

Partnership Snapshot: Sana Kisan Bikas Laghubitta Bittiyasanstha Ltd. Capacity Development and Financing to Migrant Workers

UKaid Skills for Employment (सीप) Programme's partnership with Sana Kisan Bikas Laghubitta Bittiyasanstha Ltd. (SKBBL) is designed to build capacity, increase access to affordable finance, and support integration into the market value chains for the returnee migrants, migrant households, and women in Province 2 and Lumbini Province. Intended at building stronger support systems for rural-based enterprise development, this partnership is working to address COVID-19 economic recovery needs. SKBBL, established in 2001, is a national level financial institution working as a major wholesale lending microfinance institution.

Through its partnership with सीप, SKBBL has designed customized and targeted financial products that bring migrant communities—across 12 districts in the two provinces—into the formal banking system and decrease their cost of borrowing. SKBBL couples this with financial literacy and business development training and market linkage support to build viability and sustainability of the enterprises set up by the target group. SKBBL has also expanded to Rolpa and Pyuthan Districts in the Lumbini Province—geographies with limited access to formal financial institutions—for the first time.

To maximize reach and impact, SKBBL is collaborating with 100 Small Farmers' Agricultural Cooperative that are spread across the two provinces. The agriculture cooperatives have deep rural penetration, longstanding engagement history with target communities, and an average membership base of 250,000 households. SKBBL is building the capacity of the cooperatives through training of trainers on business development services and financial literacy and co-development of improved, customized financial solutions. Further, SKBBL will allocate and transfer five percent of its annual profits for capacity development of the cooperatives.

The agriculture cooperatives associated with SKBBL have a community insurance system which ensures that all the investments made through loan disbursements are insured. The client pays 25% of the premium, while the rest is paid by the Government of Nepal (GoN) for agricultural sector loans. SKBBL is also onboarding other insurance partners not covered under the agriculture category.

Summary of Activities

1. **Map and assess** returnee migrants and their unmet financial needs in Province 2 and Lumbini Province to better understand their current socioeconomic status and prepare targeted financial products.
2. **Onboard and train 100 agriculture cooperatives** through TOTs on business development services and financial literacy and technical assistance for product development to better reach and service the target population—to increase access and use of lower-cost financial products.
3. **Develop new entrepreneurship loan and pre-migration loan** products that are better tailored for migrant communities in the target areas—to expedite inclusion in the formal banking system and build financial solutions that are more affordable and able to help them create sustainable livelihood pathways. The loans will be protected through an insurance policy of up to NPR 300,000 (USD 2,500) that shall be covered by the partner.

Key Facts:

Duration: January-December 2021

Geography: 12 districts in Lumbini Province and Province 2

Intended Impacts:

- 3,123 people to benefit from financial literacy and business development training, followed by market linkages.
- An estimated 6,500 households to benefit from easy and hassle-free entrepreneurship loans at affordable interest rate.
- An estimated 1,000 households (migrants) to benefit from affordable pre-migration loan.
- An estimated 13,468 people/households to benefit from savings accounts and remittance transfer services.

4. **Conduct community mobilisation** targeting returnee migrants through targeted, impact-oriented marketing, communications, and outreach to generate interest and enrolment in the financial products. SKBBL, together with the agriculture cooperatives, will collaborate with local government Employment Service Centres, community-based organisations, and NGOs that work with women and disadvantaged groups.
5. **Deliver financial literacy training** to the migrant community for better financial management and empowerment through financial inclusion.
6. **Organise capacity-building training** to build managerial and technical skills of the borrowers for sustainable entrepreneurship in agri-business.
7. **Provide customized and affordable finance** to returnee migrants, their family members, and women to build sustainable income pathways.
8. **Integrate returnee migrants' businesses into market value chain** for sustainability of their business and synergy in the rural markets. The microfinance partners with key agriculture sector industry players for high skill training and market chain linkages.

SKBBL's revised loan product—how it is different:

- Zero collateral
- Affordable interest rate (lower than industry average)
- Covers the pre-migration costs (migrant loan)
- Returnee migrant focused—to enable post COVID-19 recovery



Photo: Migrants and migrant households and women in all 12 target districts will be mapped and targeted with enterprise start-up credit and other financial products. / Courtesy: SKBBL