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ILO Country Office for Nepal

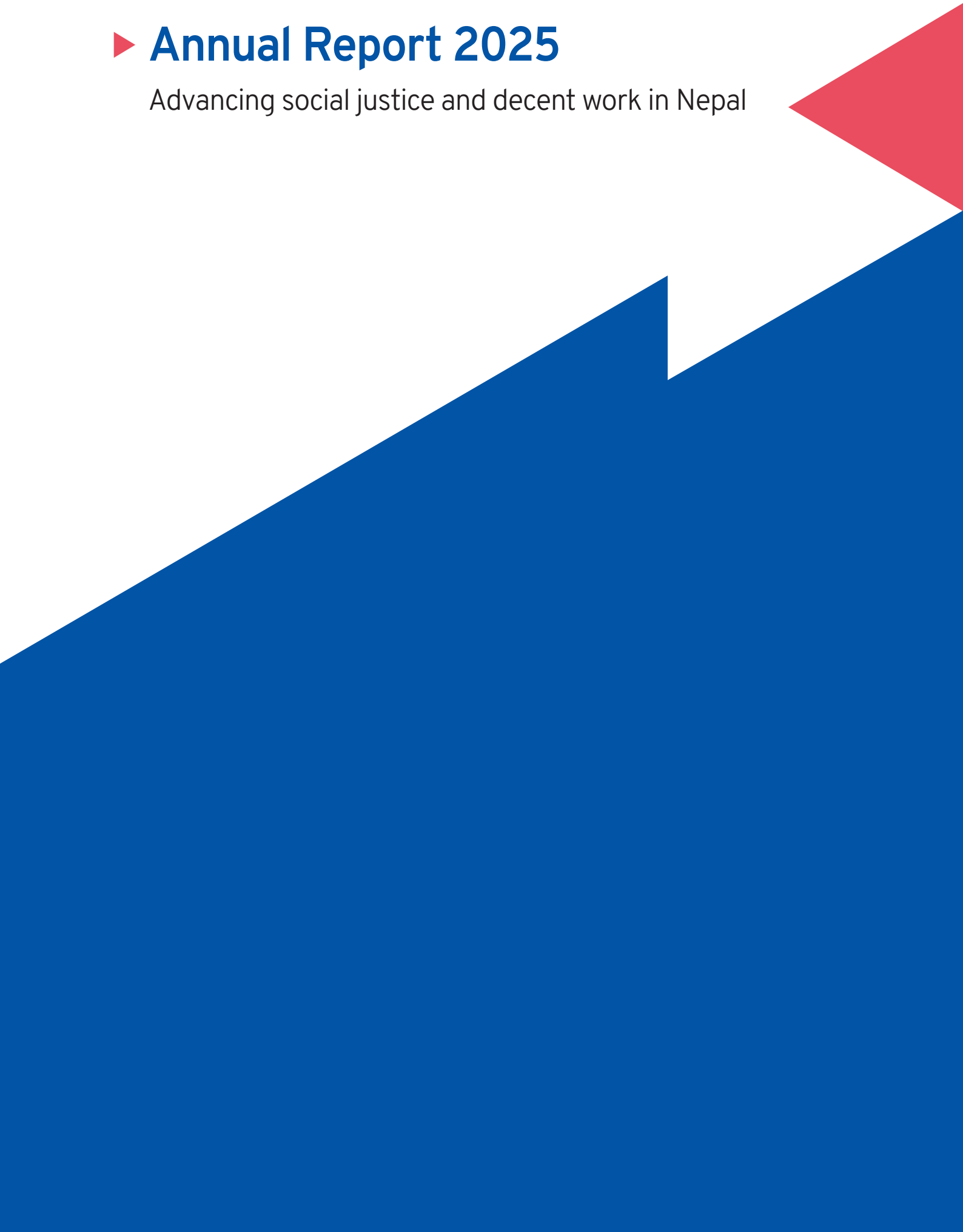
► Annual Report 2025

Advancing social justice and decent work in Nepal

ILO Country Office for Nepal

▶ **Annual Report 2025**

Advancing social justice and decent work in Nepal



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First published 2026.



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ISBN: 9789220434635 (print); 9789220434642 (web PDF)

DOI: <https://doi.org/10.54394/00033543>

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► Foreword

Greetings from ILO Nepal!

2025 was a defining year for Nepal. The country faced persistent labour market pressures, lack of decent jobs at home, high informality, continued reliance on outward labour migration, and deep inequalities that constrained the prospects of women and young people. The public unrest witnessed in September, driven in large part by young people's frustration over limited employment prospects, exclusion and weak public trust, brought these labour market pressures into much sharper focus. The political transition that followed, and the interim government's renewed emphasis on reform, restoring confidence and supporting job creation, underscored an important truth that employment is not only an economic imperative, but also a foundation of dignity, trust and social stability.



In this context, the ILO's work in 2025 focused on strengthening systems, rather than delivering activities. ILO evidence helped inform the Government's declaration of the Internal Employment Promotion Decade. Support to the National Employment Promotion Programme, the assessment of Public Employment Services, and the modernization of Employment Service Centres helped move employment governance from fragmented local initiatives toward a more coherent architecture across federal, provincial and local levels. At the same time, the Integrated Labour Management Information System became operational, and Provincial Labour Advisory Councils began to function, improving transparency, compliance and social dialogue. These are durable institutional gains that can outlast any single project cycle.

Progress was also made in widening protection and opportunity. Social Security Fund coverage expanded to 2.26 million workers, while municipal level efforts showed that informal economy workers can be enrolled when systems, incentives and outreach are adapted to their realities. The National Formalization Strategy, the move to decentralize business PAN issuance, support to women entrepreneurs, and new evidence on care needs all opened more practical pathways into formality, enterprise growth and women's economic empowerment. Tripartite wage dialogue also contributed to the increase in the minimum wage.

Nepal also advanced a more rights-based approach to labour governance. The endorsement of the National Labour Migration Policy 2025, progress on bilateral labour migration arrangements, fair recruitment efforts, and stronger action on occupational safety and health, child labour and labour inspection helped build a more coherent framework of protection for workers at home and abroad.

We remain deeply grateful to our government partners, social partners, development partners, civil society and implementing partners for their trust, collaboration and shared commitment to advancing decent work in Nepal. Together, we are helping to build institutions that create jobs, support enterprises, protect workers and respond credibly to the aspirations of people of Nepal.

Numan Özcan

Country Director
ILO Country Office for Nepal



Women workers at Green Homes Pvt. Ltd., Godawari Municipality thrive in a caring, family-friendly workplace.

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Overview of the Decent Work Country Programme for Nepal (2023-2027)

The Decent Work Country Programme (DWCP) 2023-2027 is a strategic framework by the ILO, developed in collaboration with the Government of Nepal, employers, and workers' organizations. It aims to promote decent work and social justice while aligning with Nepal's national development priorities and the UN Sustainable Development Cooperation Framework (UNSDCF) 2023-2027.

► Key priorities and outcomes

1. Inclusive employment, sustainable enterprises, and social security

By 2027, more people benefit from productive employment and social security for just transitions, with sustainable enterprises for inclusive growth and decent work.

- Strengthened policies for decent employment and green jobs
- Improved environment for entrepreneurship and productivity
- Enhanced skills development and employment services
- Expanded social protection schemes and care policies

2. Promotion and application of international labour standards

By 2027, international labour standards with a focus on fundamental principles and rights at work, including the elimination of child and forced labour, have been promoted, respected, and realized with increased implementation capacity.

- Strengthened legal and policy frameworks
- Increased capacity to eliminate child and forced labour
- Enhanced workplace safety and labour migration governance

3. Strong tripartite constituents and effective social dialogue

By 2027, there are stronger, representative, and influential tripartite constituents and effective social dialogue.

- Strengthened employer and worker organizations
- Enhanced labour market governance and social dialogue

► Enabling outcome: increased coherence and integration

The DWCP seeks to enhance alignment with national plans and the UNSDCF, strengthening partnerships with UN agencies and ILO. It also integrates gender equality, non-discrimination, and environmental sustainability into its initiatives.

► 2025 Results at Glance

Policy & System Breakthroughs



Internal Employment Promotion Decade

declared by Government, informed by ILO evidence



National Labour Migration Policy 2025

endorsed, strengthening rights-based migration governance



Bilateral labour agreement with Saudi Arabia

finalized with ILO technical support



Minimum wage

increased to NPR 19,550/month following tripartite dialogue



Integrated Labour Management Information System

operationalized, enhancing transparency and traceability



Provincial Labour Advisory Councils

operationalized in Madhesh and Sudurpashchim



Model subcontractor agreement

developed for waste management sector, extending social security to informal workers



National Formalization Strategy

drafted and Business PAN issuance decentralized to local governments (56 municipalities piloting in 2026)

Systemic Outcomes for Decent Work



Women's economic empowerment:

57% of women participants established or developed businesses; over 80% now make independent business decisions on investment and income use.



Social protection expansion:

Migrant workers accounted for 2.055 million of SSF enrolments; cumulative contributions exceeded NPR 95 billion; benefits paid surpassed NPR 15.88 billion.



Labour market governance:

66% of municipalities embedded ESCs in permanent structures.



Occupational safety and health:

Sector-specific SOPs for waste management developed; 25 trainers certified on gender-responsive OSH.



Fair recruitment:

164 recruitment actors trained; 20 agencies committed to fair recruitment practices; Code of Conduct for recruitment agencies developed.



Child labour elimination:

First National Child Labour Elimination Report published; Child Labour Module integrated into forthcoming Labour Force Survey.

Contribution to SDGs & Global Initiatives



Strongest contributions to SDG 1 (No Poverty), SDG 5 (Gender Equality), SDG 8 (Decent Work), SDG 10 (Reduced Inequalities), SDG 16 (Peace, Justice & Strong Institutions), and SDG 17 (Partnerships). Advanced the Global Accelerator on Jobs and Social Protection (national roadmap aligned with 16th Plan) and the Global Coalition for Social Justice (National Labour and Employment Conference aligned reform priorities).

2025 in Numbers

Enterprise Labour Audits



879 enterprise labour audits processed via new Integrated Labour Management Information System

Social Security Fund



2.26 million workers enrolled in the SSF (up from 0.6 million in 2023)

5,245 informal economy workers newly enrolled in SSF across 34 municipalities

Migrant Workers



1,400+ migrant workers reached with awareness services in destination countries

Employment Service Centres



677,738 jobseekers registered at 253 assessed ESCs (58% women)

59,062 jobplacements facilitated, including 32,115 women

Child Labour



14 Municipalities declared child labour free zone (5 new in 2025)

204 out of 753 local governments engaged in child labour free zone initiatives

Entrepreneurship Training



1,000+ entrepreneurs trained (79% women);

55.5% started or strengthened a business

minimum wage increased by **13%**

now minimum wage is

NPR **19,550** for all sectors.





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Smiles that tell a story of strength, resilience, and economic empowerment.

Key Results Under the Decent Work Country Programme in 2025

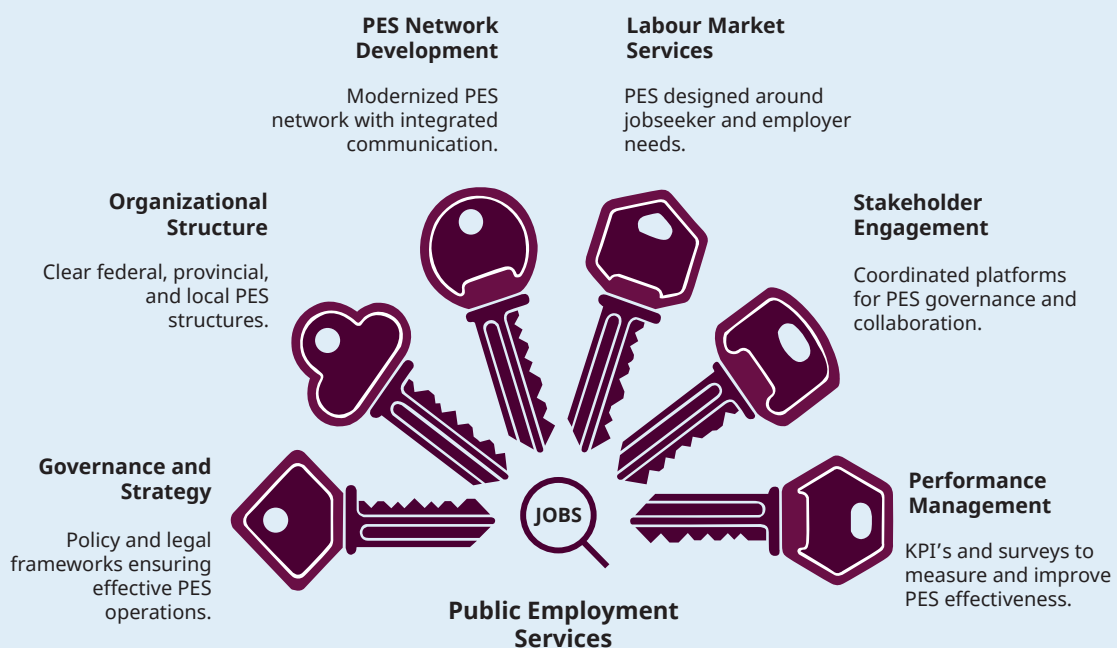
► Priority Area 1: Inclusive Employment and Social Protection

Priority Area 1 of the DWCP envisages more people benefiting from productive employment and social security for just transitions, with sustainable enterprises for inclusive growth and decent work. In 2025, the strongest results connected policy reform, institutional strengthening, and local delivery.

Employment governance, labour market institutions and public employment services

ILO support helped shift employment governance from fragmented local action toward a more integrated national system. The Public Employment Services assessment and the National Employment Promotion Programme directives gave the Government a clearer basis for assigning roles across federal, provincial and local levels and for designing a national framework for Employment Service Centres (ESC). This matters because service quality and sustainability now depend less on one-off local initiatives and more on institutional rules that can be applied nationally. Tripartite validation of the assessment, and the use of its findings at the National Labour and Employment Conference 2025 helped build constituent ownership of the next phase of reform.

► Key priorities for strengthening Public Employment Service (PES) in Nepal





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Discussion on ESC vision development

Building on the capacity-development of over 1,400 ESCs officials in 2024, early results show that the system is gaining traction. 66 per cent of municipalities have already embedded ESCs in permanent structures. Across 253 reporting centres, 677,738 jobseekers were registered from 2023 to 2025, 58 per cent of them women, and 59,062 placements were facilitated, including 32,115 women, 786 persons with disabilities and 5,048 people from marginalized groups. Centres also placed 26,164 semi-skilled and skilled workers, suggesting that they are increasingly supporting more sustainable labour market transitions rather than only short-term matching. Nearly nine in ten beneficiaries reported improved income, and 95 per cent reported greater confidence in navigating the labour market.

At local level, ILO also supported five municipalities to develop evidence-based employment strategies, helping connect skills provision more directly to employer demand and private sector engagement.



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ESC officials participate in a group work session during the training on Monitoring & Evaluation (M&E) and Communications & Outreach

► **Transforming potential into enterprise**

Support from the ESC, marked a positive turning point for Leela BK, 36, from Bhumikasthan Rural Municipality in Lumbini Province. A call from her ward office encouraged her to join an ESC-led skills training programme, which acted as a bridge between the community and the private sector, Om Raj Shree Multi Agro Pvt. Ltd. creating market opportunities through training in khosta (dry corn husk) weaving.

A mother of two sons, Leela once spent her days managing household chores, tending buffalo and goats and looking after her family. Today, with her family's strong support, she weaves products at home and travels to conduct trainings, earning a steady income and contributing to her household.

At first, she was hesitant. "I didn't think I could do it," she recalls. This initial self-doubt is common among many women. However, with ESC's encouragement, she enrolled in the training, which focused on producing marketable goods. Despite early challenges, Leela excelled, producing 20 items, the highest among 100 participants. During the training alone, she earned NPR 12,000 (approx. US\$82), demonstrating the effectiveness of a market-linked approach.



© ILO

"The training changed how I use my time. Now I have a productive skill," Leela explains.

The ESC's partnership extended beyond training. The company immediately began sourcing products from trainees, with Leela emerging as a leading supplier. Her dedication and growing expertise led her to become a master trainer, enabling her to train women across multiple districts and expand the programme's reach.

This year, her skills were formally recognized with a certificate and a cash prize of NPR 30,000 (approx. US\$213). Her woven products are now exported to around 10 countries, connecting rural workers to global markets.

"The trainings I took earlier didn't make much difference. But this one changed my life," she says. "Now I can earn at least NPR 30,000 (approx. US\$213) at home and up to NPR 80,000 (approx. US\$569) when I travel to deliver trainings."

Beyond income, her transformation is deeply personal. "Earlier, I couldn't even introduce myself properly. Now I speak confidently, even at the ward or municipality office," she shares.

Leela's journey shows how strategic partnerships turn skills into sustainable livelihoods and empower women in rural communities.

Integrated labour management information system

ILO support also helped strengthen the administrative foundations of labour market governance. The **Integrated Labour Management Information System (ILMIS)** became operational in 2025, creating a unified platform for labour inspection, compliance monitoring and coordination with the SSF. In 2025, the system processed 879 enterprise labour audits and managed 69 labour dispute case files, reducing reliance on paper based processes and improving transparency, efficiency, and traceability of inspections and dispute resolution. This matters because better data systems can improve transparency, enforcement and service efficiency across the employment and labour administration system.

Skills development, just transition and future labour demand

ILO support helped shift the discussion on skills and future jobs from supply-driven training toward planning based on labour market demand, climate risk and public investment. The Green Employment Diagnostics, the national roadmap on jobs and social protection under the Global Accelerator, and the detailed building design for a modern vocational training centre in Madhesh gave the Government a stronger basis for linking skills policy, employment creation and just transition. This matters because Nepal's employment challenge is not only to provide more training, but to direct investment and skills development towards sectors where decent jobs can grow, including climate-resilient industries and care services.



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ILO Nepal Director handed over building design works to establish Vocational Training Centre in Madhesh to Dr Krishna Hari Pushkar, Secretary, MoLESS Nepal.

The main result in 2025 was not yet large-scale job creation, but a stronger policy and investment pipeline. **The Green Employment Diagnostics** identified emerging sectors for green employment and the skills needed to support them. **The Global Accelerator roadmap**, aligned with the Sixteenth Plan, helped connect macroeconomic policy, job creation and social protection in a more coherent way. The Madhesh training centre design allowed a public investment in market-relevant skills infrastructure to move forward. Together, these measures gave Government and social partners a stronger evidence base for future decisions on green jobs, skills investment and a just transition.

Sustainable enterprises and formalization

ILO support helped shift the enterprise agenda from isolated entrepreneurship promotion toward a more systemic approach to formalization, women's economic empowerment and competitive, compliant supply chains. The **draft National Formalization Strategy**, the decision to decentralize **Business Permanent Account Number (PAN)** issuance to local governments, and the use of formalization tools in specific sectors gave constituents more practical entry points for reducing informality. This matters because formalization becomes more likely when entrepreneurs face lower compliance costs, clearer procedures and stronger incentives to register businesses and workers.

Early evidence shows movement in that direction. The **draft National Formalization Strategy**, developed through a consultative tripartite process and informed by diagnostics in agriculture, transport and construction, gave Nepal its first more coherent policy basis for tackling informality across sectors. Ministry of Finance approval to decentralize **Business Permanent Account Number (PAN)** issuance to local governments, with piloting planned in 56 municipalities in 2026, created a potentially important reform to reduce administrative barriers for micro and small enterprises.

ILO support also helped connect enterprise development to trade competitiveness and labour standards as Nepal prepared for graduation from Least Developed Country (LDC) status in 2026. Analysis of employment and labour provisions in trade and economic policy, focused on garments and textiles, highlighted gaps in the integration and enforcement of core labour standards. This matters because competitiveness in export sectors will be more durable if it is built on compliance, productivity and social dialogue rather than low labour standards. The analysis informed a tripartite action plan on job-rich and inclusive growth, supported the establishment of a platform bringing together employers' organizations and trade unions, and opened the way for a monitoring system on working conditions and productivity.

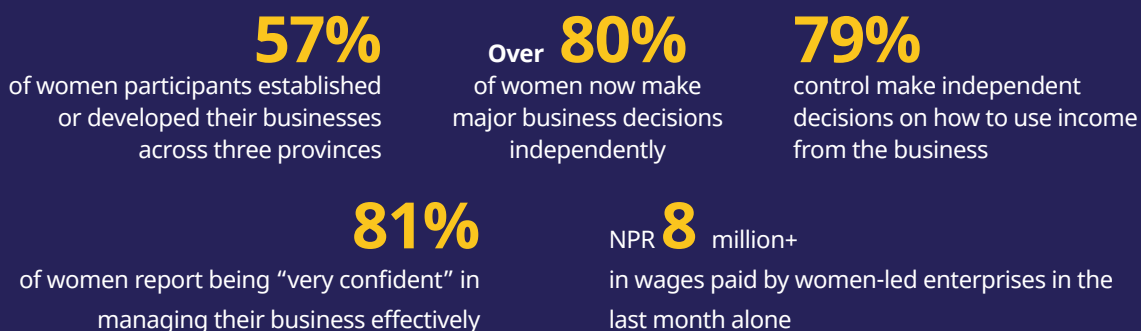
Women's Economic Empowerment

ILO support helped strengthen the business ecosystem for women entrepreneurs. Nearly 1,000 entrepreneurs, 79 per cent of them women, completed Start and Improve Your Business (SIYB) training, while 445 entrepreneurs, 86 per cent women, completed Formalize Your Business (FYB) training across four provinces. Follow-up showed that 55.5 per cent of SIYB participants started or strengthened a business, while 62 per cent of FYB participants reported business development. More than half reported increased turnover, alongside improvements in pricing, record keeping, production methods and cash-flow planning. This matters because the strongest sign of progress was not the number trained, but the evidence that business practices became more structured and commercially viable.

Catalysing women's economic empowerment (WEE)

The SIYB and FYB programs have demonstrably advanced women's economic empowerment, fundamentally restructuring household dynamics and granting women unprecedented economic agency.

Transforming lives, building independence: For the predominantly female participant base (79% of SIYB, 86% of FYB), the training marked a critical transition from unpaid household and care work to recognized entrepreneurship. Women who once described themselves as "sitting idle" or "cutting grass and cooking roti" silently sustaining households and the broader care economy have launched and grown their own enterprises.



Redefining agency

► "People love you only when you have money. If I have nothing, no one listens to me... What I say also carries weight when I have money." - SIYB participant, Doti

"In any case, now we are standing on our own feet. We do not have to stretch our hands in front of others. That itself is a matter of happiness." - SIYB participant, Kanchanpur

► Weaving her path to financial independence!

Taking part in a business training programme marked a turning point for Bhagwoti Khatri. She attended the five-day Start Your Business training organized by Mahabu Rural Municipality in Dailekh with technical guidance from ILO Nepal. The training was facilitated by a trainer who had participated in the ILO's Start and Improve Your Business Training of Trainers.

Bhagwoti learned some valuable lessons: before starting any business, it is crucial to understand what is feasible and sustainable, and consistency is key.

Before the training, she thought tailoring would be the best business for her. But after completing the five-day programme, her perspective changed. She decided to pursue *Muda* (bamboo stool) weaving instead, seeing the potential in this skill-based enterprise. These small, lightweight stools are commonly found in Nepali households.



© Bhagwoti Khatri/ILO

Following the training, she received one month of hands-on Muda (bamboo stool) weaving training in February 2025.

With the support of the rural municipality, which co-funded 80% of the equipment cost the remaining 20% covered by Bhagwoti herself, she was ready to start her home-based business.

Since starting in March 2025, Bhagwoti has sold around 25 stools, each priced at NPR 500 (US \$ 3), helping her improve her livelihood. Bhagwoti mentioned, "Before, I had to ask my husband for money, but now I can buy groceries, recharge my phone, and even buy school supplies for my children."

Bhagwoti's journey shows how entrepreneurship-based training, combined with small but critical support, can empower women to create sustainable livelihoods and take control of their financial independence.

Institutional support for women entrepreneurs also became stronger. Through partnership with the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), six **Women Entrepreneurship Helpdesks** were established in Sudurpaschim, Karnali and Madhesh. These helpdesks provided advisory services to 222 women in 2025, and 22 women took concrete steps toward formalization. Targeted support to women survivors of gender-based violence through the **Gender and Entrepreneurship Together approach** (GET Ahead training and mentorship) also produced tangible livelihood gains, with 19 women starting new businesses, 23 strengthening existing ones, and average monthly income rising from NPR 6,000 to NPR 19,000.

In agriculture, structured buyer-seller agreements linked more than 2,200 women farmers in 19 groups with wholesale buyers, improving price predictability, reducing transaction costs and strengthening bargaining power. In Karnali, farmers recorded a 25.7% sales rise (NPR 59,590 to NPR 74,916) driven by a 39.4% volume increase, reflecting formal market access. In Sudurpashchim, a 75.7% sales surge (NPR 23,338 to NPR 40,996) came from a 64.6% volume gain, aided by aggregation, quality handling, and collective selling.

► **Collective action leading to shared resilience**

In the terraced hills of Dailekh, dawn once brought anxiety for Surja Gurung, 32. A mother and farmer, her family's livelihood depended on potatoes, garlic, and ginger. But selling their harvest was a daily struggle.

"Before, the harvest was just the beginning," Surja recalls. "We spent weeks taking small lots to different markets. The cost of transport, time away from family and crops, the uncertain prices... it was exhausting."



© Shrutina Dhanchha/ILO

That burden has lifted. Surja is among 1,402 members of the Ujyalo Sana Kisan Sahakari Sanstha Ltd., a cooperative uniting 104 farmer groups. With support from the ILO, the cooperative strengthened its focus on the entire value chain, not just production, but market access.

Now, the cooperative aggregates members' organic produce, 2,000 quintals of potatoes per season, plus garlic, kiwi, oranges, ginger, and turmeric. This collective power transformed their position.

"Now the market comes to us," Surja smiles. Bulk buyers from regional hubs travel directly to their village. The cooperative handles negotiations and logistics. Transport savings become investments. Lost transit days become time with family.

"I am free of that tension," she says simply. "My work is in the field, where it should be. I can focus on being a better farmer and a more present mother."

The model shows how collective action turns individual vulnerability into shared resilience. New challenges emerge, the cooperative now discusses pricing and harvest schedules with buyers, but this signals their commercial maturity.

For families like Surja's, the shift is profound: from survival to sustainability, from anxiety to agency. Ujyalo, meaning "bright", is lighting a more promising path forward for rural farming families.

Social security expansion and protection for workers in the informal economy

ILO support helped shift social security expansion from a largely national enrolment story toward a more inclusive system with workable entry points for informal workers. Technical assistance to the Social security fund (SSF), local implementation guidelines and outreach support in 34 municipalities helped translate national policy intent into practical mechanisms at local level. This matters because social protection will not become more universal unless workers outside standard employment relationships can be enrolled through procedures and financing models adapted to their reality.

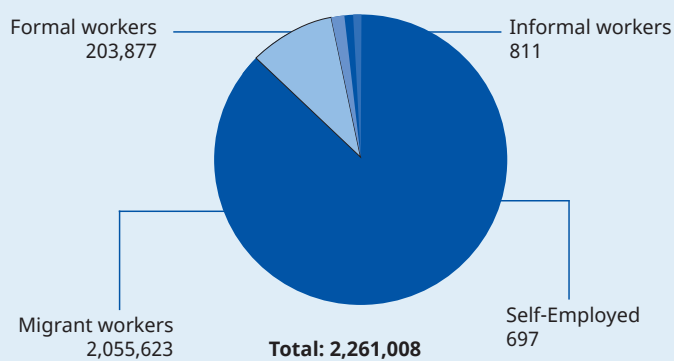
Nationally, the system continued to expand at scale. Social Security Fund (SSF) enrolment increased from 0.6 million in 2023 to 2.26 million in 2025. Cumulative contributions exceeded NPR 95 billion and total benefits paid surpassed NPR 15.88 billion, including NPR 12.4 billion in old-age pensions and NPR 2.3 billion in health-related benefits across 668,000 claims. Migrant workers accounted for the largest enrolment group at 2.055 million. These figures point to substantial national progress in extending contributory protection.



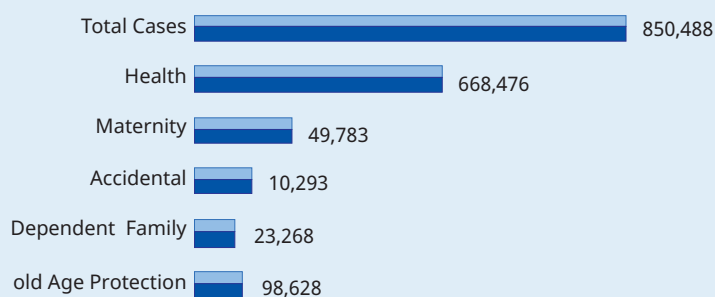
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Setting the vision for the year ahead: The Government and ILO launched a national campaign to extend social security to informal and self-employed workers.

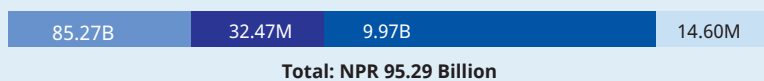
► Social security coverage



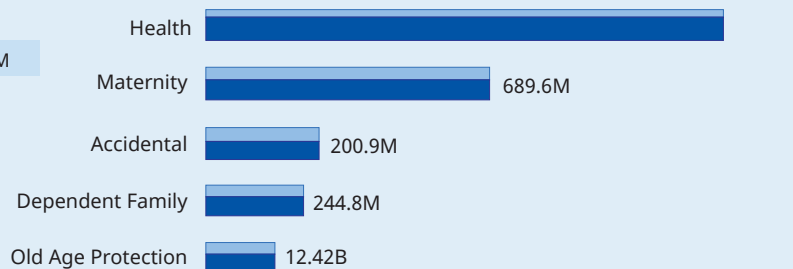
Benefits Distributed (In Numbers)



Total Contributions Collected (NPR)



Benefits Distributed (NPR)



■ Formal workers ■ Migrant workers
■ Informal workers ■ Self-Employed

Within programme areas, ILO support helped show how informal workers can be reached more systematically. In the 34 supported municipalities across Madhesh, Karnali and Sudurpaschim, 5,245 informal workers newly enrolled in the SSF in 2025, including 1,306 women. While this remains small relative to the scale of national informality, it is a meaningful systems result because it demonstrates that local government commitment, public awareness efforts and technical support can translate into enrolment of workers who are usually excluded from formal protection.



© ILO

ILO, in coordination with SSF, interacting with media personnel on the Contribution-Based Social Security (CBSS) scheme.

ILO also helped strengthen the administrative base of the system. Together with other development partners, it supported the SSF's transition from its legacy management information system to **OpenIMIS** and continued technical assistance on data migration and quality assurance. Sustainable coverage expansion depends not only on enrolment drives but also on reliable systems that can manage claims, contributions and beneficiary records at scale.

At enterprise level, ILO support also helped demonstrate what formalization can look like in practice. In the solid waste management sector, a model subcontractor agreement developed through sustained dialogue between employers and workers led Nepsemyak Sewa Private Limited to subcontract only through formally registered entities for waste segregation activities. This matters because it extended social security and labour protection to workers who had previously operated in highly precarious informal arrangements and showed how employer action can reinforce national formalization goals.

Wage policy, care economy and labour protection

ILO support helped shift labour protection from stand-alone compliance concerns toward a broader policy agenda on wage adequacy, care systems and pay equity. Technical support to tripartite wage dialogue and new evidence on care needs gave government, employers and workers stronger tools for negotiating wages and designing more inclusive labour market policies. This matters because labour protection is more durable when it is anchored in institutions and backed by evidence, rather than addressed only through periodic administrative decisions.

A concrete result was the increase in the minimum wage to NPR 19,550 per month following a 13 per cent adjustment recommended by the Tripartite Minimum Wage Fixation Committee. ILO supported the process as a technical adviser and observer, including through a national tripartite consultation on

wage policy and support for a tripartite delegation to participate in a regional workshop on wage policy and living wages. This strengthened the quality of wage dialogue and its alignment with international labour standards, even though a fully formalized evidence-based wage adjustment method is still under development.

ILO support also helped move the care economy from concept to policy design and practical demonstration. The first comprehensive assessment of care needs, services and policies across Madhesh, Karnali and Sudurpaschim gave an evidence base for the emerging national care policy. This is significant as women's labour market participation, unpaid care burdens and the quality of care work cannot be addressed effectively without a stronger policy framework and better data. Care profiles were prepared for 32 municipalities, pilot workplace care centres were established and operationalized in Birgunj, Surkhet and Dhangadhi, and plans were finalized for three additional centres in 2026. **A Time Use Module** was also integrated into the forthcoming Labour Force Survey, which should provide nationally relevant data on unpaid care and domestic work for future policy and budgeting decisions.

Progress on labour protection also began to extend into sector practice. Dialogue with employers' organizations on pay equity assessments started in the textile and garment sectors, building on the tripartite platform already established around compliance and competitiveness. Analytical work under the UN joint programme also identified social protection gaps affecting home-based workers and persons with disabilities and provided recommendations into the national roadmap on jobs and social protection. These are still early steps, but they helped strengthen the policy base for future action.



© Laxmi Narayan/ILO Nepal/UN Women

Conversation with care workers on the International Day of Care and Support in October, 2025

► Priority Area 2: International Labour Standards and Rights at Work

In 2025, to move Nepal's approach to rights at work from commitment in principle toward stronger legal, institutional and operational systems, ILO support focused on the areas where progress depends on rules, accountability and enforcement: labour law alignment with international standards, the elimination of child labour and forced labour, safer and violence-free workplaces, and rights-based labour migration governance.

Labour law reform and standards oversight

ILO support helped shift labour standards discussions from broad commitment toward a more structured process of legal review and institutional follow-up. The legal gap analysis on Conventions No. 189 and No. 190, together with the stronger functioning of the Tripartite Committee on International Labour Standards, gave Government and the social partners a clearer basis for identifying where national law and practice still fall short, especially for domestic workers and in relation to violence and harassment in the world of work. This matters because legal reform is more likely to move forward when it is grounded in shared technical analysis and tripartite dialogue rather than general intent alone.

Early results suggest that this institutional approach is taking hold. The Tripartite Committee used the review process to examine the Labour Act 2017 and related frameworks, identify areas where protections could be strengthened, and improve coordination on reporting to ILO supervisory bodies and follow-up to their observations. This is particularly relevant for domestic workers, most of whom are women and many of whom remain in informal and weakly regulated employment.

ILO also helped widen the accountability base for rights at work beyond labour administration. Following the March 2025 memorandum of understanding with the **National Human Rights Commission (NHRC)**, a three-day programme on **Fundamental Principles and Rights at Work** strengthened the capacity of Human Rights Officers and provincial stakeholders to identify and respond to violations in the workplace. Support to the UN Country Team submission to the fourth cycle of the **Universal Periodic Review** and to implementation of the **National Action Plan on Business and Human Rights** further helped connect labour standards to wider national human rights processes.

Child labour and forced labour

ILO support helped shift action on child labour and forced labour from periodic awareness efforts toward stronger data, reporting and local response systems. The review of the **Second National Master Plan on Child Labour**, publication of the first **National Child Labour Elimination Report in 2025**, and integration of a **Child Labour Module** into the 2026/27 Labour Force Survey gave the Government a stronger basis for measuring prevalence, targeting interventions and reporting against Conventions Nos. 138 and 182. This matters because reducing child labour depends on regular data, clearer accountability and functioning local protection systems, not only on campaigns.



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Focused group discussion with children on mapping of light work for children between 14-18 years at Pauwadungma Rural Municipality on 22 May 2025.

ILO's technical and financial support to MoLESS and **National Child Right Council (NCRC)** has yielded tangible results towards the sustainable elimination of child labour through the expansion and consolidation of **Child Labour Free Zone (CLFZ)** initiatives. The total number of local governments engaged in CLFZ implementation reached 204 by the end of 2025. In addition, four municipalities, Bareng Rural Municipality (Baglung), Buddhabhumi Municipality (Kapilvastu), Chandragiri Municipality (Kathmandu), and Kharpunath Rural Municipality (Humla), completed the process and declared themselves CLFZs this year, bringing the cumulative total to **14 CLFZ municipalities**.

Technical and financial support to NCRC has also been instrumental in integrating child labour elimination into the broader child protection system and sustaining the results of the CLFZ approach. In partnership with the NCRC, support to 11 municipalities strengthened the implementation of CLFZ commitments and improved case identification and referral mechanisms. During the year, 182 child labour cases were identified, including 60 girls and 122 boys. Of these, 118 children were removed from the worst forms of child labour and referred to rehabilitation services.



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Children participating in the World Day Against Child Labour, June 2025

Research in brick kilns and the carpet sector also provided a more practical basis for prevention strategies linked to economic vulnerability, school retention and supply chain compliance, all of which are becoming more important as Nepal prepares for a more competitive post-LDC trade environment.

On forced labour, ILO support helped keep reform moving despite political delays. Institutional capacity was strengthened for reporting under Conventions Nos. 29 and 105, and the **Integrated Forced Labour Bill**, aligned with the 2014 Protocol, was revised and resubmitted for parliamentary consideration. This matters because Nepal still lacks a comprehensive legal framework that brings prevention, victim protection and enforcement into one system.

Safe, healthy and violence-free workplaces

ILO support helped shift occupational safety and health from fragmented workplace action toward a more structured system that combines national policy, sector rules, grievance mechanisms and enterprise practice. Technical assistance to the **National OSH Programme**, together with sector-specific standard operating procedures (SOP) for waste collection and segregation, gave employers and workers clearer operational guidance in one of Nepal's growing high-risk sectors. This matters because safer working conditions are more likely to improve when enterprises have practical standards to implement and institutions have clearer reference points for oversight.

The need for such structured guidance is underscored by persistent gaps in other high-risk sectors. A study conducted in Suryodaya Municipality found that nearly all vegetable farmers using pesticides suffer acute health effects like headaches and dizziness, while tea farmers saw symptoms disappear after a local pesticide ban. These findings highlight persistent OSH gaps in agriculture, where unsafe handling, lack of PPE, and poor disposal practices remain widespread.

Key Findings: Pesticide Use in Nepali Tea & Vegetable Farming

► ILo Study in Suryodaya Municipality, Nepal (2024)



Pesticide ban in Tea= Health Improvement

Local ban enforced since April 2024.

Sharp drop in acute symptoms reported



94%

Know the health risks...
BUT..

11%

Follow dosage guidelines



High Risk in Vegetable Farming

Chemical use remains widespread & unsafe.



5 sprays/season



Moderately hazards (ClassII) pesticides commonly used.

16%

Understand safe handling

<5%

use Proper PPE:

To address these gaps, ILO built on earlier foundations in agriculture-related enterprises. Building on the foundation of **OSH committees** established in 55 tea and cardamom enterprises in 2024, the focus in 2025 expanded to the growing **waste management sector**. A key achievement was the development of sector-specific SOPs for safer waste collection and segregation, providing enterprises with clear, actionable standards to mitigate risks.

To support implementation, 25 trainers from the waste management sector were certified to deliver gender-responsive OSH training, and 188 workers, 33 per cent of them women, received personal protective equipment and training on hazard identification and safe work practices.

ILO also worked with the **Nepal Administrative Staff College** to strengthen the capacity of 30 Human Rights Officers from the NHRC to integrate OSH considerations into oversight and field operations, widening the institutional base for prevention and accountability.

The most important sign of change was that some employers began to invest beyond minimum compliance. After ILO-supported engagement, Tarkeswar Sarsafai Private Limited introduced a breastfeeding room, rest areas and labour-saving devices. This matters because it shows how a stronger OSH culture can translate into workplace investments that improve dignity, inclusion and risk reduction, particularly in sectors where many workers have traditionally had little protection.



© Shrutina Dhanchha/ILO

Promoting safe and dignified work: A waste management worker uses protective gear to reduce occupational risks—advancing International Labour Organization standards on Occupational Safety and Health (OSH)

► Widespread Worker Health Issues



Acute: Headaches, dizziness, nausea, skin irritation (Almost all users)



Cronic: Rising cases of cancer, kidney failure, cardiovascular diseases.

Women
disproportionately
affected

► Building a Safer Future: Key Recommendation



Train farmers in Integrated Pest Management & safe handling.



Strengthen local OSH Communities & policies.



Promote bio-pesticide, & safe disposal system.



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Breastfeeding room at Tarkeswar Sarsafai Private Limited.

At the operational level, the ILO supported the establishment of nine functional, enterprise-level Violence and Harassment Grievance Handling Mechanisms in Sudurpashchim, Karnali, and Madhesh provinces. These mechanisms provided formal channels for reporting and redress, serving as practical models for implementing the principles of C190.

► From stigma to strength



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For Anita Tamang from Sindhupalchok District, waste work was not a choice but a necessity. With limited formal education and few livelihood options, she entered the sanitation sector to support herself and her family. The work was physically exhausting, carrying heavy loads, loading and unloading waste, and manually separating glass, plastic and cartons. Cuts and injuries were routine.

Beyond the physical strain, there was social stigma. "People used to look down on me and say, 'You work with garbage? Is that even a job?'" Anita recalls

Like many sanitation workers in Nepal, Anita worked without proper protective equipment, basic facilities or social protection. Women faced even greater hardships: changing clothes in open spaces, limited access to toilets, and increased health and safety risks.

Her situation began to change after she received training and support through the International Labour Organization's Promoting Rights and Social Inclusion through Organization and Formalization – Phase II project.

"The first improvement I noticed was dignity," Anita says. "We now have a proper changing room. For women, this made a huge difference."

Today, workers at her site have boots, gloves, masks and caps, and regularly use personal protective equipment. Separate toilets for women and men have improved safety and hygiene. Training on occupational safety, appropriate workwear and proper waste-handling techniques has reduced workplace risks.

Perhaps the most transformative change for Anita was learning about workers' rights and collective voice.

"I learned the importance of joining a union," she says with pride. "I was even selected as the Chairperson of the enterprise-level union women's committee."

Through the training, Anita also learned about the benefits of enrolling in Nepal's Social security fund (SSF) how health insurance, accident coverage and long-term protection can safeguard workers' futures, especially when they are no longer able to work.

"Although we work in sanitation, getting enrolled in the SSF would support our future," she says. "Especially when our bodies can no longer handle this work."

Today, Anita is a strong advocate for dignity, respect and recognition for sanitation workers. With rapid urbanization and growing waste volumes, the sector is expanding, yet many workers still lack formal contracts, minimum wages and social protection.

"The training gave me knowledge and confidence," Anita reflects. "These lessons have made my life much easier. Now, I am happy."

Sanitation workers like Anita protect public health and the environment every day. Recognizing their work as essential and ensuring safety, fair wages and social protection is not just policy, it is justice.

As Anita's story shows, when workers are supported, empowered and respected, they do more than survive - they lead.



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Waste segregation workers at a transfer site

Rights-based labour migration governance and fair recruitment

ILO support helped shift labour migration governance from separate policy measures toward a more coherent rights-based system linking policy, data, bilateral cooperation, worker services and recruitment practices. Technical support to the **National Labour Migration Policy 2025** gave the Government a clearer framework for protecting migrant workers across the migration cycle, from recruitment to return, and for addressing gaps such as protection of Nepali workers in India, gender-responsive migration governance and fair recruitment. This matters because migration governance is more effective when ministries and subnational authorities work from a common policy framework rather than fragmented provisions.

The policy shift was reinforced by stronger data and negotiating capacity. ILO supported development of the **Labour Migration Status Report 2024**, giving Government and social partners a gender-disaggregated evidence base for policy and programming.

In coordination with the Ministry of Labour, Employment and Social Security (MoLESS) and the ITC-ILO, a 50-hour blended course on developing, negotiating and implementing bilateral labour migration agreements (BLMA) was completed by 30 senior officials and social partner representatives, including eight women. This matters because rights-based bilateral agreements depend not only on political will but on technical capacity to negotiate and monitor provisions on recruitment, working conditions and protection.

ILO support also helped bring migrant protection closer to workers themselves. In partnership with local organizations, awareness initiatives reached more than 1,400 migrant workers, 19 per cent of them women, in Malaysia and Gulf Cooperation Council (GCC) countries on topics including social security, consular services, mental health and amnesty procedures. Collaboration with the Nepali Embassy in Malaysia also enabled **mobile passport renewal services** in Penang and Johor Bahru, reaching 542 workers, including 38 women, who would otherwise have faced significant financial and logistical barriers. These are service-level gains, but they also show how more responsive institutions can reduce exclusion for workers already abroad.

► **From uncertainty to confidence: strengthening access to digital labour services for migrant workers**



© North South Initiative (NSI)

An awareness session for Nepali migrants in Johar Baru, Malaysia, on the online renewal of labour permits.

Through ILO Nepal's work with partners, Nepalese migrant workers in Malaysia are gaining practical knowledge and digital skills to access essential government and social protection services. These include online labour permit renewal, the Contribution-based SSF, telemedicine services, online consular services, and Malaysia's Social Security Organisation (SOCISO).

Ram Mahato (name changed), originally from Dhanusha District, is one of the migrant workers who has directly benefited from this initiative. For several years, Ram has been working in Seremban, Malaysia. Like many migrant workers, he had limited information about Nepal's labour permit renewal process and believed that physical presence in Nepal was mandatory.

"I thought I would have to travel back to Nepal just to renew my labour approval," Ram recalls.

That perception changed when he came across information on social media about a digital outreach session on the online labour permit renewal system. Encouraged, Ram joined the session facilitated by an ILO-supported outreach officer based in Johor, Malaysia.

The session proved to be a turning point. It was practical, easy to understand, and tailored to the real challenges migrant workers face abroad. Ram learned step-by-step how to renew his labour permit online, including required documents, system navigation, and the full application process.

After the orientation, he followed the steps and successfully completed his renewal online without major difficulties. "Now I can renew my labour permit myself," he says. "I can also guide and support others who are unsure about the process."

For Ram, the impact went beyond a single service. The session cleared long-standing confusion, saved time and travel costs, and strengthened his confidence in using digital government services. It also empowered him to support fellow Nepali migrant workers in Malaysia.

"This awareness programme reduced my confusion, saved time and costs, and increased my confidence," he explains.

Ram's story highlights how targeted digital outreach is helping migrant workers move from uncertainty to self-reliance, ensuring safer migration and better access to services. Labour permit renewal remains crucial for migrants extending their stay, ensuring continued protection and legal recognition throughout their migration cycle.

These capacity investments translated into concrete bilateral progress. In 2025, the Council of Ministers **endorsed the Bilateral labour migration agreement (BLMA) on workers' recruitment with Saudi Arabia**, which was subsequently signed in January 2026. ILO technical inputs to the draft text and national consultations helped keep the agreement aligned with fair recruitment and decent work principles. Support also continued for bilateral discussions with **Belgium** and **Luxembourg** and for draft agreements with other destination countries. While the impact of these agreements will depend on implementation, the year closed with a stronger framework for bilateral labour governance than Nepal had at the start of the reporting period.



Participants in the BLMA training program engage in Practical, applying negotiation skills through hands-on exercises while analyzing outcome graphs and strategies

On recruitment governance, ILO support helped move the discussion from voluntary principles toward more organized sector commitment. Technical assistance to the **Nepal Association of Foreign Employment Agencies** strengthened the capacity of its leadership and affiliated agencies on fair recruitment and due diligence. Training reached 164 recruitment actors at federal and provincial levels, supported review of the association's **Code of Conduct**, and contributed to 20 private recruitment agencies formally committing to roll out fair recruitment practices and integrate due diligence into business operations. This matters because change in the recruitment market depends on whether intermediaries adjust their practices, not only on whether policies are written. The process also opened the way for a **National Action Plan on Fair Recruitment**, which could provide a stronger framework for reducing fees, deception and abuse across the recruitment chain.



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To promote fair recruitment practices and strengthen the due diligence compliances in Nepal's foreign employment sector, the ILO Nepal, in collaboration with GIZ Nepal, supported the NAFEA in organizing an event.

ILO has also begun work to strengthen the social protection of Nepali migrant workers, both in Nepal and in destination countries, particularly along the South Asia to GCC corridor. In this respect, the ILO has supported efforts to improve labour migration governance by promoting more coherent and inclusive systems, strengthening the rationalization of migrant welfare schemes, encouraging policy dialogue with destination countries, and advancing the integration of social protection provisions into bilateral labour arrangements. The initiative also aims to improve the availability and use of data for evidence based policymaking and stronger protection outcomes for migrant workers.



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Meeting with SSF about potential collaboration under Migration Project in ILO Nepal.

► Priority Area 3: Strong Social Partners and Social Dialogue

In 2025, ILO support strengthened employers' and workers' organizations' service and policy capacity, broadened representation of women and informal economy workers, and institutionalized tripartite mechanisms from national to local levels. Key results included durable institutional assets, helpdesks, model contracts, council procedures, digital labour administration systems, and reference tools, that outlasted project support. These outcomes delivered more predictable institutions, improved tools, and clearer rules for joint labour market problem-solving among employers, workers, and governments.

Employer organizations, member services and policy influence

ILO support helped shift employer organizations from mainly representative bodies toward more service-oriented and policy-engaged institutions. Technical support on labour standards, compliance, occupational safety and health, formalization, social security and gender-responsive workplace practices gave employer and business membership organizations more practical tools to advise enterprises and engage credibly in policy dialogue. This matters because employer organizations contribute most effectively to tripartism when they can translate policy debate into workable guidance for firms, especially in labour-intensive and informal sectors.

The clearest institutional example was the strengthening of the **Federation of Nepalese Chambers of Commerce and Industry** as a provider of formalization and enterprise development services for women. With ILO support, FNCCI operationalized six provincial **Women Entrepreneurship Helpdesks**. In 2025, these structures provided advisory services to 222 women entrepreneurs, including direct guidance to 216 on registration and compliance processes. This strengthened FNCCI's permanent service offer rather than creating a stand-alone project channel, and it gave women entrepreneurs a more accessible entry point into formal business systems.

ILO support also helped employer organizations play a more active role in formalization through social dialogue. In the waste management sector, bipartite and tripartite engagement enabled the **Solid Waste Management Association of Nepal**, working with workers' organizations, to develop and endorse a model employment contract for waste management workers. This gave member enterprises a practical template for written contracts, clearer employment terms and closer alignment with national labour law. The process also strengthened the association's capacity to negotiate with unions, advocate for sector-specific regulatory improvements and engage more substantively in labour governance at municipal and national levels. In several sectors, employer bodies also strengthened their internal capacity to promote compliance and gender-responsive workplace practices among member companies.

Support on strategic planning, digital management and member services further helped employer organizations improve internal governance and advisory capacity. Attention to social inclusion also widened the representative base of these organizations, including efforts to bring youth entrepreneur networks more fully into their structures and to adapt outreach and service delivery for smaller businesses and members in remote areas. The result was not only stronger organizations, but employer organizations better able to contribute to formalization, sustainable enterprise growth and evidence-based social dialogue.

Workers' organizations, representation and response to emerging labour issues

ILO support helped shift union capacity building from discrete training events toward more collaborative tool development and more inclusive representation strategies. The **Trade Union Learning and Innovation Team (TULIT)** created a shared platform through which workers' organizations jointly developed practical learning tools on **freedom of association, social protection and prevention of violence and harassment** at work. This matters because unions need context-specific tools and stronger internal learning systems if they are to organize beyond formal workplaces and represent women, informal economy workers and other groups who are often underrepresented.

Fifteen union representatives participated directly in the TULIT process. The resulting materials gave workers' organizations a stronger basis for member education and future rollout, even though broader deployment was still underway at year end.

ILO also supported unions in reviewing membership strategies so they could reach workers more effectively in parts of the labour market where organization is more difficult and protections are weaker. This strengthened the quality of union engagement in policy dialogue by linking representation more closely to emerging forms of work and exclusion.

Support also helped workers' organizations respond to new labour market challenges. Participation of trade union representatives in the **Asia-Pacific Trade Unions Conference on Organizing Platform Workers** strengthened understanding of the specific risks faced by platform workers and of emerging strategies for organizing and representation. This was particularly timely as the ILO's standard-setting process on decent work and fundamental rights for platform workers advanced in 2025. The issue matters because platform work is expanding faster than the legal and institutional protections needed to cover it, and unions need stronger technical capacity if they are to shape the debate effectively.



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A two-day ILO Training of Trainers (TOT)s workshop brought together 25 employer's and worker's representatives to improve workplace safety for waste management workers in Kathmandu, Nepal.

ILO support also helped workers' organizations respond to changes in national labour jurisprudence. Following the Supreme Court ruling that the Labour Act 2017 does not apply to employees of banks and financial institutions, trade unions sought technical guidance on the possible implications for Nepal's obligations under ILO Conventions, particularly Conventions No. 87 and No. 98. ILO's role was not to intervene in judicial decisions, but to help assess whether the exclusion of this group of workers raises broader concerns for freedom of association, collective bargaining and protection of fundamental rights at work. This matters because unions need not only organizing tools, but also the capacity to respond to regulatory and judicial developments that may narrow labour rights coverage.

Tripartite institutions, labour administration and labour market governance

ILO support helped shift social dialogue from irregular consultation toward more predictable institutions and more transparent labour administration. The standard operating procedure for the Central Labour Advisory Council (CLAC) and the operationalization of Provincial Labour Advisory Councils (PLAC) in Madhesh and Sudurpashchim gave tripartite engagement clearer rules, a more regular structure and a stronger subnational footprint. This matters because labour market governance is more effective when consultation is embedded in institutions with agreed procedures, clearer agendas and follow-up on decisions, rather than depending on ad hoc meetings.

At national and provincial levels, members of the CLAC, PLAC and representatives of employers' and workers' organizations strengthened their technical understanding of tripartism, labour standards and dialogue processes. This improved the quality of participation and helped position the councils as functioning advisory mechanisms rather than symbolic platforms.

At local and sectoral level, dialogue also began to produce practical tools. In the waste management sector, constituents finalized a model employment contract to help formalize employment relationships in a predominantly informal sector. In two municipalities, labour desk operation guidelines were drafted to standardize worker registration and improve access to employment services. Six municipal social dialogue sessions engaged 140 participants, including 74 women, helping strengthen local ownership of labour governance and formalization efforts.

Digital modernization also became a concrete governance result. The **Integrated Labour Management Information System (ILMIS)** was fully operational in 2025 and processed 879 enterprise labour audits and 69 labour dispute case files. Integration with the SSF improved compliance verification and reduced reliance on paper-based processes. This matters because stronger social dialogue ultimately depends not only on forums for consultation, but also on labour administration systems that are transparent, traceable and able to support enforcement and dispute resolution in practice.

ILO also helped strengthen the wider institutional environment for labour governance. Collaboration with the **Labour Court of Nepal** led to the compilation and publication of key court verdicts as a practical reference for judges, labour administrators, legal practitioners and social partners. This is important because more accessible labour jurisprudence can improve consistency in interpretation and strengthen the rule of law in industrial relations.

At the same time, technical support to the Government and social partners on **labour inspection reform** in the context of federalism helped clarify roles across federal, provincial and local levels. A dedicated sensitization programme for 30 senior officials, including eight women, strengthened understanding of the Labour Administration Convention, 1978 (No. 150), and the Labour Inspection Convention, 1947 (No. 81), and reinforced the basis for a more coherent and accountable inspection system.



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While social norms and unequal opportunities remain key barriers for women, ILO Nepal is striving to advance an inclusive, gender-responsive world of work.

Knowledge and Evidence Generation

► Assessment of the fundamental right to a safe and healthy working environment in Nepal's cardamom sector



Examines Nepal's cardamom sector, highlighting informal work, unsafe conditions, low wages, weak inspections, and limited worker voice, recommending stronger protections, contracts, safety, and labour rights enforcement.

► Formalization of micro and small enterprises and their employees: Experiences from Nepal



Explores enterprise formalization efforts, identifying complex registration, low awareness, and high costs, recommending simplified procedures, digital systems, incentives, and stronger coordination to support transition to formal economy.

► Assessment of the fundamental right to a safe and healthy working environment in Nepal's tea sector



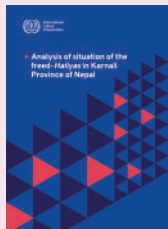
Reviews tea sector conditions, noting informal employment, safety risks, pesticide exposure, long hours, and weak protections, recommending improved enforcement, contracts, occupational safety systems, and worker representation.

► Pesticide application practices in tea and vegetable farming in Suryodaya Municipality, Ilam District, Nepal



Examines pesticide practices, revealing unsafe handling, poor knowledge, weak protective measures, and health risks, recommending training, proper disposal, Integrated Pest Management, and stronger safety enforcement.

► Analysis of situation of the freed-Haliyas in Karnali Province of Nepal



Assesses freed-Haliya communities, showing incomplete rehabilitation, poverty, discrimination, limited services, insecure livelihoods, and child labour, recommending comprehensive support, stronger protection, education access, and sustainable livelihood.

► Nepal Labour Migration Report 2024



Reviews migration trends, governance, and remittances, highlighting dependence on GCC and Malaysia, growing diversification, increasing female participation, and need for safer migration systems and stronger reintegration policies.

► Assessment of public employment services and labour market policies in Nepal



Evaluates employment services, noting nationwide coverage but weak coordination, staffing, and systems, with centres focused on programmes rather than job matching, recommending reforms and improved service delivery.

► Nepal's Labour Migration Governance Through Business and Human Rights Perspective



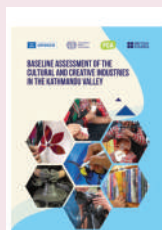
Analyses migration governance gaps, including weak enforcement, unfair recruitment, gender discrimination, and limited monitoring, recommending legal reforms, accountability, ethical practices, and strengthened worker protection mechanisms.

► Enhancing Refugee and Host Community Livelihoods in Koshi Province, Nepal: A systemic strategy for the agriculture sector



Describes project improving refugee and host livelihoods through land access, inputs, training, and markets, increasing production, income, and commercial farming, demonstrating scalable inclusive agricultural solutions.

► Baseline Assessment of the Cultural and Creative Industries in the Kathmandu Valley



Examines creative industries, highlighting informality, low wages, poor protection, gender inequality, and youth engagement, recommending policy support, formalization, skills development, and leveraging digital and tourism opportunities.



Baseline Assessment: Cultural & Creative Industries (CCI) in Kathmandu Valley

► A Snapshot from an ILO Perspective (2025)

Why CCIs Matter

- Globally: 3.1% of GDP | 6.2% of employment *\$1.4T in creative exports (2022).
- In Nepal: core of the creative economy, centred in Kathmandu, Lalitpur & Bhaktapur.
- For a Just transition: Key to sustainability, decent jobs, and inclusive growth as Nepal graduates from LDC status (2026).

Sectors Studied: Crafts & Folk Art | Design

Film | Gastronomy | Literature | Media Arts | Music

Key Findings at a Glance

1

Deficit in Labour Rights & Safety

- **unsafe conditions:** Exposure to dust, heat, tools (Craft); kitchen hazards (Gastronomy)- often without protective gear.
- **Excessive Hours:** 10-12 hour days common, up to 16-20 hours in Media Arts during crunch times.
- **Lack of Protection:** Only 17% of crafts workers have any healthcare benefit : 94% Gastronomy
- No Formal Grievance Mechanisms for workers.

3

Income Instability & Lack of Social Protection

53% face inconsistent income

- **Low wages:** 72% of gastronomy workers earn < NPR 20,000/month).
- **Gender pay gap:** 100% of top-earning Design practitioners are male.
- **High dissatisfaction** (72% in Film feel pay is unfair for their efforts eg. Film).
- No Formal Grievance Mechanisms for workers.

2

Pervasive Informality

49% of all CCI practitioners operate without formal registration.

- Highest in Music (31%) & Literature (21%)
- Long term informality: Many have been informal for over 4+ years-not just a start-
- Fear of taxes on unpredictable project income (eg. Film).
- Barrier: Fear of taxes on unpredictable project income (eg. Film).

4

Youth Driven Sector Facing Brain Drain

84% of respondents are under 45, 26% are aged 18-25

- **Digital Fluency:** 92% rely on digital tools
- **Talent Drain:** Seen as a "side hustle" over 1,700 youth leave Nepal daily -- hotels
- **Skilled** animators/VFX artists seek opportunities abroad for better pay/security.

Major Challenges

- **Finance barriers:** 55% lack access to funding; high startup costs
- **Market access costs:** Expensive trade fairs & visa barriers
- **Low demand:** 40% prefer cheaper mass-produced goods
- **Resource scarcity:** Raw materials becoming limited & costly
- **Infrastructure gaps:** Few affordable studios/workspaces
- **Undervaluation:** Low recognition, pay & informality

Strategic Opportunities

- **Design targeted formalization & link to social protection** (health, accident, pension) for creative workers
- **Develop future skills programs** integrating craftsmanship, digital skills & entrepreneurship
- **Promote green & circular economy** through eco-friendly creative production
- **Strengthen cultural tourism linkages** via festivals, artisan experiences & gastronomy
- **Expand digital market access** using e-commerce and global platforms
- **Mainstream CCI in policy** through national strategy & inter-sector coordination
- **Leverage diaspora engagement** for investment, markets & knowledge exchange

Supporting the SDGs and UN/ILO Global Initiatives

ILO results in 2025 contributed directly to national priorities under the United Nations Sustainable Development Cooperation Framework (UNSDCF) and to the SDGs, especially SDGs 1, 5, 8, 10, 16 and 17. The contribution was strongest where employment, social protection, rights at work and governance reforms reinforced one another rather than operating as separate workstreams.

Initiative or SDG area	2025 contribution
UNSDCF outcomes 1, 2 and 4	ILO results strengthened inclusive socio economic transformation, social service access and participatory governance through jobs, social protection, labour migration and social dialogue.
Global Accelerator on Jobs and Social Protection for Just Transitions	ILO contributed to the national roadmap aligned with the Sixteenth Development Plan, linking job creation, care investment and social protection expansion.
Global Coalition for Social Justice	The 2025 National Labour and Employment Conference helped align reform priorities around jobs, rights at work, social protection and formalization.
Alliance 8.7 and rights based protection	Child labour monitoring, forced labour policy work and fair recruitment action strengthened Nepal's response to unacceptable forms of work.
SDGs 5 and 8	Women led enterprise growth, care policy evidence, workplace protection and labour market services supported more inclusive and decent work outcomes.
SDGs 16 and 17	CLAC, PLACs, ILMIS and tripartite cooperation improved accountability, transparency and the collective delivery of reform.

Leading the UN's work on Global Accelerator on Jobs and Social Protection for Just Transitions in Nepal

The **Global Accelerator on Jobs and Social Protection for Just Transitions** is a United Nations initiative launched in 2021 to help countries accelerate the creation of decent jobs and extend social protection, while managing economic, technological and climate related transitions in a fairer and more inclusive way. It brings together governments, social partners, UN agencies, international financial institutions, development partners and the private sector around an integrated agenda that links employment, social protection and just transitions.

In Nepal, the Global Accelerator is particularly relevant as the country prepares for LDC graduation and seeks to strengthen domestic employment creation, social protection coverage and more resilient,

inclusive growth. Nepal joined the Global Accelerator as a **Pathfinder Country** in 2024, under the leadership of the **National Planning Commission (NPC)**, with a national Steering Committee bringing together key ministries, employers' and workers' organizations, and UN agencies.

From the outset, the ILO has played a leading technical and convening role in shaping Nepal's engagement. Working closely with the NPC and UN partners, the ILO helped position the initiative not as a stand alone programme, but as a platform to connect jobs, social protection, skills, formalization and just transition priorities within Nepal's broader development agenda, including the Sixteenth Plan and the LDC graduation process.

In 2025, the ILO undertook several researches and studies to support the evidence-based development of the **Global Accelerator Roadmap for Nepal**. This included analytical work on the macroeconomic context, social protection coverage and adequacy, green employment, labour market trends and pathways for linking employment creation with stronger protection systems.

The ILO also played a central role in supporting the governance process around the Roadmap, contributing to Steering Committee discussions, national and provincial consultations, and the identification of strategic entry points for reform. These efforts helped shape a more coherent national framework focused on integrated employment policy, better skills systems, transition from informality to formality, and the expansion of social protection, especially for workers in vulnerable situations.

The ILO has also helped mobilize and align joint UN support behind the Global Accelerator in Nepal. Through successive joint programmes with UN partners and in collaboration with the World Bank, the ILO has supported the development of a National Roadmap, analytical research and governance arrangements.

A particularly important contribution has been to ensure that the Global Accelerator remains grounded in tripartite dialogue, evidence based policy making and institution building. In doing so, the ILO has helped position the Global Accelerator as an important vehicle for advancing Nepal's commitments on decent work, universal social protection and just transitions, while reinforcing national ownership and inter ministerial coordination around a shared reform agenda.

Partnership for Development

In 2025, the ILO Country Office for Nepal utilized a budget of **US\$3.7 million** from various resources to support implementation of the Decent Work Country Programme. These resources helped advance integrated action across employment promotion, social protection, rights at work and social dialogue, while also strengthening the institutions and systems needed to sustain results over time.

The progress reflected in this report was made possible through close collaboration with our tripartite constituents and a wide range of national and local partners. We extend our sincere appreciation to the **Ministry of Labour, Employment and Social Security**, other concerned line ministries and public institutions, the **Federation of Nepalese Chambers of Commerce and Industry (FNCCI)**, **Federation of Woman Entrepreneurs' Associations of Nepal (FWEAN)**, and the trade union movement, including **NTUC, GEFONT, ANTUF and JTUCC**, for their continued engagement, technical leadership and commitment to advancing decent work in Nepal.

We also wish to acknowledge the important role of provincial and local governments, civil society organizations, cooperatives, private sector actors and other implementing partners, whose collaboration was essential in translating policy objectives into concrete results for workers, jobseekers, entrepreneurs and communities across the country. Their efforts helped ensure that reforms and services reached those most in need, including women, youth, migrant workers and workers in the informal economy.

We express our deep gratitude to our **development partners** for their trust, financial support and sustained cooperation throughout 2025. Their contributions were instrumental not only in financing programmes, but also in enabling policy innovation, institutional strengthening, piloting new approaches and supporting coordinated action with national constituents. This partnership has been critical to advancing social justice and decent work in Nepal at a time of significant economic, labour market and political transition.

Constituents



Development partners





Looking Ahead for 2026

In 2026, Nepal has an important opportunity to turn the current reform momentum into stronger labour market outcomes. The priorities emerging with the new government following the March 2026 elections place job creation, better service delivery and stronger governance at the centre of national action. The ILO will support this moment by helping translate these priorities into practical, inclusive and institutionally grounded reforms that remain fully aligned with the Decent Work Country Programme.

Under Priority Area 1, the ILO will support the Government to manage employment, skills, migration and social protection more coherently as one labour market system. This will include advancing the National Roadmap on Jobs and Social Protection for Just Transitions, supporting implementation of the Decade of Internal Employment Promotion, taking forward the National Public Employment Services Framework, supporting completion of the fourth Nepal Labour Force Survey, and helping shape a National Just Transition Strategy.

We will continue to strengthen Employment Service Centres as more effective one stop services with stronger case management, employer engagement, labour market information and local delivery. We will also support practical service improvements that respond to the Government's delivery agenda, including faster labour permit services, stronger pathways from skills to jobs and entrepreneurship, wider social security coverage for women, youth and workers in the informal economy, and continued progress on care services and formalization to expand women's labour force participation and improve income security.

Under Priority Area 2, the ILO will support labour reforms that connect law, rights and implementation. This includes technical support for a practical law reform matrix covering labour, social security, foreign employment and trade union legislation, aligned with international labour standards, federalism and changing forms of work.

We will continue to support implementation of the National Labour Migration Policy 2025, promote fair recruitment, and reinforce occupational safety and health, labour inspection, minimum wage compliance and measures to prevent violence and harassment in the world of work. These efforts will be essential to ensure that improved services are matched by stronger protections for workers at home and abroad.

Under Priority Area 3, the ILO will help the Government and the social partners turn reform commitments into working institutions. Building on progress with the Integrated Labour Management Information System, the Central Labour Advisory Council, Provincial Labour Advisory Councils and local dialogue platforms, we will support stronger tripartite coordination, clearer roles across the three tiers of government, more reliable labour administration, and better use of data for decision making, accountability and enforcement.

We will also work with development partners to strengthen alignment behind a government-led reform framework. As Nepal graduates from Least Developed Country status in 2026, this institutional focus will be essential to ensure that growth, competitiveness and reform deliver more decent work, stronger protection and greater confidence for workers and enterprises across Nepal.



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Waste workers at a transfer site. ILO Nepal promotes safety, dignity, and decent work for all workers in the informal economy.



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