

Unofficial translation

# **National Employment Policy 2071**

**Government of Nepal**  
**Ministry of Labour and Employment**  
Singha Durbar, Kathmandu

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## **1. Background**

- 1.1 The fact that productive employment is the primary basis of sustainable economic growth and poverty alleviation is increasingly being recognized as the current global trend. Generally, productive employment enhances people's income-generating capacity and reduces unemployment and underemployment, which eventually contributes to poverty alleviation. Apart from these trends, it has been observed that, in the economic growth–employment–poverty interrelationship, economic growth, number of employed and models of quality are important in shaping the achievements of employment.
- 1.2 In response to this, policymakers all over the world have put forth full and productive employment for all as their primary policy content and development strategy. Especially, countries are increasingly taking initiative to develop comprehensive policy frameworks to address trends interrelated to employment, which is known as national employment policy. In addition to this, employment is being integrated in development plans, sectoral policies and programmes as an important objective.

## **2. Past Efforts**

- 2.1 Acknowledging employment as the most effective mechanism to alleviate poverty and promote inclusion, the Government of Nepal is focusing its attention on efforts to promote job-enriched and inclusive economic growth. Various plans are found to have the objective of reducing inequality and poverty by increasing decent employment through expansion of inclusive, productive and targeted programmes, with stress on importance of employment.
- 2.2 After the formulation of the National Employment Policy 2056, it was comprehensively revised and the Labour and Employment Policy 2062, which encompasses the comprehensive nature of unemployment at the time, was introduced. That policy had been introduced to achieve the target of poverty alleviation by creating income-generating employment.
- 2.3 The Interim Constitution 2007 has provided for employment as a fundamental right. In addition to the Labour and Employment Policy 2062, the Government of Nepal has formulated a number of sectoral policies, which have included employment as a priority. The important policies related to this are the Industrial Policy, National Agriculture Policy, National Youth Policy, and Technical and Vocational Education and Training Policy.

### 3. Current Situation

- 3.1 Last decade recorded Nepal's economy growth at an average of only 4.1 per cent<sup>1</sup>. This growth was not enough to create productive employment. In general, the main sources of economic growth were service and agriculture sectors. The industry sector had achieved less than expected.
- 3.2 Analysing the background of the growing inflow of remittance (29% of GDP), household consumption seems to have influenced Nepal's economic growth, and this has played an important role in balancing the negative impacts of low growth rate of exports. The level of fixed capital formation is very low, at only 6 per cent on the basis of growth. The formation of fixed capital in the public sector is very low. Political transition, challenges in regulation and legal frameworks, as well as risks in the financial sector, especially vulnerabilities in the banking sector within the country, have hindered private investment in the infrastructure sector.
- 3.3 The total contribution of the agriculture sector to GDP in 2069 is expected to be about 34.4 per cent, whereas the shares of the industry and service sectors were 14.4 and 53.2 per cent respectively. Nevertheless, although the contribution of the agriculture sector to the country's economy is said to be in a decreasing trend, this sector is providing employment to about 74 per cent of the total labour force<sup>2</sup>. This also reflects the poor condition of labour productivity.
- 3.4 In fiscal year 2013/14, 23.8 per cent of Nepal's total population is under poverty line (Rs.19,261 per person per year, which is a decrease from 41.8% in 2052/53). There has also been a decline in the level of inequality: Nepal's Gini Coefficient noted an improvement, going down from 41 to 35 between 2060/61 and 2067/68<sup>3</sup>.
- 3.5 Although there has been gradual reduction in the level of poverty and in vertical discrimination, horizontal discrimination still persists. Inequalities and discrimination persist in poverty and human development indexes among geographical regions, social groups and women. The differences between various castes and ethnic groups are being expressed more than issues of geographical regions. Therefore, rather than any specific area or region, special social groups should be targeted.
- 3.6 In view of these overall economic and development challenges, Nepal is facing various kinds of challenges related to unemployment, for example, strong pressure in labour supply; domination of informal unemployment; lack of structural transformation and creation of productive employment; inadequate skills and educational attainment; and regional, social and gender discriminations in the labour market.

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<sup>1</sup> Ministry of Finance, Economic Survey 2070/71, page xxx, Kathmandu.

<sup>2</sup> Central Bureau of Statistics, Report on National Labour Force Survey, 2065, Kathmandu: CBS/UNDP/ILO.

<sup>3</sup> Central Bureau of Statistics, Nepal Living Standard Survey, 2067/68, Statistical Report, Edition 1 and 2.

- 3.7 According to the National Census 2011, the total population of Nepal is 26.5 million, whereas the sex ratio (number of men per 100 women) has come down to 94.2 from 99.8 compared to Census 2001. Majority of population is that of the youth: people below 35 years of age account for nearly 70 per cent of the population. Nonetheless, the major challenge is how to benefit from this huge population. The National Youth Policy 2066 defines persons between 16 and 40 years of age as youth.<sup>4</sup> By this definition, the youth account for nearly 40 per cent of the population.
- 3.8 Although the population growth rate has decreased to 1.35 per cent from 2.25 per cent in the previous decade (1991–2001), the country's labour force is constantly increasing robustly. Whereas the country's labour force totalled 10.184 million in 1991, it rose to 15.91 million in 2068. This shows the rate of growth of workforce to be 2.4 per cent. There have been significant changes in the composition of the workforce as well: women now have a huge share in the labour market and the percentage of urban population has gone up. Due to this, massive pressure is building in urban areas for employment.
- 3.9 According to the Nepal Labour Force Survey (NLFS) 2008, the population above 15 years of age in employment was 11.78 million, which shows a 2.2 per cent growth in employment generation over NLFS 1998. The average ratio in employment is estimated at 81.7 per cent, with 85.5 per cent for men and 78.5 per cent for women.
- 3.10 In Nepal's labour market, lack of decent work is not an indicator of lack of employment. This is because unemployment rate was 2.1 per cent in 2008, with 2.2 per cent for male and 2.0 per cent for female.<sup>5</sup>
- More than open unemployment, the major concerns are time-bound underemployment (6%), skill mismatch and low income generation. This reflects low level of labour utilization.
- 3.11 The labour force participation rate in urban areas is quite low compared to rural areas (67% in urban areas and 84% in rural areas). Participation rate in employment is higher for male (80.9%) compared to female (79.4%). By geographical diversity, labour force participation in urban Kathmandu Valley is extremely low (61%), where unemployment rate is the highest (8%). On the other hand, labour force participation rate is the highest in the Mid and Far West's rural and hill areas (90%), whereas unemployment rate in these areas is the lowest (less than 1%).

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<sup>4</sup> Central Bureau of Statistics, National Households and Population Census, 2011 Report, Kathmandu, Government of Nepal

<sup>5</sup> Central Bureau of Statistics, National Labour Force Survey 2065 Report, Kathmandu, CBS/UNDP/ILO

- 3.12 Productivity growth, besides increasing employment rate, is a must for creation of quality employment because if labour productivity is high, it will lead to better work conditions, higher wages and more investments in human resources.
- 3.13 In general, the informal sector has been a permanent economic feature of Nepal. Informal sector has dominated employment generation, production and income generation. According to NLFS 2065 [2008], majority of the 96.2 per cent of the Nepali population that is in employment are involved in the informal sector (88.6% in urban areas and 97.2% in rural areas). Employment in the informal sector is suffering from low quality, non-productivity and low remuneration.
- 3.14 The interconnection between quality of education and employment is very important. The main aim of the education sector is to produce citizens that are skilled, competitive and productive and that can meet the needs of domestic and international labour markets. In Nepal, lack of physical infrastructure, inadequate number of teachers and difference in pass rates between community and private schools have posed challenges in the formal education sector. Another major challenge is the lack of access of women, Dalits, people with disability, backward and indigenous communities and Madhesis to education.
- 3.15 Despite Nepal making good strides in the education sector of late, the country's total literacy rate (five years and above) is close to 60 per cent, and compared to fiscal year 2002/03, when literacy rate was 50.6 per cent, this is a giant stride (NLSS 2010/11). Nepal Living Standard Survey (NLFS) 2008 presents data of those who are not currently enrolled in school but who have completed one level of education or another. Nearly one-third of the youth were never enrolled in any type of school, and 60 per cent of them have passed grade five or above. Ratio of the youth passing secondary and higher secondary level education is quite low: 17.1 per cent of the youth only have passed class 10 or attained educational qualification above that level. Even the 'educated youth' with minimal qualifications among the so-called 'educated' are shown to be quite weak and inexperienced while entering the work force.
- 3.16 The present scenario of the educated unemployed is not very promising because of the inactivity and growing rate of unemployment, coupled with education standard.
- 3.17 The population of the youth is growing rapidly compared to the required employment for the country's total population. Due to widespread poverty and lack of better employment alternatives in the country, a majority of the youth are forced to involve in the informal sector for their livelihood, and they have no alternative to this. Failure to get employment could give rise to the feelings of risk and uselessness in the youth, which, in turn, could force them to face marginalization, exclusion, disillusionment and low self-esteem.

- 3.18 Education and skill-development activities in general should address all the demands of the labour market. In addition, these activities have to compensate for the damage caused by migration to foreign countries for seasonal foreign employment and brain drain. Furthermore, policy-level activism is required to collect and analyse information on the labour market in order to effectively project, analyse and monitor the fast-changing demands of skilled workforce. There has been no match between the demand for and the supply of workforce.
- 3.19 Currently, the supply of skilled workforce (doctors, nurses) is high, whereas semi-skilled health workers are in short supply. Similarly, the supply of persons with technical education (engineers, sub-engineers and scientists) is more than the demand. Given such conditions of technically skilled workforce, the supply of highly educated workers, administrators, managers, university teachers, legal practitioners and others exceeds the demand.
- 3.20 Vocational skill can be quite useful for the youth. However, the School-to-Work Transition Survey shows that, though such vocational education or training has helped the youth get into permanent or career jobs, Nepalese youth still consider vocational education or training less respectful. Instead, they believe higher academic degree is the main requirement for finding better employment. Employers have also been found according the highest level of importance to academic qualifications. Educational level is not given importance in manual and production-related work. In all, it has been realized that more investment is needed in vocational education/ training and, to encourage the demand for skilled workforce, good relations must be maintained with employers.
- 3.21 Labour requirement has increased, but opportunities have decreased. These have resulted in a pressure to maintain the primary labour market, which in turn has increased the number of immigrant workers. According to the Nepal Living Standard Survey 2067/68 [2010/11], migrants account for 20.3 per cent of the total population of Nepal (29.8 per cent male, 10.9 per cent female), and out of them 56.1 per cent are internal migrants, while 43.1 per cent have gone abroad. The number of male migrants in 2058 [2001] was 679,469, whereas it rose to 1,663,237 in 2068 [2011]. Similarly, the number of female migrants rose to 254,666 in 2068 [2011] from 82,712 in 2058 [2001].
- 3.22 Foreign employment has significantly contributed to poverty alleviation by bringing economic prosperity in rural areas of Nepal. Around 56 per cent of the households of Nepal receive remittance (NLSS 2067/68 [2011]). On average, each household with at least one person working abroad receives Rs. 80,462 in remittance. This high inflow of remittance is quite significant. According to a survey conducted in 2007, between 2052/53 and 2060/61 (1992/93 and 2000/01), the role of money sent home from abroad and from remittance had a share of one-fifth in poverty alleviation.

- 3.23 Considering the growth of labour force mentioned above, in Nepal more than 450,000 persons are entering the labour market every year.<sup>6</sup> In Nepal, the challenge of addressing the needs of those people who are currently employed but looking for more productive and lucrative employment, among others, overall presents the numerical dimension of the entire workforce. On the basis of this, the need to create 500,000 'productive employment' opportunities every year in the period 2066-72 [2009-15] is estimated.
- 3.24 There is a huge gap between the existing number of persons trained by all the training providing institutions of the Government of Nepal and the private sector and the number of persons who need skill training. Every year, more than 400,000 people are going abroad for employment, whereas only 74,275 skilled persons were produced in BS 2067 through training conducted by institutions within the country.<sup>7</sup>
- 3.25 In Nepal, a debate has long been going on whether the labour market regulation has facilitated or hampered investments. Good relations between employers and labour/employees are imperative for industrial growth and employment. But incidents of strikes and padlocking have seen a notable increase in Nepal in the past few years, and these things have become the order of the day.

## 4. Major Problems and Challenges

- 4.1 Despite policy-level efforts made so far, qualitative and quantitative challenges relating to employment persist; this reflects lack of proper employment in Nepal's labour market. The following are the major challenges in the labour market:
- (a) Inadequate (infra)structural transformation and diversity,
  - (b) Lack of productive employment (low productivity, low wages and poor working conditions),
  - (c) Weak education standard and inadequate skill development; use of and search for foreign employment; and diverse barriers for the youth and other social groups.
  - (d) Lack of a labour market information system and labour administration.
- 4.2 These challenges facing Nepal's labour market are quite complex and they are deeply connected to the country's economic, social and political contexts. In relation to formulating an effective policy, implementation of policies that incorporate effective programmes and projects that can contribute to achieving the country's overall development objectives have emerged as a primary necessity. From the perspective of employment objectives, in order to enhance the effectiveness of the implementation

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<sup>6</sup> National Planning Commission, Third National Plan, Approach Paper 2070/71-2072/73, p. 91, Kathmandu

<sup>7</sup> Ministry of Finance, Economic Survey 2068/69, p. 210, Kathmandu

of policies, there is need to enhance implementation capacity, improve monitoring and evaluation of the initiatives taken for employment generation, and to strengthen prioritization and coordination of employment as an objective of policymaking.

- 4.3 The weak industrial relations existing in the country is one of the major impediments to improving the labour market, which has hampered effective implementation of policies aimed at improving the labour laws and functioning of the labour market.
- 4.4 Investment is imperative to generating employment. However, the limitation of required infrastructure, lack of political stability and an encouraging environment for investment, coupled with low productivity of the economy, have failed to generate employment to make use of the increasing workforce.
- 4.5 Energy has also emerged as one of the major necessities for the overall development activities of the country. Although the country is quite rich in water resources, since there is a lack of energy to carry out all the economic, social and developmental activities, all these sectors have been restricted.

## **5. Need for a New Policy**

- 5.1 To tackle the challenges enumerated above and to resolve the problems, the need for formulating a new Employment Policy has emerged. In this context, the National Labour Summit held in BS 2069 prepared a new National Employment Policy to address the challenges in changing socio-economic environment of the country, as well as to accomplish the directives of the National Development Problem Resolution Committee.
- 5.2 Since, in any country, employment challenges crosscut various sectors, a comprehensive policy and system are required. This policy targets special employment priorities and aims to bring improvements through coordinated and harmonious methods by scaling up policy formulation efforts.
- 5.3 Nepal's Interim Constitution 2007 also has lays stress on formulation of a new employment policy. This has been reinforced through judicial review.
- 5.4 Hence, in all, this policy, when it comes into effect after endorsement, will carry out the following tasks:
  - (a) bringing improvements in policy implementation by addressing the main objectives of employment;
  - (b) enhancing integration of employment objectives in policy formulation;
  - (c) enhancing capacity for implementation of policy-level recommendations; and
  - (d) strengthening coordination and harmonization of Government of Nepal's work approach to promotion of decent and productive employment.

## **6. Basis of Policy Formulation**

- 6.1 This National Employment Policy has been formulated drawing on Nepal's Interim Constitution 2007 and the policy framework mentioned in the approach paper to the 13<sup>th</sup> three-year plan (2070-71—2072-73). This will ensure the effectiveness and harmony in Nepal's bid to achieve overall development goal. This policy has been prepared based on the Labour and Employment Policy 2062. Lessons learned in the course of implementing the Labour and Employment Policy 2062 have also been taken into consideration. Besides, while formulating this policy, due attention has been paid to the Industrial Policy, Agriculture Policy, National Youth Policy, Information and Technology Policy, Labour Act, Trade Union Act and other policy-level issues related to employment.
- 6.2 This policy has targeted women, youth, indigenous nationalities, Dalits, Madhesis and other marginalized communities/regions to address the existing inequalities and discriminations and has incorporated their concerns.
- 6.3 This policy has been formulated drawing on constructive dialogues with trade unions, employer institutions and other stakeholders. Holding social dialogues and improving industrial relations are major steps in effective ownership as well as implementation of the policy.
- 6.4 To achieve the goals of the policy, the public sector has been considered as a facilitator as well as a supporting aspect, whereas the private sector is the engine of economic growth and employment generation.
- 6.5 International Labour Organizations' Employment Policy Convention 1964 (No. 122) and Recommendations No. 122 and 184 and Human Resources Development Convention 1975 (No. 142) and Human Resources Development Recommendations 2004 (No. 195) have been taken as important directives in the formulation of this policy.

## **7. Vision**

- 7.1 The long-term vision of the National Employment Policy is to contribute to poverty alleviation by making the national economy strong and vibrant by involving the country's available labour force in productive, decent and safe employment through means of a capable labour market by making them competitive.

## **8. Main Objectives**

8.1 The main objectives of the National Employment Policy are as follows:

1. To make available productive and output-oriented employment opportunities to all citizens by promoting the national economy to orient various sectoral policies towards employment generation by harmonizing them with this policy;
2. To improve the quality of employment by gradually transforming informal employment into formal employment;
3. To create suitable opportunities for preparing knowledge- and skill-based labour force as per the need of the labour market;
4. To appropriately manage migrant and immigrant workers;
5. To accord priority to the creation of employment opportunities targeted at the youth;
6. To strengthen the labour market by using modern research-based information technology; and
7. To encourage employment-friendly investments by building harmonious industrial labour relations.

8.2 Besides meeting the aforementioned objectives, the National Employment Policy aims to address the current policymaking scenario in relation to employment. In this context, this policy will help improve the policymaking process and enhance effectiveness of its implementation, which ultimately will help achieve the following:

- a. Strong integration and prioritization of employment in policymaking process and initiatives;
- b. Effective implementation of employment-related policies and programmes through capacity development and awareness raising about employment among stakeholders;
- c. Effective coordination and harmony between the government, social partners and other stakeholders; and
- d. Enhancement of productive employment.

## **9. Policies**

9.1 These policy recommendations have been prepared around seven main objectives enumerated in 8.1. Besides, these recommendations are related with the achievements due to the effective implementation of point 8.2. Table 1 sheds light on the objectives of the policy and, thereof, the relationship between the policies.

**Table 1: Relation between the objectives and the policy**

<b>Objectives</b>	<b>Policies</b>
To make available productive and output-oriented employment opportunities to all citizens by promoting the national economy to orient various sectoral policies towards employment generation by harmonizing them with this policy	Agriculture, Manufacturing, Construction, Tourism and Information Technology and Water Resources/Energy (Part 10)
To improve the quality of employment by gradually transforming informal employment into formal employment	Entrepreneurship, Regulation Environment, Law Improvement (Part 11)
To create suitable opportunities for preparing knowledge- and skill-based labour force as per the need of the labour market	Coordination, Education (Basic, Vocational), Professional Counselling and Improvement in Matching Skills (Part 12)
To appropriately manage migrant and immigrant workers	Skill Development, Good Governance and Security of Migrant Labour, Information and Awareness (Part 13)
To accord priority to the creation of employment opportunities targeted at the youth	Labour Market Policy, Employment Service Centre, Promotion of Vocational Education and Training, Targeted Programme (Part 14)
To strengthen the labour market by using modern research-based information technology;	Collection and Dissemination of Information on Labour Market and Their Propagation (Supply and Demand Aspect), Capacity Building to Analyse Information on Labour Market, Employment Exchange and Service (Part 15)
To encourage employment-friendly investments by building harmonious industrial labour relations	Creating Positive Environment for Domestic and Foreign Employment (Part 16)

10. Policies related to Objective 1: To make available productive and output-oriented employment opportunities to all citizens by promoting the national economy to orient various sectoral policies towards employment generation by harmonizing them with this policy.

10.1 To achieve this objective, special policies, shown below, related to agriculture, manufacturing, construction, tourism, information technology and water resources/energy sectors have been incorporated:

## Agriculture Sector

### Policies

- 10.2 The productivity of those involved in the agriculture sector will be increased through increase in production by making provision for irrigation, agriculture inputs and modern technology (simple power tillers, threshers and harvesters which can fetch the harvest from field to home and then to the market), and particular stress will be laid on cultivating high-value crops.
- 10.3 To develop the sub-regions that have high possibility of cultivation of principal and cash crops, income elasticity, and production and productivity increase, required incentives will be provided, as well as well-equipped infrastructure will be built and scaled up.
- 10.4 While selecting sub-regions for promotion of the agriculture sector, aspects such as food security, employment promotion and export potential will be taken into consideration.
- 10.5 Efforts will be made to get maximum benefits from the country's climate diversity; agricultural employment will be promoted in high mountainous regions.
- 10.6 Competitive capacity of the agriculture sector will be strengthened by improving productivity of export-oriented agriculture and emphasizing marketization of agriculture.
- 10.7 The national economy will be supported through increase in agricultural productivity, innovation and value addition and linking value chain with the global market. Through appropriate policy initiatives, productivity and income generation of those involved in the agriculture sector in unorganized way will be improved.
- 10.8 To commercialize and modernize the subsistence-oriented production system, *chaklabandi* (land pooling), cooperative and collective farming will be practised, as well as emphasis put on small savings mobilization and technical skill development.
- 10.9 Cooperatives will be effectively mobilized from the beginning of production activity to marketization of product.
- 10.10 To help farmers in food quality control, local farmer groups will be made capable of buying and selling farmers' services with the help of Agriculture Development Offices, Livestock Office and Cooperatives at local level through agriculture cooperatives.
- 10.11 Entrepreneurial and self-employment-related training for employment will be imparted to the youth, Madhesis, indigenous nationalities, Muslims, the physically challenged,

Dalits, conflict-affected, vulnerable, marginalized and minority communities of rural areas.

- 10.12 To promote agriculture and livestock service centres, agriculture and livestock insurance, community farming, lease farming, cold storage, agriculture processing and food processing operated by the government and private sectors, self-employment of the youth living in rural areas will be encouraged through leadership development of farmers.
- 10.13 To ensure biological safety in the agriculture sector and physical safety of workers, use of pesticides will be minimized and use of safety measures during pesticide application will be made mandatory.
- 10.14 Concessions and assistance will be provided on the basis of employment generation by prioritizing commercial agricultural production that generate employment through the private sector.

## Manufacturing Sector

### Policies

- 10.15 Setting up of one-stop-service system through online services will be encouraged to facilitate establishment of industrial enterprises and to bring unorganized businesses under the legal framework.
- 10.16 Establishment of labour-intensive industries will be encouraged.
- 10.17 Priority will be given to employment-based industries that can address regional inequality. Special incentives and encouragement will be given to promote investment in comparatively backward areas and regions which are lagging behind in development.
- 10.18 Foreign Direct Investment will be attracted and encouraged in areas where there is possibility of creating productive employment.
- 10.19 Environment conducive for industries to establishing forward and backward linkages will be created, as well as adoption of professional management in industries encouraged.
- 10.20 Small, medium and large-scale industries will be built and expanded so as to reap trade benefits from neighbouring and other countries.
- 10.21 Employment-oriented small and cottage industries will be strengthened through financial, institutional and technical support. Diverse promotional programmes of

commercial art and skill development will be conducted to promote industries based on local resources in rural areas.

- 10.22 To increase labour productivity, production firms will be encouraged to improve their produce and process and quickly move ahead in the value chain.
- 10.23 Required institutional structure will be set up for an industrial security force for the security of industries.
- 10.24 Stress will be laid on maintaining of sound industrial relations by establishing harmonious relations between trade unions and employment providers.

## Construction Sector

### Policies

- 10.25 Substantial improvements will be made in both quantity and quality of required training so as to develop skilled workforce in the infrastructure sector. Private sector construction entrepreneurs will be encouraged to provide in-country employment to capable people who have returned from abroad after gaining skills and experience in the field.
- 10.26 Skill development programmes will be developed as the main component of employment programmes in order to create opportunities for sustainable employment.
- 10.27 In the construction of rural roads, participation of the private sector will be encouraged to employ labour-intensive technology.
- 10.28 In the construction of road infrastructure, as well as repair and maintenance, expansion and improving of road networks, priority will be accorded on the basis of impact on employment. While designing road projects, emphasis will be given to employment creation through optimal use of local skills and resources.
- 10.29 To create employment for both highly- and semi-skilled workforce, a favourable environment will be created for the implementation of feasible hydropower projects.
- 10.30 Agricultural employment will be increased by putting focus on mobilization of local resources for development of irrigation facilities.

## Tourism Sector

### Policies

- 10.31 Special priority will be given to rural tourism that enjoys comparative benefit and generates more jobs. As part of the Rural Tourism Programme, additional employment opportunities will be created through diversification and expansion of tourism destinations and tourism products.
- 10.32 Effective programmes will be launched by focusing on quantitative and qualitative tourism to extend tourist stay.
- 10.33 Opportunities will be created for additional income and employment generation by opening new trekking routes for identification, development and expansion of virgin tourist destinations in the country.
- 10.34 For the development of the tourism sector, along with promoting investments, new ideas will be implemented so as to enhance productive employment and professional skills in travel and hotel businesses.
- 10.35 The private sector will be encouraged to run skill development programmes, and to help in operations (front office, guest relations, logistics, etc.) in order to address the need for supplying required workforce to the tourism sector.
- 10.36 The private sector will be encouraged to address the needs of the tourism sector, .
- 10.37 Employees/workers of formal sectors will be encouraged to visit different parts of the country to generate rural employment through promotion of domestic tourism.
- 10.38 Stress will be laid on increasing supplementary income by encouraging the local community to make provision of home stay at the destinations and trekking routes that lack hotels of quality and in adequate number.
- 10.39 Contribution will be made to employment generation, regional balance and poverty alleviation by achieving a balanced, inclusive and just economic growth through tourism development.

## Information and Technology Sector

### Policies

- 10.40 Since the Information Technology Policy 2067 has already incorporated activities like ITES, BPO, legal statistical base processing, digital content development, animation, remote maintenance, financial service, data processing, call centre and back-up operation, this policy will stress effective implementation of activities related to information technology through close coordination among the government, business and academic institutions.
- 10.41 Universities in the country will be supported to run Bachelor's and Master's level courses of international standards in Computer Science, Computer Engineering and other information technology-related courses.
- 10.42 The private sector will be encouraged in the teaching, research and development of the information technology in order to develop mid-level workforce in the field in each development region.
- 10.43 Stress will be laid on computer education from the school level. Internet service will be provided free of cost to universities and public schools so as to help them run computer education in a more organized way.
- 10.44 Scholarships will be provided to poor and bright students from rural areas who want to pursue higher studies in information technology.
- 10.45 Employment will be generated in the ICT and BPO sectors by developing physical and virtual information technology in partnership with the private sector for the overall development of this sector in the country.
- 10.46 More jobs will be created through promotion of e-education, e-health and e-governance by improving the use of information technology and through introduction of information technology means to rural areas.
- 10.47 Venture capital fund will be set up with the joint efforts of the public and private sectors and the access of the youth from rural areas to loan assistance will be made easier in order to create rural employment through partnership.
- 10.48 Laws will be promulgated to extend legal rights on use of necessary information for Business Process Outsourcing.

## Water Resources/Energy

### Policies

- 10.49 Stress will be laid on creation of direct employment through construction of large, medium and small hydroelectricity projects based on the country's need, potential and capacity.
- 10.50 Foreign capital and technology will be attracted, as well as local labour used, to operate large hydroelectricity projects.
- 10.51` Efforts will be made to make provision for domestic and foreign funds in the construction of medium hydroelectricity projects. Stress will be laid on use of domestic skills, technology and human resources in such types of projects.
- 10.52 Small hydroelectricity projects will be fully based on local capital and technology. Use of highly skilled human resources, apart from other workers and employees, from local areas, as far as possible, will be emphasized.
- 10.53 As water resources and other energy sources are abundantly available in the country, stress will be laid on generation of employment at local level by identifying such resources on cost-benefit basis.

## **11. Policies related to Objective 2: To improve the quality of employment by gradually transforming informal employment into formal employment**

### Policies

- 11.1 Entrepreneurial training and business development service will be provided to launch cottage, small and medium industries. In addition, required policy and programmes will be introduced to help expand business and get benefit from big investments.
- 11.2 Credit, information and business development services for the youth, women, indigenous nationalities and marginalized communities will be made more accessible to help them start cottage, small and medium industries.
- 11.3 Opportunity will be given to informal sector workers to receive non-formal education (for example night school, distance learning, etc) or if possible through grant-based professional training. To bring the skills, training and capacity obtained through non-formal ways at par with the formal education system, opportunities will be provided for continuous education, employment-oriented training and re-training.

- 11.4 Positive legal provisions will be introduced to regulate small financial institutions and to help them get certain amounts of deposit; a policy will be adopted through which the poor and marginalized communities can get involved in income-generation activities through these small financial institutions.
- 11.5 Special priority will be given studying technical subjects after passing out secondary and higher secondary level, as per requirement, and it will be ensured that there is no shortage of technical workforce.
- 11.6 Employment exchange agencies and other employment shops will be encouraged to operate in the form of labour cooperatives.
- 11.7 Social security of all citizens involved in the informal sector shall be ensured by gradually linking them to the social security plan.
- 11.8 Labour-related Acts and regulations will be amended to make them compatible with the changed context and to promote employment.
- 11.9 Dalits, endangered, marginalized and backward communities will be encouraged to make their traditional occupations more organized and productive by organizing them into cooperatives and transforming them into modern occupations.

## **12. Policies related to Objective 3: To create suitable opportunities for preparing knowledge- and skill-based labour force as per the need of the labour market**

### Policies

- 12.1 In order to prepare the required skilled workforce as envisaged by the national education and human resource development policies, effective coordination among concerned agencies will be achieved.
- 12.2 Training areas will gradually be expanded in line with the market demand by enhancing the capacity of central and local-level training centres run by governmental, non-governmental and private sectors.
- 12.3 Special programmes (waiver of unseen fees such as school uniform and book costs, school admission fees, making available targeted scholarships, etc) that are conducted for children belonging to poor and deprived communities (Dalits, indigenous nationalities, Madhesis, Muslims) at secondary level will be scaled up, with additional incentives, whereas the workforce who dropped out of formal education will be made competent by imparting the skill-oriented education.

- 12.4 The literacy programmes, including those of legal literacy, conducted by NGOs, local bodies, schools and the private sector will aim at increasing the employability of women, Dalits, indigenous nationalities, Madhesi, marginalized communities and the physically challenged.
- 12.5 Employability of targeted and deprived communities will be enhanced by offering them scholarships to increase enrolment rate and reduce school dropout rate by enhancing effectiveness of the local-level basic educational networks and to make available incentives in school.
- 12.6 Formal education will also be orientated towards skill-oriented education.
- 12.7 Various programmes will be formulated and implemented to enhance professional competence of schoolteachers and to improve teaching and learning materials. The approach of providing capacity-based on-the-job training will be adopted to help them produce skilled workforce by improving their work performance.
- 12.8 Scholarships, study loans and financial assistance will be provided for marginalized communities who are economically and socially lagging behind to increase their access to high level of technical education.
- 12.9 Career counselling will be made mandatory for the final leg (higher secondary level) of school education and for those who drop out of school early. To enhance access of the physically challenged, employment-oriented training aimed at the physically challenged and disable-friendly infrastructure will be expanded.
- 12.10 Awareness programmes will be conducted for promoting vocational education and training for increasing employability. Mass awareness campaigns will be launched through the public media to promote youth entrepreneurship.
- 12.11 Stress will be laid on awareness campaigns to develop a culture of respecting work and workers.
- 12.12 Under technical and vocational training programme, the 'Start and Improve Your Business (SIYB)' training framework will be applied and stress will be laid on implementation of capacity-building programmes.
- 12.13 Know About Business (KAB) programme will be integrated in the school system (vocational and regular schools).
- 12.14 Vocational education and training course materials will be integrated in the formal education system. Employment providers will be invited from time to time to interact with trainees and provision will be made in coordination with employers for on-the-job training.

### **13. Policies related to Objective 4: To appropriately manage migrant and immigrant workers.**

#### Policies

- 13.1 A provision will be introduced in which workers and foreign employment agents will have to sign a contract regarding remuneration and other perquisites in the presence of the department concerned.
- 13.2 The agencies concerned will be restructured to extend foreign employment services down to the local level.
- 13.3 International conventions that ensure the rights of immigrant workers will gradually be ratified and partnership will be entered into with international community to safeguard workers' rights.
- 13.4 Awareness programmes will be conducted to disseminate information about opportunities in the destination countries as well as the risks related to migration.
- 13.5 By accepting foreign employment as an intermediate strategy, workers aspiring to go for overseas employment will be imparted suitable training and skills. Policy-level and institutional improvement activities will be carried out to ensure safe foreign employment, whereas provision will be made for mandatory training so that those aspiring to go abroad for work can have easy access to such training programmes.
- 13.6 Nepalese missions abroad will be mobilized to ensure decent, safe, profitable and credible foreign employment promotion.
- 13.7 Labour agreements will be signed with destination countries for the security and welfare of Nepalese migrant workers.
- 13.8 Programmes will be conducted to provide skill-oriented training as demanded by foreign employers, to manage credit facility for overseas employment and to strengthen the monitoring system.
- 13.9 The youth belonging to Dalit, indigenous nationalities, Madhesi, Muslim and marginalized communities from backward regions will be provided with opportunities for foreign employment.
- 13.10 Stress will be laid on ensuring safe and decent foreign employment for women.
- 13.11 The remittance system will be made more simple and easy and investment of remittances in productive sectors, with appropriate plans and programmes, will be encouraged. For this, a policy on mobilization of remittances will be formulated.

- 13.12 Documentation and information system of immigration workers will be organized and strengthened.
- 13.13 Suitable institutional provisions for poverty alleviation will be introduced by linking the remittances received through foreign employment (cash, skills, experience, technology) to national production.

#### **14. Policies related to Objective 5: To accord priority to the creation of employment opportunities targeted at the youth**

##### Policies

- 14.1 To provide employment to all youth, coordination will be done with other line agencies. The youth will be encouraged to find domestic employment.
- 14.2 An effective action plan will be formulated for youth employment and it will be implemented in coordination with the stakeholder ministry.
- 14.3 Special provisions will be implemented effectively to develop women entrepreneurship and to encourage women to become entrepreneurs.
- 14.4 Employment exchange information centres that provide information about labour market programmes and employment services will be encouraged to improve youth employment. Arrangements will be made for monitoring and inspection of all the institutions that have been providing employment services to ensure that they are registered with the designated government agencies, as well as adequacy of quality and number of services they have been providing.
- 14.5 To improve employment opportunities in the areas that are least developed and have minimal facilities, the provision of subcontracting between small and medium industries and institutions run by the private sector will be encouraged.
- 14.6 Training programmes will be conducted aiming those who have entered the labour market after class eight year or less of education.
- 14.7 Necessary mechanisms like youth counselling service, resource centre and the like will be put in place in order to enhance access of the youth to information and programmes related to employment.
- 14.8 Opportunities will be provided for the youth in employment, self-employment and social work by developing their social and economic entrepreneurship.

- 14.9 Entrepreneurship and self-employment of the youth will be encouraged by laying stress on education and training that is practical, technical and suitable for the labour market based on their capacity and educational level.
- 14.10 Agro-based industries, traditional occupations, local resources, and new and latest information technology will be encouraged for the youth.
- 14.11 Rural people, deprived and the vulnerable from all geographical regions will be given special priority in education, health, training and employment opportunities.
- 14.12 The current training curriculum and training programmes will be reviewed to make them gender sensitive.
- 14.13 Employment guarantee programmes will be launched at certain place and time for unemployed youth.
- 14.14 Special encouragement will be given to the youth by providing them with agricultural credit, agriculture equipment and inputs (power tiller, thresher and vehicles to carry their produce from fields to the market). They will also be encouraged towards modernization and commercialization of agriculture.
- 14.15 Youth employment promotion centres will be set up to expand the youth employment programme at the local level and to achieve inter-agency coordination.
- 14.16 The youth will be equipped with required skills by imparting them technical and vocational education as per the need of the labour market.

## **15. Policies related to Objective 6: To strengthen the labour market by using modern research-based information technology.**

### Policies

- 15.1 Arrangements will be made to conduct National Labour Force Survey and to disseminate information through a report on employment trend at fixed periods.
- 15.2 By identifying the gap between the required and available skills based on the demand for labour, information dissemination to this effect will be made effective.
- 15.3 Efforts will be made to bring harmony and clear-cut improvements in the parameters, guidelines and mandate of skill development system.
- 15.4 The Ministry of Labour and Employment will be properly equipped and a labour market information analysis unit will be established and the capacity of the stakeholders concerned in relation to information analysis will be improved.

- 15.5 Running of employment exchange service, by covering certain occupations and districts, will be stressed as a model project with an organization, system and work procedure. Lessons learned from model projects will be applied as a nation-wide programme.
- 15.6 A career counselling programme will be conducted to provide the youth from rural and urban areas with information on the labour market.
- 15.7 Employment information centres will be developed as employment exchange. The centres will prepare lists of the labour market's demand, unemployed and the skills of the unemployed and share the information with suppliers. Cooperatives will be encouraged to manage such centres.
- 15.8 Provision will be made for free skill-oriented training for those who have been identified as poor.

## **16. Policies related to Objective 7: To encourage employment-friendly investments by building harmonious industrial labour relations.**

### Policies

- 16.1 Foreign investment will be invited in the fields of hydropower, infrastructure construction, tourism, large-scale industries and information and communication technology, which will create employment opportunities.
- 16.2 To attract foreign investment in large industries, a range of incentives will be offered on the basis of employment such industries have generated and the process will be simplified to offer such facilities.
- 16.3 Nepalese embassies abroad will be mobilized more effectively to attract foreign direct investment.
- 16.4 Laws and acts will be amended to update them to encourage domestic and international joint venture businesses.
- 16.5 Visa process will be simplified for those big foreign investors who generate large employment opportunities.
- 16.6 The government will create an environment for partnership with the private sector to raise foreign direct investments for running projects identified by the private and public sectors.
- 16.7 Provision will be made to felicitate industrialists by the state on the basis of the employment they have generated.

- 16.8 Employment will be adopted as the cornerstone of poverty alleviation by developing employment relations in accordance with the concept of Decent Work and International Labour Organization Labour Standards.
- 16.9 Trilateral and bilateral consultations and partnerships between government, employers and workers will be constantly encouraged to increase productivity by developing harmonious industrial relations.
- 16.10 Programmes will be conducted to gradually eliminate gender, geographical and caste-based discriminations that are seen in the field of employment.
- 16.11 Trilateral and bilateral social dialogues will be encouraged to develop industrial relations, resolve disputes and to institutionalize it to the policy making level.
- 16.12 Equal and balanced representation in trilateral and bilateral mechanisms will be encouraged to enhance effectiveness of social dialogue.

## **17. Strategy and Implementation Mechanism**

### Policies

- 17.1 The National Employment Policy will be the umbrella policy for creating employment and all agencies concerned must formulate and implement their strategies and policies in accordance with this Policy.
- 17.2 Since employment is a cross-cutting issue, various ministries, departments and the stakeholders from the private sector will be responsible for the implementation of the National Employment Policy. An institutional framework will be put in place to ensure incorporation of employment in the sectoral policies and programmes and to monitor the results of the policies and plans.
- 17.3 The National Employment Policy will be reviewed every year, while periodic review will be done every five years.
- 17.4 The capacity of the ministries and departments concerned to develop and monitor employment-oriented targets will be enhanced through effective training programmes. This will incorporate the employment targets in overall plan, policy and strategy aimed at addressing employment target.
- 17.5 In relation to the impact of public investment, project, programme and policy on employment, a guideline will be developed to prepare periodic reports on the impact of the activities accomplished by the ministries and departments concerned.

- 17.6 A National Labour and Employment Research Foundation will be established to conduct research on Nepal's labour and employment. The Foundation will offer policy recommendations to the Ministry of Labour and Employment
- 17.7 The Ministry of Labour and Employment will implement, monitor, evaluate and coordinate the National Employment Policy. Monitoring and evaluation will be done under the overall guidance of the National Monitoring & Evaluation Committee. National Monitoring & Evaluation Committee, which will be set up as per Schedule 1, will provide policy directions to the agencies concerned in relation to the coordination of the activities carried out by the various stakeholders, as well as mobilization of resources. The evaluation committee will meet at least two times every year.
- 17.8 The Ministry of Labour and Employment will function as the Secretariat of the said committee and will carry out annual monitoring and progress review of the implementation of the policy. To fulfil this responsibility, the Ministry of Labour and Employment will be equipped with resources.
- 17.9 To improve policy implementation and to incorporate employment objectives in the policy-formulation process, stakeholders' capacity will be strengthened through training and resource mobilization.
- 17.10 Provision will be made for imparting quality training by bringing all institutes providing vocational and skill development related under one roof. For this purpose, provision will be made for an institutional framework as per Schedule 1.

## **18. Annulment and Protection**

- 18.1 The Labour and Employment Policy 2062 is annulled. All work carried out under that policy will be deemed to have taken place and been implemented under the National Employment Policy 2071.

## Schedule 1

### **National Employment Policy Monitoring & Evaluation Committee (Related to Article 17.7)**

1	Minister/State Minister, Ministry of Labour and Employment	Chairperson
2	Assistant Minister, Ministry of Labour and Employment	Vice-Chairperson
3	Member, National Planning Commission	Member
4	Secretary, Ministry of Labour and Employment	Member
5	Secretary, Office of the Prime Minister and Council of Ministers	Member
6	Secretary, Ministry of Finance	Member
7	Secretary, Ministry of Industry	Member
8	Secretary, Ministry of Law, Justice, Constituent Assembly and Parliamentary Affairs	Member
9	Secretary, Ministry of Agriculture Development	Member
10	Secretary, Ministry of Physical Infrastructure and Transport	Member
11	Secretary, Ministry of Commerce and Supplies	Member
12	Secretary, Ministry of Education	Member
13	Secretary, Ministry of Federal Affairs and Local Development	Member
14	Secretary, Ministry of Culture, Tourism and Civil Aviation	Member
15	Secretary, Ministry of Cooperatives and Poverty Alleviation	Member
16	Secretary, Ministry of Youth and Sports	Member
17	Secretary, National Planning Commission Secretariat	Member
18	Representative, Federation of Nepalese Chambers of Commerce and Industry	Member
19	Representative, Confederation of Nepalese Industries	Member
20	Representative, Nepal Chamber of Commerce	Member
21	Representative, Joint Trade Union Coordination Centre	
22	Joint-secretary, Ministry of Labour and Employment (concerned department)	Member Secretary

## Schedule 2

### **National Training Management Committee on Skill Development (Related to Article 17.10)**

1	Secretary, Ministry of Labour and Employment	Chairperson
2	Joint Secretary, Office of the Prime Minister and Council of Ministers	Member
3	Joint Secretary, Ministry of Finance	Member
4	Joint Secretary, Ministry of Industry	Member
5	Joint Secretary, Ministry of Law, Justice, Constituent Assembly and Parliamentary Affairs	Member
6	Joint Secretary, Ministry of Agriculture Development	Member
7	Joint Secretary, Ministry of Physical Infrastructure and Transport Management	Member
8	Joint Secretary, Ministry of Commerce and Supplies	Member
9	Joint Secretary, Ministry of Education	Member
10	Joint Secretary, Ministry of Federal Affairs and Local Development	Member
11	Joint Secretary, Ministry of Culture, Tourism and Civil Aviation	Member
12	Joint Secretary, Ministry of Cooperatives and Poverty Alleviation	Member
13	Joint Secretary, Ministry of Youth and Sports	Member
14	Joint Secretary, National Planning Commission Secretariat	Member
15	Joint Secretary, Ministry of Labour and Employment (overseeing the department concerned)	Member Secretary

The aforementioned committee can invite the chiefs of the various training institutions, as per the requirement