepal and urban poor with development inputs and how to make it appropriate for vulnerable households, with no access to information, resources and networking with the better parts of the country.

---

Dr. Bajracharya is Associate Professor at Shanker Dev Campus, Tribhuvan University.

There is an imperative need to bring the poor and excluded group (P & E) friendly development approach for two reasons: i) different social groups of people have different livelihood needs, opportunities, priorities that need to be included in development planning and ii) inclusion of P & E groups' ideas, needs and priorities in development will lead to changes in the overall approach to development so that the focus will be on sustainability considering *inter alias* economic growth coupled with "growth with equity". Therefore, pro-poor growth, good governance and social inclusion for humane development are at the centre of millennium development agendas.

At the backdrop, the need for pursuing strategies to generate employment opportunities that will lead to alleviation of poverty is of the highest priority in a country like Nepal. It is true government, non-government and donor efforts are directed to provide capacity development programmes mainly in the form of skill development and business development support services. But then, access and availability of such services at different levels by different agencies does not adequately address needs of small entrepreneurs, especially micro entrepreneur group of people like petty producers and vendors whose risk bearing capacity is very low. Many of the services are being extended in rural areas due to their obvious disadvantage but it is equally important to note that there is occurring a large scale migration of rural people to urban and peri-urban areas in search of jobs and economic opportunities. This is where Elam has positioned to serve the poor people of urban and peri-urban areas through micro enterprise development.

Micro enterprises and entrepreneurship development play an important role in a country like Nepal with difficult terrain, limited infrastructure and small and scattered market. Low purchasing power and limited access to finance also enhance the role of micro enterprises. These are very appropriate tools for intervening to promote employment friendly strategies directed towards poverty reduction. Entrepreneurship is, however, not easy to develop and is conceptualised differently by different authors viz. Schumpeter (1934) recognised the importance of creative innovation and change, Danhof (1949) change in formula of production, desire to make profit, Hoselitz (1952), organisation building capacity, Casson, (1982), thrown by situations, Shapero, (1985) and achievement oriented individuals, Vesper (1990). ILO defined entrepreneurs as persons with an ability to see and evaluate business, marshal resources to take advantage of them, and to initiate appropriate action to ensure success (Meredith *et.al.*, 1982).

## II. ELAM PROGRAMME

### *A Case of Entrepreneurship Development in Nepal*

The aim of ELAM interventions is to improve livelihoods condition by assisting the process of establishment of micro enterprises by poor communities. The project plays a facilitating role through creation and development of localised Enterprise Service Providers (ESPs) from local potential young women and men who strive to sustain Elam approach in a sustainable way.

Elam aims to diversify the livelihoods and increase the incomes of low-income families. Elam takes an integrated and market driven approach to micro-enterprise development, providing and coordinating entrepreneurship training, technical skills training, and micro-finance access for potential micro-entrepreneurs. Local market and resource studies inform product and enterprise selection and market linkages. Elam stresses the areas surrounding the major road network and the market centres as the critical locales for identifying, training, and assisting selected poor men and women to initiate and develop their micro-enterprises.

Elam presents the hypothesis that one factor retarding the success of the many efforts to stimulate employment and self employment is that most programmes are uni-dimensional, providing only one of the services that are needed to create sustainable micro-enterprises. Each of these approaches has its strengths and limitations and is generally is not complete.

This programme component, in general, aims to assisting existing enterprises to enhance the skills required to develop their business growth plan, to improve their management practices, and to access the required managerial, financial and marketing skills, and financial services from within and outside sources. The major client groups of the component are petty producers and enterprises in the informal sector (especially not registered) run by a maximum number of five employees including the owner and family members.

This process entails two aspects: first, generating the sizeable number of potential clients; and second: screening and enrolling the genuine clients into the programme. Some of the criteria in use for screening and enrolment of the potential clients are entrepreneurial traits, option and family support, potentials of mobilizing finance and credit, product market potentially, creativeness etc.

**Client Enrolment Workshop:** Elam organizes a workshop to screen clients and build and enhance business and enterprise background to clients. Elam also visits client's premises for analyzing their business situations and assessing their business growth/expansion opportunities. The potential clients are finally enrolled into GED for Elam services subject to their successful completion of the workshop, by fulfilling the stated commitment during the process and a positive assessment of their business growth idea by Elam.

**GED Counselling, Coaching and Consulting (CCC) Services:** Elam is providing the CCC services in the areas of business planning, working capital management, balance sheet preparation, costing pricing and marketing, account and record keeping, linkage to credit, cost reduction, product display and decoration, product development and market testing, market development and market linkages, clean and tidy workplace, internal saving generation, etc. Every enrolled client has to go through a step wise process by fulfilling their commitments for being eligible to the CCC services at the next step.

**Start your own Business (SYOB):** The SYOB programme component is for assisting employed or unemployed people with apparently sensible ideas for starting

their own business. The basic idea is to support them learn how to start and run a business, including mobilization of finance.

**Clients Identification and Selection:** The potential sources of client generation depicted for GED are also applied for SYOB. A preliminary form is filled-out for potential entrepreneurs contacting Elam office. A stepwise process for screening and enrolling the potential SYOB clients has been developed.

**Motivational and Business Planning Workshop:** This workshop is conducted in two parts: the first part is designed to inform the potential clients to orient them about it and its services, and collection and matching of their expectations and assessment to enrol them into subsequent motivational and business planning workshop. The client registration form is filled-out by the committed clients for enrolment in the second workshop. The second part workshop is designed to cover various aspects of business management and entrepreneurship development.

**Sub contracting:** Generally manufactures nowadays are not manufacturing all their components and ancillary requirements but rather sub contracting parts and components to other business/companies that can develop, manufacture and assemble components as per design, drawing and work norms provided to them. Quality and competitive prices are the bench marks for these items. As a result, the market for sub contracting/sub assembling is growing in size and demand for widening production based in diversified product per their given standards. Elam/HELVETAS initiated the sub contracting business practices in *Agarbatti* (incense sticks), *Sinka* (bamboo sticks), wire brush, *Papad* (poppadom), and wire net with promising results.

**ESP development:** ESP development is conducted with the objective of providing reliable and quality local services to micro entrepreneurs to increase the operational capacity, increase access to market, develop management skills, financial efficiency and access to networks and information, including sub-contracting for income and employment generation in the informal sector for the clients. ESPs are expected to provide services for increasing numbers of micro enterprises, to localize their services as private business service practices, to ensure cost effectiveness and timely CCC services delivery. ESPs are developed and capacitated by the project but are independent entities and they are provided remuneration on task wise basis thus not making them the burden for the project. In order to remunerate them, Elam has developed a very extensive and elaborate costing basis. This has not only strengthened the remuneration process but also made it objective and transparent. This is one of the great strengths of Elam

**Micro Enterprise Development Fund (MEDF):** Elam has also started developing and operationalising a fund to extend CCC services as a part of the sustainability exercise. It has already established a fund of Rs. 1.4 million with the contribution of Rs. 1 million by HELVETAS, Rs. 300,000 by Birgunj Municipality and Rs. 100,000 by the chamber. It is located at the chamber and they plan to extend CCC services, micro enterprise development and related activities and also plans to expand resources. An MOU has already been signed with Bara DDC to establish and operate a similar fund at Bara.

**Programme Management:** The programme management unit (PMU) is located at Birgunj and comprises of a small but dedicated team with a sub-office at Jitpur. The Programme Office (PO) at Kathmandu supervises and monitors the activities. The approach to make it cost effective is obvious from the small team, making ESPs independent and locating ESPs at the field itself on some kind of area wide basis. There is a proper understanding and commitment to making the entire effort commercially viable and sustainable. PMU may be better equipped with enterprise development specialist, marketing expert, finance expert, and technology facilitator or the functions may be allocated accordingly.

**Implementation Partners:** Elam is working closely with partners and has been able to promote cordial relationship with them. It is working with DDCs, municipalities, chambers, and other development agencies. It has implanted joint programme with DLGSP of UNDP and this is an appreciable effort. Elam should make efforts to enhance such linkages with other likeminded institutions and development partners at least in the area of enterprise development activities.

### III. ASSESSMENT OF ACHIEVEMENTS

**Relevance:** Elam interventions responded to the emerging needs of the un-reached segment of rural women and men in the current context of political conflict, when lack of home based employment, absence of public services and feminization of poverty exhilarated the rural poverty. By exploiting the existing constraints as challenges for constructive transformation, Elam developed capacity of socially excluded and other groups at local level, specially targeting marginalised urban and peripheral clients. At the macro level, Elam is a fitting tool to respond to the national poverty reduction strategy, gender mainstreaming strategy of the 10th National Development Plan and the proposed interim plan. Elam has demonstrated an alternate model of cost effective, inclusive and gender responsive intervention through maximum use of local resources and indigenous skills in enterprise development for sustainable livelihood. Most of the activities promoted by Elam are based on local resources like incense sticks, wire brush, etc. It has selected clients from women, disadvantaged communities and other excluded groups besides from Indigenous Nationalities and Madhesi etc.

**Efficiency:** The Elam integrated approach, combining entrepreneurship training, technical skills training, appropriate technologies, micro-finance access, market linkages, and considerable on-going advice and encouragement to new entrepreneurs has significant up front costs which, however is quite justifiable as it will not only lead to promoting a viable business entity that will Elam's reliance on Enterprise Service Providers (ESPs) who are local residents and commensurate cost efficient strategies help minimize the expenses. The total budget of Elam in the period has been GB 1,026,000 or about Rs 135,000,000 for the period 2003-2007 meaning that support to one client has cost Rs. 35,000. This sum on an average generates about two employees. In other words, generation of one employment has been achieved by investing less than Rs. 20,000. As a

result, it must be reckoned cost effective and therefore efficient. Further ESPs have been developed but not made employees but themselves were made entrepreneurs to post a real example for others.

Output: Elam started as a pilot project during 2001-2002 and 166 clients were developed during the phase. Elam modality was developed practiced as improved thus creating a basis for further development.

Table 1: Number of Clients

<b>Year</b>	<b>SYOB</b>	<b>GED</b>	<b>TOTA</b>	<b>LANNUAL CHANGE (%)</b>
2003	37	137	174	
2004	291	257	548	49.4
2005	301	459	760	38.7
2006	547	275	822	8.2
2007	279	539	818	- 0.5
<b>Total</b>	<b>1455</b>	<b>1667</b>	<b>3122</b>	

During the five year operation (2003-2007) 3122 clients were developed. GED clients constituted 53.3 percent while 46.6 percent belonged to SYOB clients. Additionally, 738 sub contracting clients were also developed on the group basis in 41 groups. At the initial period, the number of clients increased significantly as is to be expected due to initial period and from 2005 onwards seven to eight hundred client were supported each year.

Females accounted for 43.5 percent of total clients meaning that the project has given due consideration to promote female entrepreneurs. Pursuant to the HELVETAS strategy of SLOW, the programme gives emphasis to poor, landless, occupational caste, deprived, socially excluded and women. The client selection process, which includes identifying through sources like secondary information, visits and surveys, referrals and those motivated by demonstration and screening them by examining entrepreneurial traits, options and family support; potentials of mobilising finance and credit; product market potentiality and creativeness etc.; gives adequate emphasis for the inclusion of these categories of clients. It shows that Elam has extended due attention to the issues of gender and social inclusion.

Preparing these poorest and most disadvantaged persons for entrepreneurship is a challenge, due to their vulnerability and limited perspectives. The process is arduous and takes longer; the starting enterprises generally tend to be simpler, and more limited than those for non-hardcore poor or non-disadvantaged communities. Elam recognizes that these "clients" have special limitations that must be addressed if they are to be able to participate in the series of trainings and activities required by the Elam integrated and sequenced approach. Elam is learning how to provide the support they need without undermining the sense of self-responsibility that is at the heart of entrepreneurship. It is not an easy task but Elam has developed and succeeded in modalities to overcome such challenges.

Small technological innovations are often the key to providing the efficiency and

quality control that make small-scale production possible and profitable. Elam has helped to develop and adapt technologies for example developing simple tools and technologies in the area of wire cutting, bamboo stick cutting etc. and supporting the conversion of traditional sewing machines by attaching a small motor etc., which in most cases have made the enterprises possible and/or more viable.

The entrepreneurs are involved in diverse activities. These included trading, manufacturing and services sectors. Sub-contracting activities include mainly incense stick production (61.2%), and bamboo stick (23.7%) or the incense stick manufacturing overwhelmingly dominate the sub-contracting activities. Other sub-contracting activities include garment, wire brush and wire net manufacturing. It is heartening to note that Elam has not only been able to promote entrepreneurship and enterprise development but it has also been able to promote demonstration effect which in reality may have much greater value as direct project activities may not be able to be taken to the doorstep of each deserving person. Some 510 persons in 12 groups have followed suit and are engaged in incense stick production. This is another great achievement of Elam. Thus on the one hand helps to bring much larger people under gainful employment but will also aid the project to have greater multiplier effect.

**Enterprise Sustainability and Growth.** One important indicator of enterprise sustainability is the drop-out rate. There is no indicator maintained about operating and those which have dropped out but the graduation rate provides useful indicator of enterprise sustainability. The graduation rate of 2398 enterprises indicates that virtually all those that have been enrolled have graduated. The number comes to about 60 % only but as the criteria of graduation defines two year maturity requirement among others, virtually all those that have completed two years appeared to have been included in the graduated records. The drop out rate seems to be very low looking at the rate of the graduated enterprises. But there is some doubt about the actual drop out rate. The annual report 2005 gives following information.

Table 2:Information on the Number of Continuing Enterprises

Year	Enrolment	After 1 year	After 2 year
2004	481	481	82
2005	1103	1052	252

**Source:** Annual Report, 2005

The information shows that in 2004 there is no drop out after the first year but in 2005, 4.6% clients' record are not available indicating the possibility of drop out. However, after the second year, the data is shown for very few enterprises for both the years seriously raising the doubt about the size of drop out. The explanation may be graduation before two years and thus excluded from the monitoring. Whatever the case, It raises some doubt about the actual drop out rate.

However, the general observation indicates that most of them are operating showing

high degree of resilience of Elam promoted enterprises. This survival rate is satisfactory even in global perspective. Despite apparent slowdowns in the country due to conflict-related disruptions, the enterprises are almost universally still in business after some years of operation. A number of GED enterprises have achieved impressive growth, now employing a number of employees, and are in the process of expansion.

Impact: Impact has been tried to be assessed using sales, profit and employment indicators apart from empowerment aspects.

Table 3: Increase in Sales

Year	No. of enterprises	% change after 1st year	% change after 2nd year
2004	481	52.1	97.1
2005	764	83.4	65.2
2006	818	43.7	-

**Increase in Sales:** Increase in sales is an important indicator, which shows the success of the effort. Clients enrolled in 2004 recorded growth of 52.1% after the first year and the growth rate increased to 97.1% in the second year. The growth for the clients of 2005 also recorded similar growth. The achievement by the clients of 2006 was most satisfactory with growth surpassing 143%. Discussions with the clients also adequately prove that change in sales and incomes were highly encouraging. GED clients reported 50% to more than 100% growth in sales while SYOB and sub-contracting clients also responded that the change has been quite significant. Higher incomes are generally indicative of overall improvement in the quality of life.

**Change in Profits:** An important purpose of micro-enterprise is to significantly increase the per capita income of the poor. As an important indicator of success regarding incomes, Elam compares the entrepreneur's income before Elam's intervention with the net income (revenues minus all non-labour costs) of the resultant micro-enterprise during the three to four cycles of observation conducted every six month.

This is one area where the available data does not exhibit encouraging results. The data in many cases shows declining profits. In 2005, profits increased in aggregate by 10.5% but the records of 2006 shows decline in profits by 10.0%. This does not augur well for the project. However, in all observations in the field positive changes were observed indicating that Elam has been successful in bringing a satisfactory change in the lives of the marginalised, poor and the excluded population. More and more people are sending their children to schools. Some reported that they have been able to share the burden of household expenditure. Some reported that they have been able to add assets including construction of new buildings and purchase of land. Others reported of increased spending on health, foods, cloths and other necessities. Some even reported of being able to save some portion for future. Thus, the overall impression is that of enhanced benefit as a result of participation in the Elam process.



Table 4: Change in Profit

Year	Change percentage
2005	83.7
2006	90.7

**Employment Generation:** Elam has not only helped the clients but also has contributed in generating gainful employment opportunities. The clients have been able to expand their activities, increase sales and walk on the path of growth. In 2004, Elam helped to create 275 additional jobs. In 2005, the number of additional jobs went up to 315. It increased drastically by 957 or 58.2% of the original employment in 2006. It means Elam has positively contributed in generating additional employment opportunities.

Table 5: Employment Generation

Year	Original	After one year	Additional employment	Percentage change
2004	1133	1408	275	24.3
2005	1100	1415	315	28.6
2006	605	1562	957	58.2

**Impact on Women's Positions:** Women entrepreneurs reported that they have been able to raise their status and identity inside and outside their household, and strengthen their role in household decision making. The majority of the women entrepreneurs interviewed stated that their income generally goes for better food, clothing, education of their children, health, and other household expenses.

Women who have had low self-esteem become economically empowered, at decision making, have a higher standing in the community, and sense of solidarity. A large number of the women are operating house based enterprises in a slow but continuous mode due to their family responsibilities. Most of them are working almost on a part time basis and this to a larger extent explains the difference in the additional income the males have been able to generate. Albeit women who traditionally relied upon males for financial resources have been empowered to possess and use money. Many claimed that they have money on hand and felt empowered. The roles have changed and in many cases women have become the principal bread winner. For others, they have been able to contribute to the family coffers. These changes have contributed to social, behavioural, attitudinal, and status change in the lives of many women.

#### IV. LESSONS LEARNT

- Locally capacitated ESPs and their service provisions ensure sustainability of the programme and is cost effective model for outsourcing and up scaling the business development.
- Capacity building of ESP through coaching while providing CCC services to clients

enhances their confidence and contribution in providing quality services to the clients.

- Institutionalization and legalization of ESP is essential before scaling up credit services through ESPs.
- CCC tools (structured package programme according to clientele type/ sector (basic/ specific), tool kits, games, exercises need to be updated regularly incorporating experimental learning for further improvement. The present materials mainly consist of customer types and sales processes. It may be gradually added with the concept and processes of quality, standardisation, market positioning, promotion, pricing, branding, packaging, publicity, and relationship marketing etc.
- A common forum of graduated clients facilitates in dissemination information on business policy (frequently changing government rules e.g. tax etc) and to maintain good relation with other service providing organizations.
- Credit is an essential component for promoting micro enterprises which is seen viable when linked with ESP services. In areas where ESPs are operating as credit agents and where ESPs provide guarantee, credit access is easier.
- Sub contracting business approach is an effective way for providing income/employment to a large number of people, particularly women working from their home.

## **V. CHALLENGES AND ISSUES FOR CONSIDERATION**

Despite having made substantial progress in promoting rural micro enterprises, Elam faces the following challenges.

- Most of the skill training was extended by ESPs themselves. It may not augur well as ESPs themselves may not have been exposed to required skill levels in diverse fields. Actually they reported demand of skills in which they were not proficient.
- Group entrepreneurs are not extended entrepreneurship training. Entrepreneurship culture may not therefore have been developed among all clients.
- GED clients have reported improvement but visibility is limited. There is a need for more forceful strategies including keeping of baseline data adequately and then comparing with increased employment, profit and assets.
- The information materials developed are useful, innovative and simple. However, there is room for improving these materials by adding concept and processes of quality, standardisation, market positioning, promotion, pricing, branding, packaging, publicity, and relationship marketing etc.
- In certain cases, sustainability despite adequate evidence of efforts remains to be seen. However, there is no denying that the model developed appeared to be highly sustainable. The signs of sustainability are the sustainability of ESPs who are not only confident but also are working in the lines. Their plans and programmes also indicate the possibility of their sustainability. It will mean continued access to CCC

even without the project. Besides the strong linkage to the market especially for the sub-contracting clients provide a strong cushion for sustainability. All these make the model relatively more sustainable.

- There is a need to give greater attention to quality and standardization issues. Without these ability to compete in the market will be limited.
- Greater attention is also needed in marketing aspect, particularly for those who are not linked to sub-contracting. Activity selection should be preceded by market opportunity studies.
- In the finance area two limitations are observed. In the long run, it may not be desirable for Elam project to guarantee on behalf of the clients particularly in view of volatile situation in the country. There is a credit gap for those clients for whom ESPs may not be ready to provide guarantee.
- A big challenge has been to maintain consistency of products and quality of products, e.g., amount and regular supply of products, quality packaging, labelling, branding, storage so as to meet the market standard In products with increasing market, standardisation efforts should start with products like incense sticks for example uniformity in length, look, content etc.
- Normally, the participants of the programme were found to be highly motivated to implement what they learnt through training and exposure. However, due to limited practice and absence of innovative marketing concept like pushing local products, project level branding, linking to international markets through viable intermediaries like Organic Village, some of the entrepreneurs have yet to internalize the concept and tactics of preparing their products for market attraction and competition. Likewise, the programme would need to give more emphasis and explore opportunities for Business to Business (B2B) linkages to promote micro-entrepreneurs products to a wider customer base though this happens to be a strong forte of Elam. The business and promotional strategies for GED, SYOB, and ShG clients should be different.
- The products are generally organic, hand made and produced mostly by the *poor* women; these are the core values for market promotion of their products. A combination of value chain analysis particularly in areas with larger numbers to sustain their activities strongly and provide better backward and forward linkages have to be made incorporated through highlighting with promotion of every product.
- Another big challenge faced by Elam is how to strengthen and retain a favourable socially enhanced business environment for the women by managing appropriate technologies, sufficient follow up support to women in production process and marketing. The women targeted by Elam come from generally socially deprived households besides being victims of economic poverty. The women need extra support for motivation, so do the *Dalits* and other excluded castes and conflict affected communities. Elam needs to plan strategically for meeting this extra effort in motivating them, not only through linkage building but also by providing special technical support to retain motivation of socially marginalized section.

## **VI. RECOMMENDATIONS**

- Skill training component should be provided by skilled personnel if necessary linking with other skill training institutions or activities. It is generally practised now but in some cases these are provided by ESPs only.
- All clients should be extended entrepreneurship training to promote entrepreneurship culture.
- Training materials should be upgraded incorporating some advanced but useful concepts particularly in marketing as has been explained earlier.
- Elam should not provide guarantee but mechanisms should be explored e.g. group guarantees and ESP guarantee to gradually replace Elam guarantee.
- Varied strategies should be adopted to improve access to finance. An additional avenue has emerged with the establishment of Rural Self Reliance Fund by NRB. It is available to cooperatives at very low interest rates. So cooperatives of micro-entrepreneurs wherever feasible should be established with at least 25 members to enable them to access RSRF. Besides coordination with various development initiatives and funds at community/village/district levels and link with various institutions and mechanisms like RMDC, and FINGO etc may be promoted besides the formal financial institutions.
- There is a need to promote inter project cooperation and coordination at least among projects of similar nature to learn the best practices and adopt more viable and effective approaches.
- Monitoring should be further strengthened internally as well as externally involving local chambers and other partner organisations.
- Micro enterprise and micro-finance policies must be brought out at the earliest if need be with the cooperation and the joint working with projects involved in micro enterprise development.
- The project should engage in growth strategies by working on value chain basis if feasible in collaboration with appropriate agencies particularly for products where the prospect is good for large scale involvement. The project need not do it itself but can collaborate with institutions for enhanced benefits.
- Elam operates around the urban and peri-urban areas. So there is a great prospect of promoting service related activities that may have adequate market. It is true Elam has been engaged in attending to promoting trading and skill oriented services like hair cutting. There is a plethora of other services that may be promoted for example construction related activities, supply related activities and other services requiring low and middle level skills in mechanics, electronics, auto repairing, electrical, plumbing etc.
- For improved marketing relations may be established with appropriate agencies to promote feasible products through sales outlets in Birgunj or linking with agencies in Kathmandu like Organic Village, Mahaguthi, Dhukuti, WEAN etc.

- The capacity of ESPs should be built in enabling them to provide requisite services if necessary by instilling some specialisation as Elam already appears to be doing. There is a need to orient in the areas of enterprise growth, advanced marketing, inputs and procurement, finance, and technology. Further sensitization in the areas of gender, working in risky situation etc. may be helpful.
- Micro enterprise development is an innovative concept and should be further promoted. There is a need to motivate more and more agencies to participate in the process and make the fund really worthwhile. As far as possible it should be made independent of political players. Hence the most suited agencies to manage it may be the chambers or alike institutions. Careful preparation of the operational manual is necessary for utilising the fund.
- Business incubation is an important concept and will suit more for small and medium scale enterprises. Hence the scope is quite good in the urban and peri-urban areas. The way group enterprises are being developed; there is a need to give it permanency. One approach may be cooperation of such groups that will enable them among others to access easy finance from Rural Self Reliance Fund (RSRF) promoted by Nepal Rastra Bank. Of course all the groups may not be converted into cooperatives. The risk sharing model should incorporate additional development agencies to share the burden and gradually may also adopt micro insurance type activities.

## REFERENCES

- Bajracharya, Pushkar (2007), *Scoping Study for MEDEP Phase Three*, Kathmandu: UNDP.
- Bajracharya, Pushkar (2008), *Programme Document for MEDEP Phase Three*, Kathmandu: UNDP.
- Bajracharya, Pushkar and Neeta Shrestha (2009), *Evaluation of CSP Programme*, Kathmandu: DFID.
- Casson, Mark (1982), *Entrepreneur: An Economic Theory*, Oxford: Martin Robertson.
- Danhof, C.H. (1949), *Observation of entrepreneurship in agriculture, change and the entrepreneur*, Cambridge: Harvard University Press.
- HELVETAS, *Annual Reports of ELAM*, Various Issues, Kathmandu.
- Hoselitz, B.F. (1951), The Early History of Entrepreneurial Theory, *Exploration in Entrepreneurial History*, Vol. 3.
- Meredith G.G., R.E. Nelson, and P.A. Neck (1982), *The Practice of Entrepreneurship*, Geneva: ILO.
- National Planning Commission, (2010), *Approach Paper to Three Year Plan, 2010-2013*, Kathmandu.
- Shrestha, Ramesh, (2007), *Entrepreneurship Development in Nepal*, Unpublished Ph.D. Thesis, Faculty of Management, Tribhuvan University, Kathmandu.
- Vesper, K.H. (1990), *New Venture Strategies*, Englewood Cliffs NJ: Prentice Hall.