

UKaid Skills for Employment (सीप) Programme Monthly Bulletin: June 2021

Funded by the UK Government, UKaid सीप, is brokering transformational partnerships with the private and public sector to propel growth of employment and entrepreneurial opportunities in priority sectors – commercial agriculture, light manufacturing, tourism, ICT, and construction – primarily in Province 2 and Lumbini Province. सीप uses an innovative Challenge Fund to expand market-aligned skilling, affordable financial products, and ethical migration services linked to gainful livelihoods for Nepalis and support transformation and growth within industries.

Expanding Industry-led Multi-Sectoral Public Private Partnerships for In-demand Job Occupations

UKaid सीप's partnership with the Morang Earth Movers Pvt. Ltd. (MEPL) has brought together an industry leader in the construction sector, local training providers, local governments, NGOs, and the wider private sector for establishing pathways for industry-led skilling-based employment for job seekers as well as firm growth for interlinked industries. Using a system-strengthening approach, MEPL's co-investment and leadership, with support from सीप, has resulted in: establishment of a state-of-the-art Operator Training Centre at Janakpur; significant upgrades to training partners at Nepalgunj and Bhaktapur; and a newly-forming Public Private Partnership (PPP) with the Tilottama Municipality that will expand MEPL's MAW Skills Academy in the Butwal-Bhairahawa corridor.

With catalytic support from सीप, MEPL has introduced several gender-inclusive outreach and marketing tactics, including a special scholarship fund and accommodation provision at the training centers, to reach and mobilise greater numbers of women and youth from disadvantaged communities—embarking on a path to inclusion for the first time. MEPL has also actively forged collaborations with 11 local government bodies and 14 CBOs/NGOs to build a more effective livelihood support ecosystem. To date, of the nearly 560 trained by MEPL and its partners, 254 have benefited from co-funding from local GoN/NGOs.

Indicating the value of their partnership with UKaid सीप, Vishnu Agarwal, Managing Director of MAW and MEPL explains, "UKaid सीप's partnership model has helped us foster meaningful collaborations with the key system actors including local governments; contribute to industry's growth needs while creating gainful livelihoods for people—as training itself is not so important until the trainee is able to secure a job as a result of it." Catch full remarks by Agarwal [here](#).



Bhup KC, from Rolpa, during training in Nepalgunj OTC. | Courtesy: MEPL

Forging new partnerships with the Tilottama Municipality. सीप is brokering an agreement between the Tilottama Municipality and MEPL for a cost-effective PPP that ensures expansion of the MAW Skills Academy in Lumbini Province. The municipality intends to provide land and infrastructure to incentivize and kick-start operation of the academy. "We're looking forward to bringing the MAW Skills Academy to a prime location in Tilottama to offer high-quality training and high-paying employment opportunities, whether in the domestic market or as migrant workers, for our youth," shared Mayor Basudev Ghimire during a conversation with सीप's Regional Manager Sanjay Gyawali.

Building off of the job-linked training model tested with सीप's support over the last two years, through the training centre planned at Tilottama, MEPL is exploring entry into additional job roles such as plumbing, automobile (two and four wheelers), AC/refrigerator and electrician to cater to the wider construction cum manufacturing industry's workforce needs.



"MEPL will manage the training institute while the municipality will be its patron. Thousands of youths can find better skilling and employment opportunities." - Mayor Ghimire, Tilottama

Confederation of Nepali Industries (CNI) and UKaid शीप to Forge an Alliance to Advance Make in Nepal-Swadeshi Abhiyan Initiative

CNI has recently launched its ambitious Make in Nepal-Swadeshi Abhiyan initiative focused on registering new industries; creating a large number of jobs; increasing industrial share of GDP and significantly enhancing exports of goods and services by 2025. The same is expected to be achieved through a multi-pillar approach—working with the government and other actors—that is focused on enabling environment reforms, capital expenditure in infrastructure, select import substitution, modernization of services sector and workforce skilling among others. With UKaid शीप, CNI will inject and institutionalize a ‘Skill Nepal’ campaign to enable the ‘Make in Nepal’ movement aimed at supporting growth of Nepali products and enterprises through a job-ready workforce. Both entities will also jointly advocate with the Government of Nepal to leverage and utilize the budget allocated for apprenticeship-based skilling and placement in the GoN’s budget for FY 2021/2022. “We are co-creating a partnership model with CNI and GoN that builds on शीप’s experience in supporting apprenticeship and successful placement initiatives in the yarn and construction industry,” said Baljit Vohra, Team Leader, UKaid शीप.

IMPACT: Shifting Skilling Paradigm for Sustainability of Nepal’s Carpet Industry and Jobs

For more than fifty years, Kathmandu Valley—the nation’s capital—has served as a creative hub for the manufacturing of handmade rugs. This has helped position the country as a world leader in production of modern handmade carpets, with acceptability among buyers from the luxury interior design markets worldwide. However, in recent years the production environment in Kathmandu Valley has become increasingly challenging with the emergence of a booming real estate market, high production costs, lack of job attractiveness and consequential labour shortages. As a result, the once-thriving industry is becoming increasingly fragile.

Given the industry’s notable contributions to generating foreign exchange earnings (USD 54 million in 2020/21) and employment, carpet is classified as one of the top five major export commodities of Nepal following soybean oil, yarns, cardamon and jute products (TEPC, 2020). In 2018, UKaid शीप’s engagements with the industry disclosed the need to shift parts of the carpet production process outside the valley in order to sustainability build and retain skilled workforce and protect the industry. Under this context, UKaid शीप joined hands with **Label STEP** and its consortium of pioneer carpet exporters and international buyers in September 2019 to recreate the success model of Nepali carpets—by taking the carpet manufacturing hub from Kathmandu to underserved geographic areas in Province 2 that have traditionally served as the origin of Nepal’s weaving community.



Weaving workshops in Sarlahi District. / Courtesy: Label STEP

Anchored in an **Artisan Village** creation concept, the partnership has gone beyond addressing production bottlenecks. UKaid शीप’s support is a critical step to reinvigorating the industry with new, highly motivated and qualified weavers—enabled through skilling on artisanal rug weaving—using international-quality competency standards and industry-led skilling and certification. To date, STEP with support from its partners have established seven fair-trade artisan workshops in Sarlahi with 350 women already employed, and 100 more undergoing training—at least 60% of whom come from migrant households.

“UKaid शीप’s support is not only providing decent, attractive jobs with fair trade standard working conditions to job seekers in the socioeconomically disadvantaged regions, but is also bringing fresh air and energy to the industry, supporting its long-term sustainability”, reflects Reto Aschwanden, Managing Director of Label STEP. To promote Nepali fair-trade carpets and the Artisan Villages partnership supported by UKaid शीप, STEP has also taken the Artisan Village story to **Domotex**, the largest trade show of rugs and floor coverings in Germany—garnering greater interest for the Nepali carpet industry and the weavers behind them. Similarly, to support innovation in carpet designs, representatives from the renowned international rug brand **Jan Kath**, have visited the workshops in Sarlahi to orient weavers on rug weaving and to promote weaving as a high-value artistic vocation.

सीप and STEP, along with their consortium partners, NP Rugs, Kaju Rugs, Vijaya Laxmi Organisation, are also laying the foundation for migrants to invest their hard-earned remittance productively by setting up weaving workshops, independently or in collaboration with Kathmandu-based exporters and investors. “Our aim is to maximise the socioeconomic impact of return migration in Nepal,” noted Prasuna Saakha, Migration Component Lead at सीप. Several returnee migrants are involved in the project in various capacities: as investors, master weavers, weavers, and aspiring entrepreneurs. “Our goals are common: to generate productive livelihoods; restore dignity of labour in this specialised industry; stemming internal migration of the weavers to difficult working conditions in the Kathmandu Valley; and revitalise Nepal’s carpet industry,” Saakha added.

Master Weaver Bishnu Maya B.K who oversees multiple weaving workshops in Sarlahi, shares, “there is significant difference in having or not having skills,” as she described the impact of the project on production volume and quality and motivation of the weavers, which she has witnessed first-hand since 2019. B.K. has trained hundreds of new weavers through STEP and सीप’s partnerships. She reminisces about a 11-day master weavers training that she received in 2019 from Rainer Jedinat, an international quality controller, in Kathmandu, and how it transformed her personally and honed her tutorial skills. Cognizant of weavers’ needs and interests, STEP and सीप’s partnership also ensured integration of financial literacy courses for weavers, to improve capacity for responsible management of finances and facilitate access to bank and savings accounts. A specially-designed digital application that tracks individual weaver’s performance; including quality of artisanship; volume of production; as well as the traceability of every carpet with local and international buyers was pioneered under this partnership. The application has garnered international attention and is also now being adopted for use in other countries.



Master Weaver Bishnu Maya B.K has trained hundreds of new weavers through the STEP - सीप partnership. / Courtesy: STEP

Since the onset of the Covid-19 pandemic, the need for fair trade has become even more obvious. “We have pushed for living wages—salaries that enable weavers and workers to not only cover basic needs but also save 10% of their earnings—as reserves for times of crisis like this,” added Aschwanden.

UKaid सीप Issues Expression of Interests Call to Solicit New Partnerships under its Migration Component

As part of our efforts to expand technology-based partnerships (such as the one with **Laxmi Bank** that integrates Blockchain; Application Programming Interface (API); and customized and targeted financial products to facilitate the uptake of loans, savings, and other financial products), UKaid सीप has issued a call for Expression of Interest from interested parties that provide migrant workers, their families, and households with remittance loans covering time periods of remittances foregone due to the pandemic and other circumstances, as well as digital platforms for further reducing the cost of remittances. Check out UKaid सीप’s **Call for Expression of Interests**. The July Monthly Bulletin next month will examine at length the recent CF launch that discussed interesting innovations in the above-mentioned area and their relevance to the Nepali context.

SUSTAINABILITY CORNER: Enabling Green, Resilient, and Inclusive Development

WSP Global, implementor of the UKaid सीप Programme, recently released its 2020 Global Environmental, Social and Governance (ESG) report that also featured its projects in Nepal. Through UKaid सीप, Sakchyam-Access to Finance Programme, and other projects, WSP, since 2014, has helped mobilize and expedite investments and partnerships in Nepal that have enhanced access to quality skills training, inclusive financing solutions, and decent reliable jobs. Through सीप, WSP is contributing to several SDGs. The ESG report outlines WSP’s efforts to build a more sustainable and resilient world in over 100 countries where it operates: www.wsp.com/en-GL/investors/reports-and-filings/esg-report.





Drying of dyed yarn before weaving gets started at N.P. Rug, Kathmandu. / Courtesy: STEP

Environmental protection is a key feature that WSP/UKaid शीप also shares with its challenge fund partners. “Since 2019, we’ve worked with Label STEP to decentralise Nepal’s carpet industry, taking national and global value chain-linked weaving workshops to Province 2, expanding skilling and fair-trade based jobs and production processes, including support for mills to achieve ecologically sound production,” said Stuti Basnyet, Deputy Team Leader, UKaid शीप. Label STEP does this by introducing methods to reduce water and energy use, the treatment of water waste, reducing the use of hazardous ingredients and implementing proper air filtration systems.

Similarly, pursuit of ‘green actions’, encouraged by शीप, has been an imperative tool for **Upaya: CityCargo**. With much-needed tax relaxations introduced by the government for green vehicles this year, Upaya is moving forward its conversations with two-wheeler electric vehicle companies Eco Infinity and Thee Go to incentivise increased adoption of green transportation modes.

Post-Covid-19, Green, Inclusive, Resilient Development (GRID) has been amplified as a priority for the UK Government, and the development community more broadly, as an essential approach to accelerate Nepal’s economic recovery and growth. This entails short, medium, and long-term approaches to trigger and contribute to investments in green and inclusive jobs, while maintaining natural capital and promoting inclusion. With parts of Nepal seasonally inundated with heavy rainfalls and floods, and marred by landslides, it is clear that business-as-usual approach by the construction industry can have catastrophic consequences. The hundreds of heavy equipment operators navigating Nepal’s complex geographic terrain should better protect Nepal’s fragile terrain as they go about their jobs. Through partner MEPL, we have initiated conversations for integration of environment-conscious skilling in the curricula and training approach for heavy equipment operators and mechanics. Through scenario analysis and other green-action tools, UKaid शीप aspires to help the private sector understand risks and opportunities and identify appropriate actions—to enable adoption and integration as part of their broader skilling, employment creation, and industry growth agendas.

In Nepal, शीप is working towards harnessing WSP’s global expertise to deepen its green growth engagements with key actors across our five priority sectors—agriculture, construction, tourism, ICT, and manufacturing. We are systematically exploring and informing private sector actions to better integrate climate-smart initiatives that protect and build resilience to various threats that arise from climate change, natural disasters, and other risks.

Advancing Gainful Employment with Dignity, Respect and Pride for Gender Minorities



“I feel safe, strong, and supported at Upaya,” Pooja observes (on the left). “With Upaya, the experience has been starkly different. Here I don’t have to hide my identity, my colleagues accept and respect me for whoever I am. I feel free and that’s the biggest satisfaction,” Sana shared.

As the world hoisted rainbow flags this June to commemorate Pride Month, at UKaid शीप, we reflected and inquired: what does it mean to be a gender minority in Nepal and how can we advance their access to safe and dignified skilling and employment pathways? Lesbian, Gay, Bisexual, Trans, Intersex, and Queer (LGBTIQ+) people are amongst the most economically marginalized groups; many live below the poverty line. Through partners such as **Upaya: CityCargo**, UKaid शीप is taking deliberate steps to advocate for inclusion of disadvantaged groups in skilling and employment.

Upaya's partnership with शीप is designed to build digitally-literate and-connected Nepalis who are able to reap the benefits of the country's transition to a digital economy. The partnership is strengthening Upaya's digitally-powered platform and expansion to cities outside of Kathmandu to transform self-employment pathways for more Nepalis, while also enabling growth of e-commerce by addressing systemic logistics gaps in the supply chains of various sectors (like agriculture and manufacturing). In its quest to build inclusion and 'leave no one behind', in February 2021, Upaya reached out to the Blue Diamond Society (BDS), to ensure inclusion of minority groups. To build lasting safeguards and an inclusive work environment, Upaya also organised training for its own staff. In March 2021, Pooja Singh Thakuri joined Upaya: CityCargo as an intern in their logistics unit, and Sana Aryal as their rider partner. [Read the full version](#) of Pooja and Sana's story featured on our webpage.

ANALYSIS: Implications of FY 2021 Budget, Policies, and Programmes on Skilling and Employment Initiatives

The **Federal Government's** NPR 1647.6 billion budget this coming Nepali Fiscal Year places significant focus on controlling the Covid-19 pandemic, deploying customised tools to revive the economy, and job creation: a combined 1.36 million jobs are expected to be created this year. NPR 6.54 billion is budgeted across various ministries for skill development and awareness, of which 66.75% (NPR 4.36 billion) is intended to come through foreign assistance. Among several programmed initiatives, the Ministry of Industry, Commerce and Supplies has set aside one billion rupees to work with the private sector to create 25,000 jobs through apprenticeship-based training. Further, digital transformation has been accorded due priority, including to adopt an industry 4.0 revolution approach. And, as part of the 'Made in Nepal' and 'Make in Nepal' campaigns, to be spearheaded by CNI and other similar entities, the government will work with the private sector and deploy necessary policies including apprenticeship support, and tax relief to industrialize the country on a larger scale.

Province 2 Government's NPR 33.79 billion proposed budget for FY 2021/22 lays substantial focus on saving lives by mobilizing resources for prevention, control and treatment of Covid-19. In addition, agriculture, education, job creation and tourism have been given special priority in the upcoming budget to support economic and job recovery from Covid-19. The budget also accords priority to building capable and technology-friendly human resources, for long-term development of the province, through partnerships with the private and cooperative sectors. More than NPR 640 million has been allocated for 'Skill Development and Employment' related initiatives. These include creating employment opportunities as part of a proposed restructured Micro-Enterprise Development Programme, youth-focused Covid-recovery self-employment programme, and through skill development of women and youth from the *Dalit* community. The province also plans to establish a Skills and Vocational Training Council.

Lumbini Province's NPR 40.95 billion budget for the upcoming fiscal year allocates 51.71% for capital expenditure, 36.47% for recurrent expenditure, and 11.82% for fiscal transfer to local governments. Health, agriculture, skill development and employment generation are the top three priorities. An amount of NPR 463 million is allocated for skill development and awareness training. The proposed budget highlights the need to attract youths in skilling programs; improve training curriculum, training delivery methodology, and trainers' capacity; and mandatory skills testing. Major skilling and employment initiatives include: i) the formulation of an 'Integrated Labour and Employment Mechanism' by the Provincial Planning Commission for job recovery from Covid-19, ii) implementation of a 'Youth Self-Employment Programme' to address Covid-19 impacts; and upgrading skills of youth in partnership with technical education institutes. Funding has also been set aside for three-month based skills and employment creation apprenticeship type initiatives with the private sector. As a trusted skilling and employment creation partner to relevant federal entities; as well as the Lumbini Province and Province 2, UKaid शीप is gearing itself to provide support for some of the above-mentioned proposed initiatives.