

# CHAPTER - I

## INTRODUCTION

### 1.1 Background

The micro enterprise is known as traditional knowledge based industry that starts with very small amount of investment and local technology. In the context of Nepal micro enterprises are mainly operating by farmers and poor people. It is assumed that the evolution of micro enterprise was started since ancient era in Nepal as part of survival means for many people. Later on co-operative has played vital role in development of micro enterprise providing soft loan without security. It is mostly engaged in semi and final goods production and processing. If we see the practice in Nepal to run micro enterprise, group efforts are commonly used and being effective as well. Micro enterprise plays vital role in development of entrepreneurship providing opportunities to develop business idea and initial space to the entrepreneurs.

In Nepal micro enterprise is defined as; the investment, excluding land and building that has been below NRs. two hundred thousand. Entrepreneur has been involved in management. Nine employees including entrepreneur have been employed. Annual financial transaction has been below NRs. two million. In case to use of engine equipment, electric or oil motor of such engine equipment has been less than ten kilowatt capacity. However aforementioned condition is not applicable to compulsory permit needed industry business, alcohol, beer, cigarette *bidi* or other tobacco related product production or related business (Clause 12.3.1 micro enterprises, Industrial Policy 2067).

Micro enterprises add value to a country's economy by creating jobs, enhancing income, strengthening purchasing power, lowering costs and adding business

convenience. It also gives an initial space for entrepreneurship to start business. Mostly successful entrepreneurs emerged through operating micro enterprise. Any creativity start from small size operating micro enterprise activity and later on it takes place as big or multinational company. So it is a wonderful opportunity for self employment as well as creating progressive or prosperous society.

Nepal is agriculture based least developing country in South Asia region where about 66 percent (recent MOAC record) people involved in agriculture profession for their livelihood. There is 39 percent (recent MOAC record) contribution in country's GDP from agriculture sector. Nepal's agriculture system is traditional and using obsolete technology. Because of this, the agriculture productivity is very low even some time people can hardly be able to get return from their investment in agriculture. There is only 2416600 hectare land (Central Bureau of Statistics 2001/2002) has irrigation facility. So rest of the land is depended on monsoon rain. People are getting only partial employment in agriculture because there is seasonal based agriculture system in Nepal therefore people are hardly getting six month employment in this sector.

Due to major portion of population engaged in agriculture profession, the business sector is suffering in many ways in the country. Such as there is lack of entrepreneurs, skilled man power, family support for business, inspirational factors, etc. Business is not a family handed over profession for the Nepalese people so that business are not fostering properly in the country.

### **1.1.1 Short information of WTLC**

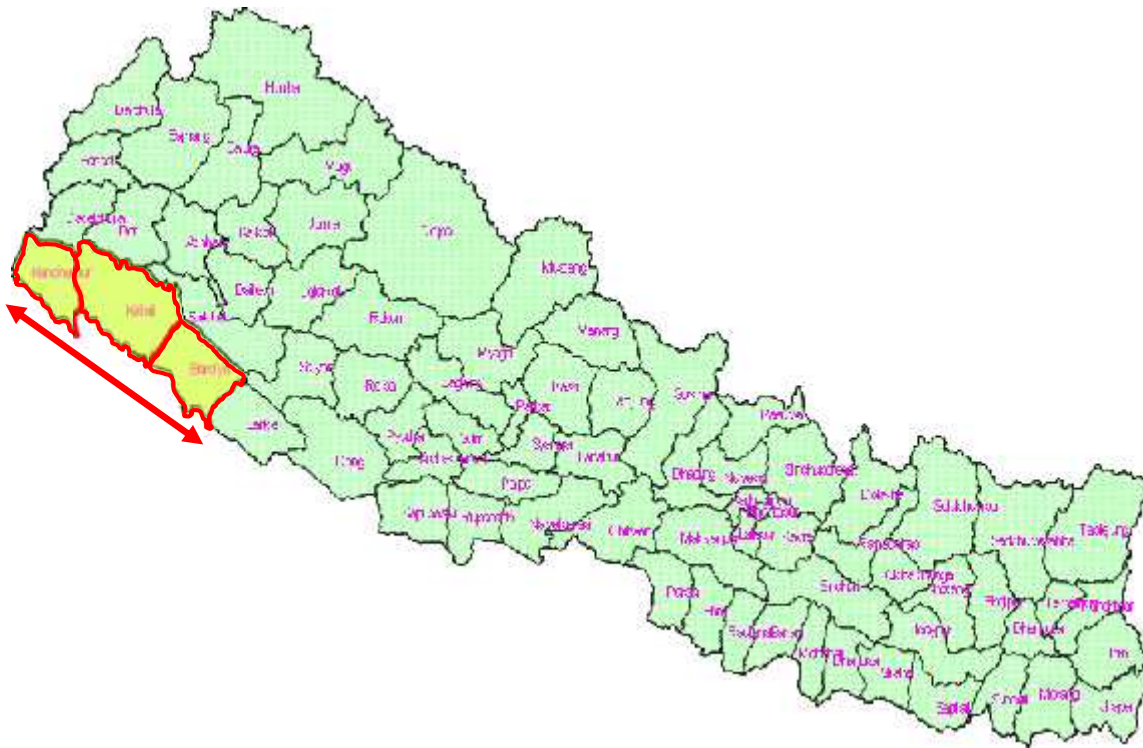
Development organizations are known as NGO, INGO and UN agencies. Since 1970 AD these organizations are working in Nepal with various objectives. The

ultimate objective of all organization is to make prosperous human life of Nepal. About more than two hundred international non-government organizations are working in Nepal in different sector like poverty reduction, social justice, education, health, conservation, human rights, etc.

To address the burning issues in Nepal, different projects are designed and implementing by development organization among them, since 2005 AD, Western Terai Landscape Complex Project (WTLCP) is implementing by GON, Ministry of Forests and Soil Conservation (MOFSC) with financial and technical support of UNDP, GEF, SNV, WWF, Bioversity international, NARC and LIBIRD in western parts of the country. The overall objective of WTLCP is to ensure the conservation and sustainable use of biodiversity by establishing effective management systems and building capacity of local communities, local organizations and line agencies. By the end of the project period, the project intends to achieve the following four outcomes:

- ) The national policy environment and legal framework enabled and integrated landscape planning in the WTLCP.
- ) The institutional framework for integrated landscape management of biodiversity in the WTLCP established.
- ) Biodiversity assets in government managed lands are conserved and sustainable managed and
- ) Local communities are empowered to practice sustainable; biodiversity friendly natural resource and land use management and pursue diversified livelihoods.

### **WTLCP Working Area Map**



## Western Terai Landscape Complex Project

### WTLCP Interventions

The prime objective of WTLCP is to conserve biodiversity assets in Western Terai Sector. For this the major activities implementing by WTLCP are plantation, river bank protection, wildlife conservation programs and public awareness.

To provide plant and sapling to community people WTLCP provides support on nursery establishment and sapling production. Nursery support is provided to community organization and government institutions

For habitat management WTLCP provides support to National Park and Wildlife Reserve Area. Inside the protected area interventions are implementing like

grassland management, waterhole construction, watch tower maintenance, electric fencing, etc.

To reduce public pressure from forest through improving livelihood, WTLCP is providing huge support on Income Generating Activities (IGA). High priority is given to NTFP base IGA activities.

On need based income generating activities, WTLCP is supporting for some of other traditional type activities such as goat rearing, poultry farming, hand craft, grocery shop etc.

WTLCP is supporting for campaign, rally, interaction workshop, etc for awareness. School program are being effective in awareness activity. Publication, news broadcasting, information dissemination, electronic information sharing are other major programs for awareness.

## **1.2 Statement of Problem**

Since ancient era, micro enterprise activities are in existence in our society as written in economical history however systematic development could not yet to be made. The major problems in micro enterprise development as widely accepted are lack of financial investment, traditional based technology and poor management. Another major hurdle in micro enterprise development is holding entire market by the large national and international industries.

In the background we can see series of problems that causing difficulty in micro enterprise development in the country. Political instability, Industrial insecurity, insufficient power/electricity and infrastructure, lack of skilled manpower, low productivity. Because of decreasing employment opportunity and favorable

business environment, Nepalese manpower are attracting towards abroad instead of running micro enterprise. However maximum remittance has been entering into the country but investing in unproductive sector such as constructing building, purchasing jewelers and luxurious goods just because of not finding secured investment opportunity.

In addition to above mentioned problem, the factors like geographical location, world wide competitive environment, economic liberalization, globalization, increasing information and communication technology and environmental challenges are the another issues that has to face by business sector.

Vital role of foreign aid is internalizing by all sectors in the context of industrial sickness in Nepalese economy and burdening into extreme poverty even after long endeavor of GON. Since over long period, hundreds of national and international non-government/development organizations are investing their financial and technical resource in different sectors. Specially, major focus has been given by these organizations into poverty alleviation and utilizing huge chunk of resources in this sector whereas major achievement in industrial and business sector is still yet to be seen. As defined by various research reports and expertise's view that the main cause for less development in industry and business sector is due to existing extreme poverty within the country.

So many projects have been implementing by various donor agencies in urban as well as in rural areas for livelihood improvement of Nepalese people. All donor agencies working in Nepal have their own development goals, strategies, policies and programs. WTLCP is one of the leading projects of GON with financial and technical support of UNDP including other supporting agencies implementing in western terai of the country. Almost all development organizations have been

preparing strategies for addressing poverty issues in their policies and programs. However, a profound study has not yet been done to evaluate the status, effectiveness and impact of those programs. Therefore, WTLCP is taken as a case for such a study because it is one of the leading donor funded project that has been focusing on development of micro-enterprise sector for sustainable biodiversity conservation.

### **1.3 Objectives of the Study**

The overall objective of the study is to assess the effectiveness of the role of WTLCP in micro enterprise development. Following are the specific objectives of the research:

1. To assess effectiveness of micro enterprise development supported by WTLCP in its working area.
2. To analyze WTLCP strategies, policies, planning and programs in regards to micro enterprises development
3. To analyze the number of entrepreneurs involved and benefited by micro enterprise from WTLCP support.

### **1.4 Research Questions**

Based on the above mentioned specific objectives, this study tries to answer following questions in a systematic manner:

- a) How many types of micro enterprise are running in WTLCP project sites?  
Are those businesses successful and satisfied to the operator?
- b) How WTLCP addressing the micro enterprise issues while designing, implementing and evaluating its programs? How WTLCP incorporating micro enterprise issues in its program cycle?
- c) What are major focused activities of WTLCP for promoting micro enterprise in project sites?

- d) What are the financial resources for operating micro enterprise? Are government soft loan is easily accessible to the people for starting business?
- e) What positive result has been shown in personal and family life from micro enterprise operation?

### **1.5 Significance of the Study**

This study has made an attempt to study the micro enterprise development issues within WTLCP programs and people perceptions towards the process of institutionalizing the concepts into practices. This study would definitely be a supplementary source of information to understand the micro enterprise development issues in regards to other entrepreneurs in Nepal.

So far independent study has been conducted to examine the people' knowledge, skills and perceptions towards micro enterprise development, family, friendly policies within the organization in Nepal. So, this study will be an asset for analyzing the real situation and providing the information to the policy maker to think into it. Findings and recommendations from this study will be very useful for any NGO, INGO or GO which is working for livelihood improvement to design, implement any relevant program and to identify appropriate training needs to their staff who involve in developing micro enterprise activities in Nepal.

The study helps to livelihood development professionals, practitioners, and activists to sensitize them on micro enterprise development in their programs within their organizations. This study could be the reference for other young researchers, economist and businessmen as well.



## **1.6 Limitations of the Study**

1. This study has been carried out within the WTLCP project sites, so the result may not be the representative of other place in Nepal.
2. This study has only covers views and perceptions of people living in WTLCP project sites and employees working in WTLCP. So, it does not necessarily cover all aspects of micro enterprise issues related initiatives taken under its different parts of Nepal.
3. The analysis is based on perceptions and views of people recently living in WTLCP intervention sites and employees working in WTLCP so the result and finding of this research may not cover the perceptions and views of future people of that area and project.
4. This study has been carried out as part of time boundary.
5. This study reviewed WTLCP's current activities documents, reports, policies and other relevant papers and all the analysis is done based on current situation, therefore, the result of this research may not be relevant with phased-out and new coming activities.

## **1.7 Organization of the Study**

The dissertation is divided into five chapters. They are as follows:

### **Chapter I: Introduction**

The first chapter is introduction chapter, which includes general background, statement of problem, objectives, scope and limitations of the study.

### **Chapter II: Review of Literature**

Second chapter includes a literature review for conceptual clarification and building foundation of knowledge on subject matter.

### **Chapter III: Research Methodology**

The third chapter is research methodology that includes types of research, research design, population and samples nature and source of data. It also includes selection of study area, data collection procedures, data processing and analyzing procedures etc.

### **Chapter IV: Data Presentation and Analysis**

The fourth chapter is the main body of research that is data presentation, analysis and empirical investigation. The investigator has first collected data through a questionnaire. The questionnaire provided qualitative data. The data collected from the questionnaire was confirmed and elaborated by the qualitative research.

### **Chapter V: Summary, Conclusion and Recommendation**

Summary, conclusion and recommendations are presented in this fifth or last chapter. On the basis of the study, certain measures have been found out and suggested for the further development of micro enterprise.

## **CHAPTER - II**

### **Review of Literature**

#### 2.1 Theoretical Review

The main objective of micro-enterprise is to raise the income of poor household and thereby reducing poverty. The micro-enterprises have played significant role in poverty reduction. Economically active members in the family do have significant role in raising the household income. The government should focus on developing policies to extend micro-enterprise and to provide secondary and higher level education to raise the income level of the rural people. (The Journal of Nepalese Business Study: Micro-Enterprises and Household Income, Ajay Thapa)

Micro enterprise development program is found successful due to adopting market led integrated approach, demand driven approach, sustainable enterprise

partnership approach and local capacity building approach. Establishment of enterprises after advance market survey and study it becomes easier to sell products otherwise finding market is very difficult. Sophistication strategy is much important for especially new enterprises for their sustainability. The district level partnership approach has been effective in utilizing existing institutional resources to deliver the component of the micro enterprise development program. Until the success of the pilot approach is proven an aggressive dissemination element would have been premature. (MEDEP annual report 2000)

Micro-enterprises development is considered as an integral objective of the overall poverty alleviation endeavour of the government. This essentially means that micro- enterprise is targeted to the rural poor population. In other hand if the meaning analyzed of micro means smallest of the small i.e. very small enterprise adopting as family business in rural areas. Micro and small enterprise (MSE) generates as much as 40% value addition. Coherence and sufficient policy provision in agriculture, forestry and social sector is required to address the issues of micro-enterprises. Proper institutionalization to coordinate needs identification and developing specific skill is quite lacking in existing all sector micro-enterprise development plan.

Micro-credit policy is seen as pro poor policy since this sector is closely linked with poverty alleviation objective of the country's development strategy. However the result is that there is not direct reflection of micro credit flow in the economic mainstreaming. Agriculture Development bank, Nepal Industrial Development Bank, and various development banks have implemented the credit policy in this sector. As per intensive banking program of Nepal Rastra Bank initiated as far back as 1974, commercial banks are required to disburse 12 percent of their total loan portfolio to priority sector, potentially the micro-enterprises sector. Likewise a

number of micro credit financial services of the rural development banks, cooperatives and recently NGO leading organizations have emerged under the development bank act 1995. (MSE policy review in Nepal, Prof. Dinesh P Chapagain, Kathmandu University)

Micro enterprise development is also one of the most popular poverty reduction strategies in contemporary development discourses. Micro-enterprises are very small and family-based (with regard to investment) enterprises. These are also called small scale business. These are generally originated within the home. Most of these have one employee i.e. the owner himself/herself. Basically the micro-enterprises are of two types: formal and informal micro-enterprises. Informal enterprises are generally initiated by an individual family to earn money using their traditional craft skills, whereas formal enterprises are initiated by NGOs and government agencies as an income generating programme for poor families. Formal enterprises are, to some extent, backed by training, funds, technology, business counselling, market linkage, etc.

From the World Bank to the tiniest local nongovernmental organizations, development interventions have embraced micro-entrepreneurs as the key to unlocking the potential of stagnant economies and improving the livelihood of the poor. Micro-enterprises are expected to provide employment and thus sustainable incomes (Mann, 2002). Micro-enterprises are also expected to provide lower-cost goods and services to poor people (Kirkpatrick and Hulme, 2001). Micro-enterprise focuses on the assets of the poor, rather than on their deficits, and strives to empower citizens to become economically self-sustained. Unlike other poverty reduction programmes that tend to create paternalistic relationships between the economically disadvantaged and those providing assistance, the goal of micro-enterprise is to empower citizens to become economically self-dependent. The popularity of micro-enterprises has been growing across the globe as a new form of

development agenda of poverty reduction strategy and even more so in the developing world, because such enterprises offer income and employment opportunities.

However, there are some arguments that the impacts of the micro-enterprises are not in the same way as it was purported to be. For example, a study by Ehlers and Main (1998) in USA argue that micro-enterprise development is more detrimental and problematic than it is purported to be. Schreiner (1999) claims in the line that the absolute increase in the number of people who would start small firms if they had access to micro-enterprise programmes is probably about 1 Per 100 for the unemployed. This thesis was also confirmed by Dreze (1990) in a study of IRDP in the state of UP India (Sarangi, 2007: op. cit.). Similarly, Servon (1996); and Sherreden, Sanders, and Sherraden (1998); have the same version that only few poor people will use self-employment to escape from poverty (Schreiner 2001: op. cit.). Eversole (2003) argues that due to the lack of the resources and the constraints they face, many micro-enterprises are poor, undercapitalized and inefficient.

Moreover, the effect of micro-enterprises is also influenced by the socio-economic, demographic factors in the particular context. Hulme (1990); Taub (1998); and Bhatt and Tang (1998) have suggested that the success of the micro-enterprises depends on the context of the country as well (Schreiner, 2001: op. cit.). Gennrich (2002) in his study entitled “The Impacts of Micro-enterprises on Poverty Reduction in Rural Area: The Case of EI Quiche Guatemala” argues that the impact of the micro-enterprise are related to education, social capital, farm characteristics and the access to markets. (The Journal of Nepalese Business Studies, Vol. IV No. 1, Dec. 2007, Micro-Enterprises and Household Income – Ajay Thapa)

Due to insufficient financial services in developing countries to fulfil financial needs of poor people the Self Help Group (SHG) has been emerged in the society. Self-help groups are voluntary unions of peers, formed for mutual assistance in accomplishing a socio-economic health-related purpose, the social comparison occurs between similar people or between people with similar problems and self-help group consist of just such people.

More than 1.3 billion people live on less than \$ 1 per day and more than 3 billion live on less than \$ 2 per day. Of the estimated 1.3 billion people living in poverty, more than 70 percent are female (Barry 1995, cited from UNDP 1995). Liberalized economy system has been accepted in overall the world where free competition between producers is widely exercising. Consumers are getting maximum benefits in terms of price, quality, product choice and other associated services from liberalized economic system. In the western countries to a great extent, it has been possible to establish free and open competition, which has promoted a strong consumer movement and it has been able to restrain the ill-effects arising from the formation of syndicates, etc.

People in Europe and the US form self-help groups to fulfil a need that is not met by existing social and welfare services. Their aims are multiple and often divergent: to empower themselves; to participate in decision-making; to show concern and compassion for others in an increasingly individualistic society; and to feel being treated as a dignified person, often in response to a welfare system that they perceive as high-tech but de-personalized. As SHGs are found to operate with considerable flexibility, with regards to terms of lending and saving operations, interest rates, security norms, margin, etc., free from guidelines, and also as these are considered critical for their performance, it may not be necessary to ensure any rigid norms in the operations of SHGs.

Providing access to micro-finance is considered a precondition for poverty alleviation. In order to function, self-help groups require a basic enabling environment such as a stable social structure and a functioning basic welfare system offering a minimum standard of quality. The presence of these two factors is a prerequisite for self-help activities; they cannot be expected to develop as a consequence of self-help in socio-economic welfare. Self-help groups can help to achieve some degree of synergy between welfare providers and users when the prerequisites mentioned above are met. As long as this is not the case, however, the transfer of a concept that originated in Western, individualistic societies to a very different societal context will bring disappointing results. As a part of the existing neo-liberal agenda, it might further result in shifting the responsibility of welfare from the state to the individual, which would have serious implications for equity and justice in every aspect.

The micro-enterprise concept should be coordinated with the SHG lending system so those people who have been deprived of credit, could have their fair share of credit. SHGs can play an important role for solving social problems, in promoting education, in generating employment, in meeting credit requirements, in bringing about people's involvement in solving their problems and bringing about knowledge revolution in every country. (European Journal of Social Sciences- Volume 9, Number 1, 2009 – Poverty and Micro Enterprise Development, S. Abdol Hossein Nabavi)

## 2.2 Review of Laws and Policies

### National Micro Enterprise Policy 2064



Government of Nepal announced National Micro-enterprise Policy 2064. Prior to that government used to have various policy on MED as an effective tools for income generation and poverty reduction that was scattered or informal. Micro-enterprise Policy 2006 provided.

### **Vision**

Contribute to the consolidation of national economy by creating and widening (grassroots level) the foundation of industrial development in the country.

### **Objectives**

The objectives of Micro-enterprise Policy 2064 are:

- ) Providing opportunities of self and wage employment by way of the micro-enterprise and entrepreneurship to the hard core poor people, people below poverty line, women, *dalit*, indigenous nationalities, *Madheshi* or classes who are backward economically, socially or culturally, the disabled, oppressed, marginalized class and communities specified by the Government of Nepal as the targeted class and thereby improved their level of income.
- ) Encourage the maximum use of local resources, means, technologies and skills, while improving, modernizing and diversifying traditional occupation or sector.

### **Policies**

- ) To make and build legal and institutional mechanism and infrastructures as required for inclusion of micro-enterprise in the formal sector of economy of the country.
- ) To simplify, facilitate and systematize establishment, management and operation of micro-enterprises.

- ) To establish MED fund to enhance market access and expansion by increasing competitive capacity of micro-enterprise.
- ) To get the micro-enterprise promotion program to be included by the local bodies (DDCs, Municipalities and VDCs) in their respective plans and operated with priority.
- ) To accord special priority to targeted group specified by the GON, while promoting and operating the micro-enterprise.
- ) To build the capacity of targeted group to select and promote appropriate enterprises based on feasibility of means and resources, demand and interest of the targeted group and demand of the market, through the availability of training, technology and capital and motivation.
- ) To render support to identify and promote the products of micro-enterprise through the use of collective marks.

### **Working Policy**

- ) The district, area, VDC and targeted group will be identified through social mobilization in operating the micro-enterprise program.
- ) To provide integrated services including those for selection of technology, availability of raw materials, market and product management, technical assistance, availability of capital and management service, by forming micro-entrepreneurs into group and providing entrepreneurship and skills development training to them.
- ) To make micro-entrepreneurs vigilant about operation of enterprises based on market system.

- J) To arrange for establishment of a MED fund in commercial, development and rural banks for the purpose of extending easy loan and financial service to the micro-enterprise.

### Industrial Policy 2067 (2010)

Government of Nepal has emphasized importance of the role of micro enterprise, cottage and small industry in the economic development of the country from the very beginning. However a major achievement in this sector is yet to be seen due to lots of under laying causes. Political instability, insufficient policy, poor development plan, insufficient resource and people's ineffective involvement, etc are the major causes that trade and industrial sector is suffering from long time. Recently GoN has passed an Industrial Policy 2067 (2010) addressing the gaps found in Industrial policy 2049 (1992). In the context of getting rapid success one after another by Industrial area around the world including our neighbor countries while we are getting rapid failure one after another, GoN has released this Industrial Policy 2067 (2010) revising previous gaps, to uplift country's devastating economic situation through promoting Industrial sector. A special policy arrangement regarding micro-enterprise, cottage and small industry in Industrial Policy 2067 (2010) are:

1. Making necessary legal arrangement to provide support to promote, develop and extend micro-enterprise, cottage and small industry, institutional structure and infrastructure shall be constructed.
2. Service of existing micro-enterprise, cottage and small industry development fund shall be made effective through its extension for access in the market and its extension, enhancing competitive capacity of micro-enterprise, cottage and small industry.

3. Based on available natural resource, human resource and investment opportunity in the district and in coordination with local district development committee/ municipality and VDC, preparing district enterprise and industry development plan shall be implemented stage by stage with partnership of these agencies.
4. Giving special priority to GON target group to establish and promotion of micro-enterprise, cottage and small industry, selecting suitable enterprises based on possibility of resources of target group and market demand through motivation and entrepreneurship development training, such enterprise operating capacity shall be developed.
5. Establishing community or cooperative, micro-enterprise, cottage and small industry village to provide business development service (BDS) to production oriented industries at rural area, industrial cluster shall be developed.
6. According to one village one product concept, establishing product development centre to promote industrial goods production based on identifying most possible sources in local level priority shall be given to industrial promotion through additional product specific industrial cluster.
7. Increment arrangement shall be made on donation amount as per expenditure ratio to initiator local agencies to develop industrial infrastructure for establishing micro-enterprise, cottage and small industry village.
8. Through utilization of collective mark, support shall be made for promotion by establishing identity of product of micro-enterprise, cottage and small industry.
9. To conserve intellectual assets in micro-enterprise, cottage and small industry, managing integrated and capable organization, motivation shall be made its wise conservation and utilization.
10. Special arrangement shall be made of suitable information technology for production and market promotion of micro-enterprise, cottage and small industry.

## **Micro-Finance Policy 2008**

Government of Nepal announced National Microfinance policy 2064 on May 4, 2008 and prior to that there was no formal policy as such. But informally or in scattered way government and NRB used to have various policy that governs microfinance operation such as DSL promoting MF by government itself by way of establishing Grameen Banks or emphasis on co-operative development, etc.

### **Goal**

The goal of national Microfinance policy 2064 will be to assist in poverty reduction through sustainable, simplified and access oriented micro finance services.

### **Objectives**

The objectives of Microfinance Policy 2064 are:

- ) Increasing the access of microfinance services for poor and weak financial status family and women group and conducting income generating and employment generation work.
- ) Making the microfinance service reliable and accessible through microfinance institutions.
- ) Helping micro finance service supplying organizations to develop required capacity to be established in sustainable and self capable manner.
- ) Formulating required law related to microfinance.
- ) Developing appropriate institutional mechanism to increase the microfinance service and to make such service disciplined.

### **Policies**

In order to achieve above mentioned broader objectives, the Microfinance Policy 2064 emphasizes to implement following policy.

- ) Simplifying the flow of service targeting poor communities according to the economic and social diversity of geographical and rural and urban sector.
- ) Developing clear standards for identification of beneficiary poor people of microfinance services and strengthening the mechanism of providing microfinance service with or without collateral (collective guarantee).
- ) Providing necessary help for the social mobilization and empowerment, institutional development and restructuring and encourage financial institutions that provide wholesale credit established or establishing firm, private and public sector in this work.
- ) Affiliating various poverty alleviation related programs and projects with this policy and operating it in a coordinated approach.
- ) Helping to develop target group's professionalism by coordinating with reputed agencies to develop professionalism.
- ) formulating the provision of establishing relationship with microfinance service provider institutions with the provision of getting accreditation to local level existing community institutions, saving and credit group, institutions involved in microfinance transaction easily.
- ) Increasing the access of microfinance to poor communities and motivate such communities on saving mobilization.
- ) Formulating a separate agency in the direct supervision of Nepal Rastra Bank to timely regulate, supervise, monitor and evaluate by making service provider self-disciplined managing necessary institutional and legal provision to provide microfinance service in sustainable and simplified manner.

- ) Establishing National Microfinance Development Fund to make resource available for easy supply of microfinance service in long-term manner. Also mobilize resources and tools through this National Microfinance Development Fund that obtain from various national and international agencies.
- ) Carrying out the survey with regards to information concerning existing co-operative and microfinance institutions number, service delivery and access.
- ) Managing the provision of training regarding microfinance for the capacity increment of the people working in microfinance sector.
- ) Carrying out loose policy in deposit collection on the basis of service provided by microfinance institutions and their share capital.
- ) Taking flexible policy with regards to corporate tax that has been applied to the institutional income tax on microfinance institutions and interest obtained from deposit kept in such institutions by poor communities.

## **Institutional Structure**

A separate agency shall be formulated to regulate and supervise in timely manner for the institutional development of microfinance provider organizations.

## **Economic Part**

Encourage the establishment and program of microfinance service provider institutions in private sector.

## **Legal Provision**

Necessary act, rules will be formulated for the implementation on the basis of National Microfinance Policy 2064.

### **2.3 Review of WTLCP Strategies and Policies**

To address the burning issues in Nepal, different projects are designed and implementing by development organization among them, since 2005 AD, Western Terai Landscape Complex Project (WTLCP) is implementing by GON, Ministry of Forests and Soil Conservation (MOFSC) with financial and technical support of UNDP, GEF, SNV, WWF, Bioversity international, NARC and LIBIRD in western parts of the country i.e. Bardia, Kailali and Kachanpur. The overall objective of WTLCP is to ensure the conservation and sustainable use of biodiversity by establishing effective management systems and building capacity of local communities, local organizations and line agencies. By the end of the project period, the project intends to achieve the following four outcomes:

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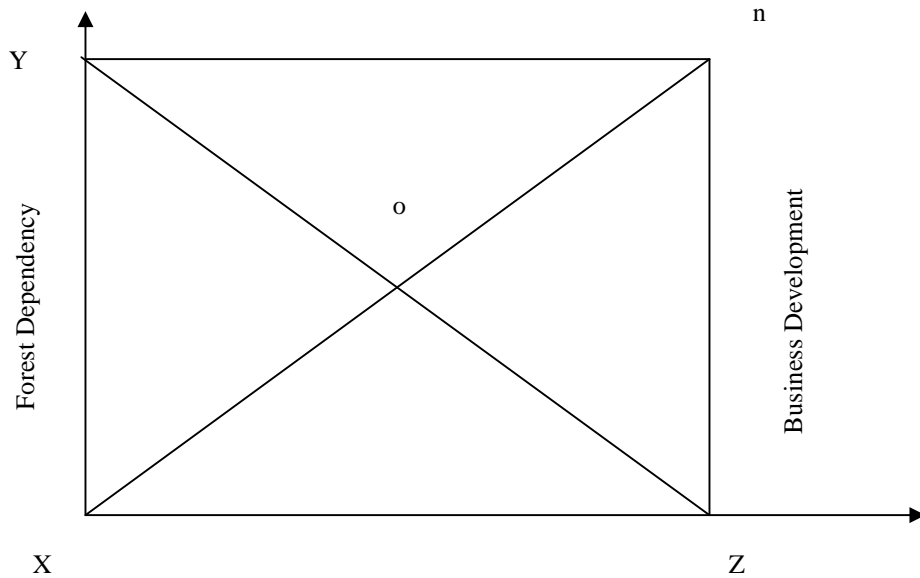
(WTLCP Project Document)

#### **2.3.1 Livelihood Improvement through Micro Enterprise Development**



WTLCP works for sustainable bio-diversity conservation in Western Terai Landscape Complex. Internalizing the vital role of people participation in conservation that entirely depended in forest, WTLCP has adopted livelihood improvement as one of the major strategy. It is assumed that until and unless giving alternative means of survival to forest depended people, sustainable conservation work is not possible. Through improving livelihood of forest depended people, their pressure can be transfer from forest. Income Generating Activities (IGAs) are widely accepted as major alternative means for the people who are depended on forest in the initial phase. Mainly ultra poor people are entirely depended in forest therefore other survival activities in initial phase can not be effective. Because of not having sufficient requirements such as investment, business skill and ideas, marketing skill, proper education, etc. for higher level business in ultra poor people their business work starts from very starting phase which can be called as IGA. IGA is a starting phase of business sector. According to WTLCP assumption, this is a step by step process in business growth for poor people. Poor people have to pass some steps to become an entrepreneur or businessman. After successful implementation of income generating activities one can become self-employee. After that a successful self employee can establish a micro-enterprise and known as successful entrepreneur. WTLCP has passed about seven years of its implementation therefore it is in process of establishing micro-enterprises in various commodities. At this stage WTLCP wants to establish at least ten micro-enterprises in its various locations. Among lots of income generating activities supported by WTLCP, NTFP based aromatic oil is found one the major successful commodities to establish micro-enterprise then after WTLCP wants to establish micro-enterprise in some other successful commodities such as Bet, Bamboo and milk products. According to recent plan of WTLCP, it has to want to establish six micro-enterprises in aromatic oil namely Mentha, Camomile, Pamarosa, Citronella and one of each in Bet, Bamboo and milk product. (WTLCP Project Document)

**Figure 2.1: Opposite relationship between forest dependency and business development**

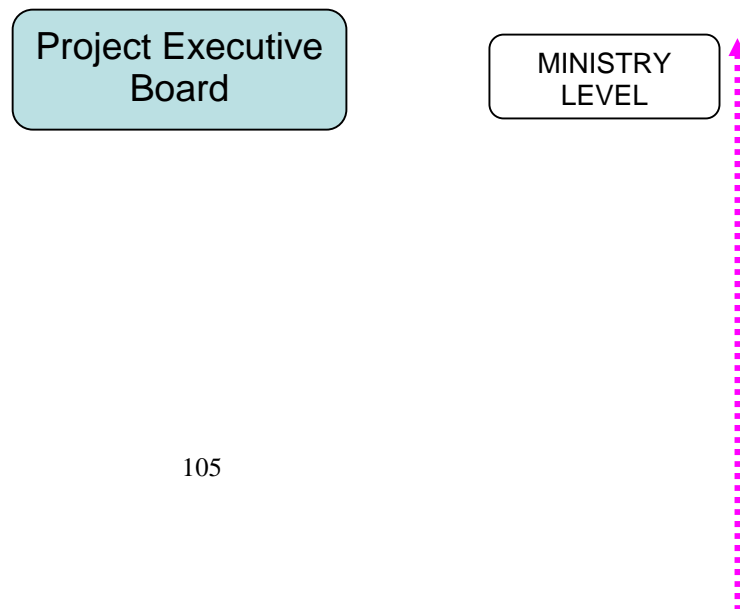


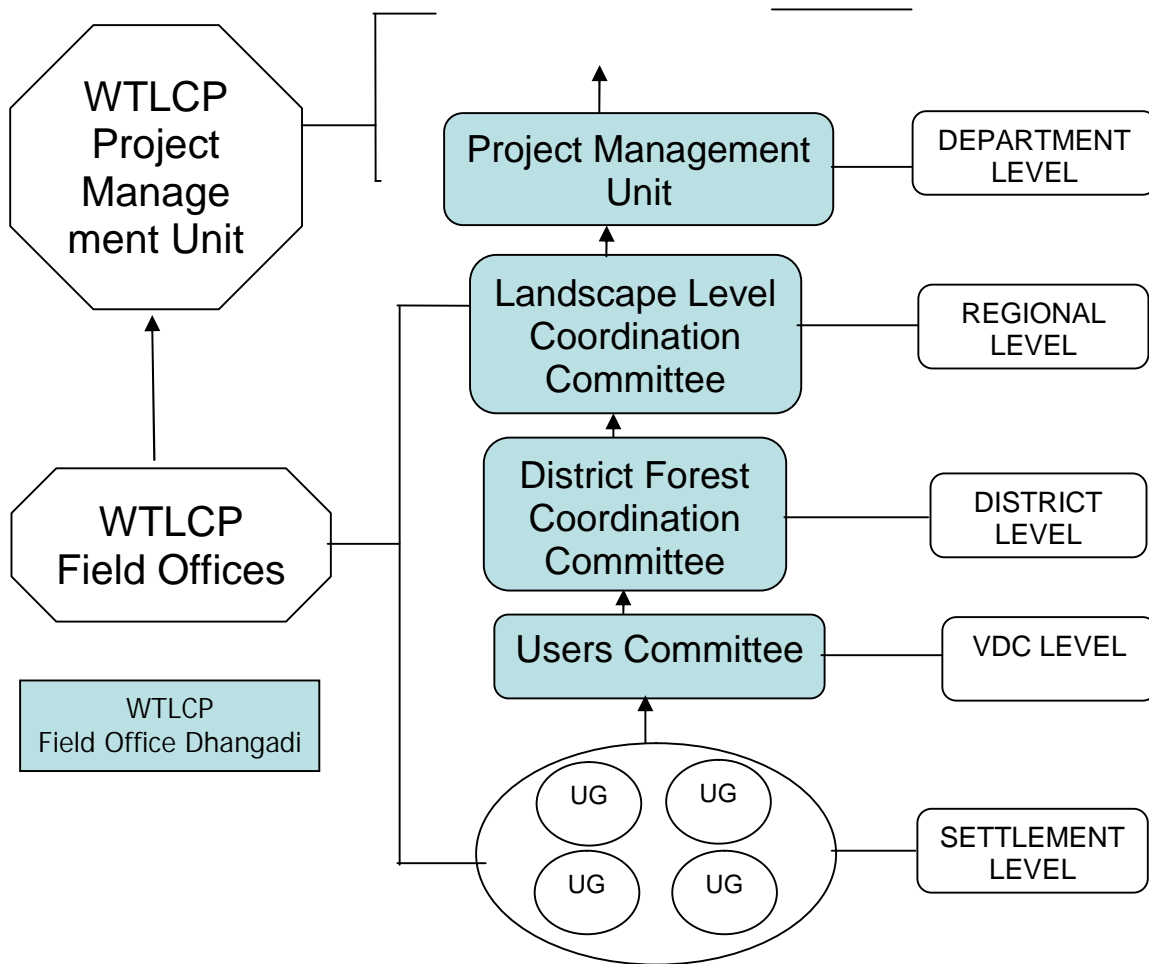
Here the opposite relationship between forest dependency and business development is tried to define using above diagram. If forest dependency increased from X to Y then business development decreased from n to Z. Simultaneously if business development increased from Z to n than forest dependency decreased from Y to Z. If forest dependency increased up to o and similarly business development increased in same level then the situation will be equal but WTLCP endeavour is to bring forest dependency into maximum lowest level and highest business development. Hence maximum effort has been made by WTLCP for livelihood improvement of forest dependent ultra poor people in its working area through income generating activities and proper development of micro-enterprise. (WTLCP Micro Enterprise Report 2011)

### **2.3.2 Planning Process/Modality**

WTLCP is practicing participatory planning process which is widely accepting as a very effective tool. It is step by step process from grass root to centre level. Planning process starts from last quarter of each English year i.e. from November. With financial and technical support from WTLCP and government line agencies, community people prepared first draft of the annual plan on the basis of their immediate needs however WTLCP is frequently orienting and guiding to give emphasis on bio-diversity conservation through sustainable livelihood improvement activities. CFUG and BZUC collects first draft plan from user groups of their respective sites and compile all plans in a desired shape. Than after the plan is brought and present in DFCC meeting. District Forest Coordination Committee (DFCC) gives recommendation for plan to forward into next step. After getting recommendation from district level (DFCC), regional level (LCC) meeting has to pass the plan to forward in central level. Project management unit (PMU) in centre reviewed plan thoroughly before presenting in higher level meeting. Finally Project Executive Board (PEB) gives final approval for implement annual plan which is called AWP (Annual Work Plan) in the project. In this way annual work plan is prepared and implement. Below given planning structure frame can clarify for more understanding easily. (WTLCP Annual Progress Report 2007)

**Figure 2.2: Planning process approach of WTLCP**





### 2.3.3 Systematic Development Process of NTFP Based Micro Enterprise in WTLCP

Since achieving successful result in NTFP based IGA, WTLCP is giving high priority to establish micro-enterprises in this commodity. Mainly aromatic oil of Mentha, Pamarosa, Camomile and Citronella are the major species that are focusing by the project to establish micro-enterprise. Now it can say that WTLCP has a clear cut development plan to establish NTFP based micro enterprise. Through step wise development plan, WTLCP has already crossed maximum stages.

It has completed entire works of first stage such as social mobilization, business consultation, technical skill development, seed and technology support and technical consultation. Other works that has been defined in stage two to four has also almost completed but still it has to bring into systematic process.

The main challenge that has been experiencing by WTLCP is high production cost due to lack of knowledge in systematic management mainly in planning and scheduling. In addition to that marketing, pricing and quality improvement are another important works that has to be brought into effective execution. In recent scenario, farmers are individually running this business with very low level of entrepreneurship skill. There is lack of association between farmers because of that they are losing collective bargaining power and various forums from local to central level. According to WTLCP survey report half of the national demand i.e. 0.5 metric ton aromatic oil is producing by the entirely WTLCP supported farmers. In this context, farmers should have strong bargaining power if they will associate each other. So here the role of WTLCP would be vital to bring farmers under one umbrella and making them empower. Unless proper empowerment and awareness on what is going wrong on business failure, farmer never can be succeed to get reasonable product price. (WTLCP mid-term evaluation report 2009)

#### **2.3.4 Minimum Target of WTLCP for Livelihood Improvement**

By the end of the project period WTLCP wants to achieve at least following targets.

1. At least 10 forest based micro-enterprises established
2. Forest and non-forest based employment generated for 3500 households by the end of 2012
3. 10% household level income of targeted community (NRs 38,856 per year baseline 2006) increased.

## **2.4 Review of Unpublished Thesis**

A thesis entitled "Trend of Nepalese International Trade" carried by Rakesh Kumar Jha on 2006 A.D. was reviewed in order to reviewing unpublished thesis. The general objective of the thesis is to study structure of international trade between Nepal and rest of the world and analyze trend of Nepalese international trade whereas specific objectives are:

- ) To estimate the determinants of exports and imports
- ) To analyze Nepalese international trade policies and reform measures
- ) To recommend necessary measures for future improvement

### **Findings of the Study**

Nepal has been suffering vicious circle of poverty and economic backwardness. No doubt, Nepalese foreign trade plays vital role to make economic strength and prosperity of the nation. To give proper direction to our export trade, the government has introduced several policies and efforts have done. Nevertheless, the outcome has not achieved properly. The share of trade on GDP is about 10% but especially export trade has been deteriorating rather than improving. However, Nepalese trade has some strength too.

### **Strength of Nepalese trade**

- ) Nepal is very much rich on natural resources such as hydropower, mines etc. and there is high potentialities of agro based industries too.

- ) Being a member of WTO, SAPTA and SAFTA , Nepal can achieve so many benefit and have chance to expand export , to improve trade deficit and to correct BOP situation.
- ) Development of information technology and introducing of new technology on some industries are encouraging factor to assure quality and competitive products.
- ) Adequate work force with Low labour cost can easily available throughout the country.
- ) Various national and international agencies like NRN are seeking to invest in Nepal, which will enhance trade sector too.
- ) There is high potential to bring FDI to strengthen export trade oriented industries.
- ) Nation is going towards political settlement with cease-fire. Democratic system has reestablished and decade long moist insurgency is on the process of negotiation. No doubt, political consistency is essential factor to do something on the area of export promotion.

### **Weakness of Nepalese Foreign Trade**

- ) Land-locked situation, mountainous and rugged geographical structure of the country is one of the biggest bottlenecks in Nepalese foreign trade expansion.
- ) Open border and free flow of goods between Nepal and India also are serious problems for Nepalese products because Indian products are available cheaply in Nepalese market. Owing to smuggling practices, the illegal traders are getting advantage of imports and exports.

- ) Infant industrial shape with narrow base of exportable production having low quality products has been challenging scene of Nepalese trade, though it has already entered into global trade i.e. WTO and bilateral trade arrangements like SAPTA and SAFTA
- ) Though the agricultural is the mainstay of the Nepalese economy, it has been extremely disappointing. Transit and transportation cost is too high and there is no effective rural- urban linkages practices too.
- ) Unfavorable environment for industrial development, lack of sound and effective strategic policies, inconsistency of government policies , political instability and a decade more long moist problem are hampering facts for the Nepalese trade expansion. No doubt delay in decision-making and lack of political-will cannot possess a country's progress.
- ) Nepal has been facing fundamental trade deficit and no favorable position of terms of trade with both destination India and overseas that may have long-term effect on the Nepalese economy. The main cause behind trade deficit is high import against small export.
- ) Due to the adoption of liberal economic policy, government levied international trade tax to generate revenue but it neglected the aspect of import substitution. So, the trade deficit of Nepal becomes more acute.
- ) Nepal uses only one transit to (trade route) trade with overseas countries other than India and China. Although Nepal can use other trade routes such as Fulbari Banglaband through Bangladesh but not action is forwarded regarding this.
- ) Nepalese domestic industries cannot produce enough goods for Nepalese growing population.



- ) Nepalese export commodity composition is less diversified than import commodity composition. It is also less diversified countrywide or destination wise.
- ) Export procedure documentation, Quality industrialization and quality mix, Lack of human resources and R & D, Insecure of FDI, Lack of dry port facilities, High transport cost and problems in the seaport are also consider the barrier to expand Nepalese export trade.
- ) Lack of diplomatic efforts, India oriented policies, condition imposed by donor agencies, donor driven strategies, poor implementation , not effective monitoring and evaluation mechanism, no price and reward system can also be consider the challenging scenarios .

A thesis entitled "Role of Promotion in Consumption of Kailash Tea" carried out by Kalidash Chaudhary on 2009 A.D. was also reviewed in order to reviewing unpublished thesis. The general objective of the study is to assess the marketing status of Kailash tea in Dhangadhi whereas the specific objectives of the study are:

- ) To determine how promotion affect on consumption of Kailash tea.
- ) To investigate the scope of promotion of Kailash tea in Dhangadhi.
- ) To observe the attitude of consumers towards the promotion program of Kailash tea.
- ) To investigate best promotion approach for Kailash tea in Dhangadhi.
- ) To point out suggestions to improve the tea promotion approach.

### **Major Findings of the Study**

On basis of proceeding analysis it would be appropriate to point out some of the distinct findings of the study mentioned as below.

1. Tea is a major cash crop of Nepal and is also exported to different countries.
2. In Dhangadhi, a dealer of Kailash tea has established and from here Kailash tea is supplied to whole Seti zone area i.e. Kailali, Doti, Achham, Bajhang and Bajura districts.
3. It is cultivated at the commercial level in eastern districts of Nepal only, although it is supplied all over Nepal.
4. In Dhangadhi, there is large market of Kailash tea. According to respondents Kailash tea is reached tea shop, hotel and cafes of Dhangadhi market.
5. 94 percent of respondents understanding promotion as advertisement.
6. Respondents have agreed that promotion plays vital role in consumption of Kailash tea besides discussion with seller some customers purchase same brand of tea each time due to their habit and quality.
7. When customers purchase tea they consider price and brand and also compare with other brand tea. But this changes with taste when they drink tea at hotel or tea shops they are only conscious about taste of tea.
8. Respondents have received information about Kailash tea by promotion program i.e. quality, price, additional benefit etc.
9. In hotel, price of tea per cup is fixed. That's why; many hotel entrepreneurs and tea shops are more aware with price of tea.
10. Customers want to purchase qualitative tea. Shopkeepers want to sell such type of tea in which they get more profit margins and credit facility. But some customers are aware with quality and they are purchasing their preferred tea.
11. At the research time the price of Kailash tea was Rs. 240 per Kg and per 50 gm pack Rs. 14. Costumers are purchasing 50 gm pack more than other packet because of small unit and they want to use new production again.

12. In study area consumers are become aware of the tea brands through different media, so advertisement is more effective for promoting Kailash tea and improving quality along with.
13. Consumers think that while choosing tea, price is not so important for them but little difference in each brand of tea price affects the consumer.
14. Sellers want regular supply and comparatively more profit margin. In which they get more profit they said it is the best tea to their customer.
15. If there is lack of regular supply sellers are diverted to another brand of tea.
16. As we find that there was good relation with Kailash tea supplier and seller. The supplier has supplied to seller himself.
17. Out of the total 62 percent respondents have said advertisement is better than other method of promotion.

## **2.5 Review of Websites**

A micro-enterprise is a type of small business, often unregistered, having five or fewer employees and requiring seed capital of not more than USD 35,000. The term is often used in Australia to refer to a business with a single owner-operator, and no employees. The European Union EU defines micro-enterprises as those that meet two of the three criteria and have not failed to do so for at least years i.e. fewer than 10 employees, balance sheet total below 2,000,000 pound and turnover below 2,000,000 pound

The term micro enterprise denotes different entities and sectors depending on the country. Generally speaking, in developed countries, micro enterprises comprise the smallest end (by size) of the small business sector, whereas in developing countries, micro enterprises comprise the vast majority of the small business sector

a result of the relative lack of formal sector jobs available for the poor. These micro entrepreneurs operate micro enterprises not by choice, but out of necessity.

Micro enterprises add value to a country's economy by creating jobs, enhancing income, strengthening purchasing power, lowering costs and adding business convenience.

Because micro enterprises typically have little to no access to the commercial banking sector, they often rely on "micro-loans" or micro credit in order to be financed. Microfinance institutions often finance these small loans, particularly in the Third World. Those who found microenterprises are usually referred to as entrepreneurs.

The terms microenterprise and micro business have the same meaning, though traditionally when referring to a small business financed by microcredit the term microenterprise is used. Similarly when referring to a small, usually legal business that isn't financed by microcredit, the term micro business is used. (Micro-enterprise in Wikipedia)

## **Chapter - III**

### **Research Methodology**

### **3.1 Research Design**

The present study is exploratory in nature, the main desire of the study is to find out the perception of micro enterprise or IGA operator towards WTLCP roles, impact of programs and micro enterprise development aspect. An opinion survey research design has been adopted for this study. Types of support provided by WTLCP, support received from other agencies, profit or loss from IGA, sufficiency of support from WTLCP and further suggestion has included in the questionnaire. The data and information collected from the survey were tabulated and analyzed according to need of the study for achieving its objectives.

### **3.2 Source and Nature of Data**

The primary as well as secondary sources of data have been collected in order to achieve real world factual result. The main sources of data taken in to consideration for the preparation of this thesis are listed below.

#### **Primary Sources of Data**

The primary data and relevant information have been collected through questionnaire within WTLCP working area from those respondents who are representing from various micro enterprises and IGA operator and project employee. As WTLCP is providing support for micro enterprise development in various sector, respondent were also selected accordingly. NTFP sector is prime focused area of WTLCP therefore high number of respondent selected from there. Since the process of micro enterprise development is start from promoting IG activities, respondents are also selected from that area. As it is obvious that the major source of information could be recent project employee therefore a group of respondent was also existing WTLCP employee.

### **3.3 Population and Sample**

Micro enterprise operator, income generating activities operator and recent WTLCP staffs were considered as the total population. Out of them 5 micro enterprise operators, 70 income generating activity (IGA) operator and 25 recent WTLCP employees were considered as the target population for the study. In total 100 sample size from entire WTLCP working area is selected. The respondents have been divided into three groups. The following table shows the group of respondents and the size of sample.

**Table 3.1: Group of respondents and size of sample from each group**

S.N.	Group of Respondents	Sample Size
1.	Micro enterprise operator	5
2.	IGA operator	70
3.	WTLCP employee	25
Total		100

### **Sampling Procedure**

Random sampling technique has been used to select the target and sample selection. The view of micro enterprise operators, IGA operators and WTLCP employees have been collected on the basis of stratified selection by distributing questionnaires individually.

### **Secondary Sources of Data**

The secondary sources of data are the information mainly received from WTLCP information, documentation and finance department, progress report, monitoring report and assessment/evaluation report. Other related books and reports, journals, newspapers, website, thesis are also the source of information for secondary data.

### **3.4 Data Collection Procedure**

Data and information used in this study were collected from primary and secondary sources. In the course of material collection, the researcher prepared bibliography cards. The questionnaire converted different aspects of promotion, complication applicable to different aspects of promotion practices. Two different sets of questionnaire were prepared. In the first set of questionnaire 75 questions were prepared the set was distributed among the micro enterprise and IGA operator. In the second set of questionnaire 25 questions were prepared and which was distributed among WTLCP existing employees from higher to lower level. For distributing the questionnaire and taking interview with the respondent WTLCP field level staffs (Community motivator) were mobilized however for WTLCP staffs questionnaire was mailed. Respondent were selected from different socio-economic background for filling up the questionnaire and relevant discussion was carried out.

In the process of data collection the researcher also visited with some of successful micro enterprise and IGA operator. The formal questionnaire is attached to the appendix section.

### **3.5 Data Tabulation and Analysis Tools**

Preparation of preliminary bibliography cards in order to process available list of accurate information and data needed for the present research study. On the basis of the bibliography card, the review of the related literature has been carried out and related data has been collected. All the collected data and information have been tabulated according to the requirement of the study. The tabulated data have been analyzed and interpreted by using descriptive and statistical tool such as simple average, percentage, charts, diagrams, graphs etc.

**CHAPTER-IV**  
**DATA PRESENTATION AND ANALYSIS**



The presentation of data is the basic organization and classified of data for analysis. After data collection is completed, it was in the raw form which needed to rearrange to make some sense. So, in order to know the role of WTLCP in micro enterprise development, it is needed to analyze the relationship between WTLCP role and micro enterprise development. Firstly, it is analyzed the program implementing agencies and processes along with short glimpse of approaches and IG activity scenario. The discussion on the later section of the chapter is thus, directed towards this.

#### **4.1 Assessment of Livelihoods Intervention Practices**

Livelihood intervention approaches, modalities and processes applied by the WTLCP for its interventions for improving the livelihoods of the target groups are assessed here with their strength and weakness.

##### ***4.1.1 Program Implementing Agencies and Processes***

WTLCP implements livelihood as well as other activities through community institutions. Buffer Zone User Committees (BZUCs) in protected areas and Community Forest User Groups (CFUGs) and Community Forest Coordination Committee (CFCC) in outside the protected areas are the major service delivery organizations for implementing livelihood improvement activities. In addition to that some other institutions such as FECOFUN, cooperatives are also implementing IGA activities. Maximum portion of financial grant supported by WTLCP for income generating activities are mobilizing through cooperatives that has been established by BZUCs, CFUGs and CFCCs.

Proposal is prepared by community institutions for improving livelihood of the target people following their own participatory planning process and request for the support to WTLCP. Most of the proposals come to WTLCP according to previous

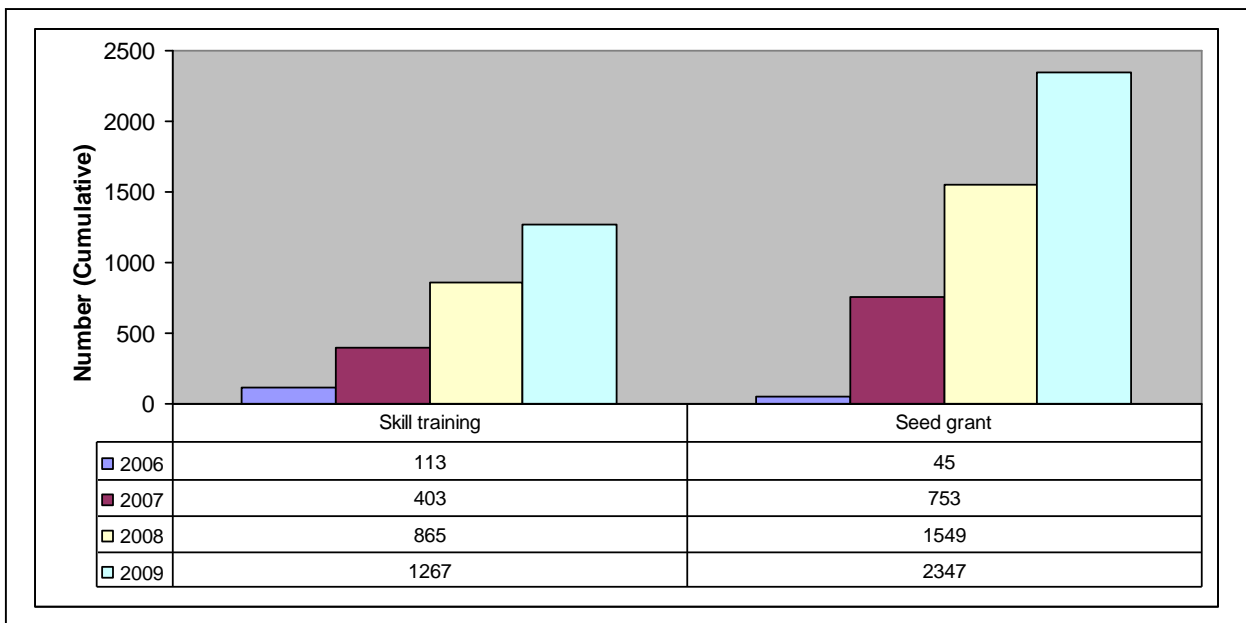
understanding made between both parties from planning stage therefore grant is provided to most of the proposal without any difficulties. The extent of grant amount for particular activity has been already fixed during planning time so the rate of the grant amount doesn't create and confusion however grant rate may varies in different sites and locations.

#### ***4.1.2 Intervention Approaches***

WTLCPC has provided entrepreneurship/ skill development training and seed grant to initiate Income Generating Activities (IGAs) for generating local self employment and income, and ultimately to reduce pressure on the forest. The project has supported the communities for livelihood package programs, including entrepreneurship/ skill development trainings and seed grant support. As shown in table 4.1, WTLCPC provided entrepreneurship/ skill training to 1267 participants and provided seed grants to 2347 participants in the past four years (2006-2009). The number of participants in the entrepreneurship/skill development training increased over the years from 113 households in 2006 to 1267 in 2009. Likewise, number of seed grant recipient households increased over the years from 45 in 2006 to 2347 in 2009.

**Table 4.1: Number of IGA participants by type of support**

Year	Seed Grant	Skill Training
2007	45	113
2008	1267	1267
2009	2347	1267



Source: WTLCP annual progress report 2006 to 2009

Figure 4.1 presents implementation approaches for IGA intervention followed by the project. Below figure reveals that WTLCP has been adopting two different types of approaches for improving livelihoods of the target people, which includes (a) providing support (material, skill enhancement training or exposure) to implement pre-identified IGAs (b) providing financial support to initiate IGA, where the participants will later identified IGAs themselves.

### **4.1.3 Pre-Identified IGAs**

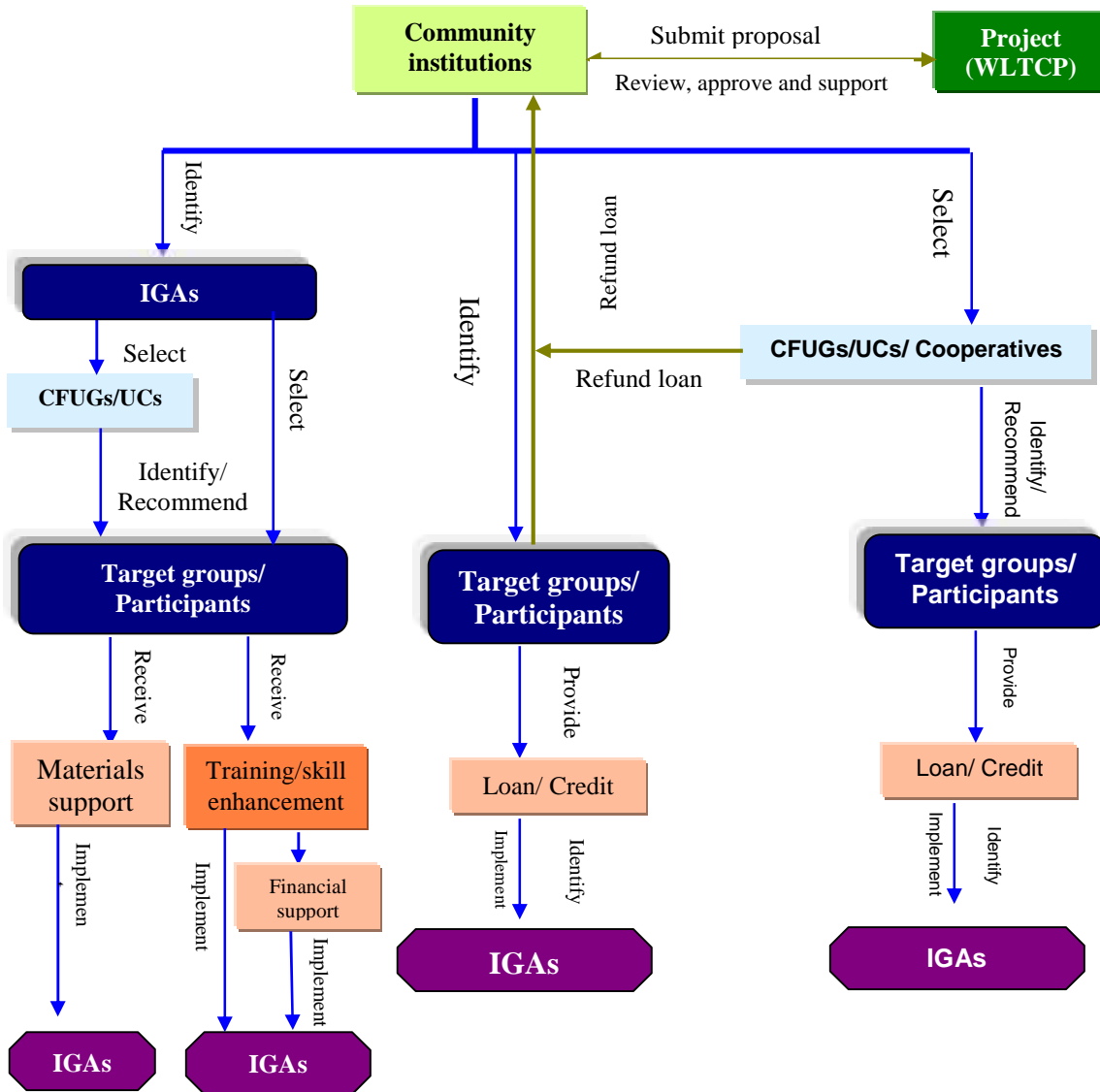
This type of activity is mainly implemented for developing forest based enterprises such as (a) value addition and processing of forest products; (b) cultivation of medicinal and aromatic plants on public and private land and (c) implementation of pro-poor focused income generating activities inside the community forest or public land.

Community institutions first identify the type of IGAs for improving livelihoods of the target groups considering market potential, resource availability and interest of

the people. They will then identify their next step organizations such as CFUGs, BZUGs etc and request them to recommend enlisting in IGA support needy people. Apart from this, community institutions are also selecting participants directly to implement the IGAs.

Community institutions are providing support to the target groups directly depending upon nature or type of the IGAs. These supports are provided either in isolation or in a package which varies from case to case basis. For example, only skill enhancement training was provided for manufacturing of the Bamboo stool (Mudda) and incense stick preparation (Agarbatti) in Fulbari and Jhallari VDC of Kailali and Kanchanpur districts respectively while financial grant support along with the skill enhancement training was provided to the women for basket weaving (Dhakiya) and leaf plate making in Gadariya and Dekhatbhuli VDCs of Kanchanpur and Kailali districts respectively.

**Figure 4.1: Intervention Approaches**



Extent of support largely depends on the agreement between project and community institutions as reflected in the proposal. There is no standard practice or norms for the support. It varies even within the same service providers for same nature of the activities when it is implemented in two different sites or locations. Following supports are provided to the participants.

## **Material and Equipment Support**

WTLCP provides planting materials or equipment support for initiating IGAs at free of cost. For example, processing plant was installed in Jhalari and Rauteli Bichuwa VDC of Kanchanpur district to extract oil from mentha and Chamomile. Likewise, leaf plate making and incense stick preparation machines were provided in Krishnapur and Jhalari VDC of Kanchanpur district. Planting materials especially seeds of Pamarosa, mentha suckers and seeds and root stocks of Chamomile was provided to the target groups in Rauteli Bichuwa VDC of Kanchanpur district while turmeric bulbs were provided in Patabhar VDC of Bardia district.

## **Skill Enhancement Training**

Skill enhancement trainings are provided to the target groups for implementing IGAs, especially on value addition and processing of the forest products such as preparation of bio-briquette, basket weaving, bamboo products development etc

## **Skill Enhancement Training Followed by Financial Support**

Under this financial support or grant was provided to the target group or participants to implement the learned skills after the skill enhancement training.

WTLCP has adopted three different approaches in supporting the community institutions for implementing various IG related activities. This includes (a) skill enhancement (b) seed grant (financial support) and (c) material support. These services are different in nature and are quite crucial for sustaining the IGAs. However, there is still need to packaging of these supports. Nature or extent of support varies within same type of IGAs. Packaging of support and longitudinal approach is essential for sustaining IGAs in a long run.

## **Financial Support (seed grant)**

This approach assumes that target groups are capable of undertaking the small-scale initiatives but lack financial capital. WTLCP provides financial grant to the community institutions for implementing IGAs, specially related to agriculture business and services. Cooperatives at community level have established revolving fund to provide long-term source of capital. Loan is provided to the group, individual or institutions at the fix interest rate for the fix period of the time. Three distinct modalities were observed under this, which includes (a) direct financial support to the participants (b) financial support to the participants upon recommendations of the groups and (c) financial support to the community institutions

### **Direct Financial Support to the Participants**

Community institutions, especially cooperatives directly provides loan to the target groups/participants for implementing IGAs. The participants themselves identify IGAs according to their interest and skills and request for the loan. Loan along with the interest is paid to the cooperatives.

### **Financial support to the participants upon recommendation of the Community Forest User Group (CFUGs)**

Community institutions, especially FECOFUN and CFCC identify CFUGs for support. They then request the concerned CFUGs to recommend the name of the participants for providing loan. The participants received loan upon recommendation of the CFUGs and initiate IGAs according to their interest and skills. Loan along with the interest is paid to the CFUGs which is then return to the FECOFUN and CFCC. Interest income is shared between the recommending

institutions, CFUGs and community institutions where as principal amount is returned back to the community institutions.

**Financial support to the institutions:** Community institutions, especially BZUC do not provide loan directly to the target groups or participants rather they provide loan to the cooperatives at the specified interest rate. Cooperatives then provide loan to the participants.

#### ***4.1.4 Nature and Extent of Support***

Table 4.2 presents nature of support received by participants by type of IGAs. All the participants who are involved on non-forestry related IGAs such as business, livestock rearing, service and farming/cultivation of vegetable crops had received only financial support. Depending on nature and type of forest based IGA, participants had received material, financial or skill enhancement support. Of those HHs who are involved in value addition of forestry products, 75 percent had received skill enhancement training followed by financial support. Likewise, 85.1 percent of participants involved in cultivation of medicinal and aromatic plants had received material support followed by financial support 14.9 percent.

**Table 4.2: Nature of support received by type of IGAs in percentage**

Nature	Financial	Material	Skill Training	Total
Business	100.0	-	-	100.0
Value addition and processing of forest products	25.0	-	75.0	100.0
Aromatic oil plant cultivation	14.9	85.1	-	100.0
Livestock	100.0	-	-	100.0
Livestock (Forest dependent)	100.0	-	-	100.0
Service	100.0	-	-	100.0
Farming/vegetable cultivation	100.0	-	-	100.0
Overall	62.1	34.0	3.8	100.0

Source: WTLCP Livelihood Assessment Report 2010



During the course of opinion survey of support recipient among 75 beneficiaries, it is found that 41-71 percent has received support in skill training, seed money and material support. Likewise 13-17 percent has receipt support for exposure visit and technical consultancy and 5-8 percent has received for business plan and marketing. Table 4.3 presents the data on types of support received from WTLCP.

**Table 4.3: Types of support received from WTLCP**

SN	Types of Support	Gender		Total : 75	% in Benefit Receivers
		No. of Male: 35	No. of Female: 40		
1	Skill Training	19	28	47	63
2	Exposure Visit	1	9	10	13
3	Business plan preparation	3	3	6	8
4	Seed money	23	30	53	71
5	Material support	13	18	31	41
6	Marketing support	1	3	4	5
7	Technical consultancy	8	6	14	17
	Total	68	97	165	

Source: Field survey 2011

Since WTLCP has adopted the strategy to support poor marginalized, *Dalit*, women, *Janjati* and *Madheshi* people for their livelihood development therefore different kind of supports are receiving by a single person. As data presented in table 4.4 wherein just 75 people obtained support 165 times seven different form because same person getting multiple support. Developing livelihood of poor is not easy task they need so many kinds of support, so that WTLCP is delivering different kinds of support time and again to same person.

Table 4.4 presents nature of support received by the participants by type of the community institutions. More than ninety percent of participants from all the community institutions had received financial support except for the BZUC, which had provided material support to majority of the participants. This is mainly because they are involved in the promoting the cultivation of medicinal and

aromatic plants. Nevertheless, few participants from cooperatives and FECOFUN had received skill enhancement training. Likewise, few participants had received financial support from BZUC, mainly to buy planting materials.

**Table 4.4: Nature of support provided to participants by type of community institutions in percent**

Community institutions	Financial	Material	Skill Training	Total
BZUGs	100.0	-	-	100.0
BZUC	9.1	90.9	-	100.0
CFCC	100.0	-	-	100.0
Cooperative	94.4	-	5.6	100.0
FECOFUN	86.8	-	13.2	100.0
<b>Overall</b>	<b>62.1</b>	<b>34.0</b>	<b>3.8</b>	<b>100.0</b>

Source: WTLCP Livelihood Assessment Report 2010

As seen from the above table, all the institutions are providing financial support to the participants. These community institutions had established revolving fund at the user group level and providing loan to the participants through the group at the subsidized interest rate expect for cooperatives, which directly provide loan to the participants. Among the different institutions involved in providing financial support, the study found that both the recovery and repayment rate of loan is high in cooperative while it is not encouraging in case of FECOFUN and CFCC. Likewise, cooperative has been able to mobilize and revolve fund. CFCC and FECOFUN are less capable in managing and mobilizing funds. BZUC are providing loan to the cooperatives directly and cooperatives distribute loan to user committee. Seen grant provided to BZUC upon receiving proposals where clearly defined who will be the ultimate beneficiaries. Actually small forest user groups in buffer zone area deiced to whom seed grant should be provided and in condition to follow that decision BZUC gives seed grant to cooperatives for mobilization. Cooperatives in buffer zone areas providing loan in fifty percent lowest rate from WTLCP grant.

#### 4.1.5 IGAs Identification and Prioritization

WTLCP has been applying maximum participatory approach in identifying IGA program which is based on demand driven approach. Table 4.5 gives a short overview of the IGAs programs promoted by the project. WTLCP conducted trainings and provided seed grant support on forest, agriculture and off-farm based IGAs, which is further classified into seven categories. In the seven categories, three belongs to agro-based IGAs and two each belongs to forest and off-farm based IGAs.

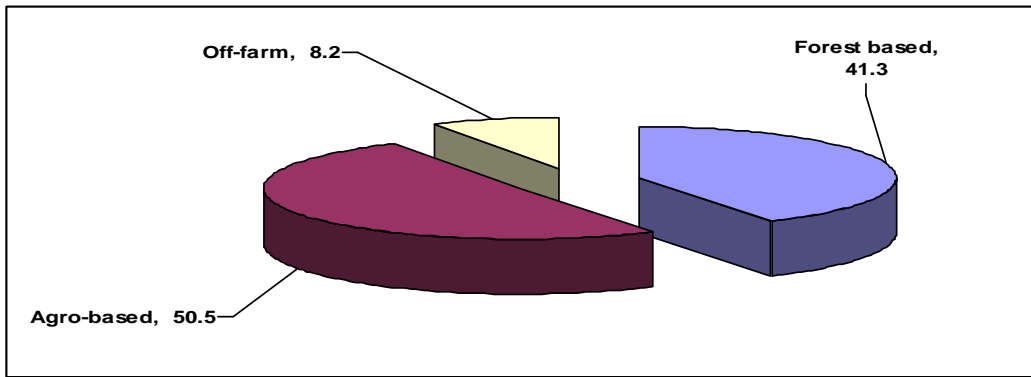
**Table 4.5: Type of IGAs promoted by the project**

IGA	Categories	Type
Agro-based	Agriculture crops	1. Banana, 2. Mushroom, 3. Peanut, 4. Potato, 5. Vegetable, 6. Wheat cultivation 7. Irrigation water pump set 8. Fish
	Livestock – forest dependent	1. Buffalo, 2. Cow, 3. Goat and 4. Ox
	Livestock – others	1. Piggery 2. Poultry 3. Fish
Forest	Primary production	1. Amriso 2. Mentha 3. Turmeric 4. Ginger 5. Pamarosa 6. Cammomile
	Value addition & processing	1. Bet/bans furniture 2. Bio-briquette 3. Dhakiya 4. Tapari 5. Mudha making 6. Pickle 7. Rope making 8. Furniture 9. incense stick
Off-farm	Trade	1. Meat shop, 2. Retail shop
	Service	1. Brick 2. Cycle repairing 3. House wiring/Electric shop 4. Sewing/cutting 3 Mill operation

Source: WTLCP, 2010 documentation and monitoring department

WTLCP has given high emphasis to develop forest-based IGAs. Despite of this, more than half of the participations are from agro-based IGAs (50.5 percent) followed by forest based (41.3 percent) and off-farm related (8.2 percent). Figure 4.2 presents the type of IGAs promoted by the project.

**Figure 4.2: Type of IGAs supported by program**



Source: WTLCP, 2010 documentation and finance department

IGA identification and prioritization, varies by nature of the support, where both the community institutions as well as participants had selected IGAs considering resource potential, market demand and their interest. However it is in the process of streamlining more towards conservation perspective.

#### **4.1.6 IGAs Identified by the Community Institutions**

Community institutions, especially the BZUC and CFCC are promoting different type of IGAs considering community demand/interest, market potential and resources potential along with the conservation value. Material or skill enhancement training are provided to the participants for cultivation of medicinal and aromatic plant cultivation, leasing of land to poor and marginalized for IGAs and value addition and processing of forest products. Table 4.6 presents type of the IGAs. These activities are either supportive or neutral to natural resource conservation and created positive effects to restore ecology and environment.

**Table 4.6: Type of IGAs supported by the community institutions**

Value addition and processing	Cultivation of medicinal and aromatic plant	Poor-focused IGAs/Agro-forestry
<ul style="list-style-type: none"> <li>) Bamboo materials (stools and furniture)</li> <li>) Dhakiya weaving</li> <li>) Bio-briquettes</li> <li>) Leaf plate making</li> <li>) Rope making</li> <li>) Bamboo materials</li> <li>) Incense sticks</li> <li>) Pickle making</li> </ul>	<ul style="list-style-type: none"> <li>) Mentha</li> <li>) Lemon grass</li> <li>) Chamomile</li> <li>) Pamarosa</li> <li>) Kurilo</li> <li>) Citronella</li> </ul>	<ul style="list-style-type: none"> <li>) Ginger cultivation</li> <li>) Turmeric cultivation</li> <li>) Amriso</li> </ul>

Source: WTLCP information and documentation department

## 4.2 IGAs Practices

### 4.2.1 Participants Initiating IGAs

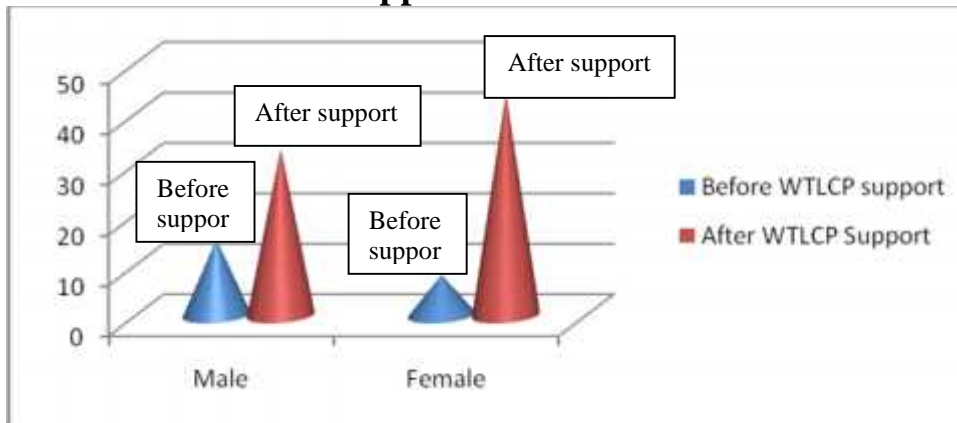
Out of total 75 respondents 40 i.e. 53 percent were female and 35 i.e. 47 percent were male among them 23 percent beneficiaries had already doing business however they have received additional support from WTLCP for further improvement of existing business whereas remaining 77 percent started business only after getting support from WTLCP. Table 4.7 presents data for involvement in business before and after WTLCP support.

**Table 4.7: Involvement in business before and after WTLCP support**

S N	Description	Gender		Total	in percent
		Male	Female		
1	Previously involved	12	5	17	23
2	After WTLCP support	23	35	58	77
	Total	35	40	75	
	in percent	47	53	100	

Source: Field survey 2011

**Figure 4.3: Percentage of involvement in business before and after WTLCP support**

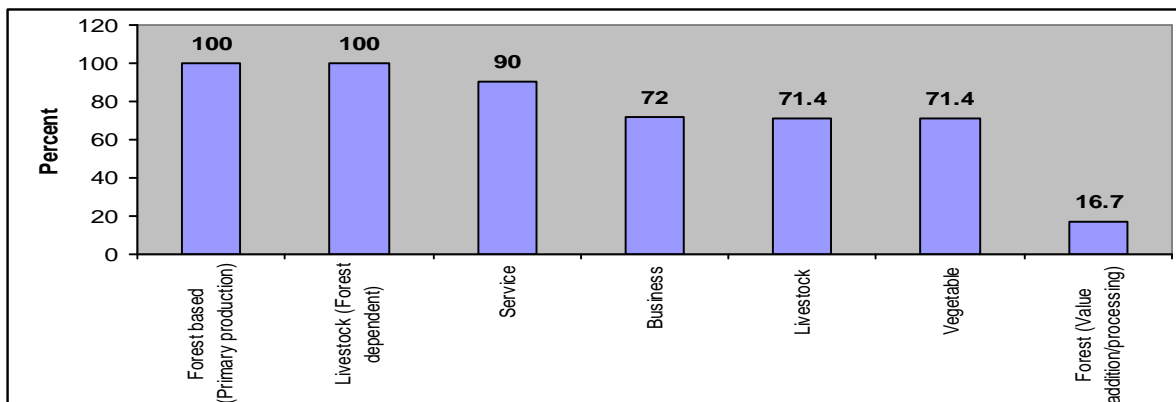


Source: Field survey 2011

According to data presented in figure 4.3 and table 4.7, it is found that WTLCP is giving priority on encouraging to new entrepreneurs to bring into business sector. Among total respondents we found 77 percent people started business after receiving support from WTLCP and only 23 percent people were engaged in business sector in previous. Hence majority of micro enterprise and IGA operators are newly encouraged people.

Figure 4.4 presents proportion of HHs practicing IGAs. Of those participants who had received support for the IGAs, all participants (cent percent each) are practicing forest based livestock rearing and forest based (primary production) IGAs while less than one sixth (16.7 percent) are practicing forest (value addition and processing).

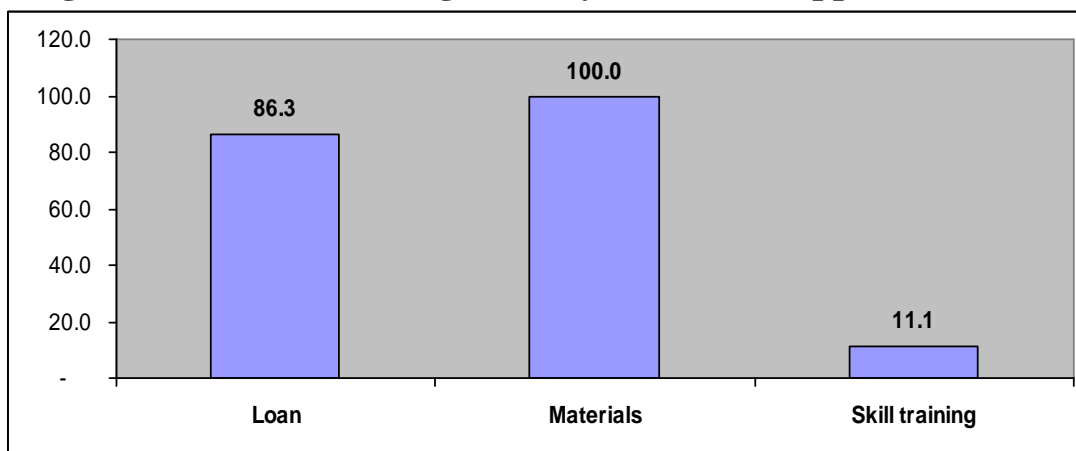
**Figure 4.4: HHs Practicing IGA by Type**



Source: WTLCP progress report 2006 to 2010 and other assessment report

Of the different approaches taken by the project (figure 4.5), both the initiation and continuation of IGA is high among those participants who received material support followed by seed grant (loan) and skill enhancement training. This is mainly because these households have received support as a loan for initiating IGAs from their respective institutions and had to repay the loan with the interest rate.

**Figure 4.5: HHs Practicing IGAs by Nature of Support in Percent**



Source: WTLCP progress report 2006 to 2010 and other assessment report

### 4.2.2 Views Regarding Sufficiency of Support

Out of total respondents 44 percent says WTLCP support is sufficient whereas 56 percent says it is insufficient. It is obvious that any development agency never can fulfill cent percent wishes of the community people however we can say that WTLCP can be able to fulfill community need in maximum level because 44 percent is meaningful extent as well. Table 4.8 presents data regarding sufficiency of WTLCP support.

**Table 4.8: Sufficiency of WTLCP support for IGA**

SN	Views	Gender		Total	in percent
		Male	Female		
1	Support is sufficient	10	23	33	44
2	Support is insufficient	25	17	42	56
	Total No.	35	40	75	
	in percent	47	53		

Source: Field survey 2011

Insufficiency of support is mostly found in extent of seed money, frequency of technical consultancy, level of modernized technology, duration and content of skill training and availability of market. However, whatever amount of support is providing by WTLCP has been accepting by community as good stimulating factor. The people responded “sufficient” for the support were seemed comparatively better financial position then who replied the support is insufficient. So it indicates that the extent of support should be categorized according to their level of economic condition.

### 4.2.3 Additional Support Seeking by IGA Operator

In the question on what type of additional support needed to IGA operator, responses are received as both male and female respondents are seeking additional support on farming/skill training and seed money. Out of 75 respondents about 45-51 percent people are seeking farming/skill training and seed money. Exposure



visit and technical consultancy support are also kept in second high priority. Least portion of respondents is seeking fertilizer, pesticides, equipment, animal food etc. Improved seed/breed, business plan preparation, market linkage development and business orientation are kept in average level of importance. Table 4.9 presents the data on additional support seeking by IGA operator

**Table 4.9: Additional support seeking by IGA operator**

S N	Required Support	Gender		Total :75	in percent
		No. of Male: 35	No. of Female: 40		
1	Farming/skill training	16	18	34	45
2	Improved seed/breed	4	3	7	9
3	Fertilizer	2		2	3
4	Pesticides and equipments	3		3	4
5	Technical consultancy	12	3	15	20
6	Animal food	3		3	4
7	Seed money	10	18	38	51
8	Exposure visit	8	9	17	23
9	Business plan preparation	3	5	8	11
10	Market linkage support	3	5	8	11
11	Business orientation	3	4	7	9

Source: Field survey 2011

Since it is obvious that any types of support can never be sufficient, we found similar experience during this opinion survey. However we found various types of support are delivery by the WTLCP, community people are still seeking lots of support. We have listed eleven types of support that are still seeking by community. The support for seed money, skill training and exposure visit are in high demand. Out of 75 respondents, 38 people seeking seed money, 34 people seeking skill training, 17 people seeking exposure visit and 15 people seeking technical consultancy. Likewise in other seven types of support as given in aforementioned table are also seeking by two to eight number of people. In this context it can be said that there are still lots of room to provide support to micro enterprise and IGA development.

#### 4.2.4 Types of Support Received From Other Agencies

According to acquired information people are not being able to received support from other agencies in sufficient extent. Out of 75 respondents only 30 people could hardly be able to receive few supports such as skill training, improved seed/breed, pesticides/equipments, technical consultancy and loan. Table 4.10 presents the data on other agencies support

**Table 4.10: Other agencies' support on IGA**

SN	Required Support	Gender		Total :75	Remarks
		No. of Male: 35	No. of Female: 40		
1	Farming/skill training		4	4	
2	Improved seed/breed	4	4	8	
3	Pesticides and equipments		3	3	
4	Technical consultancy		5	5	
5	Loan	4	6	10	

Source: Field survey 2011

From this opinion survey data, it is found that there is lacks of support on micro enterprise and IGA development from other agencies. Among seventy five respondents, only 10 people could receive support from other agencies. From this finding it can be assumed that WTLCP has reached at those areas where other agencies could not reached. Therefore, the chance of support duplication is very low.

#### 4.2.5 Types of Benefit from Micro Enterprise or IGA Operation

As question asked to respondents on what types of benefits are getting by IGA operation, there are found thirteen types of benefits that are getting by IGA operator. About more than fifty percent IGA operators are directly benefited by use of leisure time and being able to get financial benefit. Some other noticeable

benefits are also getting by IGA operator such as better fostering of child, social image building support in child education and increase on saving. Other important benefits are also getting by operator however that are in least extent. Table 4.11 presents data on types of benefits getting by IGA operator.

**Table 4.11: Types of benefits getting by IGA operator**

SN	Benefits	Gender		Total :75	Remarks
		No. of Male: 35	No. of Female: 40		
1	Use of wastage time	23	23	46	
2	Financial benefit	29	21	50	
3	Sufficient food available	4	4	8	
4	Assets owned	1	1	2	
5	Better fostering of child	10	12	22	
6	Social image building	8	10	18	
7	Support in child education	12	13	25	
8	Good family relation	5	4	9	
9	Saving	6	12	18	
10	Use of wastage material	1		1	
11	Repayment of loan	1		1	
12	Shelter improvement		3	3	
13	Personal skill improvement		5	5	
	<b>Total</b>	<b>100</b>	<b>108</b>	<b>208</b>	

Source: Field survey 2011

A single person has found being able to get benefit of more than one therefore 208 number of benefit is recorded while only 75 people were surveyed. From this scenario, it can be said that there is lots of benefits rather than just getting opportunity for raising monitoring income only. As findings showed that from operating very small level of business activity, thirteen types of benefits could be obtained therefore for livelihood improvement, business sector can play vital role.

#### **4.2.6 Implication by Operating Micro Enterprise or IGA**

Out of 75 respondents both from male and female, 72 percent respondent has replied that micro enterprise or IGA business is profitable and not hampering their previous business. However second highest respondent has replied that the previous business is hampering by new business although it is profitable. Very few portions of respondents have shown their dissatisfaction on new business. Some of has replied previous business is stopped and new business is giving loss, getting loss from new business but not hampering on previous business and hampering only previous business. Table 4.12 presents data regarding types of implication by operating micro enterprise or IGA program.

**Table 4.12: Implication by operating micro enterprise or IGA program**

SN	Benefits	Gender		Total 75	in percent
		No. of Male	No. of Female		
1	Previous business stopped and getting loss from new business	3		3	4
2	Previous business stopped but getting benefit from new business	4	4	8	11
3	Getting loss from new business however not hampering in previous business	1	5	6	8
4	Hampering in other ongoing work	4		4	5
5	Not hampering in other ongoing work and getting benefit	23	31	54	72
	<b>Total:</b>	<b>35</b>	<b>40</b>	<b>75</b>	

Source: Field survey 2011

From this survey report it is found that positive implication is very higher in comparison to negative from operating micro enterprise and IGA program.

Majority entrepreneurs are being success to earn profit from new business and also being able to run previous regular work however small portion has bad experience which is happened because of insufficient of technical skill, financial investment and natural impact which can be solved. Hence in overall it can say that livelihood support program is yielding positive result.

#### **4.2.7 Reinvestment of Profit Earned from Micro Enterprise or IGA Program**

During the course of field survey, diversified answers were received in the question of area of reinvestment of profit earned from operating business. It was found that a single person has been investing earning in different multiple areas. Most of the earning is investing in loan and interest repayment, reinvestment in business and saving. About to equal number of responses have come on no profit, shelter improvement, assets owned and spending in regular expenses. Table 4.13 presents the data regarding reinvestment of earning.

**Table 4.13: Reinvestment of profit by operating micro enterprise or IGA**

SN	Benefits	Gender		Total : 75	Remarks
		No. of Male: 35	No. of Female: 40		
1	Profit not earned	4	9	13	
2	Saving	6	17	23	
3	Shelter improvement	5	9	14	
4	Assets owned	5	6	11	
5	Loan/interest repayment	19	23	42	
6	Reinvestment in business	18	17	35	
7	Spending regular expenses	8	6	14	
	Total	65	87	152	

Source: Field survey 2011

Although 13 entrepreneurs were found not earning profit because they were just operating business and they have expectation of profit earning later. We have recorded six types of areas where profit is reinvesting. One single entrepreneur has

reinvested his/her income in multiple areas therefore 152 number of reinvestment have been found among 75 entrepreneurs. Payment of loan and interest and reinvestment in business have been found from high number of entrepreneurs which is very good indication for further business development and sustainability of business.

#### **4.2.8 Suggestion of Entrepreneurs to Other Entrepreneurs**

32 percent response from 171 is, business is profitable than other work therefore it should be adopted by other people however it couldn't be operate haphazardly. 20 percent suggestion is on should have skill on technical and business, 16 percent suggestion is on support should take from WTLCP, 15 percent suggestion is on investment should be sufficient, 16 percent response is on person should be trained on related business and 0.6 percent response is on business should not be done. Table 4.14 presents data on suggestions of entrepreneur to other entrepreneur.

**Table 4.14: Suggestions provided to other entrepreneur**

SN	Suggestion to other entrepreneur	Gender		Total 75	% in total responses
		No. of Male: 35	No. of Female: 40		

1	Should have skill on technical and business	12	22	34	20
2	Support can be obtained from WTLCP	12	16	28	16
3	Should be sufficient investment	14	12	26	15
4	Should be trained in related business	13	14	27	16
5	Business is profitable than other work	27	28	55	32
6	Should not do business	1		1	0.6
	Total:	79	92	171	

Source: Field survey 2011

Since, an entrepreneur has suggested more than one suggestion in the opinion survey we found six types of suggestions in 171 numbers from total 75 respondents. Entrepreneurs are found more positive towards business profession than other because out of total response highest percentage of response came to the suggestion on business is profitable than other work. However other essential requirements are also recommended by the entrepreneurs to be obsessed to run any kind of business. From this opinion it can be said that there should be sufficient prerequisites to run business otherwise the effort can be worthless.

#### 4.2.9 Entrepreneurs' Response on WTLCP Support

On the basis of obtained response from entrepreneurs it is recorded that 89 percent entrepreneur are satisfied from WTLCP support and suggested for continuation of program whereas 11 percent are not satisfied from project support. They do not want further continuation of program. Table 4.15 presents the data regarding entrepreneurs' response on WTLCP support.

**Table 4.15: Entrepreneurs' response on WTLCP support**

SN	Responses	Gender		Total	in percent
		No. of Male	No. of Female		

1	Satisfied till the period from WTLCP support and wanted continuation of program	32	35	67	89
2	Not satisfied and program should not continue	3	5	8	11
	Total:	35	40	75	

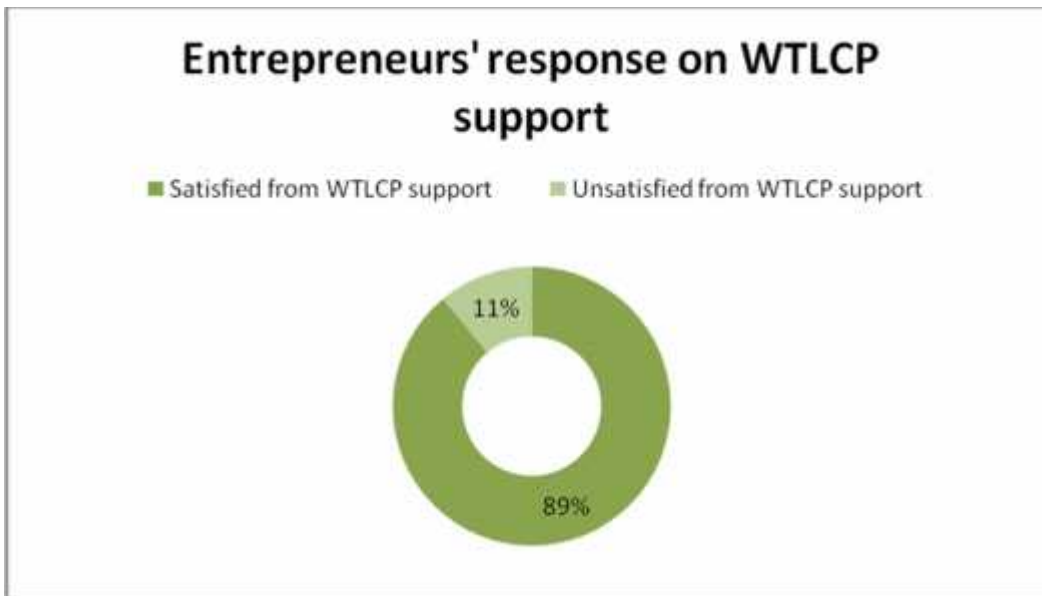
Source: Field survey 2011

From the data gathered from survey, the need of WTLCP is still seeking by the community. The effect of WTLCP support is found positive because 67 people out of 75 expressed their satisfaction. Due to some insufficiency of support few portion of people has expressed their dissatisfaction as well but the result is good in overall.

Following the data presented in figure 4.6 herein below a graph is prepared to analyze the percentage of people's response. So 89 percent people or business operator on WTLCP support has expressed satisfaction and rest 11 percent people has expressed dissatisfaction on support.

**Figure: 4.6: Entrepreneurs' response on WTLCP support**





Source: Field Survey 2011

### 4.3 Understanding of WTLCP Staffs on Its Role

During the course of collecting data and information for search study on WTLCP role for micro enterprise development, some portion of WTLCP staffs were also source of data and information. From the entire project team 25 employees were selected randomly for response of questioner. A set of separate were developed for only WTLCP. Hence data and information are presented here in below.

#### 4.3.1 Role of WTLCP on Biodiversity Conservation and Social Development

According to response given by WTLCP employees on the role of WTLCP on biodiversity conservation and social development, it is found that cent-percent employees said livelihood improvement through IGA and micro enterprise support. In capacity development of local institution, relevant policy development and social mobilization part, 88-92 percent employee agreed. However only 44 percent employee said WTLCP is also playing major role on motivational and facilitation part. Table 4.16 presents data and information regarding WTLCP role on bio-diversity conservation and social development.

**Table 4.16: WTLCP roles on biodiversity conservation and social development**

SN	Response of WTLCP Employee	Number of response from 25 employees	in percent
1	Motivational and facilitation	11	44
2	Social mobilization	22	88
3	Capacity development of local institution	23	92
4	Livelihood improvement through IGA and micro enterprise support	25	100
5	Support in relevant policy development	23	92

Source: Field survey 2011

From the response of employees recently working in WTLCP, it is found that very less priority is giving by WTLCP on motivation and facilitation area which is very crucial to make success for any work so it is very necessary to increase effort on this area by WTLCP. In other rest four important areas, the focus of WTLCP is found very high which is very important for any work to become successful.

#### **4.3.2 Types of Support for Micro Enterprise Development from WTLCP**

According to responses received from WTLCP employee, it is found that the major supports are seed grant, skill development, study tour, material support, market study, linkage and promotion, technical and business consultancy and network development with government and private sector service provider. About cent-percent sample employees have responded same answer. Table 4.17 presents the data regarding types of support delivering by WTLCP for micro enterprise development.

**Table 4.17: Types of WTLCP support on micro enterprise development**

SN	Response of WTLCP	Number of response	in percent
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	Employee	from 25 employees	
1	Seed grant support	25	100
2	Skill development	25	100
3	Study tour	25	100
4	Material support	25	100
5	Market study, linkage and promotion	20	80
6	Technical and business consultancy	22	88
7	Network development with government and private sector	23	92

Source: Field survey 2011

It is found that the type of support providing by WTLCP for micro enterprise development which is exactly similar with public demand. From the gathered information from WTLCP recent employee we found that WTLCP is providing support in three different sector i.e. first financial support, second material support and third capacity development. Hence these are the major strategy to deliver support that we have found.

#### **4.3.3 Effectiveness of WTLCP Role on Micro Enterprise Development**

For question how effective of WTLCP role on micro enterprise development, 16 percent said high effective but 52 percent said average effective and 32 percent said less effective. Table 4.18 and below given chart presents the information regarding effectiveness of WTLCP role on micro enterprise development.

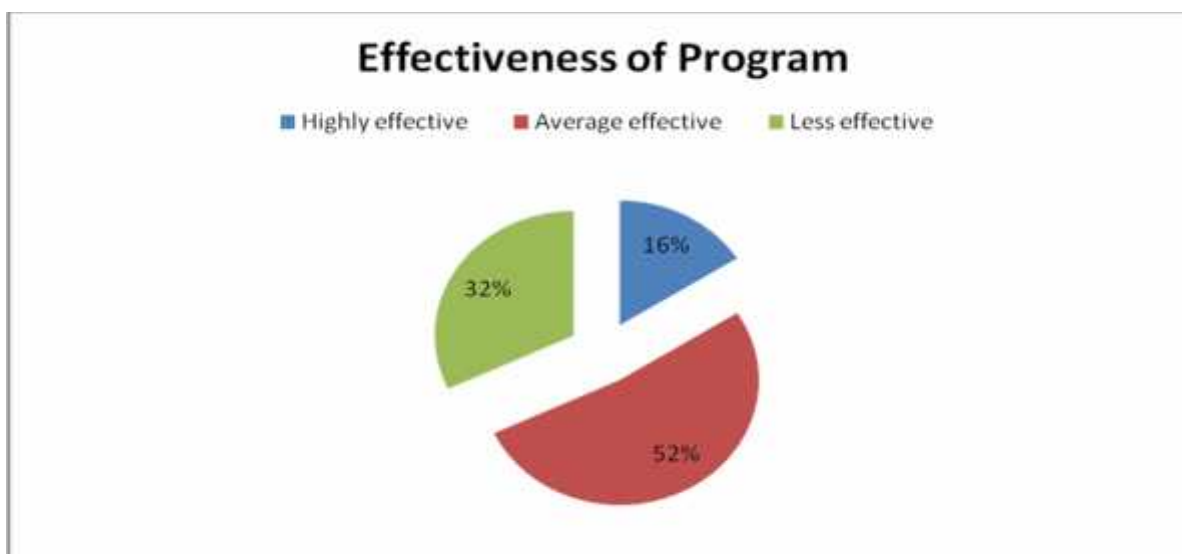
**Table 4.18: Effectiveness of WTLCP role on micro enterprise development**

SN	Response	Number of response	in percent
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1	Highly effective	4	16
2	Average effective	13	52
3	Less effective	8	32
	Total	25	100

Source: Field survey 2011

**Figure 4.7: Effectiveness of Program**



In the case of effectiveness of WTLCP support for micro enterprise development, we found maximum response in average level of effectiveness. As data showed that 52 percent recent employee has said the effectiveness of WTLCP support is average level it needs to invest some more effort on how to make support effective. Some of hints from survey report could be outlined that there is little bit lacks in complete package and regular follow up of support for micro enterprise development.

#### **4.3.4 Contemporary Issues Addressing by WTLCP for Micro Enterprise Development**

According to response received from WTLCP staffs, major contemporary issues are lack of financial investment, lack of technical and business skill, inadequate market promotion, not access of female and poor and poor basic infrastructure for which WTLCP is giving major priority. There was similar types of responses came from about entire employees. Table 4.19 presents the information regarding contemporary issues that is addressing by WTLCP for micro enterprise development.

**Table 4.19: Contemporary issues on micro enterprise development and WTLCP support.**

SN	Response of WTLCP Employee	Number of response from 25 employees	in percent
1	Support on financial investment	25	100
2	Support on technical and business skill enhancement	25	100
3	Support on market promotion	22	88
4	Encouraging female and poor	20	80
5	Support on basic infrastructure	21	84

Source: Field survey 2011

As various study reports revealed its findings on major challenges in micro enterprise development in Nepalese environment. Extreme poverty, agriculture based economic system, illiteracy and traditional and obsolete technology are the major challenges which are also found in WTLCP experience because if we see the major areas where WTLCP is providing support are exactly similar with previously found issues in Nepalese environment.

#### **4.3.5 WTLCP Role on Sustainable Micro Enterprise Development**

For sustainable micro enterprise development, WTLCP is working with different strategies. 96-100 percent respondents said, WTLCP is taking strategy on seed money mobilization through cooperative and supporting from micro enterprise registration. 80-84 percent response was network establishment with government

and private sector service provider and technical and business skill development whereas 76 percent response was formation of business group. Table 4.20 presents the information regarding sustainability strategy of WTLCP.

**Table 4.20: WTLCP strategies for sustainable micro enterprise development**

SN	Response of WTLCP Employee	Number of response from 25 employees	Remarks
1	Seed money mobilization through cooperative	25	100
2	Priority given to technical and business skill development	20	80
3	Establishing network with government and private sector service provider	21	84
4	Supporting on micro enterprise registration	24	96
5	Formation of business group	19	76

Source: Field survey 2011

It is obvious that for micro enterprise development it needs development of entrepreneurship behavior, positive view on business profession and support from family and society in first. After that it needs other necessary things like technical and business skill, capital and infrastructure along with sufficient market. From the review of WTLCP strategy for sustainable micro enterprise development, maximum parts of sustainable enterprise development tools has been covered however little bit effort is felt to increase in development of entrepreneurship development environment in the society through delivering complete package of enterprise development in a specific cluster.

#### **4.3.6 Most Successful Micro Enterprise Supported by WTLCP**

Support for aromatic oil plant farming is found most successful program among various income generating activities because hundred percent respondents kept this activity in top most successful activity. Aromatic oil plant processing support program is also found equally successful program because eighty eight percent responses kept this activity in second most successful activity. However other activities like seed money support, technical and business skill development training and chilling vat support to milk collection centre are also found average level of successful activities. Table 4.21 presents the information regarding most successful activities for micro enterprise development.

**Table 4.21: List of most successful activities for micro enterprise development**

SN	Response of WTLCP Employee	Number of response from 25 employees	in percent
1	Seed money Support	17	68
2	Aromatic oil processing plant support	22	88
3	Support for aromatic oil plant farming	25	100
4	Technical and business skill development training	15	60
5	Chilling vat support to milk collection centre	9	36

Source: Field survey 2011

Among various support for micro enterprise development and IG operation, five types of business activities are found much successful till date. WTLCP is required to extend support for sustainability for most successful activities. As support in aromatic oil plant farming is found cent percent successful activity which was also found very successful activity from entrepreneurs so it needs expansion of other area as well.

#### **4.3.7 Positive Impact by Operating Micro Enterprises and IGA**

Similar types of responses have come on the question for positive impact by operating micro enterprise and IGA from WTLCP support. Mainly five types of impact have been found from respondents. Out of total respondents lowest i.e. sixty percent said the impact is shown on creating inclusive and self employed and highest i.e. 80 percent said the impact is shown on development of technical and business skill. Table 4.22 presents the data regarding impact from micro enterprise and IGA operation.

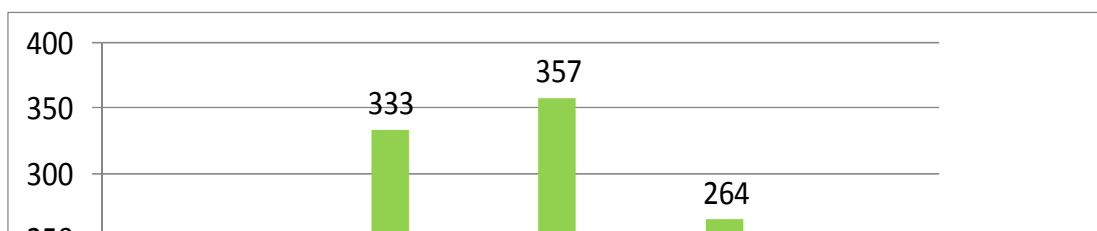
**Table 4.22: Positive impact by operating micro enterprise and IGA**

SN	Response of WTLCP Employee	Number of response from 25 employees	in percent
1	Developing entrepreneurship	18	72
2	Developed technical and business skill	20	80
3	Women and poor are empowered	17	68
4	Contributing in biodiversity conservation	19	76
5	Creating inclusive and self employed society	15	60

Source: Field survey 2011

From the response from WTLCP employees, we found five types of positive impact from micro enterprise and IGA operation in similar extent from all employees. As data shows in above various tables it can be assumed that the response of WTLCP is justified. Most of the data are showing positive result in WTLCP efforts therefore the impact status given in figure 4.8 can be considered as factual information.

**Figure 4.8: Number of total entrepreneurs created by WTLCP**

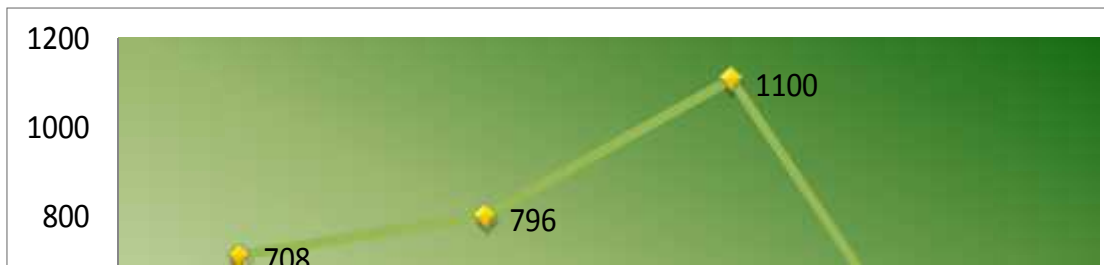




Source: WTLCP Micro Enterprise Development Report 2011

Starting year of the project in 2063, WTLCP had developed only 29 people as entrepreneurs. Gradually the number of figure has been increased up to 357 in year 2065 in each year however it is decreased in 2066 and drastically decreased in year 2067. The reason for increasing and decreasing later on, we found that now WTLCP is no more interested to increase the number of entrepreneur whereas want to increase the sustainability. From year 2010 WTLCP is giving its priority on improvement of previous lacking and strengthening to already supported micro enterprise and IGA. Recently WTLCP is conducting survey to find out the recent status of entrepreneurs and gaps for improvement. Another major priority of WTLCP for recent days is market study and expansion of market network. WTLCP is trying to establish market network from local level to international level especially for aromatic oil product. Hence it can be assumed that the existing problems found in business operator will be overcome soon.

**Figure 4.9: Number of people received business grant**



Source: WTLCP Micro Enterprise Development Report 2011

From year 2007 to 2010 we found that 2889 people have received seed money to operate business. The trend of receiving seed money was started from 708 people in 2007 to 1100 people in year 2009 and fell down at once in 285 people in 2010. We asked the reason for drastically reducing the support to concern persons in later days. So we found that as it is already mention in above analysis chapters that WTLCP now is not much interested to increase new number of entrepreneurs. It is just want to improve those lacks which is making existing entrepreneurs unsuccessful or limited successful. So the latest strategy for micro enterprise development of WTLCP is looking very effective and experience based.

#### **4.4 Major Findings**

On basis of proceeding analysis it would be appropriate to point out some of the distinct findings of the study mentioned as below.

1. IGA intervention is first the stage in the process of micro enterprise development, especially in ultra poor community. Micro enterprise operation

needs comparatively more money, technical/managerial skill and target market while IGA can operate with low level of technical/managerial skill and money. One can be develop as entrepreneur for micro enterprise operation after gaining experience of IGA.

2. WTLCP has adopted two different approaches for IGA intervention. First it provides supports (material, skill enhancement training, exposure, etc.) for pre-defined IGAs. Second it provides financial support to initiate IGAs where participants will identify IGA intervention later.
3. For sustainable bio-diversity conservation, livelihood improvement of forest depended community is one of the major component which is adopted with high priority.
4. Seed money is required for entrepreneurs after adequate development of skill and capacity for business operation.
5. Beneficiary selection through community recommendation can be better option for support allocation and can be supportive on conflict resolution.
6. Community and stakeholder participation in planning phase is found effective to identify real need of community for livelihood improvement through IGA and micro enterprise development.
7. Instead of grant support revolving fund of seed money support through community based cooperative is found more effective to fulfill financial requirement for IGA and micro enterprise operation. It is also found more effective in higher coverage of community demand.

8. Financial support is found more easy process than other support like skill enhancement, material and equipment, market promotion, etc. Because of this cash support is found in higher portion.
9. To deliver all kind of support, local community institutions are mobilized by WTLCP. For implementing all kinds of activities including livelihood improvement support, mainly CFCC, CFUG, BZMC, BZUC, FECOFON, CBO, NGO and GoN counterpart are selected as direct implementer of program as last tyre in the structure.
10. Agro and forest based IGA and micro enterprise are major priority area of WTLCP because of its objective to conserve bio-diversity assets. The main profession of forest depended people is agriculture and living in forest surrounding. Therefore agro and forest based IGA or micro enterprise business is easier to run than other business.
11. The study found that WTLCP is giving priority in developing new entrepreneurs instead of promoting existing one. The strategy can be effective from two points of view. One is to develop business profession based society and another is to replace forest depended profession into business sector.
12. As the experience found in other places, the majority number of IGA operators have grievances on sufficiency of support. Out of total respondents in the survey about 56 percent IGA operators expressed their opinion to increase extent of support for livelihood improvement.
13. For IGA operation, there should be adequate amount of support in skill enhancement training and seed money first to achieve success.

14. WTLCP has provided support in those areas where other supporting agencies' existence is about to nil. This scenario can give high assurance for no duplication of support.
15. Since single form of support is not sufficient for IGA and micro enterprise development, multiple supports are receiving by beneficiaries. Normally, people are getting skill enhancement training first then receiving seed money to start business. Side by side people receiving exposure and regular technical consultancy.
16. People don't have much experience to close existing profession to run IGA or micro enterprise. Previously, there was enough leaser time but not technical skill and capital to operative any business. People, now, have great feeling on best utilization of time and resource.
17. Most of the IGA or micro enterprise operators are using their profit on repayment of loan and reinvestment in business expansion. If profit remains after spending in above two heading then only used in other areas.
18. Even with the feeling of insufficiency of support from WTLCP, people are still happy on whatever they could obtain from the project. The study found 89 percent beneficiaries are happy with WTLCP however 11 percent people have not good experience. People strongly want for continuation of WTLCP existence in the endeavor of micro enterprise development.

19. WTLCP existing employees are looking still some room to bring higher effectiveness of their support. They fill that their effort could able to give average level of effectiveness in the process of micro enterprise development.
20. WTLCP is addressing on contemporary issues for micro enterprise development such as financial and technical support, skill enhancement, market promotion, etc. WTLCP assumption is to address immediate need first therefore contemporary issues are highlighted and releasing its support on that areas.
21. Among varieties of business activities, herbal farming is found highly successful activity. Now a day, community people are found involving in this business even from using their own resource it means without support from outsider.

The train of emerging new entrepreneur is getting lower. WTLCP is now in phase to strengthening of existing entrepreneur. In later days, WTLCP is extending its support on network development of local producer with regional, national and even international buyer. It is finding the market of local product and making united of local producer. Because of scattered products, producer is losing their bargaining power so WTLCP also providing consultancy support in that area as well.

## **CHAPTER – V**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

The research has been conducted to fulfill the partial requirement for the Master's Degree in Business Studies. The research has been concentrated on what is the role of WTLCP in micro enterprise development, either it is fruitful or it imposes additional load. Role of development may differ according to place, object and time. Under the said objectives researcher has selected WTLCP role on micro enterprise development because its strategy is unique then other project. The project wants to conserve biodiversity assets in Western Terai Landscape Complex of Nepal with one of the major component of livelihood development. The research work has been carried out in WTLCP working area i.e. Bardia, Kailali and Kanchanpur district.

The role of development organization in micro enterprise development is widely accepted in Nepal. Since about cent percent development agencies that are working in Nepal has the objective to improve livelihood of poor people, for which it needs

first to develop business sector. There are lots of development agencies investing their maximum resources in the development of micro enterprise promotion. However there are lots of research report finding presents the magnitude of success against resource investment is very low. This research had objective to find out the effectiveness of WTLCP role in micro enterprise development in its working area. Therefore the research means investigation on effectiveness of micro enterprise development activities. For the sustainable development of micro enterprise it has to provide support in various multiple areas because there are many underplaying elements that is effecting on micro enterprise failure. The major elements that need to be addressed are enhancement of technical and business skill, availability of starting capital, sufficiency of basic infrastructure, machinery, tools, availability of market, and finally development of entrepreneurship. Hence the role of development agencies should be focused on aforementioned areas as defined in various studies and worldwide experience.

The research study was done on role of WTLCP on micro enterprise development. "Whether the role of WTLCP is effective on micro enterprise development or not" is the main motto of this thesis.

The thesis employed an empirical approach designed in three stages; aggregate level analysis using official data. Entrepreneurs and WTLCP employees level analysis using field survey and interview.

The comparative analysis was done using different data by achieving from different background respondents. In order to have a wider set of results for comparison, we decided to undertake field analysis. The findings obtained in the field were quite interesting. This showed that the existing WTLCP strategy and its impact on development of micro enterprise.



In total 100 respondents have been selected for the study. Out of total 70 were from IGA operator, 5 were from micro enterprise operator and 25 were from existing WTLCP employees. The whole study is a rounding three types of respondents' view. Micro enterprise is mostly operating in group for example, incense stick production, turmeric farming, bamboo furniture production, pickle production and bio-briquette production. Due to lack of managerial skill, inadequate resource and conflict management skill, group performance was found some room to be improved. Individual performance in operating business is quite encouraging. We found that most of the satisfied and successful entrepreneurs were those people who were operating business individually. The main crux for not being able to achieve higher result by operating micro enterprise in group was just only group conflict. Entrepreneurs first showed their higher level of enthusiasm to operate micro enterprise but in later days the enthusiasm is start to decrease gradually and completely finished in a point. Conflict started from allocation of first profit to shareholders and it takes wider place within group. Hence before entering into micro enterprise operation in group there should be a clear cut operation guideline, code of conduct, rules regulation and understanding.

Seventy percent priority was given on single entrepreneur during the course of field survey and study it was because major portion of beneficiaries of WTLCP for income generating is on individual entrepreneurs. Out of hundred, 70 sample number of individual entrepreneurs were visited directly and requested to fill up questionnaire. The study found that the vital role of individual entrepreneur is most for micro enterprise development. The successful business is found which are started from small scale and by a single entrepreneur. Just financial resource is not sufficient for business success it needs other resource such as technical skill,

sufficient market, latest machinery and equipments, basic infrastructure and good resource mobilization and management skill.

## **5.2 Conclusion**

Since we have found many examples in Nepal for vital role of development agencies in overall development of the country, the role for livelihood improvement through micro enterprise is also crucial from all aspect. Major development agencies such as IDE, ILAM PLUS, MEDEP, CEEPRED, LWF, etc are investing tremendous effort and resources for micro enterprise development.

WTLCP is one of the conservation related projects in Nepal and came into existence from year 2005 and implementing various activities in western terai sector. However the main objective of the project is to conserve bio-diversity assets at landscape level, it is adopting one of the major components i.e. livelihood improvement for sustainable conservation.

Mainly WTLCP wants to reduce pressure from forest through involving forest depended people in business. It also wants to develop commercial agro and NTFP farming by developing skill and capacity of local people. Among various target, WTLCP has some clear target in livelihood improvement component. By the end of year 2012, it wants to establish at least 10 micro enterprises, 10 percent household level income increment i.e. Rs. 3887 and forest and non forest based employment generation by 3500.

WTLCP has provided entrepreneurship training for 644 people, skill development training to 1001 people and seed grant to 2889 people. According to livelihood assessment report conducted by NARMA consultancy in year 2010, WTLCP has been able to establish seventeen types of forest based micro enterprises, 3614

employment generation and Rs. 5620 increment in household income. Thus project progress is inline with target in case of livelihood improvement and micro enterprise development. Simultaneously this survey result showed that 89 percent are satisfied from the role of WTLCP in the process of micro enterprise development.

## **5.3 Recommendations**

### **5.3.1 General**

The study suggests following general recommendations while implementing IGAs:

- ) Focus on few commodities by conducting detail sub-sector analysis to identify potential commodity and area of intervention
- ) Give emphasis on both livelihoods protection and livelihoods promotion while selecting participants for IGAs
- ) Conduct sensitization and awareness-building programs for community institutions on pro-poor orientation and targeting
- ) Shift from welfare approach to business oriented approach<sup>1</sup> with a view to develop entrepreneurship culture among the target groups
- ) Build livelihoods programs on existing skills that matches with local market needs

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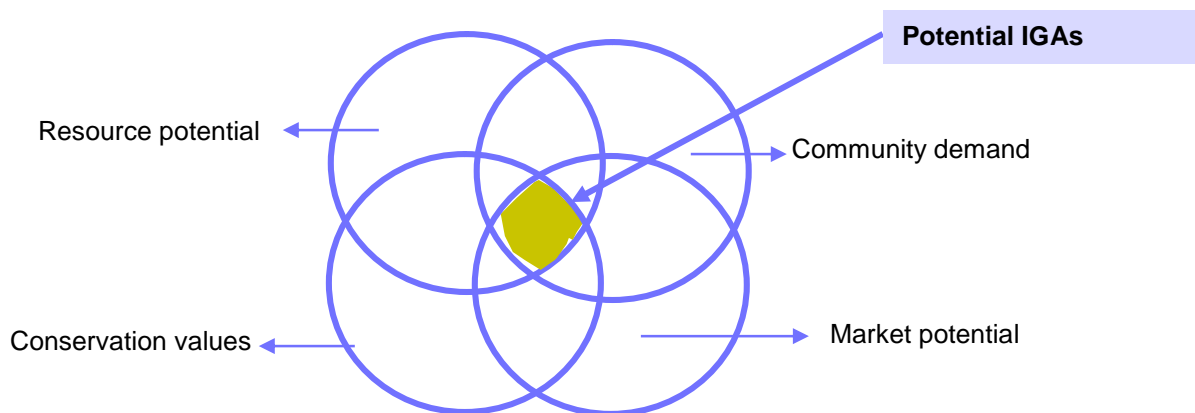
<sup>1</sup> Under the welfare approach, generally direct cash incentives, grants, subsidy or other support services are provided to the target groups whereas the business oriented approach emphasizes for building the capacity of target group on business skills and establishing linkages of the target groups with service providers rather than providing direct cash incentive or support.

- ) Do not limit activities with just training and capacity enhancement activities, but provide software together with necessary material support. Training should be synchronized with the financial support and frequent counseling.
- ) Adopt Longitudinal approach and support should be in package, holistic and integrated manner
- ) Increase access to land of poor and marginalized group through leasing of community, institutional and private land
- ) Provide regular follow-up and counseling support

### **5.3.2 Effective Livelihoods Improvement Activities**

The project should follow demand driven and participatory methods to select viable IGAs with due emphasis on resource potential, market potential, participants' capacity and interest together with its implication on environment and ecology. Figure 5.1 presents the methods which could be applied for selecting and prioritizing IGAs.

**Figure 5.1: Potential IGA selection and prioritization methods**



The project has been promoting (a) agro-based (b) forest based and non-farm based income generating activities. Of the different type of IGAs promoted by the project, priority should be given to those IGAs which are either neutral/indifferent or have positive impact or supportive to natural resource conservation. Likewise, project

should provide support to only those IGAs which can bring immediate cash return to the households within a short duration of time with small capital expenditure. Some of the potential agro-based IGAs which could be promoted by the project include:

<b>IGA</b>	<b>Categories</b>	<b>Type</b>
Agro-based	Agriculture crops	1. Banana, 2. Mushroom, 3. Peanut, 4. Potato, 5. Vegetable
	Livestock others	1. Piggery 2. Poultry 3. Fish culture
Off-farm	Trade	1. Retail shop
	Service	1. Cycle repairing 2. House wiring/Electric shop 3. Sewing/cutting 4. Hair salon

The project should continue agro-based IGAs to produce quick impact and support immediate livelihoods needs of people. However, project should discourage those IGAs which will have direct impact on forests or natural resource conservation such as goat keeping, cattle and buffalo rearing. While implementing agro-based IGAs, the project should

- Promote contract and cooperative farming
- Introduce “one village one product” concept to promote specialty crops, and implement it by branding with WTLCP prestige
- Undertake training needs assessment to identify training needs of the participants
- Provide specialized training on selected commodities/ enterprises time and again
- Support to establish market linkages

WTLCP has been promoting different 17 types of forest based IGAs/enterprises. These IGAs were further prioritized on the basis of four areas of enterprise development, which includes (a) market/economy, (b) resource management/environment, (c) social/institutional and (d) science and technology. First five ranking products which are suggested for improving livelihoods of the community include:

- |             |                   |
|-------------|-------------------|
| ) Chamomile | ) Bamboo products |
| ) Pamarosa  | ) Turmeric        |
| ) Mentha    |                   |

**Cultivation of forestry crops:** The project should facilitate expansion of medicinal and aromatic plant cultivation on private or communal land while it should give priority to cultivate perennial forestry crops inside forests. Priority should be given on expansion of medicinal and aromatic plants on private land because they only compete with the wheat crops. Likewise, economic return of medicinal and aromatic crop is more than five times higher than wheat. However, project should give priority to promote perennial forestry crops inside forests considering adverse impact of medicinal and aromatic plants on forest conservation. This potential perennial crop which could be cultivated includes Amala (*Emblica officinalis*), Bael (*Aegle marmelos*) and Mango (*Magnifera indica*).

1. Provide support for establishment and operation of nursery to produce quality planting materials
2. Identify potential production pockets for each forestry crops and promote cultivation in those area only

3. Conduct detailed value chain analysis for promoting production and marketing of forestry crops
4. Organize small farmers into producer groups or cooperatives. Likewise, support should be provided to groups and cooperatives for cultivation of medicinal and aromatic plants
5. Promote energy efficiency and low firewood consuming distillation plants
6. Provide market information to the producers and farmers
7. Provide livelihoods protection support to poor and marginalized community to reduce their vulnerability group and build their confidence
8. Develop a detailed business plan and provide support according to it
9. Strengthen linkages and coordination with the other service providers

Very few households are adopting and practicing value addition and processing of forestry produce. This was mainly because of availability of the cheap substitutes in the market, problems in marketing, less availability of resources and poor technical skill and knowledge. The project support should be provided to increase efficiency and respond to the changing demand and preferences. The emphasis would be on product diversification and quality enhancement.

1. Explore and promote appropriate technology for value addition and processing of forest produce including improving efficiency and responding to changing demands and preferences.
2. Improve the quality of the product through technology development, awareness and skill enhancement
3. Develop a detailed business plan and provide support according to it
4. Provide seed grant/revolving fund to start enterprises
5. Improve on traditional skill through (a) product diversification (b) small scale equipment support and (c) knowledge and skill enhancement

6. Establish common facility center for value addition and processing of forest products
7. Provide market information of the product
8. Establish linkages with other retail and wholesale outlets of the handicrafts and other fair trade market

### **5.3.3 Implementation processes and mechanisms**

1. Detail operational manual or guideline does not exist for implementing IGAs. As a result of this, nature of intervention and support vary by type of community institutions. Hence the project should develop a detail program operational manual to run IGAs by community institutions in uniform and effective manner with clear definition of role and responsibilities of each community institutions.
2. Project should develop eligibility criteria for selection of the user groups and only those selected groups should be made eligible to receive support from the group.
3. The project should clearly define roles and responsibilities of community institutions for implementing IGAs. Likewise, the project should select best community institutions for delivery of services depending on its strengths.
  - a. CFCC/BZUC should coordinate and establish linkages with the service providers for receiving of services. Likewise, they should be given with monitoring role as well.
  - b. Cooperatives should be mobilized for providing micro-finance service for implementing IGAs, Likewise, the project should provide conditional financial grant to the cooperatives.
  - c. Mobilize business development service providers for building capacity of the participants/target groups for implementing income generating activities.
4. Strengthen coordination and linkages with the other actors and stakeholders



5. Apply participatory bottom-up planning by pulling resources of all agencies involved in IGAs at the district and central level and channel resources through one door-system
6. Prepare roster of resource persons for imparting various skill enhancement training and use this roster while delivering training. Likewise, the project should provide orientation training to the resource persons, to aware them with the philosophy of the project.

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