

UKaid Skills for Employment (सीप) Programme Monthly Bulletin: October 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.

Innovative Rural-based Skilling and Enterprise Sustainability Model Established for the Carpet Industry



Kumari Dong, 31, a home-based weaver from Sarlahi District began her carpet weaving journey in Kathmandu 15 years ago. Living and working out of Nepal's capital city came with benefits, as well as challenges. Her basic cost-of-living expenses were too steep; little income went into savings or productive use. After [Label STEP](#) initiated the decentralization of the carpet manufacturing process with [UKaid सीप's support](#) in November 2019, Kumari, for the first time, saw an opportunity to weave carpets for livelihood right from her home-village.

The Kathmandu-centric carpet industry, in recent years, has been plagued with rising production costs and rapid turnover of skilled weavers due to foreign out-migration. Frequent turnover, and subsequent shortage of workers, persisted despite efforts by Label STEP and its industry partners to boost work environment for weavers. With production volume and quality both affected, the once-thriving handmade carpet industry has become increasingly fragile.

Sarlahi in Province 2 is the second largest origin district of weavers; this is where the traditional rug weaving community of Nepal resides. Weavers like Kumari (pictured above), preferred working from their own hometown. With सीप's support, Label STEP and its industry partners—NP Rugs Industries, Vijaya Laxmi Organization, Bagmati Galaincha Udhyog, Anugraha and Lalbandhi Galaincha Udhyog—have co-invested in the creation of seven weaving workshops, linked to national and global carpet value chains. These enterprises, fully functional at Sarlahi, are equipped with skilled and productive weavers that are essential for the productivity and sustenance of the firms involved.

“Nepali handmade rugs already hold a niche in the high-end luxury crafts market; the industry and it's stakeholders see the benefit of inclusive growth and job creation,” remarked [Nathanael Bevan](#), Development Director of British Embassy in Nepal, reflecting on UKaid सीप's role in catalyzing growth of skilled labor and jobs in the industry. Hand-knotted carpets rank 4th in export value (TEPC, 2020) with the industry's contributions notable for foreign exchange generation (approximately USD 70 million) and employment. UKaid सीप's approach is anchored in the creation of sustainable skilling-based jobs in productive sectors while also supporting revival and growth of the Nepali economy. The innovative model co-created by सीप and STEP is linked to sustainability of the weavers and the industry.

UKaid सीप's partnership with Label STEP has helped bridge key labour and growth barriers for the carpet industry through a demand-driven approach to skilling and job creation. [Michael Christie](#), honorary brand ambassador for hand-made Nepali carpets (for the Nepal Carpet Manufacturers and Exporters' Association) and editor of the [Ruggist](#) holds the same view: 'Over the last two years, we have proven that we can make the same quality of carpets in rural villages while expanding rural employment as opposed to urban-centric production and employment.'

Like Kumari, Padma Kumari Bomjon, 47, from Harion in Sarlahi is an experienced weaver. For over eight years, Padma (pictured on right) wove carpets in Kathmandu. The earnings she made barely sufficed for essentials, causing her to migrate for low-skill jobs in India. She lived in Punjab for more than 12 years, rotating from job to job, and unable to utilize her artisanry skills. In 2020, when she learnt about the establishment of weaving workshops in her own village, she got on the first bus back home. Upskilled and certified by STEP and its partners, since January 2021, a motivated Padma shared, “Weavers like us are treated as valued contributors. Our satisfaction means the success of the factory as well.” She has found meaning and purpose in her artisanal role.

Stories of Kumari and Padma are common to nearly 400 weavers who now are benefiting through the innovative skilling-linked enterprise development model created by सीप and Label STEP. “These artisans are proof that our partnership—envisaged as an Artisan Village concept—has demonstrated feasibility of high-caliber carpet production outside of Kathmandu. We’ve helped foster a rural-based economy while contributing meaningfully to generation of productive workers, inclusive jobs, and sustained industry growth through linkage with buyers,” remarked Baljit Vohra, Team Leader of सीप.

“I am moved by the initiatives of UKaid सीप given how it has opened avenues for rural based employment generation. I am particularly pleased to witness inclusion of women labour force especially when most of the manufacturing job roles are male-dominated in Province 2. This work is a great example of a transformation of the labour market,” remarked [Dipendra Jha](#), Chief Attorney, Province 2 Government. UKaid सीप’s contributions alongside strategically chosen diverse national and international partners have mainstreamed women’s economic empowerment, bringing quality gender-intentional services from skilling, certification, jobs creation, and enhanced working conditions right to the doorsteps of workers—making dignified locally-based employment viable for women. Chief Attorney Jha also noted the potential of replicating the model through Province 2 Government’s soon-to-release Youth Employment and Self-Employment Fund, which सीप is supporting as a technical advisor.

[WATCH](#) UKaid सीप and Label STEP commemorate the innovations and impacts that have unfolded so far and reflect on the way forward. Video editorial [here](#).

Harnessing the Potential of Returnee Migrants to Expand Rural Enterprises and Livelihoods

Mohammad Mustafa, 27, from Yamunamai Rural Municipality in Rautahat, Province 2, returned home in 2017 after working as a migrant in Saudi Arabia. Once back, he set up a shop that provides electronics repair and plumbing services and supply of electrical goods. As demand surged, Mustafa (pictured on right) needed additional capital for business expansion. Familiar with the informal credit system, he approached a few known lenders in his village, all of whom quoted a whopping 36% interest rate; a high-debt trap he did not want to fall into. Through a local FM station, he then learnt of UKaid सीप partner Prabhu Bank’s migrant-focused financial products. Within a month, Mustafa’s loan application of NPR 10,00,000 (£6,897) was approved at an interest rate of 4.39%.



Mohammad was able to avail a loan product that had been especially designed through UKaid सीप’s support for foreign labor returnee migrants—affordable, collateral-free, and through a simplified application process—all of which aligned with his interests and needs. An affordable, collateral-free, and used a simplified application process, all of which aligned with his interests and needs. The loan application process and the support he received from the Bank was tailored too, making this service from [Prabhu Bank](#) different from other loan products available in the market. Over the course of its pilot period partnership with सीप, Prabhu Bank has extended a wide array of financial services to nearly 11,000 Nepalis. Today, Mustafa’s business is growing; he has added new staff and diversified his business. He’s also bringing home, for the first

time, an average monthly savings of NPR 45,000 (£310). More than anything, Mustafa is excited about the prospects of staying productive and employed within the country itself, while also creating new jobs for local youth.

Temporary labour migration is a prominent feature of Nepal's migration profile. Over 4 million work permits have been released by the GoN since 2008. Wage differentials—two times higher wage levels in the destination countries—is among the major push factor of migration for Nepalis. But there are risks: the potential for exploitation during recruitment and employment is high, and there is often a little guarantee of on-the-job safety or respect for the rights of the migrant workers. Due to missing markets i.e., unavailability of formal and affordable financing options, these migrants are dependent on informal money lenders and vulnerable to exploitation and excessive borrowing costs—over 36% and equivalent to almost two years of earnings for unskilled migrants. On the other side, remittances sent by labour migrants are mostly used in consumption and purchase of real estate/ housing in the absence of locally viable investment opportunities or financial products offered to them.

In this context, with support from UKaid सीप, two other [partners](#) – Laxmi Bank and Sana Kisan Bikas Laghubitta Bittiyasanstha (SKBBL) – are expanding migrant-community focused financial solutions designed to i) promote productive savings and utilization of hard-earned incomes for returnees and their families; and ii) lower the cost of migration for aspiring migrants. सीप has supported [Laxmi Bank](#), since May 2021, in its quest to accelerate the country's shift towards digital finance—for migrants and migrant households to better harness the benefits of migration with technology-powered remittance-based credit products. Through its micro finance partner [Laxmi Laghubitta](#), the bank is extending financial credit and saving products—coupled with financial literacy and vocational training—to support rural-based enterprises especially those that are women-led with the finance and skills they need to start and grow their businesses, creating more local jobs in the process.

Similarly, सीप partner [SKBBL](#) has customized financial products designed to catalyze enterprise development and migration optimization for migrant communities—across 12 districts in Lumbini Province and Province 2. Through 101 partner Small Farmer Agriculture Cooperatives (SFACs), SKBBL is extending training-linked credit products for migrants and migrant households to better access affordable enterprise-startups services. SKBBL is also expanding pre-migration credit for aspiring migrants to lower their cost of migration. Further, the pre-migration loan of up to NPR 300,000 (£2,068) is covered through an insurance to reduce the burden of loan repayment in case of injury or death during foreign employment. Through सीप's support, SKBBL has branched out to Rolpa and Pyuthan Districts too—geographies with limited access to formal financial institutions—for the first time.

Like Mustafa, Chandrakanta Chaudhary, 34, from Kanchanpur Municipality in Saptari worked as a migrant labour. His migrant journey, however, faced a harsh start and ended abruptly. Only a few months into his job as a security guard in Malaysia, Chandra's mandatory medical test revealed chest conditions that did not meet the medical protocols of the company. Chandra (pictured on right) was compelled to take the next plane back—empty handed and debt-ridden. With SKBBL's support, Chandra, fortunately, was able to acquire credit to grow a small poultry, fishery, and livestock business. Although off to a slow start due to the second covid wave, since January 2021, like Chandra, nearly 800 migrants have taken advantage of SKBBL's affordable enterprise start-up loan (Samridhhi Karja) or pre-migration loan (Sunaulo Bhavisya Karja). In the post COVID context whereby Nepal is seeing unprecedented return by migrant workers, these financial services will become increasingly important.



Case Study: Innovations and Systemic Changes Catalyzed in the Agriculture Sector

UKaid सीप's support has triggered increased investments from the private and public sector and enabled expansion of improved job-linked skilling practices. Between November 2019 till April 2021, सीप piloted a partnership with [Shreenagar](#)

Agro Farm (SAF) to enable systemic changes in the agriculture sector—primarily in poultry, livestock, feed and maize—through an industry-led skilling approach to expanding capability of farmers and aspiring agri-entrepreneurs with focus in the Lumbini Province. As a mid-sized growing company with active vertical integration—from feed, poultry, frozen and processed meat products, restaurants, and online delivery of products—SAF, with सीप’s support, has adopted and integrated a skilling agenda in its core business operations.

Given their longstanding history in Lumbini, in response to **Inequitable Access** issues for poor farmers, SAF, over the last two years, has established a class-room and laboratory-inclusive training centre in Amarpath, Butwal. This centre complements the farm-based trainings being delivered since early 2020 out of SAF’s farm at multiple mobile locations and demo-farms across the Province. Given the system-strengthening perspective encouraged by सीप, SAF has also spearheaded efforts to improve coordination with training providers, government, other I/NGOs, other private sector actors/institutions. Together with सीप, SAF has built an **industry-led multi-sectoral collaborative approach** to better reach and service farmers with trainings and market linkages. Over the last two years, it built ties with 15 local cooperatives, Government Agriculture Knowledge Centres, and 20 local municipalities.



Kamala Sharma Panthi, from Saina Maina Municipality at Rupenndehi started layers chicken farming after getting skilling through Shreekisan Innovation Hub last year. She currently has 1,000 chicks and produces over 800 eggs a day.

Cognizant of the need for pro-poor model in the agri space, SAF forged linkages, some formally and others informally, to leverage public funding and mobilize local farmers who’re already connected with local GoN and cooperatives, and yet without reliable or quality access to industry-relevant trainings, key inputs, and output markets. Similarly, SAF drew on its own capital as well as funds unlocked from other donors/NGOs. Use of such a diverse **demand side financing model**, is playing an important role in enhancing access to quality market-led services for those who cannot afford the upfront costs of trainings. In addition to hands-on trainings, farmers affiliated to SAF and its partners can access critical inputs such as day-old-chicks and feed; build market linkages with buy-back guarantees; and seek financing solutions via partner banks.

SAF’s end-to-end service model centered around skilling is promoting self-employment for agri-entrepreneurs and increasing productivity and incomes for farmers, while also strengthening the input supply chain mechanism and market system for target agri-products. As one of the largest industry players in the Lumbini Province, with interests aligned with the development sector, SAF’s ability to provide contract farming arrangement (covering both inputs and outputs) is critical to the success of farmers. This is a key differentiator compared to trainings delivered by other I/NGOs and CTEVT-aligned training institutions.

Post-COVID, SAF pivoted rapidly to digital adoption—testing online delivery of trainings. Building on this experience, it is now in the process of creating the first industry-led online learning management system to house its curricula (developed through सीप’s support) and administer training for literate job seekers/aspiring entrepreneurs. Moreover, given the realized potential of digital technology, last year, SAF initiated design of a mobile application ‘Shree Kisan App’ (available

on google play) to integrate smallholder farmers, women, and MSMEs into the digital economy by strengthening their access to key market information, inputs, skilling/reskilling activities, and broader markets.

With the training infrastructure, networks, and resources created, SAF is well-positioned to expand delivery of practical hands-on trainings across multiple job roles/sectors such as poultry, aquaculture, livestock, agri-entrepreneurship, dairy, cattle/dairy, and feed—targeting farmers, aspiring MSMEs, job seekers, as well as other industries. This partnership has the potential to tangibly increase interest in industry-led trainings, and in building livelihoods in a sector that is critical not just for rural-based job creation in Nepal, but also for food security and nutrition.

Inclusion Front and Centre: Strategies to Attract and Onboard Women and Disadvantaged Groups

UKaid शीप partnered with [Upaya: CityCargo](#), a tech-based on-demand, intra-city logistics service provider, in January 2021 to accelerate expansion of a digitally-powered intervention for growth of e-commerce and logistics service for various sectors (like agriculture and manufacturing). With शीप's support, Upaya is expanding its pool of digitally-literate workers and transforming self-employment pathways for drivers and farmers; the latter through a strategic alliance with [Kheti](#), another tech innovation in Nepal that's working to transform sustainable food systems. To mainstream inclusion into their core business model, with special emphasis on women and people with disabilities (PwDs), Upaya, with technical assistance from शीप, has developed an inclusion plan. Following are some of the key strategies and tactics adopted:

1. **Collaborative Shared-Value Partnership with NGOs** have been forged e.g. with Women for Human Rights, Maiti Nepal, Pourakhi, AMKAS Nepal, Blue Diamond Society, and others who are actively working towards servicing trafficked women, women returnee migrants, marginalized and disadvantaged groups, PwDs, and people from the LGBTIQ+ community. Marking their foray into the PwD space for the first time, last month, Upaya forged an agreement with the Independent Living Centre in Pokhara.
2. **Four-to-eight-hours Flexi Jobs Options** introduced for women who would otherwise not have space to pursue employment.
3. **Financial incentive-based referral campaign:** NPR 500 is offered to both referrer and referee wherein recommendations to join Upaya leads to successful onboarding and conversion as driver/rider partners.
4. **Facilitating Access to Finance:** Leveraging its industry network, Upaya can connect drivers to sources of finance for acquisition of two or four-wheeler vehicles. For this, Upaya has strategies ties with vehicle suppliers like Siprodi Trading and NIU electric two-wheeler fleets, and finance partner Kumari Bank.
5. **Use of GESI-intentional Outreach and Marketing campaign** to challenge norms about suitability of work based on gender.
6. **Promote Safeguarding against Sexual Exploitation, Abuse and Harassment** as part of their GESI implementation plan with a clear mandate on "Do No Harm Policy". To beef up the safety and security of its driver and rider partners, a safeguarding/helpline button has been integrated in their app for emergencies. Along with the Upaya's call center linkage, the helpline is also linked with traffic police number 100, ambulance number: 102 and Nepal Police's number for driver/riders' emergency need.
7. **Other GESI Sensitive Services** such as menstrual leave provision for women.



Anisha Khadgi, 24, from Patan onboarded as new rider partner in September after skilling in digital literacy, payments and customer care. Anisha's monthly income is at least NPR 30,000 (£183). Courtesy: Upaya