

REVIEW OF POLICIES FOR YOUTH EMPLOYMENT IN NEPAL

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Background, Objectives, Methodology

Background

- Building and sharing knowledge on youth employment policies in Asia and the Pacific.

Objective of the study

- **Supporting policy makers** to tackle the youth employment crisis through informed policy decisions.

Methodology

- **Analysis of Secondary sources**
 - National Population and Housing Census 2011, the Nepal Living Standards Survey 2011/12, the Demographic and Health Survey 2011, and the Nepal Labour Force Survey 2008
- **Review of existing policies** relating to employment to identify the main challenges in youth employment

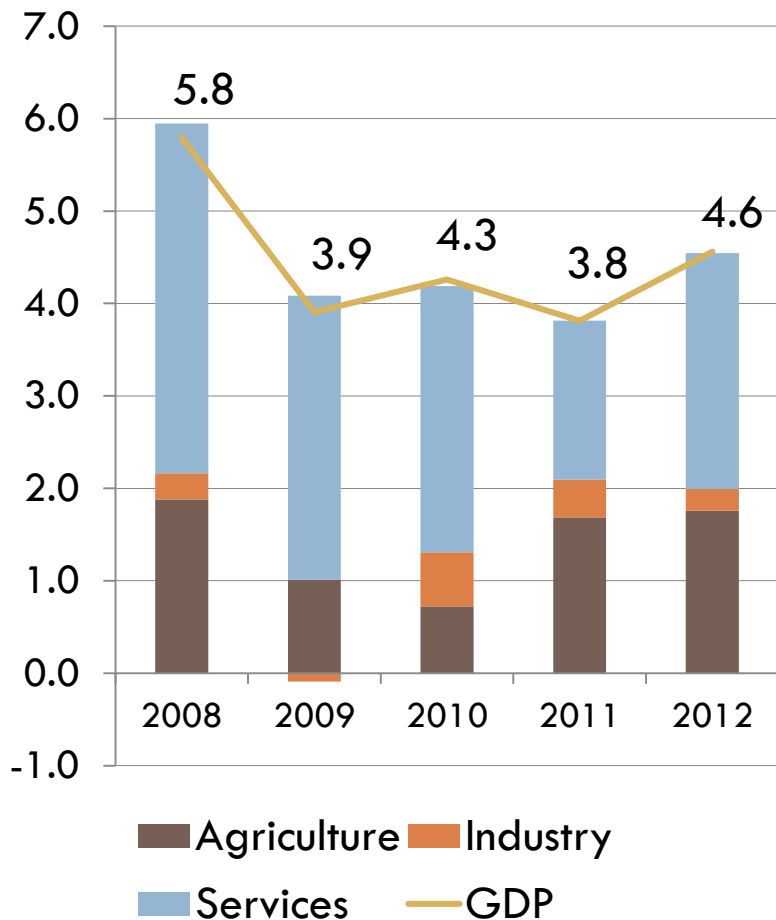
Rational for the Focus on Youth Employment Policy

- 1 Young people, especially from disadvantaged and marginalized communities were at the center of armed conflict
- 2 Many lost the opportunity to attend/complete school/vocational training
- 3 Nine in ten young workers are in informal economy
- 4 High external migration in search of better opportunities
- 5 Level of completed education of young population is in rising trend
- 6 Political stability and economic development



Situation Analysis

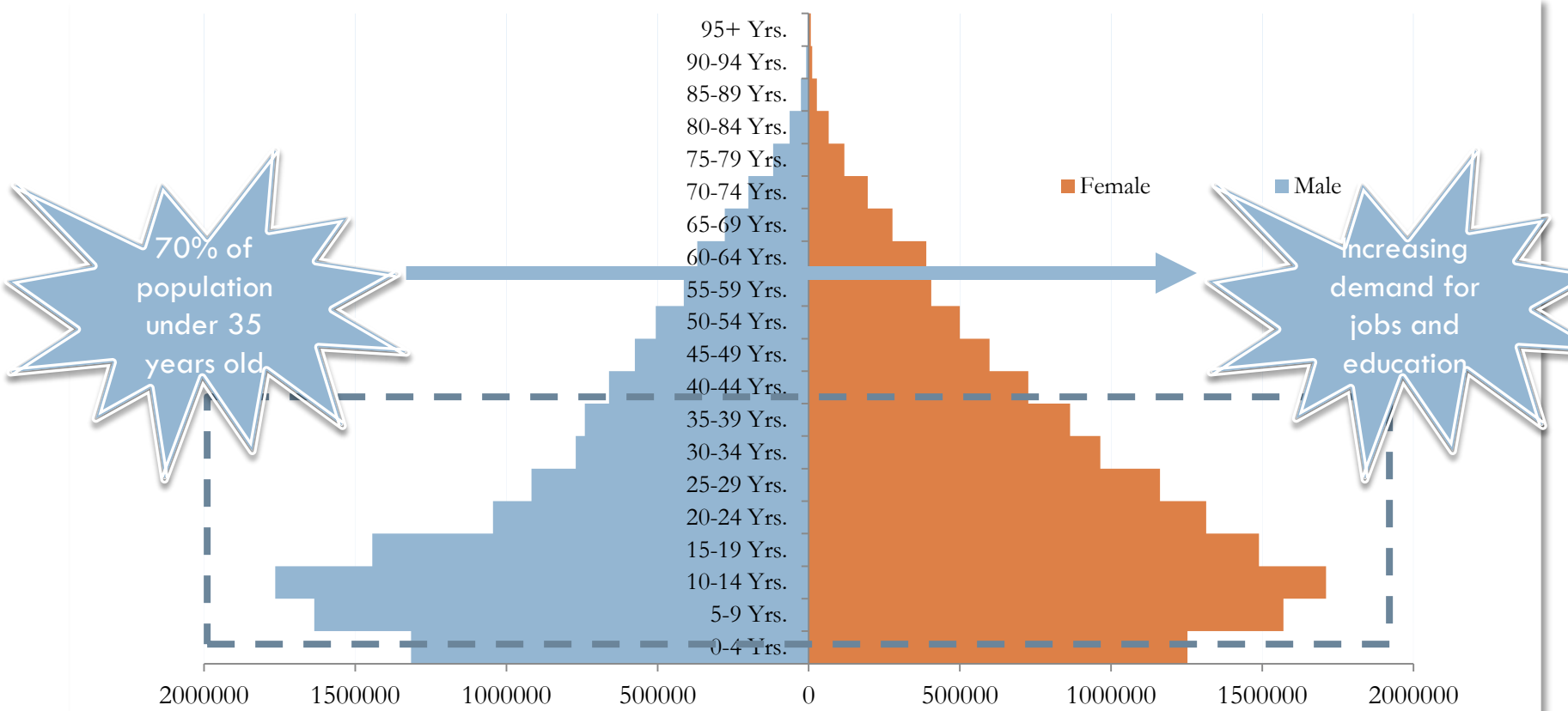
Economic Performance



- **Sustained growth with some fluctuations**, due to changes in agricultural outputs
- Major sources of growth—expansion of **services sector and agriculture**
- Industrial sector underperformed with a decline in construction activity
- Private investment affected by **uncertain political environment, challenging regulatory & legal framework for investment, poor governance, & financial sector vulnerabilities**
- Significant & increasing inflows of **remittances** (appx. 23 per cent of GDP)
- Growth driven by domestic consumption

Population Distribution

- Population increasing rapidly
- Population will exceed 30 million by 2015



Employment Trends

Women's
participation

Rural areas

Self-
employment

Migration

Agriculture

Education and Employment

Total literacy rate is around 60%

Higher rates of unemployment and inactivity amongst educated youth

Returns to education is not high enough for better educated people

With increasing levels of education, demand for better paying jobs requiring higher skills sets will increase



Findings of Policy Reviews

Relevant Youth Employment Policies

National Youth Policy

Industrial Policy

National Agricultural Policy

Technical Education and Vocational Training Skill Development Policy

Labour and Employment Policy

National Youth Policy, 2010

- Provisions on education, livelihood, employment, social security and special group priorities
- Developing technical human resources in agriculture and forestry, water resources and tourism
- Promoting skills training centers in tourism, cottage industry and agro-industry

Industrial Policy

In a limited way, the Industry Policy 2011 has targeted youths in the area of employment creation

In order **to attract creative youth talents in industrial enterprises** to create opportunities of self-employment, capacity enhancement activities for development of industrial skills and entrepreneurship and sound industrial management shall be launched as a campaign. (Section 8.11)

Special provisions shall be **made to attract talented and creative youth and women in micro-enterprises, cottage and small industries through Business Incubation Centre.** (Section 11.21)

Agriculture Policy

- **Commercialization of agriculture** has been proposed as a feasible option for economic growth and poverty alleviation in Nepal.
- The commercialization of agriculture can contribute significantly as shown by **many youths** including the returnees from overseas employment getting actively **engaged in agriculture sector in recent years**

Findings of Policy Reviews

TEVT Policy 2007

Policy has following five elements

- **EXPANSION of training services** and opportunities (through deregulation, autonomy, outcome quality assurance, free start-up support)
- **INCLUSION of hitherto disadvantaged groups** and individuals (through stipends, preparatory and support courses for mainstreaming, recognition of prior learning)
- **INTEGRATION of various training modes and pathways** (through Vocational qualification framework for formal, informal, non-formal training/learning, bridging courses, promotion of career ladders, career guidance)
- with **RELEVANCE to link training content and outcome economic demand** (through licensed trainers with industrial exposures, curricula based on occupational standards, on-the-job training, independent assessment and certification)
- and finally **sustained FUNDING to ensure that the TEVT market can take off** (through increase in public funds, fees for all training beyond 3 months, TEVT development funds, contributions from former stipends recipients)

Findings of policy reviews

Key Messages of Nepal TEVT and Skills Development Policy:

- **To citizens:** every Nepali shall be entitled to at least 3 months of training for employment free of charge, beyond that an increasing array of life long opportunities will be available on a fee paying basis;
- **To training providers:** all businesses and institutions will be encouraged and supported to offer skills development for school leavers and the national workforce;
- **To the business community:** the supply of workers, competent and confident in their occupation will be increased thus enhancing national productivity;
- In essence: development of a strong and functioning market for TEVT and skills development

Labour and Employment Policy 2005

- To alleviate poverty through the creation of income generating employment
- **The draft of the National Employment Policy, 2013** which has given more importance to the youth employment is made.
 - ▣ Among its 7 objectives, one objective is **directly addressed to youth labour market**
 - ▣ The concerning policy and programmes are **labour market policy, employment service/exchange centre, promotion of vocational education and training, and other targeted programmes.**

Findings of Policy Review

National Employment Policy 2013 (Draft)

Objective	Policies
To create more productive employment for women and men.	General, agriculture, manufacturing, construction, tourism, and information technology
Formalisation of informal economy for improving the quality of employment	Entrepreneurship, regulatory environment, legal reform
Enhancing the relevance of vocational and skill training.	Coordination, education (basic, vocational), career guidance and improving skill match
Strengthening the migration management	Improve migration governance
Improving labour market outcomes for youth and disadvantaged groups	Labour market policies, vocational education and training, targeted programmes
Strengthening the LMIAS and governance of the labour market	Collection and dissemination of labour market information, employment services
Encouraging employment friendly investment	Creation of conducive environment for domestic and foreign investment



Policy Implications

Policy Implications

General and regulatory measures

- Managing the exodus of Nepalese youths and creation of employment opportunities in the country
- Expediting the LMIS&ESC and strengthening EIC under Department of Labour
- Strengthening the capacities of Ministry of Youth and Sports
- Requiring proper manpower planning with monitoring mechanism in place

Sectoral measures

- Supporting youths for agro-based industries and traditional occupations
- Facilitating the commercialization of agriculture by providing support to the youths
- Incubation and mentoring of youths with proper support measures for starting their own enterprises
- Promoting entrepreneurship and youth employment

The field of Education and Training

- Providing career counseling for youths for sound career paths planning
- Education system needs to be reformed to meet labour market needs
- Introducing vocational and manual works to young people
- Providing demand-driven vocational training programmes