



Youth Employment Policy Summary

NEPAL



International
Labour
Organization

Background Figures:

Total population:
28.87 million (2016)¹

**Youth population (%
total):**
5.7 million (2014);
20.3%²

GDP (USD\$): 20.8
billion (2015)³

GDP growth: 3.4 per
cent (2015)³

**Urban-rural
breakdown:**
18.6/81.4 per cent
(2015)⁴

**Net migration rate
(per 1000):**
-2.9 (2010-2015)⁴

**Employment by
sector:**
65.7 agriculture; 13.4
industry; 20.7
services (2001)⁵

**% earning less than
\$2/day:**
57.3 (2010)⁵

Source:
1. Worldometers
2. ILOSTAT;
3. World Bank
4. UNESCAP
5. KILM



Source: Infoplease.com

Labour Market Situation of Young People

The inclusion of Nepalese youth in the labour market involves distinct challenges, due to Nepal's 10-year civil war in which many young people participated and who therefore did not attend school and suffered violence from the conflict. According to the [Key Indicators of the Labour Market](#), Nepalese youth are twice as likely to be unemployed than adults. In addition, young men are more likely to be unemployed than young women, at 5.9 per cent and 3.3 per cent, respectively in 2013.

The *Work4Youth Project's* report on the school-to-work transition of young people in Nepal found 9 out of 10 workers to be in informal employment. The most common sector is agriculture – unsurprisingly given the overwhelming proportion of the population in rural areas. Employed youth are also most likely to be self-employed, engaging 51.3 per cent of young men and 67.9 per cent of young women.

The educational attainment of youth is improving compared to their parents, for both primary and secondary education. At the same time, a significant portion of youth – 34.3 per cent – have never attended school or finished primary level, mainly due to economic reasons or getting married. If not currently studying, many young Nepalese youth emigrate for work often to neighbouring India or the Middle East, or otherwise face underemployment, unemployment, or drop out of the labour market ([ILO, 2014](#)).

Table 1: Youth Employment Indicators

Indicator	%
Labour Force Participation Rate, ages 15-64 (2013) ¹	85.7
Youth Labour Force Participation Rate, ages 15-24 (2013) ¹	75.3
Youth Unemployment Rate (2008) ¹	3.5
Youth Unemployment Rate in South Asia Subregion (2016) ²	10.9
Enrolment in secondary education (2013) ³	59.8
Enrolment in tertiary education (2011) ⁴	14.5

Source: 1. KILM; 2. ILO 2016, WESO; 3. World Bank 4. UNESCAP

Youth Employment Policy Approach

Key employment challenges facing young Nepalese youth include lack of access to financial capital, relevance of technical and vocational education and the match between labour supply and demand. As a result, Nepal's approach to youth employment has focused mainly on education and training, along with promoting enterprise development across key sectors. Policy provisions frequently target "priority groups" or "special priority groups" which encompass youth, women, Dalit and Madhesi population, the disabled, those in less-developed regions, youth who were victims of conflict, youth with HIV/AIDS, and youth who are victims of trafficking, bonded labour or work abroad in unsafe destinations ([National Youth Policy 2010](#)). The new National Employment Policy, 2015 places particular emphasis on facilitating the formalization of the informal economy where over 90 per cent of employed youth are located. It also makes explicit the priority of supporting youth employment through entrepreneurship, access to finance and training opportunities in in-demand skills for young people. According to the Government, youth include those between the ages of 16 and 40 years old.

Policy and Legal Measures

Macroeconomic and Sectoral Policies: The Government has emphasised establishing skills training centres and developing appropriate technology in the fields of agriculture, tourism, animal husbandry, forestry, herbs production and hydro-power. Promotion of youth employment in these sectors is done by encouraging enterprise development and relevant vocational training (see below).

Enterprise Development: According to the 2011 [Industrial Policy](#), to attract talented youth and women to micro enterprises, cottage and small industries, special measures will be made through the **Business Incubation Centre** in collaboration with private sector organisations. The Angel Fund and Venture Capital Fund will assist those entrepreneurs who are running businesses through the Business Incubation Centre. Access to finance is also facilitated through **micro-credit programmes** for enterprising youth and by the provision of loans with concessional rates to educated youth and school dropouts, as indicated in the [Labour and Employment Policy](#). The [National Youth Policy](#) also mentions that programmes will be launched to provide youth friendly loans and seed money.

Other policy measures try to direct unemployed youth and school drop-outs, as well as other vulnerable groups such as women, indigenous peoples and the elderly, towards **self-employment** through vocational and entrepreneurial training and targeted programmes. Moreover, the [Labour and Employment Policy](#) calls for a programme to be formulated to develop entrepreneurial skills of young people, and allows access to other priority groups. **Nepalese youth working abroad** are specifically targeted in the [National Youth Policy](#), where the *Policy* calls for a supportive environment to be created so that skilled youth in foreign employment can return to Nepal and engage in self-employment and entrepreneurship.

Documents containing youth employment policy provisions:

- National Employment Policy 2015
- Post Disaster Needs Assessment, 2015
- Industrial Policy 2011
- Labour and Employment Policy 2005 (2062 BS)
- National Youth Policy, 2010
- TEVT Skill Development Policy, 2007 (2064 BS)
- Industrial Policy, 2011
- National Agricultural Policy, 2004 (2061 BS)

For more information on the policy documents and their provisions, please visit the [YouthPOL webpage](#).

Education and Training: Reforming the vocational training system is a priority, particularly through the active participation of members of the sectoral establishments when looking at needs assessment, curriculum development and provision of training. Such measures, in addition to private-government sector partnerships and decentralising training programmes, allow for better matching the needs of the labour market with the supply. The [Labour and Employment Policy](#) and the [TEVT Policy](#) also place priority on the inclusion of specific groups such as youth, Dalits, the poor, women, etc. to skill development and vocational programmes. The reform of the country's **National Vocational Qualifications** system is highlighted in the country's 2007 [TEVT Policy](#), and the establishment of **agricultural and forestry universities** is mentioned in the [National Agricultural Policy](#).

Did you know?

Nepal has ratified **11 ILO Conventions**, including **7 Fundamental and 1 Priority Conventions**:

Fundamental Conventions:

- Forced Labour Convention (No. 29)
- Right to Organise and Collective Bargaining Convention (No. 98)
- Equal Remuneration Convention (No. 100)
- Abolition of Forced Labour Convention (No. 105)
- Discrimination (Employment and Occupation) (No. 111)
- Minimum Age Convention (No. 138)
- Worst Forms of Child Labour Convention (No. 182)

Priority Conventions:

- Tripartite Consultation Convention (No. 144).

Regarding **different target groups**, the [National Youth Policy](#) includes special educational programmes for youth in foreign labour markets, literacy programmes for youth who are without formal education due to the previous conflict, and vocational education for those with a disability. There are also **scholarship** provisions for youth in the “special priority group”, and also for attracting bright young people to develop modern technology in fields such as agriculture, animal husbandry, herbs production and hydro-power. Moreover, the [TEVT Policy](#) assures the coverage of tuition fees and a subsistence allowance for those who do not have access to the minimum facilities, with a particular focus on vulnerable groups such as women and Dalits and those living in deprived areas. In addition, the *Policy* states that all Nepali citizens should have three months of training free of charge for employment.

Labour Law and Legislation: The [National Youth Policy](#) has provisions which touch on several important areas surrounding **conditions of work**. The *Policy* calls for an 8 hour work day for working youth, ending physical and mental exploitation of youth and discrimination against them, launching programmes to free youth from hazardous working conditions, ending bonded labour, and encouraging safe, healthy and decent working conditions.

Labour Market Policies: The [National Youth Policy](#) focuses on matching supply and demand and mitigating disharmony in the labour market. Particular provisions for **vulnerable groups** include rehabilitation through skill-oriented training to enable them to find employment. The [National Agricultural Policy](#) calls for the training of unemployed educated youth in the establishment and operation of agricultural enterprises as a means to attract them to the agricultural sector.

In terms of **social protection**, compensation will be given to youth who became disabled or suffered physical or mental exploitation during foreign employment, and programmes will be initiated to rescue them and rehabilitate them in Nepal. Finally, the [National Youth Policy](#) calls for the implementation of a **minimum wage** for youth.

Structure of Governance and Main Actors

Nepal has a **Ministry of Youth and Sports**, which was created in 2009, which is in charge of monitoring and evaluating the National Youth Policy (NYP). One of the provisions of the NYP was the formation of an autonomous National Youth Council including youth organisations, representatives of the Government and concerned bodies. The country's **Ministry of Labour and Employment** was the lead actor in formulating the Labour and Employment Policy, which was done through social dialogue with representatives from employers' and workers' organisations. With respect to vocational education and training, the key actors are the **Ministry of Education**, the **Council for Technical Education and Vocational Training** and the **National Skills Testing Board** which has developed National Occupational Skills Standards in over 250 different occupations.¹ Finally, the sectoral policies mentioned above are managed by the **Ministry of Industry** and **Ministry of Agricultural Development**, as well as their respective committees at the regional and local levels, and the Micro Enterprises, Cottage and Small Industries Board.

References:

- ILO, 2014. *Labour Market Transitions of Young Women and Men in Nepal*.
- ILO, 2014. Key Indicators of the Labour Market (KILM), 8th Edition.
- ILO, 2015. *Global Employment Trend for Youth*.
- ILO, 2015, ILOSTAT Database.
- ILO YouthPOL eAnalysis 2015, contains information with analysis of policy documents.
- ILO, 2016. *World Employment Social Outlook: Trends for Youth 2016*.
- UNESCAP, 2014. Statistical Yearbook for Asia and the Pacific
- World Bank, 2015. World Development Indicators



Source: www.theplanetd.com

¹ <http://nstb.org.np/>