

The ILO Work4Youth project worked with the Center for Economic Development and Administration (CEDA) to implement the School-to-work transition survey (SWTS) in 2013 (April-May). The results of the survey were published in Nicolas Serrière and CEDA (2014): *Labour market transitions of young women and men in Nepal*, Work4Youth Publication Series No. 12 (Geneva, ILO). The objective of this country note is to offer a general summary of youth labour market trends in Nepal based on the SWTS. Youth is defined as 15–29.

Main findings of the ILO SWTS

Human capital and mismatch

- Most of the surveyed youth had attended school or a training programme at some point in their lives (92.1 per cent in 2013). More than one-half of the youth population (59.6 per cent) was currently enrolled in school in 2013 with the remaining having either completed school (6 per cent) or left school before graduation (26.4 per cent). The survey showed that a non-negligible share of young people are still excluded from the educational system, with 6.9 per cent of young men and 9.1 per cent of young women having never attending school.
- SWTS results do not show a significant correlation between the levels of education and a young person's labour market transition: tertiary and general secondary educated youth both needed 6.9 months on average to complete the transition to a first stable or satisfactory job. The corresponding figure for primary educated was 8.1 months.
- With relatively low levels of educational attainment, it is not surprising to find that half (50.2 per cent) of employed youth in Nepal were undereducated for the job they are doing. Only a small fraction of employed youth (7.8 per cent) were deemed overeducated for their occupation.
- Two-thirds of Nepali students (66 per cent) showed a preference for future work in the government/public sector. While the attraction of public sector employment is understandable given concerns with job security, the ability of the sector to absorb a significant number of young workers is limited.

Underutilization of the youth labour potential remains a top concern

- The survey registered a high youth labour underutilization rate, particularly among young women: it was 52.5 per cent for young women and 39 per cent for young men. The share of underutilized labour potential consisted of 23.7 per cent of the youth population in irregular employment (either in self-employment or paid employment with contract duration less than 12 months), 15.7 per cent unemployed and 5.8 per cent inactive non-students.

The ILO **School-to-work transitions surveys (SWTS)** are implemented as an outcome of the Work4Youth (W4Y) project, a partnership between the ILO and The MasterCard Foundation. The project has a budget of US\$14.6 million and will run for five years to mid-2016. Its aim is to “promote decent work opportunities for young men and women through knowledge and action”. The immediate objective of the partnership is to produce more and better labour market information specific to youth in developing countries, focusing in particular on transition paths to the labour market.

See the website www.ilo.org/w4y for more information.

- The youth unemployment rate (strict definition)¹ stood at 19.2 per cent in 2013, which was significantly higher than the regional average for Southern Asia in the same year (11.0 per cent).² Young women were more likely to be unemployed than young men (22.2 and 17.1 per cent, respectively).
- The most disadvantaged in finding work are those who attain higher levels of education: the unemployment rate of a young person with university education was 22.9 per cent in 2013, double that of youth with primary or secondary education (10.8 and 10.7 per cent, respectively).
- The duration of unemployment is relatively short. Only about one-quarter (26.8 per cent) of unemployed youth had been looking for work for longer than one year in 2013, and 50.5 per cent had been looking for less than three months.
- The share of youth neither in employment nor in education or training (NEETs) in Nepal stood at 11.9 per cent in 2013. Young women were more likely than young men to be out of school and not working (17.4 and 7.4 per cent, respectively), reflecting primarily the inability of some young women to go to school and the early age of family formation in the country.

Low quality jobs remain a strong hindrance to the country's productive transformation

- Almost four out of ten (38.5 per cent) young Nepali were employed in 2013, with young men working to a larger extent than young women (42.8 and 33.4 per cent, respectively).
- Although four in ten employed youth (40.6 per cent) were working as wage and salaried workers, a large share remained in vulnerable employment as own-account workers (10.5 per cent) or unpaid family workers (40.6 per cent). At the same time, two-thirds (66.8 per cent) of youth in paid employment were engaged without a written contract.
- Agriculture was the largest source of youth employment, providing 45.2 per cent of jobs for youth in 2013. The services sector came in second at 40.7 per cent. Industry accounted for 14.1 per cent of youth employment. Young women were more likely to work in agriculture than their male counterparts (53.0 and 40.1 per cent, respectively), while the opposite was true for industrial jobs (9.2 and 17.4 respectively).
- Informal employment affected more than one in ten (92.2 per cent) young workers in Nepal, with similar rates for young men and women.

Selection of data tables

Table 1. Youth population by educational status and sex, 2013 (%)

Educational status	Total	Male	Female
Never attended school	7.9	6.9	9.1
Dropped out before graduation or completion of school	26.4	25.4	27.6
Currently attending school	59.6	60.1	59.1
Education completed	6.0	7.6	4.1
Total	100	100	100

¹ The “strict” definition of unemployment refers to persons without work, available to work and actively engaged in a job search. The “broad” definition excludes the job search criteria. The youth unemployment rate is the number of unemployed persons divided by the youth labour force (employed plus unemployed).

² ILO, *World Employment and Social Outlook: Trends for Youth 2016* (Geneva). Note, the regional figure covers youth aged 15–24 while the data on the SWTS refer to youth aged 15–29. The youth unemployment rate in Nepal for the age range 15–24 was 23.8 per cent in 2013 based on the SWTS.

Table 2. Key youth labour market indicators – traditional distribution by sex, 2013 (%)

	Total	Male	Female
Employed	38.5	42.8	33.4
Unemployed	9.2	8.8	9.5
Inactive	52.3	48.3	57.0
Total youth population	100	100	100
Youth labour force participation rate	47.7	51.7	43.0
Youth unemployment rate (strict definition)	19.2	17.1	22.2

Table 3. Key youth labour market indicators – alternative distribution by sex, 2013 (%)

	Total	Male	Female
In regular employment	14.9	20.2	8.5
In irregular employment	23.7	22.6	24.9
Unemployed (broad definition)	15.7	14.3	17.3
Inactive students	40.0	40.8	39.0
Inactive non-students	5.8	2.1	10.2
Total youth population	100	100	100
Youth labour force participation rate (broad definition)	54.3	57.2	50.8
Youth unemployment rate (broad definition)	28.9	25.1	34.1
Youth labour underutilization rate	45.1	39.0	52.5

Table 4. Youth neither in employment nor in education or training (NEETs) by sex and composition, 2013 (%)

Sex	NEET rate	of which:	
		Inactive non-students	Unemployed non-students
Total	11.9	8.3	3.7
Male	7.4	3.8	3.6
Female	17.4	13.6	3.8

Table 5. Employed youth by status in employment and sex, 2013 (%)

Status in employment	Total	Male	Female
Wage and salaried workers (employees)	40.6	47.6	30.0
Employers	6.8	9.0	3.3
Own-account workers	10.5	10.9	9.9
Members of producers' cooperatives	0.1	0.0	0.3
Contributing (unpaid) family workers	40.6	31.4	54.7
Not classified	1.4	1.1	1.8
Total employed youth	100	100	100

Table 6. Young wage and salaried workers by type of contract and sex, 2013 (%)

Type of contract	Total	Male	Female
Written agreement	33.2	30.5	39.6
Oral agreement	66.8	69.5	60.4
Unlimited duration	65.8	68.1	60.3
Limited duration	34.2	31.9	39.7
<i>Of which:</i>			
– Less than 12 months	63.0	61.7	65.7
– 12 months to less than 36 months	25.4	27.4	21.5
– 36 months or more	11.6	10.9	12.8
Total young wage and salaried workers	100	102	104

Table 7. Distribution of youth employment by sector, aggregate and 1-digit level, and sex, 2013 (%)

Sector	Total	Male	Female
Agriculture	45.2	40.1	53.0
Industry	14.1	17.4	9.2
Services	40.7	42.5	37.8
Agriculture, forestry and fishing	45.2	40.1	53.0
Mining	1.9	1.3	2.9
Manufacturing	7.0	7.5	6.3
Electricity, gas, steam	0.2	0.3	0.0
Water supply	0.1	0.2	0.0
Construction	4.9	8.0	0.0
Wholesale and retail trade	12.9	13.3	12.4
Transport	4.1	6.0	1.2
Accommodation	2.8	3.3	2.1
Information and communications	1.3	1.4	1.2
Financial activities	2.2	1.5	3.2
Real estate	0.1	0.0	0.1
Professional scientific activities	0.4	0.5	0.3
Administrative and support activities	1.1	1.4	0.6
Public administration	1.1	1.4	0.5
Education	8.5	8.5	8.7
Health and social work	2.6	1.9	3.7
Arts and entertainment	0.3	0.4	0.1
Other services	1.9	2.0	1.6
Private households	1.4	0.9	2.0

Table 8. Youth informal employment by composition and sex, 2013 (%)

	Total	Male	Female
Youth in formal employment	7.8	9.2	5.6
Youth informal employment	92.2	90.8	94.4
<i>Of which:</i>			
– Informal employment outside the informal sector	34.4	38.9	27.8
– Employment in the informal sector	65.6	61.1	72.2

Table 9. Employed youth by overeducation, undereducation or matching qualifications and sex, 2013 (%)

Qualifications match	Total	Male	Female
Undereducated	50.2	50.0	50.6
Overeducated	7.8	9.2	5.1
Matching qualifications	42.0	40.8	44.2
Total employed youth	100	100	100

Table 10. Youth unemployment rates by level of completed educational attainment and sex, 2013 (%)

Educational attainment	Total	Male	Female
Less than primary (including no schooling)	8.2	5.8	11.2
Primary	10.8	9.2	13.9
Secondary general	10.7	7.8	14.6
Post-secondary vocational	4.6	-	10.0
University and postgraduate studies	22.9	23.1	22.3

Table 11. Unemployed youth by duration of job search and sex, 2013 (%)

Duration of job search	Total	Male	Female
Less than a week	2.6	2.9	2.1
1 week to less than 1 month	26.4	28.6	23.9
1 month to less than 3 months	21.5	19.9	23.2
3 months to less than 6 months	10.7	7.6	14.3
6 months to less than 1 year	12.1	12.9	11.2
More than a year	26.8	28.1	25.4
Total unemployed youth	100	100	100

Table 12. Youth population by stages and subcategories of transition and sex, 2013 (%)

Stage of transition	Total	Male	Female
Transition completed	19.1	21.7	16.1
Transited to stable employment	7.6	10.1	4.7
Transited to satisfactory temporary employment	1.2	1.7	0.7
Transited to satisfactory self-employment	10.3	10.0	10.7
In transition	39.6	37.0	42.7
Unemployed (broad definition)	6.2	5.3	7.2
In non-satisfactory temporary employment	3.0	4.5	1.2
In non-satisfactory self-employment	6.3	6.4	6.3
Active students	19.7	19.3	20.1
Inactive non-students with aim to work in the future	4.5	1.5	8.0
Transition not yet started	41.3	41.3	41.2
Inactive students	40.0	40.8	39.0
Inactive non-students with no plans to work in the future	1.3	0.6	2.2
Total youth population	100	100	100

Note: Unless other specified, the categories exclude current students.