

Government of Nepal
Annual Progress Report - 2009



Project Title: Micro-Enterprise Development Programme (MEDEP) III

Award ID: 00049631

Award Title: Micro-Enterprise Development Programme Phase III

Project ID: 00060664

Source of Funds: TRAC and AusAID

Implementation Modality: (DIM/NIM): NIM

Project Beginning Year: 1 April 2008

Project Ending Year: 31 December 2010



Signature

Name Lakshman Pan
Project Manager

29 December 2009



Signature

Name Dhuradi Raj Pokharel
Executive- Project Board

29 December 2009

Joint-secretary

Annual Progress Report – Part I

1. Overview of the Project

Provide a very short description of the project and its main intended results.

Micro-Enterprise Development Programme phase III (MEDEP III) is a joint initiative of Government of Nepal (GoN) and the United Nations Development Programme (UNDP) for alleviating poverty through the development and promotion of micro-enterprises and generating self employments. MEDEP III is funded by the UNDP and AusAID and it is implemented by Ministry of Industry (MoI) and co-implemented by Ministry of Local Development (MLD) and Ministry of Forest and Soil Conservation (MOFSC). At the district level the programme is implemented by Business Development Service Providing Organisation (BDSPO) and District Micro-Entrepreneurs Group Association (DMEGA) through the supervision and monitoring of District Enterprise Development Committee (DEDC). DEDC is chaired by the Chairperson of District Development Committee (DDC). The members of DEDC comprised of Local Development Officer (LDO)/DDC, Programme Officer of Enterprise Development Unit (EDU)/DDC, District Chambers of Commerce and Industry (DCCI), Federation of Nepal Cottage and Small Industries (FNCSI), District Agriculture Development Office (DADO), District Forest Office (DFO), District Livestock Service Office (DLSO), Women Development Office (WDO), Federation of Community Forest Users Nepal (FECOFUN), Dalit District Co-ordination Committee, Indigenous Nationalities Co-ordination Committee, Micro-Finance Institutes (MFI), District Micro-Entrepreneurs Group Association (DMEGA).

The programme focuses on increasing the income of Hardcore Poor and Socially Excluded Groups especially Women, Youths (16-29 years), Dalits, Indigenous Nationalities, Madhesis, Muslim and other Disaster Affected Families through promotion of sustainable micro-enterprises development and employment generation. The programme has facilitated in conflict transformation of rural communities particularly in Terai districts of Nepal where conflict has emerged again.

The main intended results of the programme for 2009 are to (1) support government to develop national level policies and programme on Micro-Enterprise Development, (2) create five new BDSPOs in five new districts where programme has been launched recently, (3) implement the Income Generation Activities (IGAs) for Koshi Flood Affected Families and Hardcore Poor Families, (4) establish 7,550 new micro-entrepreneurs and provide scaling up supports to existing entrepreneurs and (5) enhance capacity of key central and district level partner organisations and strengthen the Micro-Enterprise Unit (MEU) of Ministry of Industry (MOI).

2. Results in 2009

a. Progress towards CPAP Outcome and Output Indicators

If the project has an M & E Framework with an indicators tracking table, annex it hereto. If the project does not have a table already, fill in the following table (illustrated with an example from MEDEP):

CPAP Outcome:	(Take from the CPAP – PO can fill this in) Income opportunities and access to financial services enhanced, especially for youth and excluded groups and PLWHA in partnership with the private sector and CSOs.
CPAP Outcome Indicators, baselines, targets and current status	(Take from the CPAP; fill in current status if there is new data – if there is no new data, or the project does not have data, just indicate "no new data") Proportion of population below national poverty line (disaggregated by caste/ethnicity) Baseline: 31% (2004) Target: Current status: <i>Note: Updates on outcome indicators required for annual reporting to HQ ; projects may not have data at the outcome level, however.</i>
CPAP Output:	(Take from the CPAP) Policies designed and initiatives developed to expand employment opportunities for poor youths, women and individuals from socially excluded groups in selected districts.
CPAP Output Indicators, baselines, targets & current status	<i>(List only the indicators from the CPAP that are relevant to the project; the Baseline & targets here should be those in the CPAP, "current status" is the only NEW data.)</i> Number of micro-enterprise-related policies formulated and approved Baseline: Micro-Enterprise Policy and Micro-Finance Policy formulated approved Target: Sub-contracting policy drafted Current status: First draft of Sub-Contracting Policy in progress # of new micro-entrepreneurs developed Baseline: Target: 7,550 Current status: 8,457 (112 % achievement) % of women micro-entrepreneurs Baseline: Target: 60 percent Current status: 68 % % of Dalit micro-entrepreneurs Baseline: Target: 30 percent Current status: 25 % % of micro-entrepreneurs under 35 Baseline: Target: 60 percent

	<p>Current status: 69%</p> <p># of jobs created through support to micro-enterprise development Baseline: Target: Current status: 8,617</p> <p># of HIV infected and affected people having received skill based training who are employed Baseline: 0 Target: 414 HIV/AIDS infected and affected and Injecting Drug Users (IDUs) Current status: 265</p>
<p>Project Output Indicators (if different from CPAP Output indicators), baselines, targets and current status</p>	<p>Indicator Baseline: Target: Current Status:</p>

b. Achievements against Annual Work Plan 2009 (Annual Targets & Activities)

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial							
				Fund	Budget Code	Budget	Expenditure				
Provided support to Government of Nepal (GoN), business organizations and entrepreneurs to develop sub-contracting mechanisms to encourage purchase of products and services of micro- and small enterprises		<p>Activity Result 1: Support Government to develop national level program on micro-entrepreneurs and follow up Micro-Enterprise policy related Act and By-Laws, and develop other sub sector policies.</p> <p>Action: Assisted MOI for conducting two central level workshops for National Programme on Micro-entrepreneur Development (NPMED);</p> <p>Action: Provided support to MOI for formulating comprehensive Industrial Policy;</p> <p>Action: Submitted the final draft of B2B Report;</p> <p>Action: Developed the first draft of Sub-Contracting policy and submitted to GoN;</p> <p>Action: Assisted MOI for drafting Act and By-Laws of Micro-entrepreneur Policy;</p>	<p>Completed. The Govt of Nepal approved the special programme "Micro-Entrepreneur Development for Poverty Alleviation" and allocated 50 million NRs for 18 districts for this fiscal year 2066/67 (2009/2010).</p> <p>Completed.</p> <p>Completed B2B study and submitted the final draft.</p> <p>Partially completed. Prepared first draft but yet to submit to GoN.</p> <p>Partially completed.</p> <p>★ Provided inputs to draft Comprehensive Industrial Policy which is in discussion.</p> <p>★ Act and By-Laws of Micro-Enterprise will be drafted after GoN approves Comprehensive Industrial Policy</p> <p>Not completed due to unavailability of appropriate consultant. It is postponed for 2010.</p>	UNDP	Local Consultant	4,000.00	154.43				
				UNDP	Travel	40,000.00	-				
				UNDP	Miscellaneous	5,000.00	2,419.15				
				UNDP	Contractual Services						
				UNDP	Companies	25,000.00	7,791.94				
				UNDP	Contractual Services	12,000.00	15,988.32				
				Sub Total				86,000.00	26,353.84		
				Created new BDSPOs in new five districts		<p>Activity Result 2: Creating new BDSPOs in new five districts</p>		AusAID	Contractual Services Companies	5000	-

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
Provided grants to 1,000 disaster affected and poorest households (group based) in selected socially mobilized VDCs for income generation		<p>Action: Provided support to NEDC to establish Business Service Providers in new five districts and recruiting new EDFs</p> <p>Activity Result 2: Implement the Income Generation Activities (IGAs) for target groups under IGA as per already developed manuals and guidelines</p> <p>Action: Conducted workshop for finalisation of IGA Guideline and provided IGA Grants to 1,000 disaster affected and hardcore poor people (group based) from selected poorest communities including Koshi Flood Victims (KFV).</p>	Completed. Established 5 branches of NEDC in remaining five districts. Developed NGO Selection criteria.	AusAID	Travel	2000	
					Sub Total	7,000.00	
7,550 people become micro-entrepreneurs and are linked to markets (at least 60% Women, 30% Dalits, 40% Indigenous nationalities (Adivashi-Janajatis), and 60% Youths)	100%	<p>Activity Result 3: Establish micro-entrepreneurs and provide scale up supports</p> <p>Action: Developed 7,550 (80 entrepreneurs in KIND) micro-entrepreneurs including 1000 from Koshi Flood Affected families;</p>	<p>Finalised the IGA Guideline and implemented. Provided IGA grants to 544 Poor and koshi Flood Victim families.</p>	UNDP	Contractual Services Companies	30,000.00	7,102.76
				UNDP	Grants	110,000.00	83,702.00
				UNDP	Travel	1,500.00	393.96
				UNDP	Miscellaneous	2,000.00	344.11
					Sub Total	143,500.00	91,542.83
<p>★ Developed 8,457 entrepreneurs including 80 enterprises in Khimi Neighbourhood Development Project (KIND) which is 109.4 percent achievement against the target.</p> <p>★ Among them 538 are Koshi Flood affected families, and 265 HIV/AIDS and injecting Drug Users (IDUs).</p> <p>★ Gender and social inclusion wise 68% are women, 25% Dalit, 37% Indigenous</p>				UNDP	Contractual Services Companies	747,000.00	915,739.92

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
			Nationalities, 38% other. ★ Age-wise (16 - 35 years) 69 percent are Youths); ★ Generated 8,617 new employments including entrepreneurs.				
		Action: Provided support to FNCCI, FNCSI, NMEGA and other stakeholders for 21 Trade Fairs and Exhibitions events at different levels;	Completed 12 and postponed 9 due to re-scheduled after December by the partners Federation of Nepal Cottage and Small Industry (FNCSI) and Federation of Nepalese Chambers of Commerce and Industries (FNCCI).	AusAID	Contractual Services Companies	192,000.00	192,234.87
		Action: Provided support for developing 34 Second Generation Operation Plans (SGOPs) of Community Forests	★ Identified and oriented 33 CFUGs ★ Prepared 10 SGOPs	UNDP	National Consultant	40,000.00	6,594.80
		Action: Approved by District Forest Office (DFO) and implemented 20 SGOPs;	★ Approved by DFO and implemented 27 SGOPs	UNDP	Miscellaneous	12,000.00	11,417.92
		Action: Support to 20 Community Forest Users Groups (CFUGs) for appropriate harvesting technology of raw materials (training or equipments).	★ Conducted 9 training on appropriate harvesting of timber and non timber (Bhorla, Kurilo, Bamboo, Cinnamon (Tejpat), Kaulo, Amriso, Ailo, Babiyo, etc) to key officials of the selected CFUGs & MEs on Sustainable Harvesting & Forest Management of major forest species the districts. ★ Provided one treadle pump set for irrigation support to 22 micro-entrepreneurs of vegetable cultivation on forest land of khajianpur CFUGs in Udayapur.				
		Action: Developed draft policy on using fund of CFUGs;	Conducted one meeting with DOF /MOSFC	UNDP	Printing & Publication	45,000.00	23,344.92
		Action: Initiated support to Public Private Sector for conducting one study on Pine	Not completed.	UNDP	Travel	25,000.00	62,488.07
				UNDP	International Consultant	35,000.00	

Annual targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
		Timber Export:					
		Action: Support to 63 CFUGs for generating revenues from thinning of pine plantation timber;	Supported 61 CFUGs for generating revenues from pine timber. How much revenues, it should be mentioned? It should be about NRs. 17,400,976.60 (US \$ 235,148.33 as 1US\$=NRs. 74.00)	UNDP	Contractual Services	227,000.00	258,821.95
		Action: Support to CFUGs and Public Private Sectors to promote at least one timber base enterprise;	Initiated the establishment of Pine Pole Treatment Center and Veneer enterprise based on Pro Poor Public Private Partnership (5 Ps) Model and is expected to be completed by 1 st quarter of 2010.	UNDP	Grants (MEDF)	263,000.00	326,537.38
		Action: Provided support to develop appropriate harvesting Guidelines for three major forest species;	<ul style="list-style-type: none"> ★ Partially completed due to frequently changes of the officers of Department of Forest (DOF) and Department of Forest Research and Survey (DFRS). ★ Submitted a request letter and draft of MOU to the DFRS of Ministry of Forest and Soil Conservation (MOFSC) which is under review. 	AusAID	Grants (MEDF)	293,000.00	129,685.17
		Action: Submitted revised Pine Forest Management Thinning Guidelines to MOFSC;	Partially completed due to frequently change officers of concern unit. Submitted a request letter and draft of MOU to the DFRS, MOFSC which is under review.				
		Action: Completed Resource Analysis Survey in 10 districts;	Completed Surveys in 8 districts.	HPL	Grants (MEDF)		
				HPL	Travel	3,000.00	517.12

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
		Action: Carried out scale up strategic activities;	<ul style="list-style-type: none"> ★ Provided support for different types of Scaling Up activities to 3,833 micro-entrepreneurs. ★ Finalised work of NMEGA's contractor for scaling up Saugat Griha Kathmandu. ★ Completed scaling up product display and layout of Saugat Griha Kathmandu and Regional outlet, Pokhara. ★ Initiated business counselling, registration, branding and linkage development for Central and Regional level outlets. ★ Completed Market Network training to 18 entrepreneurs in Surkhet APSO. ★ Initiated product diversification of Allo in Pokhara. ★ Initiated linking Allo entrepreneurs of APSO Baglung area with Fair Trade Group Nepal. ★ Gathered financial data on 4 outlets' situation and made analysis. 				
		Action: Provided support for 60 Common Facility Centres (CFCs including 3 in KIND Project area);	<ul style="list-style-type: none"> ★ Provided 120 CFC supports including 6 in KIND Project and 41 in Koshi Flood Victim groups. ★ Partially completed. 	HPL	Miscellaneous	5,000.00	20.41
		Action: Completed impact study		HPL	Contractual Services companies	120,000.00	75,794.58
		Action: Conducted impact study of Micro finance services in MEDEP;	Completed. Produced report.		Sub Total	2,007,000.00	2,003,197.11
				UNDP	Contractual Services Companies	747,000.00	915,739.92

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
		<p>Action: Completed lesson learnt documentation;</p>	<p>Partially completed.</p> <ul style="list-style-type: none"> ★ Completed information collection from field for documentation of Lessons Learned from MEDEP as a project. ★ Completed Audio Visual Documentation of Lesson Learned from Quick Impact for Peace Support Initiative (QIPSI) project; ★ Contracted consulting firm and approved check list and field visit for information collection for Audio Visual Documentation of Lesson Learned from Forest Based and Agro Based Enterprises. 				
		<p>Action: Conduct monitoring field visits of Donors, PB members, media crew and DEDC members</p>	<p>Conducted 4 Policy and Donor level visits; 3 PB member visits; 6 media crew visits, regular DEDC members and NPSO professional visits.</p>	AusAID	Contractual Services Companies	192,000.00	192,234.87
		<p>Action: Completed value chain analysis of three products;</p>	<ul style="list-style-type: none"> ★ Completed value chain analyses of four commodities/products viz: Allo, Incense Sticks, Dhaka Fabrics and Sweet Orange/Junor. ★ Reports in process to be finalized and published by the end of December 2009. 				
		<p>Action: Initiated assessment study for MEDEP phase out strategy;</p>	<p>Not completed because of unavailability of appropriate consultant(s)/firm.</p>				
		<p>Action: Initiated Market Research study for demand of micro-entrepreneurs products;</p>	<p>Submitted report on Market Research Study/ Consumer Survey for demands of entrepreneurs products.</p>				
		<p>Action: Completed assessment study of BDSPOs;</p>	<ul style="list-style-type: none"> ★ Completed BDSPO assessment study. 				

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial		
				Fund	Budget Code	Budget
		<p>Action: Implemented Communication Plans;</p>	<ul style="list-style-type: none"> ★ Incorporated the recommendations in the plans of 2010. ★ Completed one audio visual on QIPSI lesson learned; ★ Partially completed two audio visuals on Lessons Learnt from Agro based and Forest based enterprises; ★ Partially completed MEDEP Lesson Learnt documentation; ★ Printing of 5,000 brochures and 300 maps. ★ Published Udyami Sangalo at district level. ★ Broadcasted Product Promotional series and advertisements through local FM; ★ Installed strategic hoarding boards; ★ Mobilised local journalist for collecting and disseminating success cases. 			
		<p>Action: Initiated documenting MEDEP M&E Guideline;</p>	<p>Not completed due to unavailability of proper Resource Person in time.</p>			
		<p>Action: Conducted PPW for new districts;</p>	<p>Completed. Conducted in Nepalgunj for PPW for Rukum, Rolpa and Salyan and in Lalitpur for Mahottari and Rautahat.</p>			
		<p>Action: Conducted one buyer sellers workshop;</p>	<ul style="list-style-type: none"> ★ Completed. ★ One interaction workshop between the MIEs and traders conducted in Udayapur district 			
		<p>Action: Developed Training Manual for EDF Development in collaboration with CTEVT;</p>	<p>Completed. Developed 11 manuals for EDF development.</p>			

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial		
				Fund	Budget Code	Budget
		<p>Action: Supported Lease-hold Groups of Forestry Sectors for enterprise development;</p> <p>Action: Developed viable business plan for sustainability of MEs;</p> <p>Action: Completed one feasibility study for tourism enterprises in Surkhet Jumla road corridor.</p> <p>Action: Collaborated with Nepal Tourism Board (NTB), Department of and Wild Life Conservation (DNPWC), Annapurna Conservation Area Project (ACAP), Trekking Agencies Association of Nepal (TAAN), Hotel Association of Nepal (HAN) for promoting four new trekking routes</p>	<p>Conducted one meeting with Lease-hold Forestry Project.</p> <p>Not completed.</p> <p>Not completed.</p> <ul style="list-style-type: none"> • Conducted several meetings and developed MOU for mutual cooperation for implementing Tourism Based Activities in partnership with NTB and TAAN. ★ Conducted Trekking Guide training to 69 youths in collaboration with TAAN and DDC of Sindhupalchowk. 			
Supported for capacity building of 36 DMEGAs, 36 BDSPOs, NEDC, NMEGA, DFOs, FECOFUNs, CFUGs, DEDCs/EDUs/DDCs;		<p>Activity Result 5: Enhance capacity of key central and local partner organisations and strengthen the MEU of MOI and EDUs/DDC for internalisation of MEDEP Model</p> <p>Action: Conducted 5 events of SIYB TOT and 2 events on MEDEP Model trainings</p>	<ul style="list-style-type: none"> ★ Conducted Training of Trainers (TOT) on Start and Improve Your Business (SIYB) to Programme Officers (PO) of EDU/DDC and representatives of Federation of Community Forest Users of Nepal (FECOFUN), Indigenous Nationalities Coordination Committee members of Dailekh, and FECOFUN and Cottage and Small Industry Development Board (CSIDB) Surkhet. ★ Conducted 13 days 			

UNDP IT Equipment 15,000.00 6,314.00

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
			intensive training on SIYB Package and MEDEP Model to central level and regional/District level programme officers of 11 CSIDB and 7 Department of Cottage and Small Industry (DCSI) districts. ★ Conducted 3 days orientation on MEDEP Model to Directors and Policy Making Level officials of CSIDB, DCSI, MOI and National Planning Commission (NPC).				
		Action: Conducted two national level consultative meeting.	Completed.	UNDP	Contractual Services Individual	11,000.00	12,127.81
		Action: Conducted GSIMIS training to 31 Database Assistants (DBAs), Programme Assistant/Associate (Pos), Micro-Enterprise Specialist (MESs), Enterprise Development Officers (EDOs), Programme Co-ordinator (PC), 31 Programme Officers of EDU/District Information Development Centre (IDIC) and 31 CSIDB/DCSI and MOI/Micro-Enterprise Unit (MEU).	Completed.				
		Action: Conducted 3 training on Rural Self Reliance Fund (RSRF), Nepal Rastra Bank (NRB)	Completed. Conducted three training on Business Plan for accessing RSRF and wholesale loan fund from NRB	UNDP	Local Consultant	20,000.00	2,713.02
		Action: Developed Institutional Development Guideline;	Completed. Yet to be finalised the report.	UNDP	Contractual Services Companies	155,000.00	142,810.16
				AusAID	Contractual Services Companies	310,000.00	399,810.08

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
		<p>Action: Conducted three training events to 45 cooperatives to access micro finance services;</p>	<ul style="list-style-type: none"> ★ Conducted three training events in Kailali, Nepalgunj and Surkhet for 103 participants from 45 pre-cooperatives and 30 cooperatives from 15 cooperatives in the Cooperative Management Training. ★ Provided logistic support to 6 Cooperatives (Dhanusha, Sindhupalchok, Sarlahi, Rasuwa) and Market Outlets; ★ Provided training on Cooperative education (2) and Cooperative management (4); 	HPL	Contractual Services companies	27,000.00	15,069.38
		<p>Action: Developed Micro Finance Handbook for Micro-entrepreneurs (MEs);</p>	Not completed.	HPL	Grants (MEDF)	10,000.00	3,006.30
		<p>Action: Conducted training on Counselling to 150 EDFs;</p>	Not completed.	HPL	Travel	5,000.00	838.01
		<p>Action: Provided support to recruiting 100 additional EDFs in NEDC/BDSPs for strengthening their institutions; Provided training to new EDFs;</p>	Completed. Trained 96 new EDFs on SIYB and MEDEP model and its process related techniques and tools.				
		<p>Action: Conducted 2 training on Business Plan for accessing RSRF and wholesale loan fund from Micro-Finance Institutes (MFIs);</p>	Completed. ★ Provided two trainings on Business Plan preparation to 12 Co-operatives and linked 2 Cooperatives with RSRF support. ★ Prepared 27 Business Plans.	HPL	Miscellaneous	5,000.00	-
				UNDP	Grants	20,000.00	54,936.96

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
		<p>Action: Trained and involved 31 PO/EDU/DDC, 31 DCSIO/DCSIDB, 31 district Forest Office (DFO), 31 District Agriculture Development Office (DADO) in the practical field of conducting household survey, filling up forms (A, B, C, D, E), carrying out Participatory Rural Appraisal (PRA), selection process of Target Group and other related field visits:</p>	<ul style="list-style-type: none"> * Involved officers of POs/EDU/DDC, DCSIO/DCSIDB, DFO, DADO in 3 days long practical training for conducting household survey, filling up forms (A, B, C, D, E), conducting (PRA), selection process of Target Group and updated status of MEDEP. * Involved officers and staffs of DADO in technical training on vegetable farming, DFO in the process of SGOP and sustainable harvesting training. 	UNDP	Travel	50,000.00	74,033.68
		<p>Action: Provided MEDEP related training/orientation/support to key partners.</p>	<ul style="list-style-type: none"> * Provided 15 sets of computer to DEDC member offices and logistic supports to 6 cooperative of Pyuthan district * Support provided to DEDC for regular meetings * Conducted orientation on Gender and Social Inclusion, Proposal and Report Writing and Leadership Development to 240 micro-entrepreneurs. * Oriented on Tourism Based Enterprise Development to 28 EDFs; * Conducted MEDEP Model and SGOP Model, Mapping & Inventory data Analysis training to 32 DFO staffs. * Product Association & Sales Outlets and 26 other micro-entrepreneurs received 3 days long 				
				UNDP	Office Equipment	27,000.00	5,210.00

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
			<p>training on basic account management</p> <ul style="list-style-type: none"> ★ Provided training on PRA and orientation on MEDEP Model to DEDC members (new 5 districts), new EDFs (106), FECOFUN/DFO and CFUGs. ★ Completed training on Cleaner Production to 37 EDFs ★ Completed exposure visit to 397 micro-entrepreneurs. ★ Conducted refresher training to 397 micro-entrepreneurs on skill development trainings. 				
		<p>Action: Conducted Participatory Evaluation Workshops (PEWs) and Participatory Planning Workshops (PPWs) for 31 districts;</p> <p>Action: conducted a national level review meeting of 31 LDOs;</p>	<p>Conducted one National Level and six regional level consultative meeting for 31 districts as the progress review and way forwards of issues and challenges.</p> <p>Completed. Conducted in four regional levels - Biratnagar, Lalitpur, Pokhara and Nepalgunj.</p>	AusAID	Office Equipment	100,000.00	24,376.00
		<p>Action: Conducted one Financial/Administrative Management refresher training;</p>	<p>Conducted one Financial/Administrative Management refresher training to Programme Assistants/Associates and EDOs in Pokhara.</p>	UNDP	Miscellaneous	55,000.00	68,286.96
		<p>Action: Conducted one sale outlet/sales persons refresher training;</p>	<ul style="list-style-type: none"> ★ Completed one Market net working training for 18 EDF of Surkhet and Dailekh; and one market network training to sales outlet operators in Udayapur APSO. ★ Established one New Regional Sales Outlet in Pokhara with support of MEDEP and DMEGA 		Sub Total	810,000.00	809,532.36
				AusAID	Office Equipment	100,000.00	24,376.00

AusAID Office Equipment 100,000.00 24,376.00

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
			<p>Parbat.</p> <p>★ Sukhet CSIDB allocated RS 100,000.00 for its outlet in Surkhet.</p>				
		<p>Action: Established one APSO;</p>	<p>Established one APSO in Barailbas.</p>				
		<p>Action: Conducted two trainings on tourism based enterprise development for BDSPO, DMEGA, EDF, and EDU members</p>	<p>Completed TWO Tourism Based Enterprise Development training to CSIDB, FNCCI, FNCSI, EDO, EDF's and PCs/BDSPOs Pokhara and Surkhet.</p>				
		<p>Action: Provide Support to business service providers (BDSPOs) to franchises with other development programmes;</p>	<p>★Supported 31 BDSPOs to provide service to Youth Self Employment through FNCCI at district level.</p> <p>★ Besides, FACEBUD Sunsari received small task from Karuna Foundation and Commercial Agriculture Alliance (CAA).</p> <p>★ Similarly, Mitra Dhanusha received funding from ILO and USAID. Likewise, Shree Sindhuli received funding for training programme from Women Development Office.</p>				
		<p>Action: Provided six vehicles to APSOs;</p>	<p>Provided 7 vehicles to 7 APSOs.</p>				
		<p>Action: Provided training to new EDFs;</p>	<p>Completed trainings on SIYB to 96 new EDFs</p>				
Programme Support Expenses							
				UNDP	Contractual Services	103,000.00	116,731.86
				UNDP	Equipment	25,000.00	11,496.85
				UNDP	Communication	30,000.00	11,102.15
				UNDP	Supplies	11,000.00	13,535.62

Annual Targets	Achievement (against Annual Targets)	Planned Activities	Achievements (against activities & actions)	Financial			
				Fund	Budget Code	Budget	Expenditure
				UNDP	R & M Office Equip	42,000.00	52,631.80
				UNDP	Rent Premises	33,500.00	33,426.93
				UNDP	Miscellaneous	11,000.00	11,533.42
				AusAID	GMS	98,000.00	-
				UNDP	Miscellaneous	93,000.00	-
					Sub Total	446,500.00	250,458.63
					Grand Total	3,500,000.00	3,181,084.77

c. Results in Gender Equality, Women's Empowerment, and Social Inclusion

Describe results achieved by the project in promoting gender equality, women's empowerment and social inclusion, using the questions below as guidance.

1. In 2009, did the project support change legal norms in Nepal to enhance gender equality, to empower women, and to enhance the inclusion of the marginalized? If yes, describe the laws and policies, and their envisaged changes. *None*
2. In 2009, did the project support change institutional norms in the partner organization(s) and the pertinent stakeholder(s) in the sector(s) or area(s) concerned? If yes, describe the regulations/guidelines/procedures/mechanisms, and their envisaged changes.
 - ★ In actual fact, MEDEP has been promoting gender and social inclusive Business Development Service Providing Organisation (BDSPOs) and business development service receiving organisation – Associations of Micro-entrepreneurs (NMEGA/DMEGAs/MEGA/MEG). From the social *inclusive perspectives*, MEDEP has applied the norm of occupying at least two third of the decision making positions by women and/or Dalits and/or Indigenous Nationalities.
 - ★ As a result, there are 16% of Dalit, 24% of Indigenous Nationalities and 60% are others among all members of all BDSPOs whilst there are 19% Dalit, 37% Indigenous Nationalities and 44% others among all members of all District Micro-Entrepreneurs Group Associations (DMEGAs).
 - ★ Likewise, from the *gender perspective*, there are 142 executive female members which is 45% of the total 314 board members in the BDSPOs of 31 MEDEP districts while there are 190 executive female members that is 54% of the total 355 board members in DMEGAs of 31 MEDEP districts.
 - ★ Similarly, from the *inclusive leadership perspective*, out of 143 positions, 27 (19%) are Dalits, 35 (24%) are Indigenous Nationalities and 81 are (57%) others groups who have hold leadership positions in the executive body of BDSPOs whilst out of 143 leadership positions, 29 are Dalits (20%), 55 are (39%) Indigenous Nationalities, and 59 (41%) are other group members in the leadership positions of DMEGAs.
 - ★ Realising necessity of local development through infrastructure, capacity building, poverty alleviation of local people Government of Nepal through Ministry of Local Development has made provision of Grant of NRs 3 million (US \$ 40,540 approx.) to each of the 3,915 Village Development Committees (VDCs) of the 75 districts. Out of which, 70% of the grant is provisioned for infrastructure development and 30% of the grant is provisioned for Livelihoods Improvement of the local targeted groups like Dalits, Indigenous Nationalities, Muslims, Terai groups and Women. The resource can also be mobilized to establish Common Facility Centres/Equipments for those Micro-Entrepreneurs who do not have the proper space (landless, homeless, etc.) to operate their own enterprises. For this, MEDEP has been requested by Ministry of Local Development (MLD) to support for developing Village Enterprise Development Plans

¹ Chairperson, Vice-Chair, Secretary, Treasurer

(VEDPs) based on Locally availability Local Resources and its Implementing Guidelines.
In response to this request MEDEP has developed VEDP Guidelines and submitted to MLD and MOI for approval.

- ★ This Guideline will assist the Village Development Secretaries for developing plans for livelihoods improvement of the respective VDCs.
3. In 2009, did the project support change the knowledge, perceptions, attitudes and behaviour patterns of the concerned in the partner organization(s) and the pertinent stakeholder(s) in the sector(s) or area(s) concerned (but not the final beneficiaries, namely women and men, girls and boys in Nepal)? If yes, describe the target group(s) and the level and their envisaged changes.
- ★ In particular, MEDEP has been success in bringing a change in knowledge, perception and attitudinal perspective in Government Officials through series of orientation and interactions on MEDEP model and principles, regular reporting on tangible results during review meetings, and continue field visits in MEDEP intervention areas.
 - ★ As a result, the Cottage and Small Industry Development Board (CSIDB) and Department of Cottage and Small Industry (DCSI) of Ministry of Industry (MOI) developed and approved a special programme - "Micro-Entrepreneur Development for Poverty Alleviation" from the Government of Nepal and allocated NRs 50 million (US \$ 675,675 approx.) to implement this programme in 18 districts during the current fiscal year 2066/67 (2009/2010). Likewise, the District Development Committees (DDCs), Village Development Committees (VDCs) and Municipalities of MEDEP working districts have allocated NRs. 781 million (US \$ 1,055,405 approx.) for internalisation of MEDEP model within the districts for the current fiscal year 2066/67.
 - ★ Convinced with the MEDEP model of promoting Sales Outlets for expansion of Micro-Entrepreneurs business in the district, CSIDB Surkhet allocated NRs. 100,000.00 (US \$ 1,351 approx.) to establish Market Outlet in Surkhet district.
 - ★ FNCCI, FNCSI and MEDEP have done a broad MOU in order to organise Trade Fairs/Exhibitions for marketing network and product promotion leading to business growth of the Micro-Entrepreneurs.
4. In 2009, did the project support change the knowledge, perceptions, attitudes and behaviour patterns of the key stakeholders in the communities? If yes, describe the target group(s) and the level and their envisaged changes.
- ★ In 2009, MEDEP besides its regular target groups of poor and excluded, has been able to capture some specific target groups such as (i) Conflict Affect People; (ii) People Living with HIV/AIDS (PLHA), (iii) Injecting Drug Users (IDUs) and (iv) Koshi Flood Victim (KFV) Families, and bring them to the mainstream of enterprise development area.
 - ★ These people living in hardships frustrated and haunted by poverty and involved in conflict or social taboos for their survival were attracted somehow and MEDEP provided opportunities to acquire knowledge on entrepreneurship development and technical

skills on various enterprises selected by them along with business plan development based on locally available resources and indigenous skills and knowledge.

- ★ They were also provided some support packages including Common Facility Centre (CFC), Business Start up Capital, Machines, Equipments, etc to start with new enterprises.
 - ★ It has been observed that most of them having problem of hand to mouth before MEDEP intervention have changed the expression in their faces *from frustrated to smiling* when their enterprises started generating a regular income to support their daily livelihoods such as improving their food habit, changes in quality of diets, a little savings for the future, paying tuition of their children, buying physical assets fees such as small pieces of land, radio, TV, Mobile set.
 - ★ Most importantly, the gender roles transformation has been observed in their family such taking care of the children, cooking food and performing other household activities by their male counterparts while their wives are busy in their enterprises. Another most important point to add here is that the entrepreneurs have been able to employ other un-employed members of their family as well as others in the community contributing significantly to solve the critical problem of unemployment of the country. *Please see attached herewith a Case Study of HIV/AIDS infected entrepreneur of Pokhara.*
5. (For the projects which reported gender results under the section 2 above), briefly explain how project outputs changed gender and generational division of labour in economic activities, home economics and in the communities by the type of households, bearing in mind of social inclusion differentials. (For example: Widow households, Three generation households with minors with both husbands and wives work, Three generation households with minors with only wives work, Three generation households with minors with only husbands work).

There are a number of cases and a lot of information to mention in this section by MEDEP but such informations are not recorded in the existing Management Information/Database System (MIS) of MEDEP. However, the existing MIS of MEDEP will be improved during 2010 and will be able to provide information in this section.

6. In 2009, did the project incorporate socio-gender analysis at the key milestones of project cycle to track changes in gender equality and social inclusion? If yes, provide the outputs.

MEDEP has developed socio-gender integrated landmark in the project cycle in order to bring a change in gender equality and social inclusion through Micro-Entrepreneur development and self employment generation. It is tracked by the following indicators:

- ★ There are 16% of Dalits, 24% of Indigenous Nationalities and 60% others among all members of all BDSPOs whilst there are 19% Dalits, 37% Indigenous Nationalities and 44% others among all members of all District Micro-Entrepreneurs' Associations (DMEGAs).
- ★ There are 142 Executive Female Members which is 45% of the total 314 Board Members of all BDSPOs in 31 districts while there are 190 Executive Female Members that is 54% of the total 355 Board Members of all DMEGAs in 31 MEDEP districts.

- ★ Out of 143 positions, 27 (19%) are Dalits, 35 (24%) are Indigenous Nationalities and 81 (57%) are Others groups who have held 2 leadership positions in the executive body of BDSPOs whilst out of 143 leadership positions, 29 are Dalits (20%), 55 are (39%) Indigenous Nationalities, and 59 (41%) are other group members in the leadership positions of DMEGAs.
 - ★ MEDEP has, recently, developed its own Gender and Social Inclusion – Monitoring Information System (GSI-MIS) database system which generates information on Gender, Castes, and Ethnicities of Mountain, Hills and Madhesi. With the information generated from this GSI-MIS, MEDEP can easily monitor and analyse the issue of Gender Social Inclusion in Nepal.
 - ★ For the impact level indicator, MEDEP Model targeted 60% of women entrepreneurs (at least), 30% of Dalits, 40% of Indigenous People along with 50% increment in their Per Capita. Apart from this, from the monitoring and observation, some tangible social changes have been recorded like enrolling children to school, shifting their children's enrolment from Government to Private Boarding Schools, buying physical assets such as Land, Building, Houses, Connecting to Electricity Line, Radio, TV, Bike/Motorbike, cell phones, etc. and re-investing money in business, accessing loan from Micro-Finance Institutions, performing roles as decision makers.
7. In 2009, did the project support incorporate gender equality and social inclusion specific components to consciously increase the human rights of women and socially marginalized groups? If yes, explain the approach.
- ★ Prior to 2009, MEDEP used to collect information for men and women of three groups - Dalits, Indigenous Nationalities and Others.
 - ★ With the purpose of consciously increasing the human rights of women and socially marginalised groups, MEDEP in 2005 and 2006 introduced a package of training on Right-Based Approach (RBA) to development and trained most of the EDFs of BDSPOs and they are applying this principle during Social Mobilisation of Entrepreneurs' Groups.
 - ★ MEDEP in 2009, incorporated detail information on Women and Men of Muslim, Mountain, Hills and Terai, Other Madhesi Groups, Differently Able People (disable), Youths (16 to 29 as per Government of Nepal definition and 16 to 35 years of age as per definition of ILO), Survivors of HIV/AIDS and IDUs, and Disaster Affected Groups (Koshi Flood Victims). Besides, MEDEP has incorporated information for recording people living 3 and/or more hours away from the road-head.
8. Briefly describe any other key achievements in addressing gender equality and social inclusion in your project not already captured above. Where relevant, provide significant examples and/or disaggregated data illustrating these achievements.

d. Other Results contributing to the Output and/or Outcome

Please **briefly** describe any other results during 2009 not captured in sections a through c above, and describe how they are contributing to the overall output and intended outcomes.

² Chairperson, Vice-Chair, Secretary, Treasurer

3. Support to Youth initiatives

Briefly describe, if relevant, how your project has supported youth. Where possible, provide significant examples and/or data illustrating your points.

- ★ When MEDEP entered into phase III in 2008 it has included Unemployed Youths as one of the important target groups and MEDEP has set 60 percent employed youth's participation as entrepreneurs in its third phase (2008 – 2010) among the total target of 20,000 entrepreneurs' creation. In 2009 MEDEP has established 3,965 (48% of total entrepreneurs) aged between 16 and 29 years and 5,700 (69% of total entrepreneurs) aged between 16 and 35 years.
- ★ Apart from this, MEDEP has been success in capturing local youths and trained them as Enterprise Development Facilitators (EDFs). In 2009 only, MEDEP has supported NEDC to recruit and train more than 100 new EDFs aged below 35 years.

4. Contribution to Capacity Development

Briefly describe the capacity development strategy of the project, and describe national capacity built over the course of the year, looking at the following elements (This section will provide information for reporting to HQ.)

- *Did the project support a capacity assessment in 2009?*

MEDEP completed a study to assess the capacity of three types of organizations that are Associations of Micro-Entrepreneurs, Business Development Service Providing Organizations (BDSPOs) and Government Organizations with views to identify their strengths and the weaknesses, determine the gaps of capacity development and formulate appropriate capacity enhancing strategies.

The strengths revealed in the assessment include:

- ★ Micro-entrepreneurs (MEs) are individually very strong in terms of entrepreneurship capacity.
- ★ Women are more empowered and coming out with diversified capacity at household and community level as well.
- ★ Social capital is built at organizational level.
- ★ District and National network of MEs is legally established under NGO Act 1978.
- ★ Individual has very strong professional skills on business development services in BDSPO.
- ★ Infrastructure is well developed at district level to internalize MEDEP Model through government mechanism, DDC.

The study team submitted some recommendations to further focus on improvement of the capacity of these organisations as follows:

- ★ *Micro-entrepreneurs:* Groups of micro-entrepreneurs at different levels are mostly confined with MEDEP activities; required business plans with strategic vision beyond MEDEP support still to be developed; Training required for financial management and book keeping system and network management.

- ★ *BDSPO*: Most of the BDSPOs are confined with only MEDEP package; required to train on Project Cycle Management; provision/policy of stopping the high turnover of skilled human resources.
 - ★ *Government Organizations*: Not sufficient skilled human resource in CSIDB/DCSI; Sectoral specialization is still not at desirable level in DEDC; More exposure on MEDEP Model to DEDC, CSIDB/DCSI is essential.
 - ★ MEDEP developed the strategies and incorporated the activities in the action plan for 2010 on the basis of the capacity gaps as identified by the capacity gap assessment of MEs/MEG/MEGAs, DMEGAs/ NMEGA, BDSPOs/NEDC and the government mechanisms.
 - ★ MEDEP continues to empower government mechanisms, such as: District Enterprise Development Committee (DEDC), Department of Cottage and Small Industry (DCSI) and Cottage and Small Industry Development Board (CSIDB) to internalise the MEDEP Model as a regular programme of the Government of Nepal.
 - ★ Continuously supporting to enhance the capacity of MEs and their groups at different levels (i.e. micro, meso and central) including the service providing organisations at meso and national levels.
- *Is the project support to capacity development based on a capacity assessment (conducted prior to 2009)?*
MEDEP has supported for capacity building of key implementing partners BDSPOs, DMEGAs and Cooperatives. Provided trainings on Business Plan to MEDEP promoted Cooperatives for accessing RSRF and wholesale loan fund from MFIs on the basis of need assessed through regular monitoring, follow up and consultative meetings.
 - *Describe contributions to capacity development, for example in the areas of: (You do not need to report on every bullet, these are just suggestions!)*
 - *Institution building*
 - ★ With the purpose of institutional development in a sustainable way, MEDEP supported to 31 BDSPOs for franchises and coordinated for providing service to Youth Self Employment through FNCCI at district level. Besides, one of BDSPO, *namely* FACEBUD Sunsari received small task from Karuna Foundation and Commercial Agriculture Alliance. Similarly, another BDSPO, *namely* Mitra Dhanusha received funding from ILO and USAID. Likewise, one another BDSPO, *namely* Shree Sindhuli received training programme from Women Development Office.
 - ★ Likewise, MEDEP supported for capacity building of 96 new EDFs on SIYB TOT and 18 EDFs on Marketing Network training. As a result, they have been able to implement MEDEP model in their respective districts as a member of MEDEP partner organisation – BDSPO

- *Advances in the legislative environment*
None

- *Policy tools*

MEDEP provided support to the Department of Forest Research and Survey, MOFSC, for developing appropriate harvesting Guidelines for three major forest species and for revising the Pine Forest Management Thinning Guideline.

- *Equipment*

Provided 15 sets of computer to DEDC member offices.

- *Training of national counterparts (including on-the-job mentoring)*

None

- *Others*

★ Conducted 13 days intensive training on SIYB Package and MEDEP Model to central level and regional/District level programme officers of 11 CSIDB and 7 DCSI districts. Conducted 3 days orientation on MEDEP Model to Director and Policy Making Level officials of CSIDB, DCSI and MOI. **As a result**, the CSIDB and the DCSI are implementing their special programme on Micro-entrepreneur Development Programme for Poverty Alleviation through their own government channel/structure in 18 districts with their own (Govt.) Fund.

★ Provided GSIMIS training to 131 participants who are being able to learn and use gender and social inclusive information in the Management Information System for monitoring purpose provided by MEDEP/UNDP.

★ Provided 120 Common Facility Centres/Equipments (CFC) supports including 6 in KIND and 41 in Koshi Flood affected groups.

5. Partnerships / South-South Solutions

Briefly describe how key partnerships have contributed to results. Indicate any use of "south-south" solutions to enhance development effectiveness.

An 18 member delegation of UN Habitat Project in Afghanistan represented by Project and Government Officials visited MEDEP for two days and interacted with entrepreneurs, MEDEP staffs, BDSPOs and DEDC members. They very much appreciated MEDEP model of "Inclusive Approach to Poverty Alleviation through Micro-Enterprise Development" and said that they replicate the model in Afghanistan.

6. Implementation Challenges

Briefly describe any implementation challenge you have faced as well as your response. update the Risk and Issues Logs (***Annexes the updated Risk & Issues Logs, using the same format as in the QPRs***).

- Ministry of Industry is the lead programme implementing agency at the centre and is the Executive of the Project Board (PB) that is also represented by Ministry of Local Development (MLD), Ministry of Forest and Soil Conservation (MOFSC) and the UNDP. In each district the programme is implemented following the Micro-Enterprise Development

Operational Guidelines and Micro-Enterprise Fund Management Directives jointly approved by Ministry of Industry and Ministry of Local Development. The project implementing agency at district level is District Development Committee (DDC). District Enterprise Development Committee (DEDIC) has been formed in each district under the Chairpersonship of DDC Chairperson which makes decision on programme planning, monitoring, supervision and budget control in the first and the second phase districts as MEDEP transfers budget in Micro-Enterprise Development Fund (MEDF) established by DDCs and DDCs also deposit some amount of budget as matching fund in MEDF. DEDIC is represented by 14-15 different organisations that are DDC Chair, Local Development Officer (LDO), Enterprise Development Unit (EDU)/DDC, Local Development Fund/DDC, District Chamber of Commerce and Industry (DCCI), District Federation of Nepal Cottage and Small Industry (FNCSI), Women Development Office (WDO), District Forest Office (DFO), District Agriculture Development Office (DADO), District Livestock Service Office (DLSO), Micro-Finance Institute (MFI), Federation Community Forest Users Nepal (FECOFUN), Terai Community Forest Users Nepal (TECOFUN), Dalit District Co-ordination Committee, Indigenous Nationalities District Co-ordination Committee, Cottage and Small Industry Office/Board – Member Secretary.

- b. At the centre MOI is the lead programme implementing agency and at the district DDC/DEDIC is the programme planning, implementing and monitoring agency. Because of the dual ownerships of the programme MEDEP is facing challenges of co-ordination at the centre.
- c. Since the size of DEDIC is quite big MEDEP is facing challenges to mobilise them effectively to deliver their services to the entrepreneurs for the following reasons:
 - ★ Every DEDIC member has its apex body at the centre and they need directives from them to implement policy and activities decided by DEDIC
 - ★ Since DDCs are under Ministry of Local Development (MLD) for implementing any policy decision of PB the PB Executive has to request MLD for implementation at district level that has created a long process to be circulated through each apex body to their district level line agencies
 - ★ DEDIC meetings are not regularly conducted because each member has its own programme to implement in the district and many times they are busy and are unable to attend the meeting and also there is lack of both adequate manpower and budget in each line agency
 - ★ Each member of DEDIC is requesting for some incentive to attending meeting as they have provision of such incentive in attending meeting in organised by among themselves which MEDEP does not have and they are least interested in attending meeting conducted by MEDEP.
 - ★ MEDEP transfers budget in MEDF/DDC on a quarterly basis and also collects reports on a quarterly basis. MEDEP programme is implemented by MEDEP promoted Business Development Service Providing Organisation (BDSPO), a NGO registered in District Administration Office (DAO) and Social Welfare Council (SWC) through sub-contracting by MEDF/DDC and many times it takes longer time to receive quarterly and annual reports from BDSPO through DDC that delays in budget delivery of MEDEP.
 - ★ In spite of a lot of activities conducted by MEDEP for capacity development of DEDIC members and particularly that of BDSPOs and District Micro-Entrepreneurs Group Associations (DMEGAs) MEDEP has not been able to fully satisfy the specific needs of their capacity development.

- d. Fast turn over of staff in MEDEP: While MEDEP was in a transition phase from Phase II to phase III many professional and support staffs in MEDEP left their jobs because they were feeling insecurity of their jobs that hampered smooth running of the programme. But when MEDEP entered into phase III MEDEP management decided to recruit staffs to fill up the vacant positions but UNDP management instructed MEDEP to fill up those vacant positions in Special Service Agreement (SSA) – short term basis that again led to fast turn over of the staffs. Another reason for fast staff turn over in MEDEP is due to large difference in salary and benefits in NEX and DEX projects. In 2008 and 2009 quite a large number of MEDEP staff joined DEX project. DEX staffs get 2/3 times higher salary than NEX staffs of the same level and DEX projects are enjoying hiring competent staffs drawing from already experienced staffs from NEX projects and this case has been very prominent in MEDEP. During 2009 altogether 14 staffs (some regular and some SSA) left MEDEP which has great significant impact in effective and efficient programme implementation to bring results and achieve targets of 2009.
- e. Although the high level policy officials in National Planning Commission (NPC), Ministry of Industry (MOI), Ministry of Local Development (MOLD), Ministry of Forest and Soil Conservation (MOFSC), Ministry of Finance (MOF), etc. have already realised that MEDEP has been proven to be one of the effective models for poverty alleviation in Nepal and they are planning to implement it nation wide as reflected in the Three Year Interim Plan of Government of Nepal the implementation level staff look to reluctant to implement it as they are resilient to adopt this model.
- f. At the district level particularly in the ongoing conflict districts of Terai it has been difficult to implement the activities smoothly. There are frequent strikes and bands in these district that have restricted to some extent delivery of service to micro-entrepreneurs. Marketing of their products and services restricted the mobility of the staff and most importantly delayed reporting by DDC to MEDEP and budget release to MEDF/DDC by APSOs/MEDEP.
- g. In spite of efforts made by MEDEP to develop the capacities of BDSPOs and DMEGAs their capacity is still weak particularly in implementing activities in scaling up of the existing entrepreneurs as well as making sustainable the unsustainable entrepreneurs.
- h. MEDEP started transferring its fund in MEDF of DDC from the third quarters of 2008 after MOUs were signed with all 31 DDCs. As per provision in MOU MEDF/DDC has to subcontract BDSPO on programme packages and outputs basis activities to implement the programme. However, many DDCs have now suggested MEDEP, BDSPO and MLD that the sub-contracting programme activities should be on a competitive basis and BDSPOs has to compete to receive the fund from MEDF. This is one the challenge for MEDEP because MEDEP model is technical and the BDSPOs other than promoted by MEDEP should clearly understand the MEDEP model if they have to implement it otherwise MEDEP model will be diluted and will not be effective for poverty alleviation.
- i. If MEDF/DDC has to go for awarding sub-contract on a competitive basis then MEDEP has to train more than one BDSPOs in the district to make fully understand MEDEP model, which is again a challenging task for MEDEP.
- j. Scaling up of the inactive/stunted Entrepreneurs: MEDEP recently conducted quick and dirty assessment of the situations of the existing entrepreneurs by involving BDSPOs and DMEGAs and categorised into five groups namely: (1) Graduated Entrepreneurs meeting criteria of graduation and they are about 6 percent, (2) Highly Active Entrepreneurs – 44

percent, (3) Active/Semi-Active Entrepreneurs – 30 percent, (4) Inactive Entrepreneurs – 11 percent and (5) Dropped Entrepreneur – nine percent.

- k. MEDEP has stopped providing further supports to graduated entrepreneurs as they have already followed the scaling up pathways. Highly active entrepreneurs will graduated with little supports either in financing the business or market linkage or advanced skills, etc. Active/Semi-Active nature of entrepreneurs are based on seasonal raw material supply such as agricultural and forest based products and not many supports are needed for them except providing them alternate enterprise opportunity during off-season.
- l. MEDEP has hard challenge to make inactive entrepreneurs active because they may need a large array of business development services to be active run their enterprises regularly.
- m. Finally, for the last category of dropped out entrepreneurs MEDEP has no role to play to activate them because the reasons for drop out are (1) Death of Entrepreneurs, (2) Marriage of Unmarried Women, (3) Natural Calamities: e.g. Fire, landslides, flood, etc., (4) Migration: e.g. out migration, (5) Effect of conflict
- b. Weak Monitoring System: As the number of newly created and promoted entrepreneurs goes on increasing it has been difficult to monitor these entrepreneurs and also the work performances of BDSPOs due to limited manpower in MEDEP. Developing a strong and effective monitoring system with adequate manpower and implementing it has direct relation with weak monitoring system.

7. Lessons learned and next steps

***Briefly** describe the main lessons that can be drawn from the year's experiences. Mention any "best" or "worst" practices which UNDP should be aware of. Please be specific and focus on 2009.*

- a. The support for scaling up in regard to product promotion and growth, and sustainability of the enterprise needs more budget and longer period of support than establishing an enterprise among the hardcore poor (people below the poverty line).
- b. Technology support to hardcore poor brings a drastic change in the life to hardcore poor groups.
- c. With the realisation and recognition of the tangible results of MEDEP, the Government of Nepal allocated NRs. 5 million (US \$ 675,675 approx.) for 18 districts to replicate the MEDEP Model through the Cottage and Small Industry Development Board (CSIDB) and Department of Cottage and Small Industry (DCSI) of Ministry of Industry (MOI). This is the result of the impacts of MEDEP not only to change the lifestyles of MEDEP promoted entrepreneurs but also the impact at the national level.
- d. MEDEP model for poverty alleviation has been well recognised by the local bodies such as DDCs, VDCs and Municipalities also and they have started allocating their own resources as matching funds. However, there is need of developing Enterprise Development Plans at the VDC and Municipality level and MEDEP will try to provide technical support for developing such plans. However, the process of MEDEP model internalisation in these local bodies has been slow that may be due the absence of locally elected representative in the local bodies.
- e. In the absence of special targeted provisions for the poorest in the Nepal Government, it is difficult to alliance MEDEP norms with government norms in order to delivering services to the poorest through government service providing agencies both at the district and central level while replicating MEDEP Model.
- f. Relatively, the Forest based and Tourism based enterprises need more investment and lengthy process which is difficult to manage by micro-entrepreneurs.
- g. Due to inadequate access of Micro-Entrepreneurs to Micro-Finance Institutes, the expansion and promotion of the Micro-Enterprises remains limited to a certain level only and for growth of the enterprises access to credit by entrepreneurs is a must and micro-finance services are limited to accessible areas that has resulted in no access to micro-finance services in remote VDCs of a particular district where MEDEP is being implemented.
- h. Government should develop new policy or provision to deliver the special service required by them.
- i. Ancillary enterprises are necessary to develop business to business (B2B) linkages for their growth

- j. VDCs are willing to put their budget in MEDF with an expectation of getting fund from MEDEP.
- k. Although micro-enterprises are contributing to development of national economy by exporting of some selected products through national level private companies most of the people are not aware that micro-enterprise sector has a significant role in contribution to the national economy.
- l. MEDEP is at present investing a large amount of resources in developing unique manpower called Enterprise Development Facilitators (EDFs) and mobilising them in MEDEP implementation through Business Development Service Providing Organisations (BDSPOs). There is great demand of such manpower in the future since government is gradually replicating MEDEP model in all 75 districts. After MEDEP phase out the production of such unique manpower will be discontinued.
- m. With limited manpower available in MEDEP monitoring of the programme has been weak that has resulted in increasing number of inactive entrepreneurs and while expanding project geographical area UNDP and government should consider the restructuring of the human resource as per the need and if required, the staff number should be increased.
- n. The scaling up of micro-enterprises needs a value chain based approach that builds on the observed weaknesses of the actors/participants in commodity specific value chains. Such a story focus on an integrated approach to strengthen the Commodity/Product value chain has more been realised as critical for the sustainability of enterprises.

For projects continuing in 2010, describe priority actions for the following year to overcome any constraints, build on achievements and partnerships, and use the lessons learnt during the previous year. In particular, make clear recommendations for any required corrective action, for review by the project board

- a. **Scaling up of the existing entrepreneurs:** *MEDEP has created and promoted about 44,195 micro-entrepreneurs during the past 11 years. The result shows most of them are active (43%) and are at growing stage, some of them are graduated (6%), some of them are stunted (semi active 30%, In active 14%) due to lack of further support, some of them are seasonal because they depend on the raw materials supply from either forest or agriculture on seasonal basis and some of them are dropped because of death of entrepreneurs, migration, marriage of unmarried women to other VDCs and natural calamity. MEDEP has a challenge now to develop a system of scaling up of the existing but stunted entrepreneurs to make them self sustained.*
- b. **Revision of the Micro-Enterprise Development Operational Guidelines:** *Some clauses of the existing Guidelines are contradicting each that has created confusion between two Ministry of Local Development and Ministry of Industry and among DDCs. The guidelines will be revised to make simple and easily understandable by all that will facilitate to internalise MEDEP model into DDCs, VDCs and Municipalities.*
- c. **Membership to AYON as an Invitees:** *Unemployed Youths are one of the main target groups of MEDEP and therefore as per provision in the recent project document of MEDEP Association of Youth Organisation of Nepal (AYON) an apex body of Youth Organisations will be accommodated as of the invitee members of Project Board that will facilitate MEDEP to make policy decision regarding issues of youth employment through enterprise development and economic empowerment.*

- d. **Preparation of SWAp in Micro-enterprise Development Sector:** At present many organisations and donors project are implementing Income Generation Activities and Enterprise Development Activities in different districts and regions of Nepal and work duplications are there. Most of the Ministries and organisations are now convinced that MEDEP model is effective in poverty alleviation through enterprise development and employment creation. Ministry of Industry (MOI) has realised that either MOI or National Planning Commission (NPC) has to take lead in consolidating the activities through Sector-Wide Approach (SWAp).
- e. **Completion of Value Chain Analysis (VCA) of selected product/sub-sectors:** In 2009 MEDEP initiated Value Chain Analysis of some selected products which have export potentials. In 2010 VCA of remaining products/sub-sectors will be completed that will help the relevant actors to identify their roles and put further efforts to promote the market expansion and export.
- f. **Developing a system for regular manpower development in micro-enterprise sectors:** Government is planning to replicate MEDEP gradually in all 75 districts by their own resources. To replicate the successful model needs three major items that are (1) Resources that government is planning to allocate from their revenue, (2) Good implementation mechanism that MEDEP model is already there and (3) Continuous supply of trained manpower required to implement the successful model that are EDFs. At present MEDEP is investing its significant amount of resources to develop such manpower which will be discontinued after MEDEP phase out. Government needs to develop a system of producing regularly such unique manpower which at present no training institute is producing. For this reason MEDEP has already developed a 15 months Technical School Leaving Certificate (T. S. L. C.) Course in collaboration with Council for Technical Education and Vocational Training (CTEVT) and approved by the council. In remaining period of 2009 and 2010 MEDEP will again collaborate with CTEVT, Ministry of Education and MOI to launch this course in private training institutes so that there is continuous development of trained manpower to implement MEDEP by the government.
- g. Likewise, the Community Forest (CF) is a successful model of Nepal that has been replicated in many countries. Community Forest Users Groups are quite capable of conserving the forest. However, the modality of economic utilisation without depleting the conserved resources is still lacking that can help in poverty alleviation of poor and excluded members of the CFUG. MEDEP has experiences of more than three years in this field and now it has been proven that MEDEP model is fitting within CF and now it has been realised that there is a need of developing local level technical manpower such as Community Forest Facilitator (CFF) that will provide technical supports to CFUG for both conservation and economic utilisation of resources. For this in 2010 MEDEP will provide technical and financial supports to CTEVT to develop and launch a 15 months Technical S. L. C. CFF development course.
- h. **Strengthening of Monitoring system:** With limited manpower available in MEDEP monitoring system has become weak. In 2010 more number of staffs will be recruited as per need and emphasis will be given for effective monitoring and scaling up of the existing enterprises. Effective monitoring system has been needed because MEDEP does not directly implement the programme but mobilises part of its fund through Micro-Enterprise Development Fund in DDC which is sub-contracted to BDSPOs by DDC. But to bring the required outputs MEDEP needs effective monitoring.

- i. **Franchising and Collaboration:** If opportunities exist MEDEP will try to sell its expertise by collaborating with other UNDP funded project as done now with KiND Project and HIV/AIDS a Project franchising through National Entrepreneurship Development Centre (NEDC) a umbrella organisation of BDSPOs and also through BDSPOs at the district level.
- j. **Completion of drafting the Sub-Contracting Policy:** sub-contracting Policy is needed for effective backward and forward linkages between micro, small, medium and large enterprises and MEDEP initiated drafting this policy in 2009. However, it has been completed yet and it will be completed in 2010.
- k. **Forest based, Agro based and Tourism based Enterprise Policy:** These are the areas where there are possibilities of intervention on policy dialoguing with government and concern agencies. MEDEP will put its efforts to draft new policies, guidelines and working mechanism in these areas.
- l. **Collaboration with Nepal Tourism Board (NTB) and Trekking Agencies and Associations of Nepal (TAAN):** MEDEP will join hand with these two organisations for developing linkages between micro-enterprise sector and tourism sector targeting for promotion of tourism sector for Tourism Year 2011. MEDEP will also provide technical and financial support for developing guidelines of Responsible Tourism that means making tourism more pro-poor and socially benefited.
- m.

8. Implementation Status of DEX or NEX Audit Action Plan (if applicable)

Audit areas – Findings	Impact Severity	Target date for implementation	Implementation Status (Implemented, Partially implemented, not implemented)
1. The project could not achieve certain activities at policy/national level and revision in plan and budget of same could not done	Low	July 2009	Implemented
2. The Project have some adequate human resources for approval and monitoring of business Plans at field level.	Low	July 2009	Implemented
3. The project had not made the variance analysis on budget and actual expenditure	Low	July 2009	Implemented
4. Consultancy Service Procured from Non-VAT registered vendors	Medium	July 2009	Partially Implemented
5. Project staffs were not appointed as per annual human resource plan.	Medium	July 2009	Implemented
6. Area Programme Support Office (APSO) of the project should be well equipped with resources.	medium	July 2009	Implemented

Risk Log

Award ID: 00049631
 Award Title: Micro-Enterprise Development Project (MEDEP) - NEP/08/006
 Year: 2009

#	Description	Category	Impact & Probability	Countermeasures / Mngt response	Owner	Author	Date Identified	Last Update	Status
1	Absence of MFIs service in remote and interior areas creates difficulty in creation of enterprises and its	Financial and operational	Difficulty in starting enterprise I = 2 and P=2	(i) Partnership with MFIs and (ii) mature cooperatives and DMEGA promoted by MEDEP are lending loan as micro credit to entrepreneurs in some districts.	NPM and MES/APSO/MEDEP	Sectoral Professional /MES/APSO /MEDEP	Since 2005	November, 2008	MEDEP jointly with RSRF/NRB conducting training on RSRF to mature cooperatives promoted by MEDEP for accessing services from RSRF/NRB/GON.
2	Fast turn over of professional staffs. More than a dozen of professional and support staff left MEDEP during the last one year. The main reason of leaving MEDEP is better opportunities in DEX projects of UNDP and other	Operational	Over loaded and not achieving targets. I = 2 and P=2	SSA recruitment in the vacant positions but those SSA staffs also left MEDEP because of the SSA positions are of temporary nature	NPM/ NPD/ UNDP	NPM	Since 2008		HRU/UNDP is trying to fill up the vacant positions on annual contractual basis but it has been quite difficult to get competent professionals due to low salary and other benefits in DEX projects and other projects compare to NEX project of UNDP.
3	Reimbursement system of DEX project HIV/AIDS/UNDP	Financial and Operational	Low achievement rate I = 2 and P=2	Though very vulnerable and critical status of HIV/AIDS and IDUs infected target groups, NEDC/MEDEP has been considering them special ones and continuing the programme.	NEDC/MEDEP	NEDC	2008	2009	Very effective and fruitful programme for the survivors of HIV/AIDS and IDUs and required such programme for them for living their life normally in the middle of the complex society. At least, they feel they are doing something

Issue Log

Award ID: 00049631
 Award Title: Micro-Enterprise Development Project (MEDEP) - NEP/08/006
 Year: 2009

Type	Date Identified	Description and Comments	Status	Status Change Date	Author
Recruiting of new EDFs and train them	Jan-09	Particularly, in mountain districts, fund allocation for Micro Enterprise Development is higher, relatively. On the contrary, the institutionalisation process and capacity enhancement of BDSPO is weak due to low number of local youths. Besides, geographical difficulties and bad climate are the another reasons for not being able to work for the whole year as per the plans.	3 Senior staff in Surkhet are provided to mobilize Fund and in Jumla it is planned to provide agro base staff from III quarter	2009	BDSPO, MEDEP
		Low number of EDFs in every BDSPOs due to high turn over of highly qualified EDFs for JOB.	Recruited and trained 100 new EDFs		
		Lack of diversified EDFs in BDSPOs	Supported to recruit Forest Based and Agro Based EDFs in BDSPOs.		
Low quality of products	2008	Products of Micro Entrepreneurs consume at local level market. Due to small amount of investment and short period of support, they are not being able to promote themselves in the position to compete with other so called small enterprises at district level bazaar.	Out of the total, 20% to 30% of the existing entrepreneurs receive scale up support including Quality Maintenance of their product (labeling, branding, registration, etc).	Oct-09	DMEGA, BDSPO, MEDEP
Micro credit	Jul-08	Micro credit in remote areas mainly in interior and mountain parts of the districts seems challenging .	Group savings mobilisation, formation of co-operatives and provide access to RSRF	Oct-09	MEGs, MFIs, Co-operatives
In adequate Human Resource/Staff		In 2009, MEDEP realised lacking of working hands at central, region as well as district level. As a result, weak monitoring and low rate of performance turned out.	SSA contract and under pressure work to regular staffs.	Oct-09	MEDEP
Finance	2007	Variation in DSA rates between GoN and UNDP assisted projects for example government staff receives NRs 1100/- in Jumla while MEDEP staff gets NRs 700 to 900/- per night. As a result, the government and DDC staff show reluctance for field monitoring.	No action taken yet. Less participation of GoN officials in the field.	Oct-09	MEDEP

Monitoring and Evaluation Visit Report

Award ID: 00049631

Award Title: Micro-Enterprise Development Project (MEDEP) – NEP/08/006

Year: 2009

Type of Action	Stakeholders	Due By	Completed On	Status
Monitoring field visits	PB members, Policy making level personnel	Fourth Quarter	12 - 15 November	National Programme Director, MEDEP (Joint Secretary of MOI) visited Sindhupalchowk, Ramechhap and Dolakha
Monitoring and Evaluation Visit	Donors and Policy Level Personnel	Third Quarter	October September	Hon' Minister of State of MOI and secretary and joint secretary, NPD, NPM visit to Kabhre NPD, NPM and MEDEP professional team observed and monitored the Pokhara Regional Sales Outlet.
Monitoring visit				Australian Ambassador, Contry Director of UNDP, Programme Officer of UNDP, Programme Officer of AusAid, NPM of MEDEP in Dhausha.
Exposure and Evaluation visit	National Programme Support Office, MEDEP	Third Quarter	July	Deputy CD of UNDP and MEDEP NPM in Kyang, Parbat inaugurated CFC building. NPM conducted monitoring visits of HIV/AIDS programme districts
Monitoring visit	Policy level implementing agency senior personnel	Third Quarter	September	NPM of MEDEP assisted a team of officials including Secretary, Joint Secretaries, NPD of MEDEP, Under Secretaries to visit Kabhre and Sindhupalchok district to expose them in MEDEP model and activities
Review, Evaluation and monitoring	Other Policy level personnel	Third Quarter	September	A team of government officials led by Honourable member of National Planning Commission (NPC) conducted one day monitoring visit of Kabhre district
Monitoring field visits	DDCs, MLD officials	Third Quarter	August	NPM participated four regional level workshops on "Progress Review and Monitoring of DDCs organised by MLD and presented MEDEP models in three regionals workshops
MIS training and its installation	International Personnel	Unplanned	July	Afghanistan officials visit team comprising 21 officials visited Kabhrepalanchowk district
Monitoring visits	MIS Specialist, NPSO/MEDEP, PA/APSO, PC/BDSPO, DBA/DMEGA. Outcome Board, Executive Board members, other National level	April, May April, May, June	May, June May, June	Trained 82 participants on MIS monitoring tool and interacted the participants in detail. Secretary of MOI, Mr. Pratap K Pathak and joint secretaries of MOI along with NPSO team.

Type of Action	Stakeholders	Due By	Completed On	Status
	Stakeholders			DEDC members of Dolakha and Baglung visited Sindhupalchowk and Kabrepalanchowk DEDC members of Dolakha visited in Baglung and Kabhre
Monitoring visits	Policy making level members and high level personnel of UNDP Team and Donor Representatives	As per necessary	April, May, June	Dr. R. D. Singh, Honourable Member, National Planning Commission (NPC) and Mr. Khom Raj Koirala, National Planning Commission (NPC) visited Nawalparasi and Kapivastu. High level AusAID Visit team from AusAID Canberra and Srilanka along with High Level UNDP team and NPM Afghanistan officials visit to Kavrepalanchowk Executive board of UNDP/UNFPA and Country director, ARR and other staff of UNDP Nepal DCD/UNDP visited Parbat, Dhanusha and Robert Piper visited Jumla and Dang
Monitoring visits	DEDC members, other stakeholders, Local Media Persons	Regularly	January, February, March	25 DEDC members monitored respective districts. Media Crew visited Nuwakot, Dang, Pyuthan, Bardiya, Myagdi, Sindhupalchowk and interacted intensively with entrepreneurs and broadcasted through KTV, NTV, Image Channel and published articles in several newspapers.
Professional Consultative Review and planning Meetings	Professionals of NPSO and APSO of MEDEP including NPD, Members of Micro-Enterprise Unit/MOICS.	First Quarterly	January 7-11, 2009	190 participants involved in the review and consultative meeting.
Consultative Workshop and Monitoring visit	KIND/REDP project staff, SN Power Ltd staff, Alternate Engery Promotion Centre staff and National programme Manager of MEDEP	First Quarter	First week of February	Completed
Monitoring visit by BCPR mission	BCPR Mission Members, UNDP, MEDEP	February	Second week of February	Completed
Monitoring visits	Outcome Board, Executive Board members, other National Policy Making level personnel/Stakeholders	Quarterly	30 - 31 Jan 2009	Honorable Minister of Ministry of Industry, Mrs. Asta Laxmi Sakya, visited micro enterprises of Parbat and Myagdi. During the visit, she inaugurated Dhaka CFC in Patichaur, Parbat and observed Market Outlets in Kushma and Beni.

Type of Action	Stakeholders	Due By	Completed On	Status
Monitoring visits	Policy making level members of UNDP Team and Donor Representatives	As per necessary	21-Mar-09	Mr. Robert Piper, Resident Representative (RR), UNDP and UN Humanitarian Co-ordinator visited MEDEP in Jumla and interacted with Bio-Briquette and Improved Cookstove Manufacturing enterprises run by Dalit Entrepreneurs
Monitoring visits	RECCI visit for preparation of high level mission visit	As per necessary	Third week of February	Completed