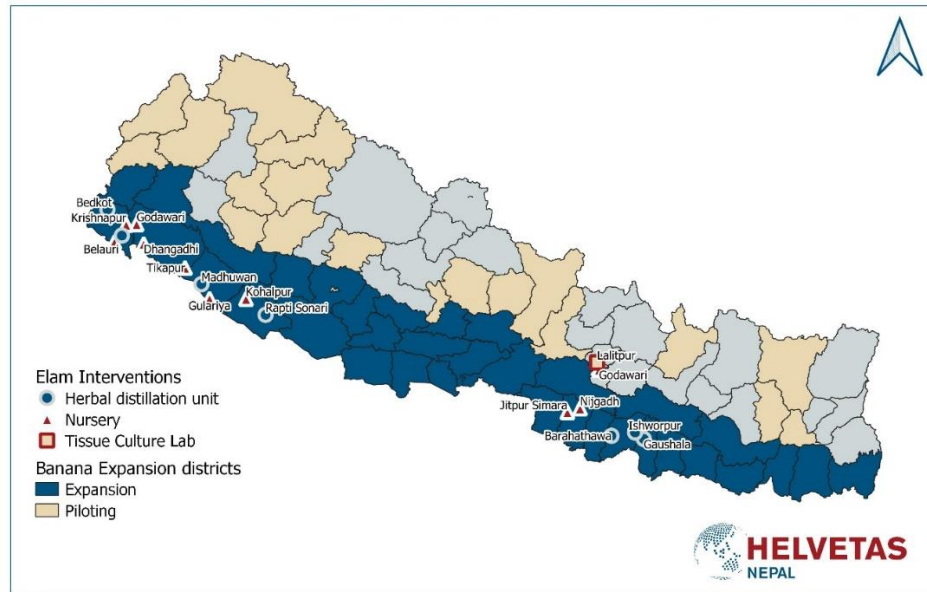




## Working systemically for market development and job creation

The limited employment opportunities available in Nepal drive many young people to migrate abroad in search of work. To counteract this trend, the Helvetas-supported project Elam seeks to promote employment opportunities in Nepal that are based on the development of local resources. It works on crops and micro-enterprises that have potential for value addition, always first analysing the whole value chain to identify constraints, potential solutions and then defining interventions accordingly. In other words, Elam/Helvetas follows the approach of Market System Development (MSD). Recognising the inherent potential of migrants' remittances for starting small businesses, Elam/Helvetas particularly seeks to engage either returnee migrants or their family members in enterprise activities. It supports them – and other interested individuals - to develop their business skills, and facilitates their contacts with other private sector actors, government and non-governmental organisations. The project variously arranges training and capacity building in specific skills or technologies; supports innovation and product testing; links potential entrepreneurs to business services; and facilitates business promotion through trade fairs and other market links.



## Business Development Services

The main factor restricting the growth of small enterprises, particularly in rural areas, is a lack of business services – that is, access to reliable technical and business advice, information of relevant policies, laws and government processes, affordable credit, supplies of inputs, and links to markets. Elam/Helvetas addresses these limitations by training entrepreneurially-oriented individuals or small institutions to become Enterprise Service Providers (ESP). There are now over 126 ESPs in the Elam working area, all of whom have registered their consultancy business as a private entity.

## Who are ESPs?

As indicated in Box 1, ESPs can be different types of individuals. The types of services that they offer, however, can be divided into three main categories, and shown in Box 2.

### Box 1: Who can be an ESP?

- Lead entrepreneurs
- Saving collectors working for a financial institution or insurance agent
- Skills training providers (individual and institutions)
- Supply contractors and/or business mediators
- Staff members of a business member organization may work as part time ESPs, if this is done transparently (for example; office assistant in a Chamber of Commerce)
- Desktop service providers
- Tax, VAT related business service providers who have a good network with government organisations and business members
- Marketing agents, suppliers, and vendors
- Supply contractors, middle persons

An important factor in the success of ESPs is that they are locally based, readily accessible, and integrated into the local market. Rather than being external agents, they are often an integral part of the value chain and are thus highly motivated to engage in making it grow. ESPs often play a key role in creating commercial linkages - negotiating prices, ensuring product collection, and offering buy-back guarantees. This in turn increases the effectiveness of business development services delivered at the local level and encourages other producers or entrepreneurs to join. Nevertheless, there are many services performed by ESPs for which they require payment – otherwise they have no incentive to offer

them. Typically, externally (donor-funded) projects pay for such business services, working with the providers for a limited period and then leaving. When they do, the service providers lose their source of income and are unable to continue. It is here that Helvetas has worked to change mindsets with all actors in the market, so that the business development services provided by ESPs are recognised as having a monetary value and are factored into the costs of entrepreneurs from the start.

The whole approach of Elam/Helvetas is to facilitate the development of businesses and markets – not to intervene in them directly.

<b>Box 2: Types of services offered by ESPs</b>		
<b>Credit facilitation ESP</b>	<b>Marketing ESP</b>	<b>Ancillary service provider ESP</b>
<ul style="list-style-type: none"> <li>• Business plan preparation</li> <li>• Coaching, Counselling and Consulting (CCC)</li> <li>• Legal adviser</li> <li>• Management services</li> <li>• Account or record keeping</li> <li>• Registration</li> <li>• Credit provider and linkages</li> </ul>	<ul style="list-style-type: none"> <li>• Sub-contracting (product sector-wise)</li> <li>• Linking products to markets</li> <li>• Market information (price fluctuations, product demand etc)</li> <li>• Business plan/ costing</li> <li>• Business coaching, consultancy, and counselling</li> <li>• Support for backward - forward linkages</li> <li>• Skill transfer</li> <li>• Product development and testing</li> <li>• Production technology services (introduction of new technology/ new equipment hire/ lease)</li> </ul>	<ul style="list-style-type: none"> <li>• Technology information</li> <li>• Designing and layout</li> <li>• Advertising</li> <li>• Business promotion</li> <li>• Business coaching, consultancy, and counselling</li> <li>• Product development services</li> <li>• Trade fairs</li> <li>• Exhibitions</li> </ul>

### Key working approaches

Unemployed and underemployed women and men are the primary stakeholders or target group of the Elam project. The main emphasis is given to disadvantaged groups - both socially discriminated and economically poor.

<b>Private sector involvement</b>	The private sector - including small, medium and large enterprises - is an important partner of Elam. The enterprises form a part of product development and testing, product diversification, market linkage, technology improvement, buy-back guarantees, business exposure, credit linkage and risk sharing.
<b>Mobilization of local service providers</b>	Business services, technical and extension services are provided to primary stakeholders through private sector local service providers, cooperatives, product associations, traders, suppliers, business development service providers, enterprise service providers and local resource persons.
<b>Facilitation</b>	Elam facilitates linkages between different actors and is not involved in providing direct services. The resources of Elam are not used for project implementation - exceptions being costs for interaction, dialogue, exposure, risk sharing, occasional demonstration and parts of the initial product testing and development.
<b>Coordination and collaboration with government</b>	Elam maintains good relations with local government authorities in the working areas for project steering and experience exchange. It also collaborates with them for enterprise development and employment generation for the deprived groups, and thus generates local funding.

### Key achievements (2016 – 2019)

- 10,740 individuals supported to become entrepreneurs
- 274 Business plans developed for private sectors investment
- 5,575 additional jobs created
- Additional income of NRs 55,000 to 75,000 (approx. USD 474 to 645) per household from banana, herbal value chains
- 10 value chains promoted: banana, herbs (notably essential oils), drumstick (*Moringa oleifera*), lemon, dairy, pineapple, turmeric, pomegranate, potato, sweet orange (Nepali: junar) in collaboration with the private sector
- Innovation on product development testing, technology development, business models, tools and approaches are being continued
- Localisation of business services through private-led business service providers
- Partnership with market actors for an inclusive economy and system development by following the market system development approach.
- Partnership with different levels of government (local, provincial and federal) for economic development through policy advocacy and technical assistance in collaboration with private-led service providers, entrepreneurs and business member organizations.
- Opportunity to expand the proven business model in hill areas
- New sub-sectors and value chains are being explored using business Area Potential Surveys (APS). This tool for business exploration considers the market potential, local resources, technology, local interest, government priorities, and opportunities for the private sector.



#### HELVETAS Swiss Intercooperation Nepal

Dhobighat-3, P.O.Box 688, Lalitpur Nepal

Phone: +977 1 5524926

Email: [co.np@helvetas.org](mailto:co.np@helvetas.org)

Fax: +977 1 5531 109

Web: [helvetas.org/en/nepal](http://helvetas.org/en/nepal)