



International
Labour
Organization

► LDC Graduation Project

June 2025

Women workers in garment production. © Garment Association Nepal

► At a glance



Partners

Government agencies: National Planning Commission (NPC), Ministry of Labour, Employment and Social Security (MoLESS), Ministry of Industry Commerce and Supplies (MoICS) and Trade and Export Promotion Centre (TEPC)

Employers Organization: Federation of Nepalese Chamber of Commerce and Industries (FNCCI), Federation of Woman Entrepreneurs Association of Nepal (FWEAN), Nepal Textile Industries Association (NTIA) and Garment Association Nepal (GAN)

Workers' Organizations: Joint Trade Union Coordination Centre (JTUCC) including All Nepal Federation of Trade Unions (ANTUF), General Federation of Nepalese Trade Unions (GEFONT) and Nepal Trade Union Congress (NTUC)

Others: Delegation of The European Union to Nepal, civil society organisations and research institutes for coordination



Donor

ILO Regular Budget Supplementary Account (RBSA)



Duration

June 2024 – May 2026



Target groups

The project aims to support policymakers, private sector representatives, small and medium-sized enterprises (SMEs), Garment and Textile sector entrepreneurs, workers and their representatives, particularly women, home-based, and informal workers.



Geographical focus

- Training, capacity building and awareness raising at the national and sub-national levels in collaboration with different partners
- Sectoral focus on garment and textile supply chains, another critical sector to Nepal's export economy, engaging relevant partners and local stakeholders to implement decent work initiatives

► Background

Nepal is set to graduate from Least Developed Country (LDC) status in 2026. While this transition will bring opportunities, the country is likely to face several challenges in the short term, including increased competition in international markets, a decline in aid flows, and the loss of international support measures (ISM).

This could result in a 4.2 per cent loss in exports, primarily in the textile and garment industries, where women make up majority of the workforce. By 2030, around 132,000 jobs could be at risk. These risks disproportionately affect women workers, who account for 49 per cent of the potential losses. Many of these women are already employed in vulnerable conditions within the informal economy and home-based work.

This intervention will support constituents to prepare for Nepal's LDC graduation, promote decent work in the selected supply chains through an integrated policy approach, and implement labour provisions in trade and investment policies and agreements.

The aim is to prevent job losses and ensure labour rights within the supply chains, particularly in the textile and garment sectors, which employ a large proportion of women workers. Additionally, the intervention will enhance firms' capacities to apply responsible business conduct principles and comply with due diligence requirements, while improving productivity and competitiveness. The initiative aligns with the 16th National Development Plan, the National Trade Integration Strategy (NTIS), and other national policies and plans.



Garment sector entrepreneurs discuss challenges and opportunities in the context of Nepal's LDC graduation. © ILO Nepal

► Key areas of Intervention

- **Promoting decent work in supply chains:** The project will focus on Nepal's textile and garment supply chains, supporting an evidence-based action plan to promote decent work, address barriers to growth, and improve women's job quality in the informal economy and Small and medium-sized enterprises (SMEs)
- **Promoting industrial relations and collective bargaining in supply chains:** The intervention will engage upstream suppliers to promote labour rights, foster social dialogue, and support enterprises in improving productivity, competitiveness, and compliance with international due-diligence standards, emphasizing tripartism and responsible business practices.
- **Promoting a conducive environment towards trade, investment, supply chains and responsible business conduct:** the project will support decent work by strengthening policies on trade, investment, and supply chains, establishing a tripartite mechanism, and building capacity to address LDC graduation and integrate labour provisions into trade policies.
- **Promoting an integrated approach for decent work:** the project supports constituents to develop an integrated approach for decent work in the textile and garment supply chains, improve Nepal's trade and investment policies and prepare for LDC graduation.

► Objectives

The project aims to enhance the capacity of government, employers' and workers' organizations to promote decent work, improve productivity in textile and garment supply chains, and address labour issues in trade and investment policies, supporting a smooth LDC graduation.

► Project outcomes

Outcome 1: Constituents develop an integrated approach for decent work in the textile and garment supply chains and have improved capacity to consider labour issues in Nepal's trade and investment policies and agreements and to prepare for LDC Graduation.

Outcome 2: Constituents and market actors implement an integrated approach to promote decent work in the textile and garment supply chains, with a particular focus on the lower tiers of the supply chains and home-based workers.

Outcome 3: Constituents have improved capacity to support the formalization of economic units and their workers in the textile and garment supply chains.

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