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



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- ▶ **Assessment of public employment services and labour market policies in Nepal**
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First published 2025.



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ISBN: 9789220427651 (print); 9789220427668 (web PDF)

DOI: <https://doi.org/10.54394/FOGN7663>

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Printed in Nepal

► Foreword



Government of Nepal
Ministry of Labour, Employment and Social Security
 Singh Durbar, Kathmandu, Nepal

Decent employment remains a central pillar in Nepal's efforts to promote inclusive growth, reduce poverty, and to achieve social justice. The country faces a complex set of labour market challenges, including a low number of jobs and high youth unemployment, widespread informality, and a mismatch between skills and available opportunities. As we continue to recover from the multifaceted impacts of the COVID-19 pandemic and strive to realize our national development goals, it is essential that our labour market policies and interventions are equipped to respond effectively to emerging challenges and opportunities. Public Employment Services (PES) and Active Labour Market Policies (ALMPs), therefore, are essential tools to address these challenges by fostering decent and productive employment. However, to maximize their impact, these services and policies must be grounded in strong institutional frameworks, adequate resourcing, and evidence-based planning.

In this context, the International Labour Organization (ILO) conducted "*Assessment of Public Employment Services (PES) and Labour Market Policies in Nepal*", which comes at a pivotal time as we are working to execute 'Decade of Internal Employment Promotion (2025-2034)' through reform and modernizing our public employment services, enhancing the effectiveness of active labour market programmes, and building a more dynamic and responsive employment ecosystem in Nepal.

The recommendations of this report provide valuable guidance for strengthening the institutional and policy frameworks needed to improve access to decent employment, especially for youth, women, returnee migrants, and other disadvantaged groups. It also lays the groundwork for the development of a comprehensive National Public Employment Services Policy Framework with a Strategic Plan with a clear roadmap and the strengthening of PES and Employment Service Centres (ESCs) which are at all local governments across the country which will be made functional as an one-stop shop approach where citizens can make their initial applications for and enquire about support from employment and social support programmes.

Achieving the aspirations of the Decade of Internal Employment Promotion declared by the Government of Nepal shall remain possible through the effective functioning of Employment Service Centres. The Internal Employment Management Division, established under the ministry, will have the mandate to provide an organizational structure and management resource that can be utilized to develop strategic steering for PES in Nepal. The findings will also support MoLESS in aligning employment related initiatives with our national development priorities for both foreign employment and internal employment, including reintegration of returnee migrant workers and international commitments, including labour standards and the Sustainable Development Goals (SDGs). The findings will also contribute to properly design and effectively implement the National Employment Promotion Programme (NEPP) started by the Ministry from this fiscal year.

I would like to extend my sincere appreciation to the ILO for its continued partnership and technical support, and to all national and local stakeholders who contributed to this important assessment. The Ministry remains committed to strengthen public employment services and active labour market measures that are efficient, inclusive, and demand-driven. The Ministry reaffirms its commitment to translating the insights of this report into concrete actions that deliver meaningful employment outcomes for the people of Nepal.

Dr. Krishna Hari Pushkar
Secretary

8 December 2025

► Foreword

Nepal stands at a pivotal juncture in its development trajectory. As the country strives to harness the potential of its young and dynamic population, the challenge of creating sufficient, decent, and future-oriented employment opportunities remains at the forefront. Amid rapid technological, demographic, and economic changes, ensuring that every citizen can access fair and productive work is not only a matter of economic policy, but is also a cornerstone of social inclusion and stability. In this context, robust labour market institutions and effective Public Employment Services (PES) serve as critical instruments to connect aspirations with opportunities and policy commitments with tangible outcomes.



This report, “The Assessment of Public Employment Services and Labour Market Policies in Nepal”, comes at a crucial time as Nepal reflects on the aspirations expressed through September’s Gen Z movement which was an important reminder of the need to listen to the voices and expectations of the country’s youth. This report underscores the urgency of translating these aspirations into meaningful opportunities. It offers a comprehensive and evidence-based understanding of how Nepal’s employment service system is evolving within the federal structure and identifies practical steps to enhance its efficiency, reach, and resilience. Drawing upon extensive field research and institutional collaboration, the report provides an invaluable foundation for informed policy dialogue and action - one that will help align employment promotion efforts with the broader goals of sustainable growth and social justice.

For Switzerland, supporting Nepal’s efforts to promote decent work and sustainable livelihoods has been a long-standing priority. Strengthening PES is a crucial part of this commitment, as it ensures that employment policies translate into tangible opportunities for the people - connecting jobseekers with employers, facilitating skill development, and creating pathways to formal and productive employment. At the same time, effective PES will also anchor the foundations for other interventions like labour migration governance, vocational training, private sector engagement, social protection, among others.

This assessment is therefore highly relevant, as it identifies the institutional and policy pathways through which Nepal can build a modern, efficient, and equitable PES system that works across all three tiers of government. It highlights the need for coordinated action, data-driven decision-making, and digital transformation, areas where Switzerland, through its development cooperation, has been a steadfast partner to Nepal. The lessons drawn from this assessment will contribute not only to strengthen employment services but also to reinforce local governance, improve the quality of public administration, and enhance the overall functioning of Nepal’s labour and migration scenario.

As we celebrate 70 years of diplomatic relations between Switzerland and Nepal in 2026, next year, this collaboration reflects the spirit of mutual respect, solidarity, and shared aspiration for inclusive development that has long defined our partnership. Switzerland remains fully committed to working alongside the Government of Nepal and its development partners in advancing a future where economic opportunities are accessible to all, particularly to women, youth, and marginalised groups. Our commitment to supporting Nepal’s socio-economic transformation and to improving the lives of the Nepali people remains unwavering. Together, we look forward to building stronger institutions, more resilient communities, and a prosperous Nepal where every individual can realise their potential through decent and dignified work.

H.E. Dr. Danielle Meuwly

Ambassador of Switzerland to Nepal

► Foreword

The International Labour Organization (ILO) is pleased to present this report, *“Assessment of Public Employment Services and Labour Market Policies in Nepal,”* developed at the request of and in close collaboration with the Ministry of Labour, Employment and Social Security (MoLESS). The report offers timely and valuable guidance to support Nepal’s employment agenda through an in-depth review of the country’s institutional and policy frameworks as well as the design and delivery channels for employment services and labour market policies.



Nepal is not immune to the turbulences in the world economy and from megatrends influencing labour market outcomes. The youthful population in the context of an economy that does not generate enough decent and productive jobs has resulted in large chunks of young Nepalis seeking employment outside the country. This in turn creates the irony of a lack of skilled labour in the country that has an oversupply of labour. Viable and evidence-based economic, employment and structural policies are therefore essential to propel the economy to create more and better jobs to absorb the excess labour in the domestic economy. Public Employment services and Active Labour Market Policies (ALMPs) play a central role as a bridge between or a facilitator of the intermediation between the supply and the demand side of the labour market. The government of Nepal is committed to creating decent jobs for its citizens as enshrined in the Constitution and other operational legislation and has identified employment services as one of the key institutions for the operationalization of the constitutional employment objective.

This assessment is the first step in establishing the baseline and plan of action for strengthening employment services and labour market policies. It is part of the ILO’s broader commitment to supporting member States in building inclusive, efficient, and resilient labour market institutions that promote productive employment and decent work for all.

In a rapidly changing world of work, the role of effective Public Employment Services (PES) and ALMPs is more important than ever in connecting jobseekers to opportunities, addressing labour market imbalances, and supporting vulnerable groups in accessing productive employment. They are crucial mechanisms for promoting decent work, improving labour market outcomes, and ensuring that no one is left behind, especially young people, women, and vulnerable groups who face persistent barriers to employment. In a country like Nepal, facing rapid social and economic transitions, a youth bulge, and persistent informality - strengthening of PES and ALMPs is more than a policy priority; it is a necessity for inclusive and sustainable development.

This report provides a detailed picture of the current landscape of employment services and labour market policies in Nepal. It identifies key challenges such as institutional fragmentation, limited capacity and coverage, and the need for better data and coordination. At the same time, it highlights promising practices and entry points for reform, many of which align with international standards and experiences from similar countries. It underscores the need for strengthened institutional capacity, improved outreach, better integration of labour market information systems, and greater alignment between supply and demand.

We commend the leadership of MoLESS and the Government of Nepal in undertaking this important assessment. The findings and recommendations offer a strong foundation for shaping a national strategy for PES and related operational frameworks and for designing active labour market interventions that are responsive to labour market needs and inclusive of all segments of the population.

I would like to thank our national partners in Nepal, particularly the MoLESS, for their commitment and cooperation throughout the assessment process. I also acknowledge the valuable contributions of ILO colleagues at Headquarters across technical departments and in the Kathmandu Office, whose collaboration made this initiative possible.

We hope this report will be a useful tool for policymakers, social partners, development actors, and all those working to enhance employment opportunities and labour market resilience in Nepal. We look forward to continued engagement and support in strengthening Nepal’s public employment system to advance decent work and social justice.

Dorothea Schmidt-Klau

Branch Chief

Employment, Labour Markets and Youth Branch (EMPLAB)

International Labour Organization (ILO)

Geneva, Switzerland

► Foreword

Nepal faces an urgent challenge in creating more and better employment opportunities, particularly for youth, women, and marginalised groups. As the country continues its development journey amid global and regional transformations, the role of labour market institutions, especially Public Employment Services (PES), has become more vital than ever in fostering inclusive growth, supporting labour market transitions, and ensuring no one is left behind.



This report, “Assessment of Public Employment Services and Labour Market Policies in Nepal”, presents a timely and comprehensive review of the country’s employment service delivery mechanisms and labour market policies. It provides valuable insights into the current institutional framework, policy coherence, programme effectiveness, and areas for capacity strengthening. The assessment draws on extensive stakeholder consultations and data analysis to identify gaps, opportunities, and strategic priorities for reform.

The International Labour Organization is proud to support the Government of Nepal in its efforts to build a more responsive and integrated employment services system. This assessment serves not only as a diagnostic tool but also as a foundation for future policy dialogue and collaborative action among government institutions, social partners, development partners, and civil society. The findings from the assessment will further support the Ministry of Labour, Employment and Social Security (MoLESS), provincial and municipal governments and other relevant stakeholders to gain a better understanding of the overall PES policy and structure in Nepal and of Employment Service Centres’ (ESCs’) performance and provide evidence-based information that feeds the decision-making process for closing gaps, aligning resources, and ensuring that jobseekers and employers receive consistent and good-quality services.

We hope this report will inform the development of a forward-looking National PES Framework and Strategic Plan and contribute to the implementation of effective Active Labour Market Policies that promote decent work for all.

I wish to thank Mr Eamonn Devern, Mr Dev Bir Basnyet and the entire study team for their tireless efforts and professionalism. I am also grateful to our colleagues from the Employment, Labour Markets and Youth Branch (EMPLAB), in particular, Mr Michael Mwasikakata, Head of the Labour Market Services for Transitions Unit at ILO Headquarters, and Mr Tara Prasad Bakhariya, National Project Coordinator at the ILO Country Office in Nepal, for their coordination and technical support.

Most importantly, I would like to thank MoLESS, provincial governments, local governments and all stakeholders who contributed to this assessment.

I would like to thank development partners SDC, WB and FCDO for their collaboration with the ILO in extending integrated support to the MoLESS through ILO’s Strengthening of Employment Service Centres in Nepal (SESC) Project, which provides technical assistance to MoLESS in strengthening Public Employment Services and ESC functioning.

The ILO is committed to supporting Nepal’s efforts to strengthen employment services and promote inclusive, sustainable labour market policies. We believe this assessment will serve as a cornerstone for policy dialogue, institutional reform, and renewed investment in the public employment system.

Together, let us strive to build a labour market and public employment service system that creates meaningful opportunities and ensures dignified work for every Nepali.

Numan Özcan

Country Director

International Labour Organization (ILO) – Country Office for Nepal

► Acknowledgements

This assessment report on Public Employment Services and Labour Market Policies in Nepal is the result of the collective efforts of a dedicated team of national and international experts, whose commitment and collaboration were instrumental to its successful completion. The assessment was conducted by Mr Eamonn Devern, Team Leader; Mr Dev Bir Basnyet, Deputy Team Leader and Expert on Institutional Development; Dr. Raghu Kaphle, Expert on Employment Policy; Mr Manoj Sharma Neupane, Senior Researcher and Statistician; Ms Sarita Karki, GESI Expert; Ms Anupama Sharma, Researcher; Mr Mahendra Prasai, Researcher and Ms Yeshi C. Shakya, overall management.

The assessment has considered the public employment services policy and institutional framework across all three tiers of government- federal, provincial, and local, considering their respective roles, policy coherence, effectiveness of coordination, organizational structures, information flow, budget allocations, funding mechanisms, and related challenges. The assessment also examined the interface with other actors such as private employment service agencies, Migrant Resource Centres, Workers' and Employers' Organisations, and private job placement agencies with a view of understanding their interactions with each other and PES in facilitating the promotion of employment services.

The authors are especially thankful to Mr Michael Mwasikwakata, Head of Labour Market Services for Transitions Unit of the Employment, Labour Markets and Youth Branch (EMPLAB) at the ILO Headquarters, for his overall leadership and strategic guidance throughout the assessment process and technical inputs and methodological advice on the report. His vision for building inclusive and responsive employment services provided an important foundation for this work. The authors also extend their heartfelt appreciation to Ms Anna-Karin Palm Olsson, ILO Senior Technical Specialist on Labour Employment Services, whose technical inputs were invaluable in shaping the scope, depth, and quality of this report. They would also like to thank Mr Tara Prasad Bakhariya, National Project Coordinator of the "Strengthening of Employment Service Centres in Nepal" project, for his tireless efforts in ensuring overall coordination, stakeholder engagement, and logistical support. His commitment and knowledge of Nepal's public employment services landscape significantly enriched the process.

The Authors also express their sincere thanks to Mr John Maloy for his careful and thoughtful editing of this report. His attention to detail, clarity in expression, and commitment to maintaining the integrity of the content have significantly enhanced the overall quality and readability of the final document.

The authors acknowledge the support and facilitation provided by the ILO Country Office for Nepal, whose collaboration was critical in liaising with national stakeholders and ensuring alignment with national policy priorities.

The authors thank the Ministry of Labour, Employment and Social Security (MoLESS) for their partnership and continued commitment to improving public employment services and labour market outcomes in Nepal.

Finally, the authors thank all stakeholders, government officials, and social partners, and development partners who contributed through consultations and shared their valuable perspectives. Their perspectives were essential in grounding this assessment in the realities of Nepal's labour market.

This report is the product of their collective vision and effort. It is hoped that the findings and recommendations in this report will serve as a valuable resource for policymakers and practitioners working to strengthen Nepal's public employment services and active labour market policies in support of decent and inclusive work for all.

► Abbreviations

AFU	Agriculture and Forestry University
ALMPs	Active Labour Market Policies
CNI	Confederation of Nepalese Industries
CTEVT	Council for Technical and Vocational Education and Training
EIC	Employment Information Centre
EMIS	Employment Management Information System
EMIS	Employment Management Information System
ESC	Employment Service Centre
FNCCI	Federation of Nepalese Chamber of Commerce & Industries
FNCSI	Federation of Nepal Cottage and Small Industries
FWU	Far Western University
GESI	Gender Equality and Social Inclusion
ICT	Information and Communication Technology
ILO	International Labour Organization
JTUCC	Joint Trade Union coordination Centre
KPIs	Key Performance indicators
KU	Kathmandu University
LBU	Lumbini Buddhist University
LMIS	Labour Market Information System
MOALD	Ministry of Agriculture and Livestock Development
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
MOEST	Ministry of Education, Science and Technology
MoFAGA	Ministry of Federal Affairs and General Administration
MOFE	Ministry of Forest and Environment
MOHP	Ministry of Health and Population
MOIC	Ministry of Communication and Information Technology
MOICS	Ministry of Industries, Commerce and Supplies
MOLESS	Ministry of Labour, Employment and Social Security
MOLMC	Ministry of Land Management, Cooperatives and Poverty Alleviation
MOWCS	Ministry of Women, Children and Senior Citizens
MOYS	Ministry of Youth and Sports
MRC	Migrant Resource Centre

MWU	Mid-West University
NEP	National Employment Policy
NEPP	National Employment Promotion Programme
NGOs	Non-Governmental Organisations
NOU	Nepal Open University
NSU	Nepal Sanskrit University
NVTA	National Vocational Training Academy
PCGG	Centres for Good Governance
PES	Public Employment Services
PMEP	Prime Minister Employment Programme
PoU	Pokhara University
PSC	Project Steering Committee
PTC	Project Technical Committee
PU	Purbanchal University
RJU	Rajarshi Janak University
SDC	Swiss Agency for Development and Cooperation
SMEs	Small and Medium-Sized Enterprises
SOP	Standard Operating Procedure
TNA	Training Needs Analysis
TU	Tribhuvan University
TVET	Technical and Vocational Education and Training
VSDTC	Council for Technical and Vocational Education and Training
YETI	Youth Employment Transformation Initiative

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Executive summary

This report presents the findings and recommendations from an ILO-supported assessment of public employment services (PES) in Nepal undertaken with a specific objective of enhancing PES capacity. Information was obtained from fieldwork undertaken in December 2024 and January 2025 by a team of local experts and an international expert. Field research involved obtaining quantitative data derived from a survey of 297 Employment Service Centre (ESC) staff in municipalities across Nepal. This was supplemented by qualitative data obtained from in-depth interviews with 40 ESC staff as well as key stakeholders, including government officials, training providers, employers' associations, relevant projects and unemployed persons. Furthermore, a desk review of the relevant literature and the legal and policy frameworks was conducted.

Assessment: Main findings

The assessment was based on identified key priority themes around which it is recommended to focus priority actions for PES service modernization. The intention is to enhance the institutional, financial and human resources capacity of the PES.

The priority actions identified to be taken to reform included the following areas:

- governance and strategy, including the policy and legal framework;
- organizational and management structure;
- provision of labour market services design, including delivery channels;
- partnerships/stakeholder engagement in the management of PES, including partnership development; and
- performance management.

There are substantive strengths and opportunities in the existing system to build on. Capacity constraints notwithstanding, ESCs already have national coverage, as they are established in all municipalities. There is a strong regulatory framework from recent legislation that can provide the legal underpinning for a modernized and better coordinated system. There are some good examples of ongoing support for outbound migrant workers and returnees, and a stated intention to provide an inclusive service promoting inclusion for people in marginalized groups.

There are significant opportunities that can be derived from building on potential organizational linkages between the three tiers of government – federal, provincial and local – focusing on employment issues. The ongoing work or plans to develop a digital job matching system, the introduction of a skills training database and the establishment of the Internal Employment Management Division in the Ministry of Labour, Employment and Social Security (MoLESS) can make a considerable contribution to modernizing and strengthening PES. In fact, the Internal Employment Management Division could, in a more structured employment service system, become the policyholder for employment services in Nepal at the federal level. The ESC model can provide a focus for the development of rural employment and recruitment into significant sectors (such as information and communication technology (ICT), agriculture, tourism and construction) and small- and medium-sized enterprises (SMEs), leveraging potential from national policies – such as the Prime Minister Employment Program (PMEP) and the forthcoming National Employment Policy – and existing local innovation within ESCs at the municipal level. This can support the development of bespoke approaches to meeting local needs through enhanced coordination between stakeholders, thereby enabling the development of a coordinated PES system.

Nevertheless, observed weaknesses and challenges requiring further attention should be decisively addressed. For instance, while there is a comprehensive body of legislation providing for the establishment of a comprehensive PES delivery system in Nepal, limited funding and institutional capacity and inadequate investment in digital support have restricted progress. This may reflect the historically low priority that has been afforded PES development.

While the establishment of a national network of ESCs in every municipality has been a positive development, there is significant variation in the range and standard of services delivered from ESCs across the country. In most municipalities, ESC activities are limited to supporting the “Cash for Work” component of the PMEPP. Job matching and employer engagement services are rarely delivered and there is currently no career counselling or skills training provision. Collection and dissemination of labour market information through ESCs is limited, with no consistent and comprehensive system for utilizing data. Furthermore, the development of ESCs has been hampered by resource constraints, staffing shortages and low experience, fragmented implementation, and inadequate IT support.

Moreover, poor coordination, ambiguity and uncertainty regarding institutional remits, reluctance to innovate, and a lack of local ownership of initiatives are clear threats to successful PES reform. These challenges are further compounded by the prevalence of the informal economy and Nepal’s vulnerability to natural disasters potentially exacerbated by climate change.

Towards a more strengthened, resilient and effective employment service system in Nepal

The assessment was based on identified key priority themes around which it is recommended to focus priority actions for PES service modernization. The intention is to enhance the institutional, financial and human resources capacity of the PES.

Vision and strategy

Vision

The assessment team proposed a working definition of a **vision for an effective PES system in Nepal** namely, that PES should contribute to the development of the labour market, improve prospects for all jobseekers and support employers through optimizing the contributions of labour market stakeholders at the national, provincial and local levels.

Such a system can build on the strengths and develop the potential of stakeholders to address current labour market challenges.

Strategy

This vision can be elaborated in an overarching **strategy document** describing the strategic direction within which the PES delivery system can evolve. The aim should be to develop a unified employment service policy framework with standardized but adaptable provisions for all three tiers of government that can be mainstreamed into the National Employment Policy (NEP) and implemented at the provincial and local levels.

An effective strategy for development of a modernized PES system in Nepal must address current crucial labour market challenges – especially (but not exclusively) the high youth unemployment rate, skills mismatches, inadequate job growth/employment generation and the large outflow of workers – while contributing to the concrete implementation of the NEP and labour market policy.

Prioritization of challenges enables the determination of the national and subnational priority audiences to be served by the PES system. Eight core strategic objectives and building blocks have been identified

to enable delivery of this strategy to realize the vision, and these should incrementally build upon existing programmes being implemented by other international actors:

- policy and institutional reforms to strengthen PES and a corresponding functional and flexible organizational structure and system;
- an integrated labour market information system and data-driven decision making;
- decentralized and territorialized employment services that adapt to local contexts and needs;
- appropriately digitalized employment services with inbuilt measures for inclusion;
- stronger linkages between employment services and employers to support industry-driven workforce development;
- comprehensive career guidance and employment readiness programmes;
- effective labour migration management and re-integration support; and
- stronger public–private cooperation in the delivery of employment services.

The strategy, including detailed recommendations, has been further elaborated in the main report of the assessment. Here, we focus on the proposed approach to modernization, including issues related to the institutional framework and partnerships, as well as highlighting the labour market services to be provided. However, it is important throughout to recognize that competent human resources, appropriate logistics and institutional support to employment service-providing entities are the preconditions for successful service delivery.

Testing new delivery systems

Piloting a phased/incremental modernization of PES

Developing PES to function effectively across the whole country is necessarily a long-term project. International experience confirms that, in most cases, and especially where resources are scarce, incremental change is preferable to broader cross-cutting reforms. Further to this, the assessment concluded that the current policy direction and suite of legal measures provide an adequate legal framework within which to commence developing and testing new delivery approaches. It is therefore recommended that, as far as possible, new PES operational delivery models should be trialled in certain locations to establish “proof of concept” within the envelope of existing administrative structures. The aim should be to avoid introducing further bureaucratic structures so that outcomes for jobseekers and employers and the extent of delivery of current policy intent can be tested.

It is therefore proposed that the PES modernization strategy be structured into three phases. Phase one will involve piloting new approaches to service delivery with trials conducted in a first tranche of units over two years. To this end, local government units in different categories – metropolitan, sub-metropolitan, municipal and rural – covering each province¹ should be selected to test the delivery of a coordinated PES system, and this should involve the participation of as many of the identified “model ESCs” as possible. After this initial two-year period, an evaluation should be conducted and decisions made regarding future system development over the next two years (Phase 2), before moving on to nationwide implementation (Phase 3). Evidence concerning whether to proceed with tested delivery approaches would be obtained from the results of piloting modernized systems through the collaborative efforts of various stakeholders.

¹ Government and stakeholders at all levels may jointly decide the methodology for identifying and distributing pilots across Nepal’s seven provinces.

It is acknowledged that structural changes to government machinery are desirable – if not essential – components of longer-term changes required to modernize PES. Considering past challenges in making improvements despite changes in policy, legislation and funding, it is highly recommended to implement interventions only after analysing the lessons learned from the pilots. Successful piloting can help promote and publicize the benefits of introducing a coordinated PES system, increase the political profile and priority of PES, and secure ongoing legitimacy and sustainable funding. The pilots should be independently evaluated with input from key stakeholders.²

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From piloting a strategy to a National PES Reform Plan

The recommended actions for federal, provincial and local governments can enable the testing and implementation of processes to support ongoing evolution of the PES in Nepal. The timing, priority and detailed implementation plans to implement these activities can be determined as more experience is gained during the delivery pilots described above.

Following the evaluation of the delivery pilots, successful innovations in PES delivery can be consolidated in a National PES Reform Plan. This could be developed from year three of the modernization programme onwards (that is, following the initial two-year piloting phase) and guide national roll out from year five.

The PES could then develop as an important vehicle for mainstreaming the operational objectives of employment policy in Nepal. This can assist in improving labour market operation and increasing social and economic inclusion, with a particular impact upon the most vulnerable citizens.

Delivering the phased modernization through building partnerships

The assessment proposes prioritization of partnership working at all levels – both among the three tiers of government and within them. The first step involves identification of all key stakeholders that implement or shape the design and implementation of employment services and active labour market policies (ALMPs). Municipalities would be charged with initial stakeholder mapping, followed by their taking the lead in convening a group of delivery agents into a PES delivery partnership/consortium. Stakeholder mapping can enable the convening agent to contact relevant bodies delivering services potentially suited for inclusion within a coordinated network of PES delivery actors. Collaboration and improved coordination, as advocated by the [ILO Employment Service Convention, 1948 \(No. 88\)](#), and the [ILO Private Employment Agencies Convention, 1997 \(No. 181\)](#), can, of itself, improve delivery capability and strengthen PES services to support better labour market organization and outcomes. A common feature of poor coordination is some service duplication alongside gaps in the delivery infrastructure. In an environment where resources are sparse, this can have particularly adverse consequences for the return on investment of resources from limited budgets.

Delivery partners may include representatives of local government employment support units, ESCs, training/skills providers, non-governmental organizations (NGOs), employers' representatives, trades

² A qualitative assessment is being recommended given the complexity and costs of experimental methods. Stakeholders would need to design and agree upon the assessment methodology at the time of designing the pilots so that the assessment metrics are built into the pilot design and implementation.

unions and civil society bodies. This “network of willing partners” would form a PES Coordination Platform with a remit to test delivery options and identify the optimum blend of inputs to meet the needs of jobseekers and employers at specific locations. Various agencies working together would have a brief to establish seamless integration pathways for unemployed citizens towards employment and social and economic inclusion. A strategic modernization plan can therefore enable existing good practices where some local governments have made progress developing and sustaining “ESC type services” to be promoted across the country. Where service duplication is identified, such as possibly support for migrants being delivered in parallel by ESCs and Migration Worker Resource Centres, equitable solutions could be brokered to enable agencies to better target their resources and finances.

For the purposes of these trials, the intention would be to submerge individual agency identities within a common delivery brand jointly “owned” by contributing organizations, such as local government services, ESCs and NGO-delivered programmes. The objective should be excellent services delivered efficiently, irrespective of the individual delivery entity within the consortium or the bureaucratic labels on component parts of the delivery system. This novel approach would be delivered through improved coordination between delivery partners, developed through consideration of jobseeker and employer feedback, and prioritize good service delivery.

Service standards and stewardship can be enhanced through strengthening the flow of information among the three government tiers to increase transparency and to encourage standardized service delivery. To this end, a communication strategy should be developed that includes protocols for the most effective methods for targeting messages and exchanging information among stakeholders.

Performance monitoring

A primary objective of improving coordination is to increase and strengthen the capacity of local governments to manage ESCs. This will require the introduction of a basic performance management system at all levels. Such a system can enable service delivery processes to be steered towards continuous improvement in customer service. Accountability for delivery standards would therefore be linked to performance evaluation and grants.

Performance monitoring can be conducted through the application of a suite of performance measures (including inputs, outputs and outcomes) identified to establish the contribution of staff to the achievement of results, as determined from assessing the quality of interventions. This monitoring would incorporate assessment of support through initial contact and registration, segmentation and profiling, group counselling, referral to appropriate support, job matching, and eventual placement. The pilots can establish the merits of various procedures, coordination systems, the funding, human resources and overall capacity requirements for operating a coordinated PES system. Annual surveys of system users – both jobseekers and employers – could inform customer satisfaction targets, providing extremely helpful insights into the aspects of service identified as meeting customer needs and those where changes would be desirable to increase usage and improve the reputation of PES. This mechanism can become a pivotal step for planning the next interventions.

Mentoring the local delivery units

Subject to an appropriate legal mandate, provincial governments could use improved monitoring and evaluation protocols for benchmarking and mentoring local PES delivery operations. This function can add value through oversight of local-level PES delivery. This should include the analysis and evaluation of results to promote good practice and to support performance improvement in specific municipalities, where needed. A willingness for municipalities to communicate and structures to support these changes will be crucial for the success of the reforms. Provinces can also encourage benchmarking and mutual learning between delivery units, and support the training and development of PES staff.

If sufficient capacity is built and the necessary administrative changes are made to grant such authority and responsibility, the provincial tier could be the most appropriate level for engagement with some groups of employers (especially in key sectors), labour market analysis and provision of data to assist local level delivery planning.

Labour market services

Labour market services refer to labour market programmes that are typically delivered by PES. These include:

- labour market intermediation and job search assistance;
- provision of labour market information;
- referral to other active (and passive) labour market programmes (training and skills development, employment subsidies, entrepreneurship and self-employment support, and public works programmes); and
- administration of unemployment benefits, where they exist.

In line with the overall approach recommended, these services should be established and introduced incrementally according to the level of development and capacity of the ESCs as well as the level of economic activities in respective municipalities.

Guidance on customer journey service protocol standardization

To establish a common service protocol standard for jobseekers across the country, the Federal Government could incrementally develop high-level procedural guidance describing citizens' potential journeys through the employment system from registration to integration. Segmentation and profiling tools should be introduced to identify citizens' needs at initial contact. This can enable service users to be oriented towards the most appropriate service channel. Establishing a common framework within which local approaches can be developed to meet specific requirements can make it easier for citizens to access services described in national legislation, such as through group counselling, referral to training and job matching. Authority would be delegated to provincial and local governments to customize federal guidance to meet subnational labour market challenges.

Introducing a simple and practical system for profiling clients and segmenting services

Efficient initial registration is crucial for the provision of effective personalized support for citizens accessing the PES system. A more effective customer-centred point of access "gateway" to the PES system can be established through the introduction of a segmentation/profiling system that applies an administrative/rules-based methodology to support PES staff in determining which service stream is most appropriate for a jobseeker based on an assessment of their needs. Jobseekers can then be orientated towards the menu of support options best suited to those needs. A clear benefit of working partnerships in this regard is that they enable much more efficient signposting of jobseekers to the services they need, including support from specialist organizations equipped to deal with jobseekers with specific barriers to employability, such as limited numeracy or literacy. A differential approach would be appropriate, with different levels of support offered to the most skilled/highly educated customers as distinct from members of other client groups that need more substantial support to overcome barriers to labour market integration, including long-term unemployed persons, youth, persons with disabilities, low-skilled individuals, people with care responsibilities and returning migrants. Staff development plans should include training to develop the professional skills of counsellors so they can specialize in supporting specific client groups.

Multi-channeling service delivery

To recognize the various needs of individual jobseekers – that is, contingent upon factors including geography, educational level, literacy, digital capability, internet access and so on – local governments will need to ensure that jobseekers can access PES assistance through a variety of channels suited to their preferences, needs and locations, including face-to-face interactions, by telephone and post, and through digital and outreach channels.

A one-stop service

Local pilots can also establish the principles for delivery of a one-stop shop service (as described in the MoLESS delivery vision). Under this model, delivery partners would commit, following initial contact with a customer, to either taking ownership of that customer's issues, if appropriate, or if these can be better serviced by other organizations, ensuring a seamless referral to these other support providers. At this stage, the MoLESS should also think about the existing parallel structure established in selected local government levels as Migrant Resource Centres (MRCs), which are competing with ESCs in relation to resources and mandate. As one of the piloting strategies, the ministry should consider merging of MRCs services within the ESCs, which may contribute to supplementing marginal financial resources while also strengthening the functional capacity of the ESCs to be developed as one-stop service centres. It is essential that this be considered, because foreign employment/labour migration and migrant reintegration services are integral to employment services.

Strengthening services for employers

The weak service delivery to date has precluded the establishment of sufficient employer trust to enable a critical mass of private sector employers to engage with PES to advertise vacancies and to use ESCs as a resource to recruit labour. It is essential that PES providers implement an employer engagement strategy to:

- provide a bridge between labour supply and demand;
- refer citizens to skills development as required;
- help develop more market-orientated vocational training; and
- address skills gaps in order to develop significant job placement capacity.

To enhance services for employers, a national charter could be developed describing the overarching principles and objectives of PES support. This might include the development of employer engagement strategies at the federal, provincial and local levels that are customized to meet the specific requirements of distinct types of employers. Services would therefore be differentiated to meet the recruitment needs of international companies, large national enterprises, and SMEs, as well as addressing the needs of the large informal sector. The most logical level for dialogue with the largest employers established across the country may be the national tier; while relationships with other employers, especially in strategically important sectors, may be managed at the provincial tier. SMEs will, in many instances, be best served through their relationships with the local PES at the municipality level. The different approaches to employer engagement would be aimed at:

- improving labour supply and demand;
- increasing the transparency of vacancies;
- assisting recruitment exercises;
- promoting skills training focused on matching labour demand; and
- prioritizing PES links with employers offering opportunities that reflect the skills and opportunities of jobseekers registered with the PES.

Enhancing PES support for skills development

There is a significant role for PES to improve the provision of skills development programmes to better match labour market requirements so that referral systems can guide and steer jobseekers towards the most appropriate upskilling/re-skilling support. PES delivery partnerships can encourage the development of vocational training programmes and curricula to increase the supply of suitably skilled workers to meet employers' demand for labour. Partnerships can also encourage the participation of private sector actors as key partners in labour market management through trust-building and cooperation initiatives.

Developing PES capacity

The assessment team members are very aware that ESC capacity is limited across much of Nepal, and that there is a pre-existing agenda to strengthen delivery capability. Any delivery unit with only one member of staff will necessarily have extremely limited capacity. For various reasons, there will be locations where it may be very challenging, at least in the short to medium term, to ensure deployment of the full complement of three staff, and some locations where it may not be practicable to provide a full complement at all.

The assessment team recommends that in parallel to piloting a modernized system, efforts should be made to ensure that all PES, as a minimum, ensure a registration and advice/orientation facility. A wider range of services provided for by current legislation and described in operational guidance can be introduced into PES when and where resources allow, including incorporating lessons learned from the operation of model ESCs. A system for allocating staff to match local circumstances (as opposed to a uniform distribution) – for example, based on population, labour market characteristics, demographics and so on – is recommended. This approach provides an opportunity to explore methods to establish the most appropriate coordination framework for coalitions of willing partners to drive effective implementation.

The current ESC funding situation is complicated by two of the three human resources allocated to each municipality being funded through loan finance that is currently scheduled to expire. There are further capacity challenges in providing continuous training to develop the professional skills of staff and in ensuring that a reward system promotes retention. Budget, including sourcing funding from different government tiers, will need to be identified for the purchase of essential office equipment (such as IT) and to ensure that the physical infrastructure of offices is adequate for delivery of the enhanced service. This will involve sufficient space to enable a layout that can support an efficient customer flow and provide suitable accommodation for conducting registration interviews and group counselling and information sessions. This is required in general, but the context may differ depending on the location of the ESC (for instance, a metro versus a rural municipality).

Institutional reform to support strategic development of PES

Following analysis of initial pilot operation, changes could be made to the design of governance structures to support recommended delivery processes. There is a need for a clear organizational structure from the federal to the local levels within the existing federalism framework.

The assessment team is of the opinion that while the MoLESS is overall in charge of coordinating and providing direction in relation to employment promotion in Nepal, the Ministry's newly created Internal Employment Management Division, which has absorbed the Prime Minister Employment Programme, could be designated as the head of PES at the federal level and the policy holder. Its role would be to steer and provide policy direction and supporting capacity-building at subnational levels according to needs and existing administrative arrangements. The PES system would then cascade to provincial and municipality levels and then to the palikas where the ESCs are normally located as the lowest level of the PES system. Ownership and division of roles and responsibilities would be guided by the existing administrative arrangements, considering the need to maintain a seamless system of PES to support Nepalese to secure jobs locally and abroad.

Immediate actions may include strengthening the Internal Employment Management Division to increase its capacity to provide strategic steering to PES, including by establishing an expert team with overall responsibility and accountability for management of PES operations and monitoring outputs. The Division would lead oversight of PES labour market intervention and coordination with other ministries and other stakeholders, including the private sector. Improved coordination would also be necessary for the development of employment services to complement approaches at the provincial tier through the establishment of provincial PES sections, and at the local tier through the introduction of local PES units. This arrangement can foster a unified approach to PES development and labour market interventions, enabling the roles and responsibilities of all stakeholders to be clearly defined.

The establishment of an integrated digitalized national labour market information system with a centralized portal connecting federal, provincial and local governments would support the flow of interventions among all levels in a standardized format to manage and analyse national data and to provide suggestions for provincial and local governments to further develop and improve services.

Leveraging benefits from federalism

There is no single approach that can enable the establishment of a comprehensive PES system in Nepal. Federalism provides opportunities to strike the best balance between the formulation of national policy and meeting the specific requirements for successful provincial and local operationalization. Successful implementation, therefore, requires the upgrading of delivery infrastructure to be contextualized to reflect the social and economic situations in specific locations, and crucially to leverage benefits from the “ESC-type” services already established in some municipalities. At various locations, local governments have invested their own resources to deliver services, including those defined in the Integrated Labour and Employment Procedure (such as, registration, counselling, job matching).

A pragmatic approach is the most likely to deliver the desired outcome of a sustainable and effective PES system across Nepal. Where municipalities are already delivering efficient services through their own offices while utilizing local budgets, these arrangements should be incorporated into enhanced PES delivery systems.

This proposed approach has the potential to enable the development of local PES systems to illustrate how effective coordination between delivery agencies and enhanced stakeholder cooperation can deliver a vision for PES in Nepal, effectively operationalizing policy to deal with labour market challenges. Optimizing the respective contributions from organizations operating at the respective tiers – federal, provincial and local – presents an opportunity to contribute to significantly improving labour market balance in a modernized delivery system where the whole can become greater than the sum of its parts.



Stakeholders Mapping

- > Employers (Service & Manufacturing)
- > Training Providers
- > Educational Institutions
- > Banks and Financial Institutions
- > Private Sector Providers

> Group Work

Advancing social justice, promoting decent work

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Madhesh Province

Projects and Programmes

S.N	Name of project/Programme	Address	Duration of project/Programme	Key Contact (Name & Phone)	Website	Location	Special offering	Deadline
1	REMIT	Jankpur, Janak	5 yrs.	Shrestha 9844123392		Jankpur		
2	MEDPA	Jankpur, Janak	1 year	Bipendra Choudhary 9855023305		Jankpur		
3	SEMML	Jankpur, Janak	1 year	Durai Adhikari 9851020257		Jankpur		
		(a) Madhesh University	3 years	Sara 9855045337		Katihar		
		(b) Birganj Metropolitan City	3 years	9849035715		Birganj		

Chapter 1

Introduction

Nepal's labour market faces significant challenges – particularly in relation to increasing inclusion in the formal workforce – due to inadequate employment and labour market policies and systems. Despite the annual addition of hundreds of thousands of new workers into the labour force, there is currently a shortage of accurate and timely data on the workforce, their skills and their employment status. The labour market remains largely disorganized, with weak mechanisms for monitoring and analysing labour demand and supply. As a result, employers struggle to access skilled workers and workers face difficulties finding suitable jobs, contributing to imbalance, inefficiency and ongoing social and economic exclusion.

The National Employment Policy 2013, the Government of Nepal's initial attempt to address these challenges, focused on improving government support to better manage both domestic and international recruitment. The Constitution of Nepal enshrines the right to employment as a fundamental right, and this was further supported by the Right to Employment Act (2018). This Act mandated the establishment of Employment Service Centres (ESCs) at the municipal level with a remit to collect and collate labour market information, connect employers with workers and provide unemployment support.

The establishment of the ESCs represented a positive step in acknowledging the role of public employment services (PES) in improving labour market operation. However, to date, the ESCs have primarily functioned as implementing units for the Prime Minister Employment Programme (PMEP) rather than contributing to the establishment of a national system enabling jobseekers and workers to access core PES. The ESCs remain under-resourced (especially in regard to sufficient staffing), have poor infrastructure (generally inadequate accommodation) and are limited in their use of technology. Collaboration with the private sector is minimal, with little in the way of engagement to support employers' recruitment activities or work with private employment agencies on joint initiatives. Importantly ESCs are generally perceived – especially by municipal governments – as outlets designed to implement federal government programmes rather than as entities integral to local governance and the delivery of employment programmes.

While policies and frameworks³ have been put in place to provide a structure within which PES can evolve to improve labour market operation, inconsistent implementation – driven in large part by a lack of horizontal and (especially) vertical coordination – has resulted in little progress.

It is within this setting that the ILO commissioned an assessment of the current capacity of the public employment services available in Nepal. This report presents the findings of that assessment, which is based on a combination of desk research and field research conducted in December 2024 and January 2025, and offers an analysis of findings to provide recommendations for service improvements, including potential initiatives that can be considered for pilot testing as a precursor to a wider comprehensive reform programme.

The remainder of this report is divided into four sections. Section 2 describes the research methodology applied for the primary and secondary data collection. Section 3 provides an overview of the policy context and the structure of the current PES system in Nepal. The assessment results are presented in Section 4, and are followed in Section 5 by conclusions and recommendations, including recommended priority actions that can be formulated in a National PES Capacity Development Action Plan and a proposal for pilot-testing new delivery approaches to develop a future delivery model.

³ As provided in the Local Government Operations Act (2017), the Right to Employment Act (2018) and the Integrated Labour and Employment Service Procedure (2023).



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Chapter 2

Methodology

The assessment took a mixed methodology approach, combining the collection of quantitative and qualitative data to:

- evaluate the existing services provided by the ESCs;
- gather feedback to support the improvement of these services;
- review the responsibilities of ESCs and the current employment policy framework; and
- explore the potential to increase the capacity of ESCs while enhancing their service delivery systems.

To this end, quantitative data was acquired through a survey of ESC officials. The survey was delivered both online and through in-person/telephone interviews. Among the 297 survey respondents, 40 were selected to participate in in-depth qualitative interviews, which were conducted in person.⁴ In addition, desk research was carried out to offer additional context and to help validate the survey and interview findings.

For the survey, the ESC employment coordinators or the officer in-charge (in the absence of a coordinator) from all 753 local governments were approached to respond to a structured questionnaire.

Fieldwork was conducted by a team of national experts, who administered the survey through the use of the Kobo toolbox application, which collected responses in digital form. The fieldwork team also used a qualitative information checklist to guide the in-depth qualitative interviews. The Ministry of Labour, Employment and Social Security (MoLESS) supported the data gathering exercise by enabling coordination with municipal PES entities to establish a gateway for information gathering. Micro data was collected and an analysis conducted using both qualitative information and quantitative survey data gathered from all seven provinces of Nepal. Telephone interviews were also conducted with a range of other municipal and district level stakeholders to triangulate the survey data and to get additional insights into the findings.

Data analysis proceeded with tabulation and documentation, including triangulation where necessary. A half day Validation Workshop was held in Kathmandu to present the major findings from the field work, validate the results and receive feedback from key stakeholders, including inputs on potential components of a future PES system for Nepal.

2.1. Overview of survey participants

Among the survey participants, 71 respondents (23.9 per cent of the total) were interviewed either in person or via telephone. The remaining 76.1 per cent submitted their responses online via a Kobo link sent by email. This online process was primarily supported by the PMEP office, with some web-based submissions also being facilitated by field researchers.

Only 20.9 per cent of the survey respondents were women, while the majority (79.1 per cent) were men. Significant proportions of the survey responses came from Koshi Province (19.9 per cent) and Sudurpaschim

⁴ A complete list of in-depth interview participants can be found in Annex II.

Province (16.8 per cent), where researchers were mobilized to conduct face-to-face interviews. By contrast, Gandaki Province recorded the fewest responses, partly due to its smaller number of municipalities, but also because the data was collected entirely through web-based submissions.

In terms of municipal coverage, ESC officials from 10 of Nepal's 17 metropolitan and sub-metropolitan cities participated in the survey. Additionally, ESC officials from 119 urban municipalities and 168 rural municipalities also completed the survey. Please refer to table 1 for a more detailed summary.

► **Table 1. Profile of ESC officials who participated in the assessment survey**

	Number	Percentage
Submission method		
Interviewed by enumerator	71	23.9
Web-based submission	226	76.1
Gender		
Female	62	20.9
Male	235	79.1
Province		
Koshi	59	19.9
Madhesh	39	13.1
Bagmati	49	16.5
Gandaki	21	7.1
Lumbini	39	13.1
Karnali	40	13.5
Sudurpaschim	50	16.8
Municipality type		
Metropolitan city	6	2.0
Sub-metropolitan city	4	1.3
Urban municipality	119	40.1
Rural municipality	168	56.6
Total	297	100

Source: ESC Survey 2025.



श्रमाधान रोजगार मेला - २०८१

जेष्ठ १९ र २०
मधेश प्रदेश, जनकपुरधाम

आयोजक



जनकपुरधाम
उप-महानगरपालिका
समर कार्यपालिकाको कार्यालय



वीरगंज
महानगरपालिका
समर कार्यपालिकाको कार्यालय



सीतापुर
उप-महानगरपालिका
समर कार्यपालिकाको कार्यालय



कलैया
उप-महानगरपालिका
समर कार्यपालिकाको कार्यालय



धनुपुर
नगरपालिका
समर कार्यपालिकाको कार्यालय



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Chapter 3

Policy context and overview of Nepal's public employment services system

3.1. Legal framework

The National Employment Policy (2013) proposed strategies for managing identified key challenges in the labour market, referencing specific sectors identified as potential generators of employment opportunities and noting several sectoral policies already in place that include provisions aimed at generating employment.

The Right to Employment Act (2018) was promulgated to implement the constitutional provision recognizing a fundamental right to employment and to help implement the labour and employment provisions of the Local Government Operation Act (2017). For instance, section 11 of the Local Government Operation Act gives to municipalities the responsibility of:

- collecting data on unemployed individuals;
- identifying and disseminating information about employment opportunities;
- providing information to employers about available labour; and
- offering other employment-related services.

The Local Government Operation Act (2017) also included a provision for the management and operation of Employment Information Centres (EICs) under local governments to deliver on these responsibilities. EICs also operate within the labour and employment section of the provincial ministry responsible for labour and employment, creating an ambiguous mandate for the EICs that is spread across the provincial and local levels of government (see section 3.2 below).

However, the Right to Employment Act (2018) essentially shifted the primary responsibility and authority for these tasks to local governments. The Federal Government (typically MoLESS) is therefore responsible for establishing policies and regulations, while local governments are tasked with executing them. To achieve this, the Act put forward provisions for the establishment of public employment services (PES), with section 10 mandating the establishment of Employment Service Centres (ESCs) in every municipality.

The range of objectives outlined in the Right to Employment Act envision a role for overall government management of the labour market, including guaranteeing that every citizen has:

- the right to employment;
- the opportunity to choose employment according to their capacity;
- access to information about employment terms and conditions; and
- unemployment support.

The Prime Minister Employment Programme (PMEP) was also launched to enable the provision of 100 days of employment for unemployed individuals, as proscribed under the Right to Employment Act (2018), and the implementation of this programme was a primary driver for the establishment of the ESCs.

It is important to note that the legal framework also includes a variety of delivery instruments and regulations, including laws, by-laws, rules and regulations, and working procedures, that are sufficiently

defined to provide clear guidance to PES operations. However, there still remains a need for well-defined **performance standards**, which are essential to drive the development of ESC/PES services.

3.2. The current PES system

Employment Service Centres have now been established in all 753 municipalities in Nepal, and each ESC is intended to be staffed with three personnel responsible for their operations. At present, the primary responsibility of the Centres is to implement the Cash for Work programmes under the Prime Minister Employment Programme (PMEP), delivering the programme objective of providing income support to poor and vulnerable individuals, both men and women, through the provision of short-term intensive, unskilled work opportunities. Additionally, the ESCs are intended to serve as vital government entities delivering public employment services (PES), with their networks extending to every ward within each municipality.

Based on a recent review of the functioning of the ESCs, progress has been made in collecting data on unemployed persons across Nepal. However, more work is needed, including a restructuring of the ESCs to provide a strong foundation for organizing PES in Nepal; so that through delivery of upgraded services, the Centres can facilitate effective implementation of the provisions of the Local Government Operation Act (2017) and the Right to Employment Act (2018), and thereby assist in improving labour market operation across the country.

As a key step in taking this approach forward, the Government introduced the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) through a ministerial decision. The intention of the Procedure is to facilitate local-level provision of labour and employment services in an integrated way, including the provision of vocational skills, the creation of productive employment and support for safe migration. In addition, the Procedure seeks to promote the effective operationalization of the ESC delivery concept, as defined in the Right to Employment Act (2018), by establishing 30 model ESCs (see section 3.2.2 below). This Procedure incorporates previous learning and provides a broad comprehensive perspective on operationalizing the delivery of employment policy in order to enhance the management of labour market interventions.⁵

There are, however, ongoing differences in the interpretation of legal provisions describing appropriate delivery functions for various governance tiers. For instance, as noted above, section 11 of the Local Government Operation Act (2017) provided for the introduction of Employment Information Centres (EICs) at the local government level. However, the MoLESS also established EICs at Labour Offices across the country prior to federalization. Post-federalization, these Labour Office EICs were transferred to provincial ministries, and their current mandate within the PES system remains unclear. Notwithstanding this, an overall unbundling exercise to differentiate between functions most appropriate to the federal, provincial and local tiers could potentially assign provincial governments with specific PES management tasks, particularly coordination among the local level governments within a province and acting as an intermediary between the local and national government entities. Indeed, many inputs to enhance and improve labour market operation, including various development programmes, will often encompass more than one municipality and district, providing a place for provincial-level coordination. Provincial governments also have significant responsibilities for infrastructure development, which is an essential driver for economic growth and labour market development, as well as a specific source of employment opportunities.

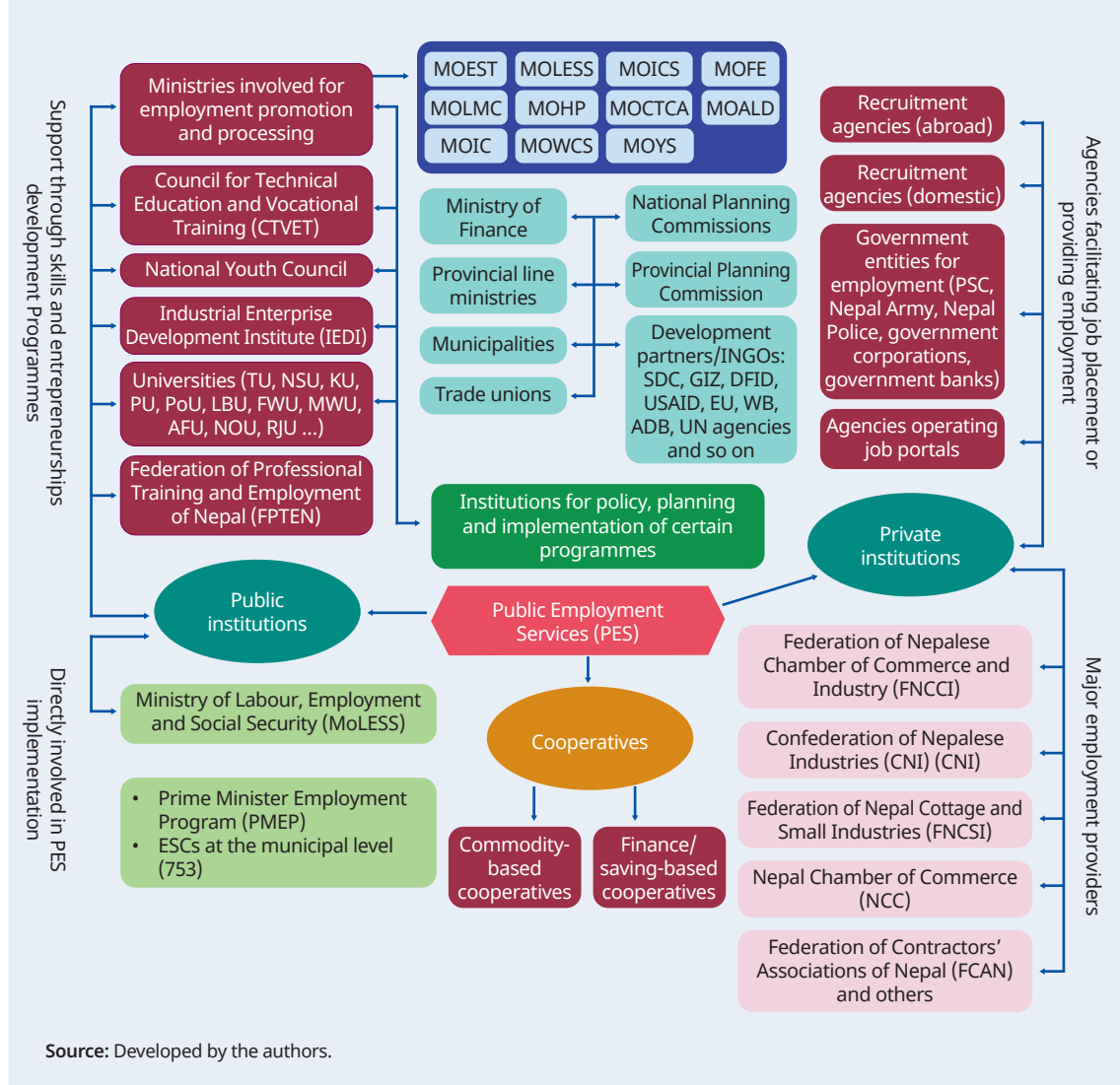
Provincial governments can therefore add value to both their own policy agenda and enhance local-level PES delivery, as they are the most appropriate governmental tier for conducting comparative analyses of labour market operations of municipalities within their provincial boundaries. This function fits well with

⁵ For more on the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) and how it relates to the Right to Employment Act (2018), see Annex V.

provincial governments being given responsibility for oversight of ESC/PES results and quality standards, and for steering the support provided to ensure the delivery of ESC/PES outputs, including human resource development.

In some locations, including in the Kathmandu metropolitan area, wider **Employment Service Networks** have been developed through funding from local resources. Some of these networks have started to incorporate ESCs, with potential for the Centres to provide a complementary role as an integral component of the employment support infrastructure. There is potential to support expansion of these existing Employment Service Networks by incorporating appropriate delivery partners not already embedded in the networks and also by ensuring that ESCs in these locations meet the service delivery requirements described for model ESCs in the Integrated Labour and Employment Service (Management and Operation) Procedure (2023). This alignment of service provision can deliver an integrated customer journey encompassing registration, skills identification, referral to vocational training, access to productive employment opportunities and support for safe migration.

► **Figure 1 Current employment service ecosystem and delivery framework in Nepal**



3.2.1. Key employment programmes

The Prime Minister Employment Programme

The MoLESS implements the Prime Minister Employment Programme (PMEP), a national flagship programme launched in 2019 with the objective of driving labour market interventions to promote employment opportunities across the country. The PMEP is an operational response put in place to realize the policy introduced by the Right to Employment Act (2018) guaranteeing a minimum of 100 days of employment per year to registered unemployed. The PMEP seeks to enhance domestic employment opportunities and promote enrolment in social protection among citizens aged 18–59 years old.⁶ In addition to providing services to deliver the employment guarantee, the PMEP seeks to:

- promote and expand domestic employment opportunities through skilling;
- create and manage a cohesive and convergent environment to generate more employment opportunities;
- develop and manage policy interventions to support the employment eco-system;
- contribute through creating, upgrading and expanding community infrastructure; and
- undertake research to identify new domestic employment opportunities.

An inter-ministerial Project Steering Committee, chaired by the MoLESS Secretary, has been established to provide policy guidance and cross-sectoral coordination. A Project Technical Committee has also been established to provide technical guidance comprised of officials and technical experts from relevant government ministries/agencies and private sector representatives. The ESCs, established to provide on-the-ground project management of the PMEP (especially basic financial management, procurements and safeguards), are expected to provide coordination with local level PMEP steering committees (see figure 2).

⁶ As per the Prime Minister Employment Programme Operational Guidelines (2018).

► **Figure 2. Implementation arrangement for the Prime Minister Employment Programme**

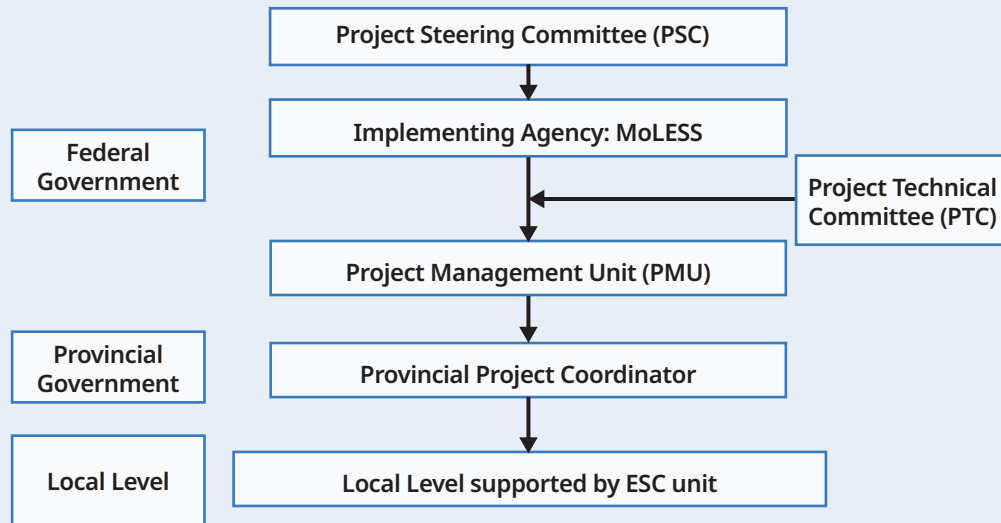
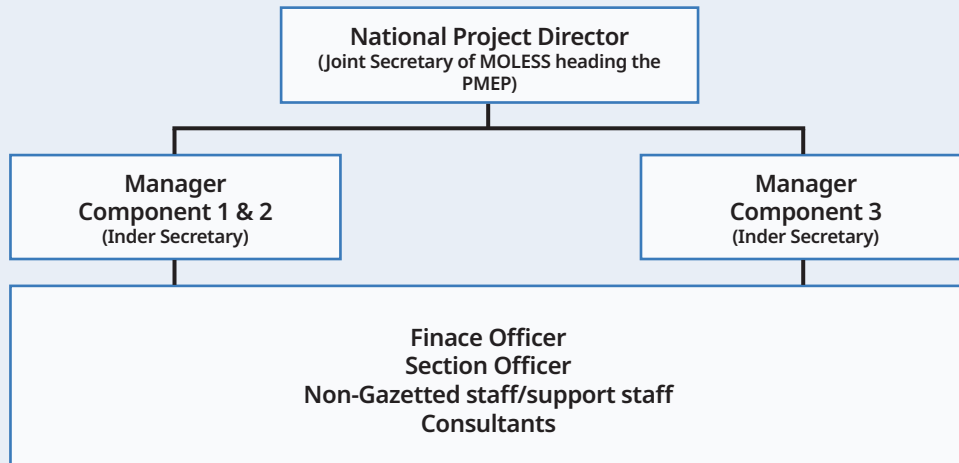


Figure 1.2 PMU Structure



Source: Prime Minister Employment Program.

Youth Employment Transformation Initiative

The Youth Employment Transformation Initiative (YETI), which is implemented within the PMEP, was established in 2019 under a subsidized loan agreement with the International Development Association (part of the World Bank Group) and inaugurated following a financial agreement signed between the Ministry of Finance and World Bank. Originally envisaged as a five-year project, the initiative has now been extended to July 2025. The aim of YETI is to address gaps in existing labour supply interventions and complement initiatives to stimulate labour demand through improving employment services and improving labour market outcomes, especially for youth (18–40 years).⁷

⁷ For more detailed information about the YETI Project, see: <https://projects.worldbank.org/en/projects-operations/project-detail/P160696>.

A Project Management Unit (PMU) has been established to oversee project implementation, manage day-to-day operations including management of procurement, finances, safeguards, and monitoring and evaluation (M&E), and provide guidance and training to the local level staff. The PMU has also recruited project financed consultants to assist implementation.

3.2.2. Coordinated policy implementation through model ESCs

Evidence from the implementation of the ESCs has shown that many lack sufficient space and staff to deliver services, and that they coordinate poorly with other service providers. As a means of addressing these issues, 30 model ESCs were established to serve as testing grounds for developing feasible plans and identifying operational costs and optimum stakeholder engagement protocols to implement the 2023 Integrated Labour and Employment Services (Operational and Management) Procedure. This approach is intended to ultimately facilitate the provision of integrated labour and employment services by ESCs across the country.



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Policy Dialogue and Consultation Workshop on Public
Employment Services in Nepal

मिति: ०३ फागुन २०८०, काठमाडौं
15 February 2024

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Chapter 4

Assessment findings

4.1. Governance and strategy

4.1.1. Delivery mandates and legal framework

Effective governance procedures and a clear strategy are key to the delivery of broader PES and specific ESC concepts. Nepal has a reasonable legal base providing the foundation for the mandate and operation of Local Employment Service Centres, albeit under the PMEP. The right to employment is enshrined in the Constitution and is operationalized through three major instruments, namely the Right to Employment Act (2018), the Local Government Operations Act (2017), and the Integrated Labour and Employment Service (Management and Operation) Procedure (2023). Together, they provide a broad policy framework to contribute to addressing unemployment, especially among youth; promote an integrated approach; and assign responsibilities to various levels of government. Nonetheless, significant gaps and challenges are observed relating to:

- overlapping mandates and lack of clarity regarding the roles and responsibilities of the three tiers of government;
- overemphasis on the PMEP employment guarantee programme;
- lack of provision for appropriation of resources needed to maintain a minimum level of service;
- inadequate provision for institutional and human resources capacity; and
- inadequate attention to partnerships with the private sector, employers' organizations and workers' organizations.

For successful PES reform, transparency is needed concerning the respective mandates of the delivery agencies within each of the three tiers of the Government, and there is a need for a shared, agreed interpretation of the legal framework among these agencies, including in relation to the policies, laws and regulations within which the PES system functions. The MoLESS should define the high-level scope of what labour market interventions should be available. This will require analysis of inputs from other ministries whose policies support MoLESS's employment agenda.

The Federal Government will need to further develop its function as the responsible agency for data collation and analysis to underpin the setting of national service delivery standards for ESCs. Provincial governments should lead in the operation of regulatory functions, including human resource development and overall oversight. Provincial governments can also develop an umbrella view of provincial labour markets and an enhanced quality assurance role to support the local government tier. Local governments have a pivotal role in the implementation and delivery of ESC-type services.

4.1.2. Strategy

There is no overarching vision or strategy for the delivery of PES services, which means that delivery mechanisms are currently disjointed and lack focus. Given the great diversity of socio-economic

environments across Nepal there is a particular need for municipal policies and structures to be sufficiently coordinated to meet specific local delivery requirements while balancing national economic, social and ethnicity considerations. The development of a high-level vision and strategy for PES delivery in Nepal, accompanied by the formulation of local delivery plans, can ensure that legislation not yet comprehensively implemented, such as the Right to Employment Act (2018), can be delivered across all provinces, following the lead of those regions (for example, Madhesh Pradesh) that previously advocated its amendment and tabled a collective decision. While the legislative instruments – namely the Right to Employment Act (2018) and the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) – provide a solid platform for developing an effective employment service network, an integrated overall governance framework is required to facilitate a joined-up delivery system. This can enable integrated policy steering and PES management.

4.1.3. Governance

A strengthened PES delivery infrastructure can help ensure full implementation of legislation with support from key stakeholders, especially private sector actors. Sound governance systems should include a well-considered strategy, which must describe the revised PES/ESC concept and support delivery of broader PES objectives. The primary aim of PES is to support the growth of a more inclusive labour market, which, through well targeted labour market interventions, can produce an increasing volume of skilled quality employment.

Currently, ESCs report directly to the Federal Government/MoLESS, which can diminish local government ownership. As governance does not currently support an integrated approach, ESCs tend to only be successfully embedded into local delivery structures when this is positively promoted due to the personal priorities and influence of a Chairperson. Similarly, the potential for provincial governments to provide training and quality assurance for ESCs and facilitate links to the private sector is invariably overlooked.

A number of ministries are engaged in the provision of employment-related skills and employability training. Therefore, achieving the goal of establishing an effective public employment system will require cross-government cooperation at the national level, with close coordination among federal, provincial and local governments, as well as active engagement from the private sector. Provincial Centres for Good Governance can be extremely useful in training administrators and elected politicians to become more effective in steering local delivery of PES by supporting provinces to develop an important role in mentoring and monitoring the local delivery.

While it should be stressed that PES cannot solve macro-economic problems, they however can make a key contribution to improving labour market operation. This is through providing a bridge between labour supply and demand, identifying available jobseekers' skills and skill development needs, increasing transparency through advertising vacancies, and ensuring that systems for improving labour supply are as well-informed as possible with information concerning employers' requirements.

Furthermore, there is a need for the MoLESS to establish governance structures consistent with Article 4 of ILO Convention No. 88, which calls for the cooperation of employers' and workers' organizations in the operation of PES and in the development of PES policy. Mechanisms that enable such cooperation can ascertain the perspectives of the private sector to establish which services and delivery standards would encourage employers to engage with an enhanced national PES system.

As noted above, there is a need for closer coordination among the federal, provincial and local governments. The Internal Employment Management Division of the MoLESS currently provides an organizational structure and management resource that can be utilized to develop strategic steering, but there is a need to strengthen coordination at the provincial and local levels. To successfully pursue vertical integration across levels of government, the Federal Government will also need to develop a national digitalized system to support the standardized flow of information between all levels to manage and analyse national data.

Evidence gathered during the assessment found that only a minority of ESCs were fully staffed, with budget/staffing from the PMEP either being diverted to support other local delivery needs or not utilized at all. Furthermore, the current resource distribution model for staffing ESCs applies a standard allocation of three officials for each Centre, irrespective of the local circumstances, labour market situation and potential business volumes. As such, an important issue for resolution through improved coordination across the three tiers of government will be opening dialogue to ensure that ESCs have sufficient capacity to meet local needs and provide resources for the effective functioning of PES.

It is essential that local governments' accountability and transparency for the management of ESCs are strengthened, including to enable the development of basic performance management to facilitate continuous improvement in customer service. This can include equipping local governments with outcome-based results metrics to lead operational delivery.

4.1.4. Stewardship and accountability

At present most local governments have limited capacity to effectively manage ESCs and to support their integration into a wider PES delivery system, and there is a lack of clarity and a lack of shared understanding and agreement concerning who has responsibility for certain aspects of service delivery. Improved stewardship of the system from governments at all levels can raise the profile of PES and generate wider support for investment in system development. Increased transparency is essential to facilitate a change in perceptions of the PES, thereby raising awareness of PES activities across society. This must be accompanied by greater accountability on the part of all agencies contributing to service delivery.

4.1.5. Delivery standards

A prerequisite for developing the PES system is effective monitoring, which requires the introduction of a basic performance management system that records results from interventions, specifically measuring inputs, outputs and outcomes, and assessing these results against agreed upon service delivery standards. Currently, transparency in relation to results is hampered by the absence of an effective infrastructure for the passage of information between the three tiers of government. Addressing this is needed:

- to encourage standardization and uniformity of service provision;
- to enable provincial governments to utilize improved monitoring and evaluation protocols (stressing the added value of an enabling/mentoring as opposed to an audit/compliance) function;
- for benchmarking and mentoring local PES delivery operations; and
- for the establishment of performance management systems at all levels (as appropriate), enabling the steering of processes to facilitate continuous improvements in customer service.

4.2. Organization and management

The nature of the organization and management structure will play a key role in determining success in developing PES capacity. Evidence from the assessment identifies aspects of the current structure, leadership and staff management that need to be improved to drive necessary change.

4.2.1. Segmentation and profiling

To ensure that jobseekers can be steered towards the most appropriate labour market re-integration journey, with a service stream to match their individual needs, a system for customer segmentation and profiling should be introduced. In addition to identifying the most appropriate support segmentation and profiling can assist efforts to target precious counselling resource on those who can benefit most from various PES services.

4.2.2. Service coordination and decision-making structures

As part of an overall reform of institutional structures at all delivery tiers unified organizational and management structures are especially necessary at the local level to promote better labour market interventions through networking between key stakeholders. The vehicle for such developments should be Local Coordination Platforms that would provide the structure for provincial and local governments to develop and consider proposals for improved services – see section 4.4 below for more information.

A particularly important role of local PES operations will be to facilitate the further development of technical and vocational education and training (TVET) programmes that can better meet labour market demand. An enhanced PES system can achieve this through ensuring that TVET curricula provide individual citizens with appropriate training in in-demand skills that will improve their employability. The aim should be to consolidate and/or coordinate TVET delivery.

Much ESC/PES activity is guided by national policies developed with limited input (if any) from the local government tier, leading to an insufficient focus on local needs and priorities. An example can be found in the design of the YETI programme (see section 3.2.1 above), which has training for occupational skills arranged irrespective of local skills needs. Infrastructure and facilities are also inadequate to meet the needs of ESCs. Better coordination of PES delivery through enhanced local inter-organization cooperation can assist in increasing the alignment of local services with national strategy and support future development of national approaches that will better support local priorities.

4.2.3. Resource allocation

Better coordinated and more integrated service planning will assist in the provision of more sufficient staffing. This can be achieved through increased availability of staff resource due to: more effective budgetary control; better training; lower turnover; and more targeted deployment. Improved logistical support can be offered, including improved office accommodation. Where service needs are identified across the country, nationally produced guidelines should incorporate provisions for the expansion of the ESC remit to address these needs. These guidelines should include a clear statement concerning the PES services that the very diverse array of citizens, jobseekers and employers can expect to access through any ESC, irrespective of the location. To achieve these outcomes, training will be necessary to ensure that staff are equipped to understand the diverse needs of jobseekers across Nepal.

The current budget allocation system presents constraints for effective implementation of ESCs. While ESCs have identified eligible workers for the PMEP Cash for Work programme, the available budget is often inadequate to support the intended level of job creation. As a result, the programme's objective of providing 100 days of employment to eligible jobseekers is not fully realized. Overall, less than 20 per cent of registered "jobseekers" are receiving only 50 per cent of workdays offer from the PMEP (out of 100 days employment). In some municipalities, adherence to the local minimum wage remains inconsistent, which can disproportionately affect informal workers, particularly those from rural areas and this may have a negative impact, especially upon youth seeking employment. An obvious benefit from more transparent system for disbursement and allocation of budget can be a focus on optimizing the return on funding through identifying and eliminating service duplication and redirecting resource towards important but underfunded or absent functions. Examples of poor budget utilization and duplication identified in assessment included the establishment of TVET institutions at the provincial level to provide vocational training for jobseekers despite the existence of other provincial and local level institutions already providing similar or identical remits and outputs. Pragmatic approaches could rationalize delivery and to identify and release consolidated funding to support jobseekers.

Changing the modalities of budgeting should form part of the understanding between the various actors contributing services to the PES delivery system. In this regard ESC-type entities should be established on a permanent basis, with responsibilities shared among the three tiers of government. Resources should be provided through funding from regular budgets – that is, sustainable budgets that are not loan/aid-

based – with clear and dedicated functions that are required to be delivered in return for receipt of a sustained (mainstream) income stream. Results should be assessed and monitored through a systematic performance system (see section 4.5).

The provincial structures responsible for employment – including the pre-federalism EICs and the current labour and employment sections – should also be part of the provincial PES structure. The main role of the provincial structure would be to provide guidance and support to local-level PES at the city and municipality levels. This would include translating the employment goals set at the national level into provincial goals, in collaboration with the local PES structures. The provincial level would also act as an intermediary between the federal and local levels. To develop this role in supporting local PES, provincial governments must raise their currently limited awareness of the role of ESCs in addressing labour and employment issues. In an innovative approach in Madhesh Pradesh Province has involved hiring/designating eight officers to look after labour and employment in each of its eight districts. This pilot has the potential to deliver satisfactory results in all 136 of the province’s palikas.

While it is clearly understood why municipalities have supplemented ESC structures with their own budgets, in practice this presents an inefficient use of limited resources, and this should be addressed through improved coordination, including through developing a need-based and digitalized support system to embed and incrementally expand programme delivery from ESCs.

ESC officials surveyed for this assessment were asked about the sufficiency of their budget to deliver assigned services and responsibilities. A large majority (87 per cent) reported that the budget is insufficient to effectively implement approved programmes (table 2). Their concerns primarily focused on addressing the demand for Cash for Work programmes, which receive a significant number of applications. However, the budget allocated for this scheme remains limited. By contrast, only 10.4 per cent of respondents stated that the budget is sufficient, and 2.7 per cent reported it as more than sufficient.

When asked about the insufficiency of the current budget, respondents highlighted an estimated shortfall of nearly 70 per cent. On average, they indicated a need to increase the budget by 16,521,796 rupees to meet the expectations of the programmes and jobseeking participants.

Respondents were asked about the appropriate share of the budget that should be allocated from each of the federal, provincial and local levels of government to allow for the ESC to operate on a sustainable basis. Based on the average of the responses provided, it was believe that the largest proportion of the budget (54 per cent) should be contributed by the Federal Government, (22 per cent) by the provincial government and (24 per cent) by the local government.

► **Table 2. Budget sufficiency according to surveyed ESCs**

Status	Number	Percentage
Insufficient	258	86.9
More than sufficient	8	2.7
Sufficient	31	10.4
Total	297	100.0

Source: ESC Survey 2025.

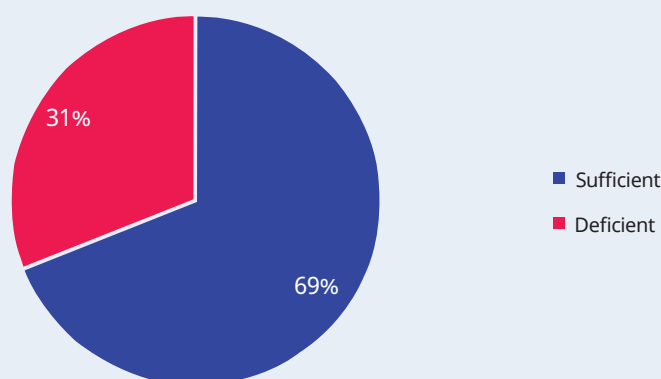
4.2.4. Office facilities and equipment

Adequate and appropriate physical infrastructure in the form of accessible office spaces, equipment and facilities that project a welcoming ambience to jobseekers, employers and the public is essential for any functional public employment service. As noted elsewhere in the report, ESC infrastructure varies across the different municipalities depending on the political will from the local government and their financial capabilities. In general, ESC offices would benefit from a strategic rethink and restructuring to reflect the level of services to be provided and the known or expected volume of patronage from potential clients.

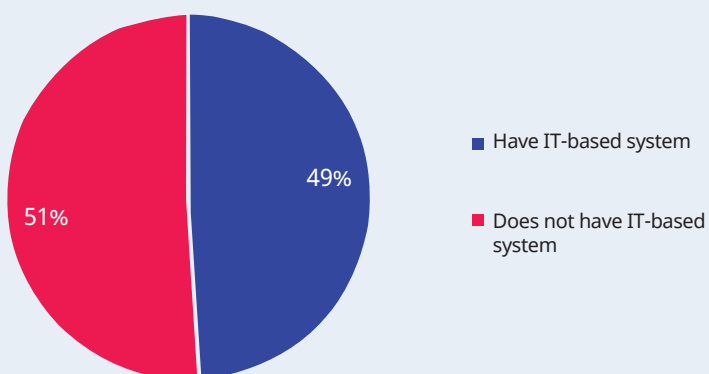
For many PES staff and managers in locations where PES are in their developmental stages, it may be difficult for them to be aware of what kind of infrastructure would best promote an efficient and effective provision of services. This appears to be the case in some of the municipalities, where staff projected a more positive view of the infrastructure compared to what the assessment team could observe on the ground.

During the survey conducted for this assessment, ESC officials were asked about the sufficiency of infrastructure and budget for delivering PES-related activities. When questioned about the adequacy of office space and essential equipment required to fulfil their regular and assigned responsibilities, a

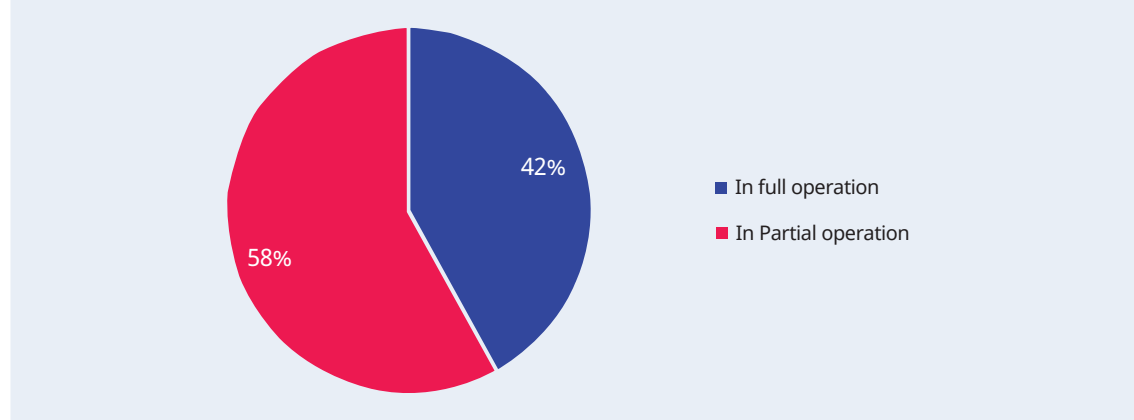
► **Figure 3. Status of office set ups in ESCs according to survey respondents (n=297)**



► **Figure 4. Existence of IT-based systems in surveyed ESCs (n=297)**



► **Figure 5. Operational status of IT-based system in surveyed ESCs with such a system (n=146)**



majority (69 per cent) reported being satisfied with the available office space and equipment. However, a significant proportion (31 per cent) expressed dissatisfaction with the current infrastructure (figure 3).

Respondents were also asked whether an online information technology (IT) system is used for jobseeker and vacancy registration. Almost 51 per cent of respondents (n=151) reported not having an IT-based registration system; while the remaining 49 per cent (n=146) indicated that they do use some form of IT-based registration. Among the respondents (146) who reported that such a system is in place, 42 per cent (n=62) further elaborated that their system was fully operational and systematized, whereas 58 per cent (n=84) reported that it is only partial operational.

Clarity on the scope of support available from individual ESCs is essential. Given the disparities in resources, and especially staffing levels, between ESCs, detail is needed on what can and cannot be offered at specific locations, as well as in relation to the human, financial and technical resources required for expected services to be delivered. Currently there is no systematic relationship between the theoretical delivery mandate and responsibilities of ESCs and the delivery context (including the actual size of the unit).

4.3. Provision of labour market services

4.3.1. ESC coverage

While current legislation, in theory, provides for systemized PES delivery in Nepal, there is a significant gap across most of the country between the current delivery landscape in place and the delivery framework assumed in legislation. During the assessment, a consideration of the overall labour market situation in Nepal at the national, provincial and local levels has identified several approaches that could improve labour market functioning.

ESCs are institutionally established in all municipalities and can therefore provide a nationwide interface for jobseekers and employment support services. The PMEP has also provided a funding stream, which if it had been utilized everywhere, as per the intentions of the programme, could have already enabled a uniform minimal standard in relation to the support on offer from ESCs. Fieldwork research conducted as part of the assessment identified that while some ESCs are operating as per the delivery blueprint, the service from most outlets is limited to registration for and referral to the PMEP Cash for Work programme. This can be attributed to a number of factors, including:

- many ESCs having less than the intended three staff;

- limited expertise to deliver other services;
- limited infrastructure;
- limited private sector engagement; and especially
- ESCs operating in silos outside of local employment delivery systems.

ESCs were designed to deliver employment support within the context of federalism, with the Federal Government responsible for establishing policies and regulations, while local governments are tasked with executing them. In many municipalities, ESCs have been perceived as an arm of the Federal Government with no local delivery role. Consequently, they have low public and local recognition, are frequently understaffed and have no connection with the local service delivery infrastructure. That said, well-functioning ESCs do attract increasing volumes of business from both citizens seeking employment and employers offering jobs, and have shown that they can and do serve as key labour market brokers in their localities.

It is important to note that, while it is essential to provide sufficient resources for ESCs to deliver their intended mandate, such resources will not, of itself, increase ESC effectiveness, as this depends upon palikas (local governments) commissioning activity to ensure that ESCs are fully aware of the context for labour demand and supply in the municipalities in which they operate.

An intended benefit of Nepal's federalism agenda is providing local delivery actors with the flexibility to be innovative in formulating approaches to fostering inclusion through employment facilitation. Ideally, services that are designed to reflect local socio-economic circumstances can have a more positive impact upon labour market operation than top-down, centrally-defined actions. In practice, however, the assessment identified little innovation in how employment support is currently delivered through ESCs. Indeed, the capacity constraints described above in many cases meant that employment facilitation activity outside of the Cash for Work programme was extremely limited, or even absent.

A menu of service options could be developed, with ESCs' roles and responsibilities distributed based on the socio-economic environments and resourcing contexts within which individual ESCs operate.

Rural ESCs (employing just one or two staff) could offer a minimal service with essential basic roles, such as: jobseeker registration and initial information gathering, including from prospective and returnee migrants; providing orientation for basic employment, safe migration and reintegration; and promoting access to services through referrals to other organizations offering more developed services, such as training providers or business development services providers.

In the early stages of ESC reform where the service from some locations may be limited to the provision of information and referrals delivered by a sole member of staff, it is essential that tangible outputs are delivered for beneficiaries. Therefore, the onward progress of jobseekers through the support system must be tracked to develop trust and credibility in ESC services.

Municipalities (with ESCs employing a minimum of three staff) could function as a hub for surrounding areas, and also offer basic employment counselling/career guidance and advice on obtaining social support.

Metropolitan and sub-metropolitan municipalities (employing more than five staff) could be capacitated to conduct individual services, such as linking with employers/financial institutions, job matching and business development support.

It will be crucial to ensure that ESCs are not overloaded by being allocated responsibilities beyond their delivery capacity. While a single gateway into the PES system is desirable, this must be accompanied by a clear understanding of both the services offered at the local tier and the referral role that is to be played by local government. As such, a referral ecosystem must be developed incrementally as the resources and

capabilities of both referral and delivery points are enhanced to ensure effective transit of citizens through the employment and social support system.

4.3.2. Jobseeker services

Jobseeker registration is one of the basic and core activities of any public employment service. PES often use a combination of different methods to register jobseekers, including physical registration at job centres or via mobile units or outreach service points, via telephone or online (either on a dedicated website or through social media). The specific combination of registration channels used depends on the capacity of the PES and the needs and capabilities of its clients.

While current legislation, in theory, provides for systemized PES delivery in Nepal, there is a significant gap across most of the country between the delivery landscape currently in place and the delivery framework assumed in legislation. For instance, it was observed during field visits that most ESCs primarily conduct jobseeker registrations on a seasonal basis as part of the PMEP Cash for Work programmes. During the assessment, a consideration of the overall labour market situation in Nepal at the national, provincial and local levels enabled the identification of several approaches that could improve labour market functioning.

At present, the Employment Management Information System (EMIS) is open for just two months – February and March – to register unemployed youth for 100 days of employment/Cash for Work. Thereafter, the PMEP plans its budget for the subsequent Nepali fiscal year, which commences on 16 July. Nevertheless, ESCs can in principle work throughout the year to deliver employment promotion services, but in practice, these efforts are extremely limited at most locations, often only delivering such support through the PMEP. Consequently, in many areas, ESCs do not deliver a regular year-round public employment services. The vast majority of ESC survey respondents (90.2 per cent) reported applying regular registration processes and those specific to the PMEP Cash for Work programme, as described above. Only 9.8 per cent of respondents reported that no jobseeker registration process existed.

In terms of registration modalities, 23.6 per cent of ESC staff reported actively mobilizing in the field to collect registrations. Meanwhile, 12.1 per cent indicated that jobseekers must visit the ESC to register. Most commonly (54.5 per cent), a combination of both approaches is practiced (table 3).

► **Table 3. Jobseeker registration processes utilized by ESCs according to survey respondents**

Jobseeker registration process	Number	Percentage
Collect and update regularly by mobilizing field staff	70	23.6
Voluntarily done by jobseekers coming to ESCs	36	12.1
Both of these processes are applied	162	54.5
No such mechanism exists	29	9.8
Total	297	100.0

Source: ESC Survey 2025.

Data analysis indicated that the majority of jobseekers who registered with ESCs (59 per cent) are female. Categorizing registered jobseekers by skill level found that only 13 per cent could be considered skilled workers, 31 per cent were semi-skilled and 56 per cent were unskilled. Similarly, while categorizing the respondents in terms of education, 28 per cent were without formal basic education while the majority

had a basic level of education. The corresponding figure for secondary level education was 24 per cent and tertiary level 8 per cent (table 4). As PMEP primarily prioritize unskilled individuals by offering temporary employment opportunities, registration of a significant proportion of skilled and semi-skilled individuals with secondary education or higher highlights a critical shortage of suitable employment opportunities for this group at the local level.

► **Table 4. Classification of registered jobseekers by skill level, education and sex (percentage)**

Category	Mean (%)	Minimum (%)	Maximum (%)
Skills level			
Skilled	13	4	22
Semi-skilled	31	16	55
Unskilled	56	36	76
Education level			
No education	28	8	50
Basic level	40	22	58
Secondary level	24	10	40
Tertiary level	8	5	13
Sex			
Male	41	23	59
Female	59	41	71

Note: The “minimum” and “maximum” columns refer to the smallest and highest percentages, respectively, reported by any single ESC surveyed as part of the assessment. **Source:** ESC Survey 2025.

Respondents were asked to elaborate on the nature of the job vacancies registered by employers and the subsequent employment destinations. Analysing their responses revealed that most vacancies (60.1 per cent) were registered by public sector organizations, including non-governmental organizations (NGOs), while a significant proportion (39.9 per cent) came from the private sector. When categorizing vacancies by industry size, nearly 59 per cent were from small employers, followed by medium sized (27.8 per cent) and large (14.2 per cent).

In terms of employment linkages, a substantial proportion of jobseekers (41 per cent) were connected to foreign employment, followed by domestic wage employment (31.4 per cent) and domestic self-employment (27.8 per cent) (table 5).

► **Table 5. Characteristics of the job vacancies registered with surveyed ESCs and job linkages formed by surveyed ESCs (percentage)**

Category	Maximum (%)
Job vacancies – Sector	
Private	39.9
Public	60.1
Job vacancies – Employer size	
Small	59.0
Medium	27.8
Large	14.2
Job linkages – Employment type	
Domestic wage	31.2
Domestic self-employed	27.8
Foreign employment	41.0

Note: The responses in relation to registration of job vacancies only consider the 110 ESC respondents (37 per cent of all respondents) who said that they do indeed register job vacancies. See table 7 below.

Source: ESC Survey 2025.

Survey respondents were asked about the types of PES-related activities presently carried out by their ESCs. Among the 284 ESCs that responded to this question (out of the total of 297), 61.6 per cent reported providing job search assistance, and 81.7 per cent delivered counselling and guidance. In-depth interviews conducted during the field survey revealed that these activities are more focused on foreign employment than on domestic employment. ESCs facilitate prospective migrant workers’ submission of online applications for labour approval and provide counselling and guidelines to individuals who visit the Centres in person.

Skills training was offered by 58.5 per cent of ESCs, and entrepreneurship development training was offered by 28.2 per cent. Enterprise surveys to assess market demand were implemented by 34.2 per cent of ESCs. Additionally, 18.0 per cent of ESC respondents mentioned conducting other activities, such as providing counselling to prospective migrants, assisting migrants who faced difficulties at abroad and facilitating labour approvals from the Department of Foreign Employment.

ESC respondents were further asked about the PES-related programmes they plan to deliver in the future, if not currently offered. A total of 244 ESCs answered this question: 32.8 per cent indicated an intention to provide job search assistance, 16.0 per cent planned to introduce career counselling and guidelines, and 40.2 per cent expressed interest in offering skills training. These percentages, when added to the shares of ESCs already offering these programmes, suggest that nearly all of the surveyed ESCs at least intend to provide these services to jobseekers.⁸ In addition, 50.4 per cent aimed to implement entrepreneurship development training, 46.3 per cent planned on doing skills testing, and 44.7 per cent intended to conduct enterprise surveys to assess market demand. These numbers, when added to the share of ESCs already offering these services, suggest that roughly two thirds to three quarters of ESCs at least intend to offer these services to jobseekers (table 6).

⁸ As noted in table 5, the combined percentage of ESCs that presently offer or plan to offer each service are inexact, in part because different numbers of respondents answered the “presently being offered” and “planned for the future” questions. As such, these numbers should only be viewed as being broadly indicative.

► Table 6. Regular programmes related to PES

Programmes and activities	Presently being offered (n=284)		Planned for the future (n=244)		% presently being offered + % planned for future ¹
	Number	Percentage	Number	Percentage	
Job search assistance	175	61.6%	80	32.8%	94.6%
Counselling and guidelines	232	81.7%	39	16.0%	97.7%
Skills training	166	58.5%	98	40.2%	98.7%
Entrepreneurship development training	80	28.2%	123	50.4%	78.6%
Skills testing	62	21.8%	113	46.3%	68.1%
Conducting surveys on demand	97	34.2%	109	44.7%	78.9%
Other activities	51	18.0%	36	14.8%	32.8%

Note: The percentages in the table add to more than 100 per cent because multiple answers were allowed. ¹ The numbers in this column should be taken as indicative only and do not necessarily represent the exact share of surveyed ESCs that either presently offer or plan to offer each service. This is in part due to the numbers of respondents being different for each question.

Source: ESC Survey 2025.

The national PES and skills development systems in Nepal should operate in tandem to form an effective pipeline where clients with identified skills needs are referred to the most relevant training. PES providers can advise TVET providers of employers' requirements, enabling skills development institutions to benefit from closer collaboration with PES, including in relation to supporting the development of training manuals, setting standards, ensuring quality, and assisting in managing resources. Provincial governments can also provide needs-based skills training, conduct skills tests, study market demand, offer placement services and mentor local delivery agencies in improving skills identification and needs analysis. Local governments should identify training needs, select appropriate trainees for referral to upskilling programmes, and provide post-training placement support in conjunction with the private sector. Private sector involvement is key to building trust in PES, which will encourage more citizens to make use of public employment services and encourage employers to increasing register job vacancies with ESCs.

Improved service delivery can make a tangible impact upon national priorities, including the persistently high rate of youth migration abroad. Currently, there is a default position that migration is the best result for many (especially young) jobseekers, despite there being shortages of skilled workers in urban areas in Nepal, with these gaps often filled by Indian labour. This situation further limits the scope for wider recognition and awareness of the role which local PES can play in improving labour market operation. It will be necessary to create programmes for youth designed to meet the specific needs of urban and rural areas and targeting skills-building,⁹ mentorships, internships and entrepreneurship. Indeed, in many locations across Nepal, **self-employment and the development of micro-entrepreneurship** presents the best prospects for the social and economic integration of many inactive and unemployed persons. The menu of ESC services could be gradually expanded to include support for sector-based entrepreneurship, including the establishment of low-interest loan schemes for clients, especially youth, who want to start their own businesses.

⁹ Including tax incentives for companies hiring youth or investing in skills training programmes.

4.3.3. Employer services

It will not be possible to provide effective PES for jobseekers an appropriate support is provided through services for employers. The provision of such services can work to:

- improve labour supply;
- increase the transparency of job vacancies;
- assist in recruitment exercises;
- develop the operations of employers; and
- promote skills training focused on matching labour demand.

Provincial governments, operating in conjunction with local governments, should develop employer engagement strategies that prioritize PES providers developing relationships with employers offering employment opportunities, facilitate and encourage the provision of skills development programmes that match labour market requirements.

ESC survey respondents were asked whether they undertake job vacancy registration processes. A large majority (63 per cent) reported that they do not conduct such programmes, with only 37 per cent (n=110) stating that they do engage in vacancy registration activity. When these 110 ESCs were asked about the registration processes they utilize, most respondents (56.4 per cent) reported using a combination of mobilizing staff in the field and employers voluntarily visiting the ESCs to register vacancies. By contrast, 29.1 per cent relied solely on field mobilization; while 14.5 per cent indicated that they wholly rely on employers voluntarily registering their vacancies by visiting the ESC (see table 7).

It is worth reiterating here that the majority of job vacancies registered with these 110 surveyed ESCs were from public sector employers (60.1 per cent – see table 5 above), which serves as an indication of the extent to which PES providers need to expand their engagement with the private sector to develop trust and to refine their service offerings in order to secure the patronage of private sector employers.

► **Table 7. Means by which surveyed ESCs processed job vacancy registrations (n=110)**

Means of registering job vacancies	Number	Percentage
Collect and update regularly by mobilizing field staff	32	29.1
Voluntarily done by employers coming to ESCs	16	14.5
Both processes are applied	62	56.4
Total	110	100.0

Note: This table only supplies the responses of the 110 ESCs that said they did indeed register job vacancies.

Source: ESC Survey 2025.

There is little evidence of *palikas* undertaking prior **training needs analyses (TNAs)** before making decisions on funding the training of citizens for employment in certain sectors. By consequence, significant resources are being invested by many *palikas* in supporting the development of traditional skills – such as sewing, knitting and beautician skills – as the mainstay of skills training for employment. While craft industry skills can continue to be important drivers of employment, the lack of any evidence base for these decisions suggests that other wider and possibly larger scale employment opportunities are being missed.

Private sector actors have been clear in describing shortages of skilled labour to meet their human resources needs and would welcome quality support to deal with this problem. This must be addressed to improve the weak supply/demand balance in what is currently a very fragile labour market. There are clear opportunities to leverage benefits from increased collaboration with the private sector.

Discussions with private sector representatives indicated that they are ready to use and possibly procure placement services from ESC/PES-type institutions, if these can be provided to a good standard that helps them to recruit appropriate suitably skilled workers – and so long as these services does not involve charging jobseekers. If PES uptake by private sector employers could be substantially increased, it would contribute to addressing the current paradox in Nepal’s labour market of substantial long-term unemployment and inactivity occurring in tandem with labour and skill shortages and recruitment difficulties in certain occupations and sectors. Discussions with trade union representatives identified similar enthusiasm for supporting the development of labour market services through a modernized PES network to address recruitment problems.

At the time of writing, the **PMEP is scheduled to close imminently**, increasing the importance of all ESCs eventually delivering their full mandate. There are already positive examples of improved delivery at some ESC locations with certain provinces having embraced the Centres and what they have to offer. These particular ESCs offer potential testing grounds for operational blueprints for an integrated modernized and coordinated PES. Such an approach would establish models that can be replicated to improve the performance of other under-performing ESCs.

4.3.4. Labour market information

For an integrated system to evolve, the Federal Government must enable the implementation of an integrated Labour Market Information System with a centralized data portal connecting all three tiers of government with the private sector. Such a shared system for the collection and collation of labour market information is essential to provide data inputs that will enable consistent analysis and evaluation of the outputs from PES delivery. Ideally, ESCs should serve as the nodes of a national network for the receipt and exchange of labour market information; however, no agencies at the national, provincial or local level are currently conducting systematic labour market analysis – specifically, no *palikas* are currently initiating or conducting any labour market assessments.

The evolution of ESCs so that they form part of a national network – an essential condition for adequate nationwide PES delivery – requires mechanisms for the horizontal and vertical exchange of labour market information and employment data between ESCs, provincial governments and the federal authorities. However, digitalization, which is essential for the operation of such a system, is currently poorly developed in Nepal.

Providing ESCs with the knowledge base and infrastructure to offer modern labour market services can assist in improving labour market function. An effective PES can reduce the reliance on personal connections in many recruitments and offer more dynamic support than is currently on offer through the Cash for Work programme or in many annual job fairs. Though the latter are useful, their impact can often be reduced due to political/administrative obstacles arising from unclear accountabilities, and they should be just one of a variety of services on offer. High-performing ESCs embedded in well-coordinated PES systems at the local level can offer better results being achieved than what is currently on offer, with more of the vacancies that remain unfilled by existing systems being filled and a richer blend of services being provided.

4.3.5. Service delivery channels

In many respects, as a direct consequence of the governance challenges described above, delivery capacity – and especially service delivery channels infrastructure – remain limited. The proposed overall delivery

strategy providing a framework for a **National PES Capacity-Development Plan** should form the basis for structured local PES development plans focused on addressing areas for improvement as highlighted in this report. This is especially relevant in the fields of human resources (that is, providing a sufficient level of suitably skilled staff) and IT support (that is, information and communication technology (ICT) to deliver a modernized PES system with automated processes). There are specific, discrete and complementary roles for all three government tiers in taking this agenda forward.

It is important that citizens can access PES support using methods appropriate for their personal situations, especially in relation to their skills and locations. To date, such considerations are not fully reflected in PES delivery, which is particularly reflected in the limited implementation of actions to promote gender equality and social inclusion (GESI) concepts and approaches in many locations and in the overall lack of sensitivity to ethnic and cultural labour market contexts. A national campaign will be necessary to ensure that jobseekers, especially youth and those living in remote and underserved areas are aware of the availability of PES services. Local governments must also make provision for jobseekers to contact PES using a variety of contact methods, provide resources in local languages and promote digital literacy.

4.3.6. Strategic IT development

The formulation and implementation of strategic approaches to IT development are crucial for effective delivery of PES to target populations. ESC survey respondents were asked about whether their Centre had formulated strategies for PES services to be delivered through use of IT channels. A little more than one third (35.7 per cent) of ESC respondents reported that no such strategies had been formulated so far. An additional 39.1 per cent indicated that strategies had been formulated but were not yet implemented and 21.9 per cent reported that IT strategies were in partial operation. Only 10 of the 297 respondents (3.4 per cent) stated that their ESC had fully implemented IT strategies (table 8). These findings highlight the significant scope for enhancing the effectiveness of ESCs to deliver PES support to the targeted population through upgrades to ESCs’ IT infrastructure.

► **Table 8. Formulation and implementation strategies related to PES delivery through the use of IT**

Status of PES IT strategies	Number	Percentage
Formulated but not in operation	116	39.1
Is in full operation	10	3.4
Is in partial operation	65	21.9
Not formulated yet	106	35.7
Total	297	100.0

Source: ESC Survey 2025.

4.4. Partnerships: Stakeholder identification, mobilization and coordination

The assessment identified lack of coordination as a major impediment to effective PES delivery. The Federal Government will therefore need to provide the direction for establishing better-coordinated local delivery structures. This can encourage collaboration and cooperation between the range of agencies and institutions currently involved in delivery of PES support. For this to be addressed, MoLESS will need to develop an effective steering mechanism from the national level and set a clear direction for promoting

better coordination as an essential enabler for the development of PES delivery mechanisms at all governance levels.

The assessment identified continuing mandate changes among agencies currently providing employment services. These changes contribute to ongoing uncertainty and lack of clarity regarding institutional functions. As an example, the PMP has incorporated anti-child labour tasks into the ESCs' mandate, but there do not appear to be any clear plans or identified resources to take this forward. The MoLESS is likely best placed to deal with such issues and to ensure that "mandate/scope creep" ceases.

The MoLESS itself has added responsibilities as part of an effort to establish the desired ESC mandate, including, among others:

1. preventing child labour and forced labour, including by:
 - a. collecting and updating data;
 - b. carrying out public awareness-raising activities; and
 - c. inspections and monitoring;
2. recommending appropriate education, skills development and rehabilitation for rescued child labourers to relevant agencies;
3. working to reduce potential child labour by providing income-generating work and employment opportunities to poor and disadvantaged families;
4. conducting public awareness campaigns to promote entrepreneurship, respect for labour, and safe and dignified immigration.
5. conducting campaigns to promote membership in the Social Security Fund;
6. carrying out the implementation, monitoring, facilitation and coordination of labour laws, including in relation to minimum wage, contribution-based social security and the use of workplace safety equipment.
7. addressing numerous aspects related to Nepalese workers engaging in foreign employment, including
 - a. maintaining records of people who wish to go abroad for employment.
 - b. providing information on essential documents (such as passports), health checks, insurance, skills and experience, as well as providing essential advice on mandatory pre-orientation, legal procedures, financial literacy, and legal rights for those seeking foreign employment.
 - c. facilitating provision of financial assistance to the families of those who died during foreign employment, covering medical expenses for the sick and disabled workers abroad and facilitating the rescue of stranded workers.
 - d. facilitating the reintegration of citizens who go abroad for employment, including by facilitating entrepreneurship and self-employment among return migrants.
8. carrying out work related to labour-related grievance management.

Once they have agreed upon a common, shared understanding of the responsibilities within the federal legal framework, the MoLESS, provincial governments and local governments will need to establish mechanisms for implementing closer working partnerships at the delivery level. There is a significant opportunity to identify potential efficiencies and generate a culture of innovation through utilizing the benefits of federalism, but effective stakeholder engagement and management is required to deliver benefits derived from improved financial management, institutional coordination and enhanced human resource capacity.

As a starting point, once the ESC mandate has been confirmed, the current institutional and human capacity of ESCs to deliver these functions should be baselined. Existing linkages between the local level delivery entities and other service providers will need to be mapped to support the design and implementation of workable solutions at a three tiers of government and through private sector involvement to develop a more functional PES system. It is important to keep in mind that the partnership structure that is most appropriate for promoting the delivery of employment support through ESC-type services and the most suitable modalities for cooperation will vary between locations.

Following initial stakeholder mapping, discussions between potential partners will be required to agree the future design of ESC/PES-type services in various locations. These discussions should involve the private sector, NGOs, trade unions and government institutions. There may be potential to leverage benefits from development initiatives, including the Reintegration of Returnee Migrant Workers (ReMi) Project implemented by Helvetas Nepal and supported by the SDC,¹⁰ to expand the coverage of local delivery networks.

Many ministries are engaged in providing employment-related skills training directly or by outsourcing. Systematic stakeholder matching may identify that, while extra training resources from a variety of sources might be welcome, the benefits are outweighed by the overall lack of cohesion, which results in gaps and duplication. These issues stem from poor coordination among ministries, which particularly contributes to variations in standards and specifications. Consequently, the overall profile of ESCs/PES remains low. However, addressing these transversal management issues and promoting strong collaboration can mean that PES can be able to make a tangible commitment to improving labour market dynamics, especially if supported by sufficient data and information. Partnerships between ESCs and local businesses and NGOs will need to be developed in order to expand employment opportunities and training,

Notwithstanding current barriers to effective cooperation, stakeholders do recognize the importance and obvious advantages that working partnerships and collaboration – including through social dialogue – can have as part of tripartite governance of PES systems. Potential partners, including employers and trade unions, are may be willing to support PES reform initiatives and to commit to jointly supporting recruitment/human resource development initiatives. The Joint Trade Unions Coordination Committee (JTUCC) network representing major trade unions and sub-unions in Nepal should be proactively engaged to address the current minimal awareness of ESC/PES activities among workers' organizations. A significant obstacle to currently developing this approach with employers is a lack of motivation and enthusiasm on the part of potential partners. Private sector actors have been reluctant to actively engage with PES, as they cannot yet see the benefits to be derived from developing institutional links. It will therefore be especially important to raise awareness of the potential opportunities that an improved PES system can offer in order to overcome the current lack of engagement with key partners that have not clearly identified a need for PES functions and do not at present see advantages from engagement with government entities.

Though **public-private partnerships** do not yet feature in the PES delivery landscape in Nepal, early dialogue with private sector representatives suggests that more investigation should be carried out to explore possibilities to incorporate such partnerships into PES delivery models. At present, private sector enterprises are generally not involved – or in some cases are unaware – of the functions of the ESCs, and therefore have little sense of the potential benefits of directly engaging with the Centres. Public-private cooperation frameworks can help to remedy this, encouraging the private sector to coordinate with ESCs or even take a lead role in the enhancement of the labour and employment system.

Considering a future delivery model, the **Minister of Labour, Employment and Social Security has described his vision for a one-stop shop** approach where citizens can make their initial applications for and enquire about support from employment and social support programmes by visiting a single location.¹¹ This would enable both the provision of direct support as well as onward referral to appropriate

¹⁰ For more information on the potential synergy between the ReMi Project and ESCs, see Annex VI.

¹¹ The Minister provided this information through discussions with the assessment team and ILO Nepal Country Office officials.

providers based on the circumstances of each individual case. A “no wrong door” policy would be observed and a set of common client data would be maintained in an interoperable format so that holistic support can be provided for citizens by different agencies as part of a joined-up integration package.

4.5. Performance management

The assessment findings raise critical questions about the effectiveness of ESCs operating without a full deputation of staff. The significant gaps in relation to staffing, particularly the absence of Technical Assistants and Employment Assistants, may undermine the Centres’ ability to deliver services effectively and achieve their intended results. This highlights the need for proper attention to the deputation of essential staff to ensure ESCs are functioning at an optimal level.

4.5.1. Staff deployment

The PMEPP office currently provides grants to cover the salaries of three staff members for each ESC, in addition to further programme budgets based on specific requirements. Therefore, staff appointed to ESCs are not permanent government employees, and there are concerns over lack of job security, which can reduce motivation. Organizations funding various programmes seek to capacitate staff, but there is no standardized approach for performance review or contract extension. In practice, staff roles at ESCs can be altered, as appointments are changed to match the priorities of municipalities, which may vary significantly from aiming to deliver the intended outputs of ESCs. In this uncertain situation, ESCs can experience high rates of staff turnover.

The ESCs are led by an Employment Coordinator, who serves as the officer in-charge, and according to the staffing model should be supported by a Technical Assistant and an Employment Assistant. Among the municipalities that responded to the survey, 93.3 per cent (n=277) reported having an Employment Coordinator allocated to and currently working in the post. However, only 40.1 per cent (n=119) had a Technical Assistant, and 24.6 per cent (n=73) had an Employment Assistant in place. Only 19.9 per cent of surveyed ESCs currently have all three key positions filled, with a significant difference between urban municipalities (35.5 per cent) and rural municipalities (7.7 per cent).

Of the 277 Employment Coordinators in the surveyed ESCs, only 22.4 per cent (n=62) had formal, written terms of reference (ToR), and among those with a ToR, just 21.2 per cent considered themselves sufficiently trained in PES-relevant activities. Similarly, among the 119 Technical Assistants, only 27.7 per cent (n=33) had a formal ToR, and 3.7 per cent had received relevant training. Among the 73 Employment Assistants, 13.7 per cent (n=10) had a formal ToR, and 7.7 per cent reported receiving PES-relevant training (table 9). Inadequate staff training and frequent turnover impact service delivery and continuity, including through the loss of institutional memory.

Regarding work experience, Employment Coordinators, on average, had 4.09 years of experience, compared to 3.08 years for Technical Assistants and 3.23 years for Employment Assistants. Considering that six years have passed since the government first deputed Employment Coordinators to each municipality, these figures suggest a significant level of staff turnover and potential challenges in retaining staff, which could impact the continuity and effectiveness of ESC operations.

► **Table 9. Overview of the distribution and background of various types of officials in surveyed ESCs**

Position	Included in deputation	ToR is available	Average experience	Duties fully match TOR
Employment Coordinator	93.3%	22.4%	4.09 years	21.2%
Technical Assistant	40.1%	27.7%	3.08 years	3.7%
Employment Assistant	24.6%	13.7%	3.23 years	7.7%

Note: The “Included in deputation” column covers responses from the entire survey sample (n=297), while the remaining columns only consider those ESCs that do have that particular role filled in the Centre.

Source: ESC Survey 2025.

Respondents who reported having a written ToR for their position were also asked whether their ToR aligned with their actual responsibilities. Among 62 Employment Coordinators with a ToR, only 13 (21 per cent) indicated that it fully matched with their actual duties. The share was slightly higher among Technical Assistants (9 out of 33, or 27.3 per cent) and Employment Assistants (3 out of 10, or 30 per cent) (table 10). These results suggest some lapses in the monitoring of job roles and service delivery mechanisms and in the local ownership of employment support functions. Addressing this will require a thorough review of the programmes and the performance of corresponding staff.

► **Table 10. Degree to which ToRs match actual job duties in surveyed ESCs**

Position	Fully matched		Almost Fully matched		Partially Matched	
	Number	Percentage	Number	Percentage	Number	Percentage
Employment Coordinator (n=	13	21.0	31	50.0	18	29.0
Technical Assistant	9	27.3	7	21.2	17	51.5
Employment Assistant	3	30.0	5	50.0	2	20
Total	25		43		37	

Note: This table only concerns itself with those ESC officials who did have a written ToR for their role.

Source: ESC Survey 2025.

The development of a modernized PES system necessitates consideration of not just what services are offered, but also how – such as assessing the delivery procedures, access and inclusiveness of labour market services from ESCs. At present, however, the performance management system does not provide the data required to enable identification of those components of the labour market integration process that are working well and those in need of improvement. A monitoring system to identify gaps so that corrective actions can be implemented is necessary.

4.5.2. Performance metrics

There is a pronounced need for a revised performance management system based on the establishment of **performance metrics**. This performance management system should be able to:

- identify components of service delivery that are successful and processes in need of improvement;
- monitor business volumes to support improved distribution of staff to match specific local needs; and
- enable benchmarking between municipalities to share good practices.

Therefore, a suite of operational performance measures should be introduced through the introduction of key performance indicators (KPIs) that can be used to assess the standard of service delivery to both jobseekers and employers, including for services delivered through partnerships.

Because it is important to develop service streams that provide employment support tailored to the specific needs of individual jobseekers and employers, the results from PES interventions should be disaggregated to record outcomes for various client groups, including:

- **jobseekers** – youth, long-term unemployed, women, persons with disabilities, older jobseekers; and
- **employers** – large employers, SMEs, micro-entrepreneurs, international organizations.

It is important that the progress of clients through the system from initial registration to employment is tracked and the impact of interventions during an integration journey monitored. Therefore, mechanisms for improved data collection – including monitoring systems to track PES outcomes, such as job placement rates, client satisfaction and skills development – will be essential. This can provide a rich source of real-time labour market information and data that can be used to evaluate the effectiveness of specific labour market services. Therefore, performance indicators should include:

- **input measures** – for example, the volume of integrations, number of counselling sessions delivered;
- **output measures** – for example, number of jobseekers referred for skills development programmes and for employment opportunities; and
- **outcome measures** – for example, number of clients securing employment following the receipt of PES support.

The revised KPIs should enable the assessment of the adequacy of the budget needed to provide specific employment support actions. This will be especially important in determining the resource requirements of the various delivery partners collaborating to deliver corrective actions to improve labour market operation. Analysis of the information that can be obtained from such a performance management system can provide a solid foundation upon which to establish an improved budget disbursement mechanism, which will be based on objective considerations and will further cement a spirit of shared endeavor and positive collaboration among delivery partners.

4.6. Staff assessment of services

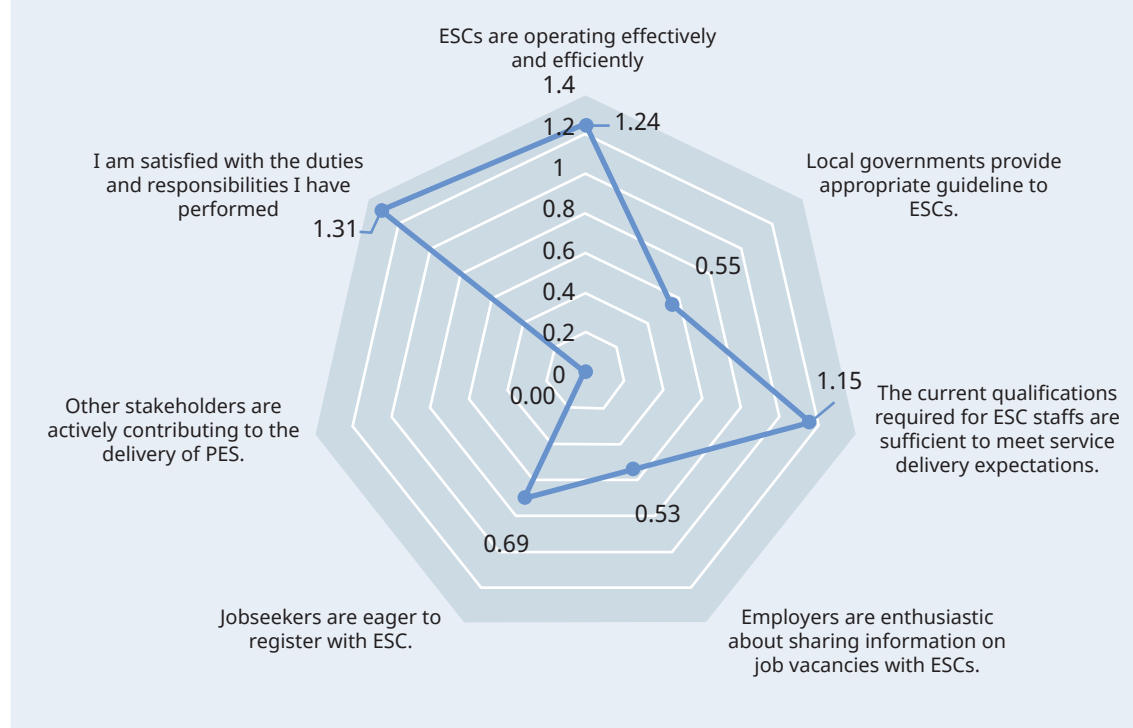
ESC survey respondents were presented with seven opinion statements concerning ESC services and operations, and were asked to indicate their level of agreement with each statement.¹² The analysis results show that the highest level of agreement (score of 1.31) was calculated for the statement, “I am satisfied with the duties and responsibilities I have performed.” Similarly, a high level of agreement (1.24) was found for the statement, “ESCs are operating effectively and efficiently.” Support from stakeholders (0.00) and enthusiasm being shown by jobseekers (0.69) and employers (0.53) were found to be below the expected level. Similarly, the support provided by local governments to ESCs was reported to be less than satisfactory (0.55). See figure 6 and table 11 for details.

The coordination and effectiveness of service delivery were observed to be comparatively higher in rural municipalities than in urban municipalities (not shown). The mean level of agreement with the statement, “ESCs are operating effectively and efficiently,” was highest in rural municipalities (1.42) and regressively lower in other urban areas, including urban municipalities (1.07), sub-metropolitan cities (1.00) and metropolitan cities (0.00).

The analysis revealed a significant gap in programme implementation, emphasizing the critical importance of partnerships between employers and TVET providers in connecting jobseekers with employment opportunities, either directly or indirectly. However, stakeholder collaboration emerged as one of the weakest areas, with the issue being more pronounced in urban municipalities compared to rural ones. Limited engagement from both jobseekers and employers appears to stem from a lack of awareness or understanding of the potential benefits that partnerships with ESCs can provide. Addressing this gap requires focused attention.

¹² For each statement they had to choose from five alternatives: (a) Fully Agree, (b) Agree, (c) Neutral, (d) Disagree, and (e) Fully Disagree. These responses were later quantified with scores of 2, 1, 0, -1, and -2, respectively.

► **Figure 6. Average level of agreement among ESC survey respondents with statements concerning the adequacy of ESC services and operations**



► **Table 11. Distribution of ESC survey respondents' level of agreement with statements concerning the adequacy of ESC services and operations (percentage)**

Statement	Fully Agree	Agree	Neutral	Disagree	Fully Disagree
ESCs are operating effectively and efficiently	42.4	43.1	10.8	3.7	-
Local governments provide appropriate guidelines to ESCs	17.2	38.1	26.9	16.8	0.7
The current qualifications required for ESC staffs are sufficient to meet service delivery expectations.	39.4	40.4	16.5	3.7	-
Employers are enthusiastic about sharing information on job vacancies with ESCs.	18.9	36.6	24.9	18.5	1.7
Jobseekers are eager to register with ESC.	18.2	45.8	24.6	9.8	1.7
Other stakeholders are actively contributing to the delivery of PES.	5.7	25.6	35.0	30	3.7
I am satisfied with the duties and responsibilities I have performed.	47.5	39.7	9.4	2.7	0.7

- = nil.

Source: ESC Survey 2025.

संस्थागत विकास कार्यक्रम
१. संस्थागत (संघ, प्रयोग र स्वायत्तता)
→ वजेट, मौजिगत तथा कर्मचारी व्यवस्था
→ सांस्कृतिक कार्य र सावधानी
→ अनुदान, मुल्यांकन तथा क्षमता विकास
२. सेवाग्राहकता (निजी, सरकारी तथा जेसुसकारी)
→ प्रशिक्षण कार्यक्रम तथा सुझाव
→ सामुदायिक कार्य तथा सेवा
→ सेवा अडिट
३. जनसमुदाय, श्रमिक संघ
→ सहभागिता (सुझाव प्रदान प्रदान)
→ सहजता
४. तालिम प्रदान र सुझाव
→ माहिर अनुभव तालिम
→ सेवाग्राहकता
→ सेवा



Chapter 5

Conclusions and recommendations

To deliver the objectives of the National Employment Plan and to operationalize the employment policy outcomes intended in legislation, Nepal requires the introduction of a coordinated employment service delivery system. This will be necessary to implement employment and labour market policies to deal with labour market challenges and to cover both domestic and foreign recruitment. An essential element of developing such a coordinated system will be clearly defining the roles of all three tiers of government and the private sector in relation to the operation of the PES system – including in relation to the function of ESCs within this wider system.

Based on the findings from this assessment, the policy intentions of and service guarantees contained in the Right to Employment Act (2018) and other legal provisions have – at best – only been partially delivered. Similarly, the public service benefits envisaged from the development of federalism have in many respects not yet been achieved. ESCs have a mandate to perform vital tasks such as maintaining unemployment records, providing employment opportunities and facilitating foreign employment services. However, in most locations, performance in delivering this agenda is inconsistent and not well developed. Furthermore, ESCs generally only play a limited role in supporting labour market operation through linking employers with potential workers and advertising job opportunities to citizens. Local governments perceive ESCs primarily as tools for implementing the PMP, with little understanding of their broader potential. Despite recent efforts to establish a unified labour market intervention procedure, significant gaps in coordination, resources and accountability persist.

While it could be argued that these deficits arise from gaps in the legislative framework or from structural and institutional barriers that constrain the effective operationalization of employment policy, evidence from this assessment supports a different conclusion. The existing body of legislation appears sufficient to support the gradual development of enhanced PES services, and the current delivery mechanisms, if supported by improved coordination, seem broadly adequate to provide an acceptable level of PES support across the country, in line with legislative guidelines. The fact that ESCs are working well in some locations, and that there are also local tier examples of well-designed PES networks operating successfully – for example, in Kathmandu – lends support to this perspective. The assessment team, therefore, finds that management-related challenges, rather than deeper institutional issues, are the primary factors hindering further advancement. In this regard, the need for stronger overall coordination and greater emphasis on expanding PES capacity stands out as especially important.

As such, several significant challenges need to be addressed to enhance the capacity of ESCs as a key component of a well-functioning PES system in Nepal.

Firstly, the administrative implications of devolution still require detailed consideration. The weak coordination between actors at the federal, provincial and local government levels is a significant obstacle to effective delivery. The lack of a shared interpretation of policy and legislation, along with limited local-level ownership of ESCs, which are often viewed as primarily federal institutions, appears to contribute to coordination challenges across the three tiers of government. Similarly, applying a uniform staffing model for ESCs, regardless of local circumstances, can serve as a broad approach that may not fully reflect local needs. In practice, this “one size fits all” model has been difficult to implement consistently due to coordination issues. Even in the smaller number of ESCs where three staff have been assigned, municipalities sometimes reallocate these employees to support other, non-PES-related tasks.

Most ESCs are largely only aiding clients through the Cash for Work programme and not providing enough support for unemployed people through the range of services intended in their mandate. This is meant to extend to the provision of employment-related services such as registration, forecasting labour supply and demand in each geographical location, skills development, coordination with the private sector, data management and analysis, and counselling. The ESC role should be bridging the gaps and addressing the imbalances between the demand for and the supply of workers.

The structural challenges in developing sufficient capacity across much of Nepal to provide services as defined in the delivery mandate has unfortunately contributed to a “vicious circle”. Findings from the assessment indicate that some private sector actors may not yet see clear benefits in collaborating with ESCs, and citizens may be less inclined to use the facilities when available services are limited. As a result, PES have faced challenges in attracting adequate investment, which has made it difficult to implement some of the key elements needed for an effective PES system. This lack of investment is evidenced by the low level of funding provided for digital platforms for the management of labour market data and the absence of a system for regularly updating unemployment records.

An inevitable consequence of limited coordination and the relatively new profile of ESCs has been some overlapping responsibilities and duplicated efforts, along with gaps in service provision stemming from differing interpretations of policies for delivery of employment support services. Therefore, the establishment of a clear and coherent delivery framework through inter-agency cooperation can decrease the dilution of messages, and as performance standards improve, the profile of PES will be raised as the instrument for the delivery of employment policy in Nepal.

Local delivery partnerships should establish how to source a guaranteed income stream that is not dependent on temporary project support through aid grants or loans, so as to provide financing to underpin consideration of a long-term service development strategy. Such a delivery structure can provide a more secure working environment for staff and assist in reducing the current high levels of staff turnover in many ESCs, thereby enabling the development of professional skills and the building of employee knowledge, which will help to improve service quality.

A fully integrated delivery system at the municipal level that is jointly owned by all partners can make employment support programmes better aligned with local labour market needs. This would, in turn, challenge and shift the narrative that ESCs are essentially federal entities that generally have limited impact on either improving the overall employment situation or contribute little to the delivery of local policy priorities. Integrated ESCs can then exploit synergies to improve outcomes through the involvement of local staff in providing labour market interventions.

Moreover, a structured public employment services system is needed to provide meaningful support to priority groups, such as youth experiencing structural unemployment due to mismatches between labour demand and the skills held by jobseekers. The absence of well-coordinated employment support services has contributed to the range of push factors driving international migration of Nepalese citizens (especially youth) for work. While the remittances from these migrant workers make a significant contribution to GDP (almost 30 per cent), in the longer term it is desirable that the labour market in Nepal can deliver sustainable quality jobs to grow the economy, and thereby reduce the numbers of citizens working abroad and the level of dependence on remittances. The introduction of a well-functioning national PES system is one of the essential building blocks to facilitate this transition.

As in many other developing economies, there is a high level of informal employment in Nepal, with almost 87 per cent of the labour force being employed in the informal sector. Many of the citizens engaged in the informal economy are working without employment contracts, receive low pay, have no benefits and receive minimal if any paid holidays. The Government has identified informality as a major challenge to its objectives to promote decent labour standards, having found it to be a major challenge in the development and well-being of workers. There has apparently been only limited discussion among major stakeholders (such as the JTUCC, FNCCI, CNI, FNCSI) concerning the development of a coordinated approach to address

informality. Consideration should thus be given to the potential contribution that a well-established PES can make to challenging precarious employment and promoting decent work.

To evaluate the above challenges and to provide opportunities for real-time operational experiments to identify what works, it is therefore proposed to pilot local PES delivery models with a focus on meeting client – that is, jobseeker and employer – needs. Pilots can establish what is required to deliver the services envisaged by the Right to Employment Act (2018) and further elaborated through the Integrated Labour and Employment Service Procedure (2023), and determine what, if any, further administrative changes are needed to institutionalize PES in Nepal. More detailed recommendations concerning what these pilot approaches might entail are presented in section 5.2 below.

Significantly, a piloting approach can be used to establish a service strong delivery context in which digitalization can be progressively advanced as a national priority. The digitalization of service delivery can help to better ensure responsibility, accountability and transparency while simultaneously improving the service capabilities of ESC/PES networks. Further to this future delivery model, the Minister of Labour, Employment and Social Security has also described his vision for a one-stop shop approach, wherein citizens can make their initial applications for and enquires about employment and social support.

The recommended priority actions developed as a result of the assessment are presented below as a pragmatic approach to increase the management capacity of governments at the federal, provincial and local levels. The implementation of these priority actions will need to be accompanied by the systematic allocation of necessary resources – be it adequate infrastructure, budget or managerial support – to ensure the relevance and effectiveness of public employment services in developing and regulating the labour market of Nepal.

5.1. Recommended priority actions

Several priority actions need to be taken by governments and key stakeholders to establish the cooperation framework described in this report as being fundamental to improving PES capacity in Nepal. These actions are essential for the development of six reform pillars upon which future PES delivery should be constructed, namely:

1. Governance and strategy;
2. Organization and management structure;
3. Developing the PES office network;
4. Labour market service design;
5. Stakeholder engagement in the management of PES; and
6. Developing performance management.

Governance and strategy

The MoLESS should draw on the already comprehensive legal framework and guidelines¹³ to consolidate the operations of the ESCs and employment units at all levels of government in the short term, while also looking into addressing the gaps hindering the establishing a functional employment service system in the medium to long term.

¹³ As exemplified by the Right to Employment Act (2018), the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) and the Local Government Operation Act (2017).

The MoLESS should define the high-level scope of the labour market interventions that should be available. This will require the incorporation of inputs from other ministries with policies that overlap with MoLESS's employment agenda.

Furthermore, the MoLESS may also wish to establish governance structures consistent with Article 4 of ILO Convention No. 88, which calls for “the co-operation of representatives of employers and workers in the organisation and operation of the employment service and in the development of employment service policy”. At the national level this should include the creation of a national tripartite advisory committee to ensure the cooperation of employers' and workers' representatives in these activities. The perspectives of the social partners should also be obtained at the local level through their participation in PES Local Delivery Partnerships, which will be charged with PES management and development within the federal delivery framework.

Input from private sector actors needs to be complemented by increased dialogue between the three tiers of government, as mutual understanding of their respective agendas and increased trust in a shared vision for a PES system can then evolve. This, in turn, can serve as a catalyst for both horizontal and vertical dialogue among federal, provincial and (especially) local actors, which can work to improve relationships and – crucially – contribute to strengthening capacity at the local delivery tier in order to provide optimal solutions for how employment services should be delivered.

Once they have established a consensus as to their mandates based on a shared understanding of the legal framework, MoLESS, provincial governments and local governments need to agree upon mechanisms for implementing closer working partnerships at the delivery level. This process should commence with the development of a uniform **Closer Working policy**, which can set the parameters for the establishment of **Local Coordination Platforms**. This would initially involve establishing standardized definitions for the specific functions of federal, provincial and local governments in contributing to delivery of PES at the provincial and local levels, and should include input from other stakeholders. The platforms will then be tasked with developing **PES Local Delivery Strategies** to pilot new approaches.

The assessment identified lack of coordination as a major impediment to effective PES delivery. For this to be addressed, MoLESS will need to develop an effective steering mechanism at the national level and set a clear direction from the centre. It is especially important to clarify the relationship between and the respective roles of the federal and provincial governments. Discussions should proceed to identify how the provincial tier can best engage with the MoLESS to ensure that national employment policies are implemented in a manner that optimizes their impact. Achieving such optimal impact will require full consideration of the socio-economic and labour market situations specific to each of the country's seven provinces, given the diversity of Nepal, its geographical features and various infrastructure limitations that act as constraints on economic activity and restrict labour market dynamism. Provincial governments should provide an essential bridge between the federal and local tiers of government, including in relation to: the collection and analysis of labour market information from municipalities; the provision of mentoring support to local PES providers; and the promotion of compliance with PES delivery protocols where these have been agreed across the three levels. A prerequisite for developing a better-coordinated steering mechanism is a shared system for the collection and collation of labour market information. This is essential to systematically collecting and organizing the data inputs needed to enable consistent analysis and evaluation of PES outputs.

¹⁴ These relevant pieces of legislation include the Right to Employment Act (2018) and the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) in relation to ESC operations, and the Local Government Operation Act (2017) in relation to managing and operating EICs.

¹⁵ It is envisaged that units in the MoLESS would be responsible for overall monitoring and analysis of PES results. These analyses would be used to inform the development of policy recommendations for future service amendments in order to continuously improve labour market operations.

The **Internal Employment Management Division** that has been established under the MoLESS provides an organizational structure and management resource that can be utilized to develop strategic steering for PES. The MoLESS is the legal and policyholder of employment policy and public employment services. The Internal Employment Management Division could hold delegated responsibility from the Minister and the MoLESS Secretary as the policy holder for PES in Nepal, and by extension the Division Head could effectively serve as the “Director-General” of Nepali PES. The Division could also be the responsible for the overall administration of employment services, providing direction and monitoring the achievement of PES objectives at the federal level within the frameworks of decentralization and relevant legal instruments.¹⁴

Expert Teams¹⁵ should be established at the national level with overall responsibility and accountability for management of national PES operations and monitoring the delivery of outputs. Essential service coordination at the provincial level should be strengthened through the introduction of specialized employment sections in all provincial governments, which will monitor and mentor local PES delivery and ensure effective data management. To complete the vertical integration model the Federal Government will need to develop a mechanism for a **national digitalized system** to support the standardized flow of information between all levels in order to manage and analyse national data. Local governments should develop permanent employment units to ensure that information can be cascaded to and referred up from municipal-level delivery partners, and to ensure that ESCs are fully integrated into PES delivery structures.

Improved guidance and direction (**stewardship**) of the system from governments at all levels is needed to raise the profile of PES and to generate wider support for investment in system development. Increased **transparency** is essential to facilitate a change in perceptions of the PES and to raise awareness of PES activities across society. This must be accompanied by greater **accountability** on the part of all agencies contributing to service delivery.

Organization and management structure

As federalism matures, a clear organizational structure that both mirrors and transcends all three tiers of government needs to be developed. Ideally, the Internal Employment Management Division would serve as the federal-level headquarters of Nepali PES. The provincial structures responsible for employment, including the pre-federalism employment information units and the current labour and employment sections, should also be part of the provincial PES structure. The main role of the provincial structure would be to provide guidance and support to local-level PES at the city and municipality levels. This would include translating employment goals set at the national level into provincial goals, in collaboration with the local PES structures. The provincial level would also act as an intermediary between the federal and local levels.

As part of an overall reform of institutional structures at all delivery tiers, **unified organizational and management structures** are especially necessary at the local level to promote better labour market interventions through networking between key stakeholders. The vehicle for such developments should be the aforementioned **Coordination Platforms**. These are envisaged as committees comprised of representatives of the three delivery tiers with a mandate within the framework of federal governance arrangements and legislation to design, implement and develop local PES delivery systems. This will provide a decision-making mechanism to plan and maintain structures to enhance service delivery. The growth of these structures can best be supported where the needs, roles and responsibilities of all stakeholders are clearly defined. A specific focus is needed on optimizing the benefits derived from the inputs of the federal, provincial, and local governments.

Full integration of ESCs into local governance systems is a prerequisite for progress in the functioning of a PES system that is fit for purpose to efficiently provide services as called for in the current body of legislation. A feature of well-integrated PES delivery systems is a sustainable funding base, but ESC delivery has to date been dependent on support from the PMEP, which is both time limited and financed through a foreign loan, raising concerns as to ongoing viability of the service.

This being so, discussions should be convened within the MoLESS at the national level, and among the sections at the provincial level and the units at the local level, to develop a **resource allocation** system linked to PES requirements. This would require developing a consistent standardized formula for determining the appropriate level of staffing in an ESC based on criteria including potential service demand, population, demography and the labour market situation. The formula should be applied by all partners involved in providing funds for staff, and establish whether such funds are to be provided from national, provincial or local budgets.

It is also essential that local governments' accountability and transparency in relation to the management of ESCs be strengthened, including to enable the development of basic performance management to facilitate continuous improvement in customer service. This can equip local governments, which would be accountable for the achievement of outcome-based results, to take the lead on operational delivery through ESCs, including through ensuring the provision of adequate resources. In addition, the provision of certain specialized services could be concentrated at specific ESC locations where there is the greatest demand, enabling more effective use of resources. Under such an arrangement, ESCs could utilize an internal referral system to direct jobseekers to ESCs offering such services and/or officials providing such services could visit ESCs as needed.

Developing a capable and effective PES office network

It is envisaged that the aforementioned governance structure and national strategy for the development of PES, supported by a revised organizational and management structure, could establish the necessary conditions to launch pilots for a modernized **PES office network**.

With a process for provision of service delivery resources agreed among the three government tiers it will ultimately fall to local governments to deploy budgets efficiently to recruit, train and retain sufficient staff in order to ensure service continuity. Efficient use of budget can be further promoted through local dialogue between federal, provincial and local governments to consider the merging of parallel structures/functions as an integral component part of the PES network. Incorporating entities such as **Migrant Resource Centres (MRCs)** and **Labour Banks** could assist in attracting financial and human resources to strengthen PES entities such as ESCs.

For an integrated system to evolve, the Federal Government must enable the implementation of an integrated **labour market information system (LMIS)** with a centralized data portal connecting federal, provincial and local governments with the private sector. To ensure that all stakeholders are appropriately advised and informed regarding potential reforms and are able to make appropriate interventions and observations linked to any programme of change, a PES **communication strategy** needs to be developed.

Labour market service design

Support for PES clients, including jobseekers, is most effective when their needs are placed at the centre of service design so that labour market integration assistance is designed around customer requirements rather than administrative compliance. Convenient, user-friendly systems are the most likely to attract customers, enabling them to subsequently benefit from active labour market policies (ALMPs) to secure employment.

This being the case, the three tiers of government should map citizens' potential journeys through the employment system from registration to integration, so as to assist citizens in exercising their right to support as defined in national employment legislation. Mapping the PES journey can enable the incremental development of high-level procedural guidance that defines the parameters within which local service delivery models can evolve. The aim should be for provincial and local governments to build upon a basic national service delivery spine to develop customized employment support systems that reflect the specific labour market challenges of their particular locations.

To ensure that jobseekers can be steered towards the most appropriate labour market re-integration journey, with a service stream to match their individual needs, a system for **customer segmentation and profiling** should be introduced. In addition to assisting PES providers to offer support tailored to the needs of specific customers, segmentation and profiling can enhance efforts to target limited resources on those who can most benefit from the services on offer. This will reduce deadweight costs stemming from providing support to jobseekers who are able to support themselves, and thereby allow PES providers to focus their assistance on the most vulnerable citizens. A variety of administrative, rules-based and counsellor-determined profiling models can be considered to determine the approach that will be most appropriate for meeting the needs of labour market integration in Nepal.

It will not be possible to provide effective PES for jobseekers unless appropriate support is also offered through **services for employers**. To this end, customized services should be developed to meet the specific needs of different types of employers at various levels. In addition, a **National Charter for PES Employer Customers** should be developed, and should describe the overarching principles and objectives of PES support for employers. The ultimate purpose of the National Charter would be to assist PES providers in attracting employer customers, thereby supporting the achievement of national employment policy and strategy outcomes. Provincial governments, working in conjunction with local governments, should also develop **employer engagement strategies**. These strategies should prioritize PES providers developing relationships with employers offering employment opportunities that reflect the skills and aspirations of jobseekers registered with the PES provider.

Provincial and municipal governments should facilitate and encourage the provision of **skills development programmes** that best match local labour market requirements. Doing so will enable PES providers to establish training referral systems so that jobseekers can be directed towards appropriate skills development support. Similarly, the national PES and skills development systems in Nepal should operate in tandem and in close collaboration with other relevant national entities – such as the Council for Technical and Vocational Education and Training (CTVET) and the Vocational and Skill Development Training Centre (VSDTC) – to form an effective pipeline where clients with identified skills needs are referred to the most relevant training to enhance their potential to access available employment opportunities.

It is important that citizens can access PES support using methods appropriate for their personal situations, particular in regard to their skills and location. The diverse needs of people in a very diverse country must be fully considered, including engaging individuals with limited internet access, lacking digital skills and living in remote locations at some distance from ESCs. To ensure that these needs are addressed, local governments must ensure that a variety of service delivery channels are available, including face-to-face, by telephone, by post, online and through outreach programmes.

Stakeholder engagement in the management of public employment services

Well-coordinated cooperation among key stakeholders and stakeholder engagement in PES management are crucial to improving PES governance. The proposed Local Cooperation Platforms referred to above are planned as vehicles for gathering government, NGO and private sector actors to support the organization and management of an expanded PES delivery network. Prior to the platforms being established, a **systematic mapping exercise** will be needed to establish which stakeholders should be invited to participate in the Cooperation Platforms. One organization will need to take the lead in identifying and convening these PES delivery partnerships. Local governments are best placed to take this activity forward, inaugurating platforms that can subsequently – through inter-agency dialogue – coordinate the design and implementation of employment and labour market policies.

There is also a need for renewed efforts to strengthen partnerships that would facilitate the further development of vocational training programmes that can better meet labour market demands by balancing jobseekers' preferences and employers' skills needs. Enhanced PES services that bring together

a range of TVET providers in a local employment service delivery ecosystem can achieve this by ensuring that TVET curricula both provide individual citizens with training to improve their employability and meet the skills requirements of employers seeking labour. Achieving this would entail developing existing TVET programmes as well as facilitating these programmes with an aim to consolidate and/or coordinate delivery.

Private sector involvement is also key to trust building, which is an essential element to raise the profile of PES among employers and to encourage more citizens to make use of the services on offer – including in relation to skills development and employers using PES to place increasing volumes of vacancies. Moreover, a greater and more systematic collaboration among PES providers, private employment agencies (both for local and external employment) and NGOs should be pursued to increase the pool of services and expertise available and to increase outreach to a wider range of labour market participants – provided there is a corresponding legal regulatory and policy framework.

Developing performance management

The final essential pillar for the development of an effective PES system in Nepal is the creation of a **performance management system** based on established **performance metrics**. A suite of operational performance measures should be introduced through the implementation of **key performance indicators** (KPIs) assessing the quality of PES providers' delivery of services, including for services delivered through partnerships. As it is important to develop dedicated service streams that provide employment support tailored to address the needs of jobseekers and employers in different situations, the results from PES interventions should be disaggregated to record outcomes for various client groups, including, for example:

- **jobseekers:** youth, long-term unemployed, women, persons with disabilities, migrant workers, older jobseekers;
- **employers:** large employers, SMEs, micro-entrepreneurs and international organizations.

It is important that the progress of citizens through the PES system from initial registration to employment is tracked, and the impact of interventions during an integration journey must be monitored. Doing so can provide a rich source of **real-time labour market information and data** that can be used to evaluate the effectiveness of specific labour market services. Therefore, KPIs should include:

- **input measures**, such as the volume of integrations, number of counselling sessions delivered;
- **output measures**, such as the number of jobseekers referred to skills development programmes and potential employment opportunities; and
- **outcome measures**, such as the number of citizens who secured employment following receipt of PES support.

An effective PES system requires support from employers that advertise their vacancies through the PES provider because they are confident that the provider can help them recruit suitable staff. As such, the KPIs must also include indicators recording the types of employers engaging with the PES (disaggregated, for example, by size and sector), the number of vacancies advertised with the PES and proportion of vacancies filled for each type of employer.

The aforementioned suite of KPIs should be complemented by assessments of customer satisfaction with the PES received. This can be delivered through annual surveys of employers, jobseekers and stakeholders to systematically assess their perceptions of service quality, noting both strengths and areas for improvement.

5.2. Piloting new delivery approaches to move towards a future PES delivery model

Pilots can identify what is required to enhance and institutionalize the ESC model to deliver designated services, and thereby support the objective of all three tiers of the government being able to deliver services to reduce migration and support increased domestic employment in productive sectors in Nepal.

It is proposed to structure the modernization of the national PES programme across three phases.

Phase One would involve testing new service delivery approaches across all seven provinces through pilots trialled over the course of two years. This pilot testing would involve local government units of different sizes, and wherever possible would include the model ESCs. As part of the pilots, any progress in relation to clients receiving services – including job search assistance, counselling, skill training, entrepreneurship development training and skill testing – would be monitored and employer surveys would be conducted.

Following the initial piloting an evaluation should be conducted. The results of the evaluation will inform **Phase Two**, during which the lessons learned from the pilot will be gradually incorporated into the PES system. The principal aim of this phase is to work towards standardizing core elements of service delivery while allowing for local flexibility so that ESCs/PES can become a preferred “employment facilitating body” for jobseekers and employers alike.

During Phase Two, a National PES Reform Plan would also be developed based on the lessons derived from the pilot exercises and the standardization efforts, with the aim of commencing **Phase Three** – a national roll out of the updated delivery model to commence from year five of the programme.

After the Phase One pilots, any essential changes to the PES-related legislation can be identified and introduced, if required for federalism to deliver professional employment services as intended and mandated in legislation and guidance. Through this process it can be established if it is indeed feasible for certain elements of legislation – for example, the provisions of the Right to Employment Act (2018) calling for a Sustenance Allowance for the unemployed – to be delivered at this stage, or whether certain aspects – such as the 100-day employment provision – should be reconfigured.

It should be noted that there remains a risk that pilots established to optimize the potential of current institutions to create delivery networks/ecosystems – including through the reconfiguration of inter-organizational relationships – will not address a particular key issue: **the current lack of transparency and understanding concerning the distinct roles intended for each of the three tiers of government.** At present, these roles are not well understood, and ambiguity persists despite the passage of the Right to Employment Act (2018) and the development of subsequent guidance. As an example, local governments have been empowered to regulate all skills training within their respective municipalities, but they have not been provided with clear competence to do so. Clarity around the roles of each tier of government, broad-based respect for these roles, and a commitment to engagement and facilitation between tiers of government will be essential for implementing the good practices derived from pilot PES initiatives.

The assessment team acknowledges that the proposed piloting exercise represents a significant undertaking and that some political challenges may be identified during the planning stage. However, effective dialogue between key stakeholders can enable effective implementation plans to be developed so that improved delivery models can be tested, and thereby lay the foundations for the evolution of a modernized PES across the country. Proving a concept through live testing can illustrate how improved coordination of existing service delivery providers within the current legal framework can be developed to successfully operationalize employment policy.

Towards an implementation plan for strengthening PES in Nepal

The goal of the Nepal PES Capacity Development Project is to improve the coordination of Employment Service operations through delivery of the objectives of the Government's National Employment Policy. The aim is to address challenges focused on improving support to better manage both domestic and international recruitment. This is intended to deliver an objective to promote the fundamental constitutional right of Nepalese citizens to employment, as further supported by the Right to Employment Act (2018).

A National PES Capacity-Development Action Plan should be developed. This will require the identification of priority tasks necessary to establish a unified employment service policy delivery framework. This should contain standardized but adaptable provisions for all three tiers of government, which can be mainstreamed into the National Employment Policy and implemented at provincial and local levels.

The arrangements for managing a PES Capacity-Development Project will require discussions between actors involved in PES development. It is recommended that the interministerial Project Steering Committee (PSC), chaired by the MoLESS Secretary and established to provide policy guidance and cross-sectoral coordination through the model ESCs, be designated as the vehicle for the development of a high-level strategy to steer production of the Action Plan.

The Project Technical Committee (PTC), established to provide technical guidance for operationalization of policy guidance and comprised of officials and technical experts from relevant government ministries/agencies and private sector representatives, should be responsible for managing actions related to the ongoing development of PES capacity.

The PSC and PTC can provide the implementation structure for pilots testing new service delivery approaches to be detailed in local implementation plans. The PSC and PTC should build upon their existing remits to:

- provide coordination with local level PMEP steering committees;
- establish and develop ESCs; and
- organize project management of the PMEP.

The PTC will need to recommend project goals, aims and objectives, along with a strategy and vision for a modernized PES delivery model. With this mandate approved by the PSC, the PTC should then assign leads for project strands and establish accountabilities for delivery of individual tasks, while also identifying and allocating resources for the delivery of project outputs. The PTC should then produce an Implementation Plan detailing deliverables, milestones, risks, contingencies and dependencies.

Table 12 below presents an initial list of individual tasks identified as priority actions during the assessment that have been collated under six pillars:

1. Governance and strategy;
2. Organization and management;
3. Provision of labour market services;
4. Development of partnerships;
5. Performance management; and
6. Piloting new programmes.

This list is not intended to be comprehensive and will require further investigation and iteration when the Action Plan is under development.

► Table 12. High-level National PES Capacity-Development Implementation Plan

Priority area	Strategic objectives	Indicators of achievement	Strategies	Activities	Lead and key organizations	Time frame	
Pillar 1. Governance and strategy							
Policy and legal framework	► Policy and institutional reforms undertaken to strengthen PES and develop a functional and effective employment service system.	► PES policy, vision statement and improved legal framework in place. ► A clear mandate, policy objectives, governance mechanism and the target audience for PES established and disseminated.	► Build consensus through social dialogue and develop a conducive policy and legal framework that specifies, among others, the vision, mandate, roles and responsibilities of the three tiers of government. ► Federal Government to engage with provincial governments to produce guidance that can elaborate proposals for their role in the development and implementation of employment service procedures.	► Develop a PES policy framework drawing on the objectives of the National Employment Policy.	MoLESS	Within 6 months	
		► PES roles and responsibilities of the three tiers of government stipulated and disseminated in law and in policy documents.	► Undertake consultations with all key public bodies and social partners to design and establish an LMIS and a versatile job portal that links all key players in the labour market.	► Develop – through tripartite social dialogue – management and operation procedures/standard operating procedures (SOPs) for the effective delivery of PES at all levels.	MoLESS	12 months	
		► Clear priorities, strategic interventions and implementation pathways for PES are in place.	► Develop standardized, agreed upon provisions for all three tiers of government, and which can be implemented at the provincial and local levels.	► Develop a national integrated LMIS with a centralized data portal connecting federal, provincial, and local governments that reflects the reviewed mandates and legal frameworks.	MoLESS	Within 12 months	
		► An effective and up-to-date labour market information system (LMIS) and centralized job portal are in place, with clear institutional roles and responsibilities and a coordination framework.					

MoLESS	12 months
<p>► Mainstream the goals and objectives of PES and active labour market policies (ALMPs) through the National Employment Policy/Strategy.</p>	
MoLESS	1-2 years
<p>► Pilot local PES cooperation platforms (accompanied by ongoing analysis) to enable the formulation of a unified policy for delivery of PES as a vehicle to support the delivery of the National Employment Policy.</p>	
MoLESS	1-2 years
<p>► Develop an agreed upon stakeholder cooperation framework that can be locally adapted in pilot locations so that cooperation protocols can be produced enabling partners to work together to improve coordination of delivery. These should incorporate the role of social partners as defined in Article 4 of ILO Convention No. 88.</p>	

Steering capability, and coordination	<p>► Policy and institutional reforms to strengthen PES and a corresponding functional and effective employment service system.</p> <p>► Strengthened Internal Employment Management Division in MoLESS, including establishment of an expert team.</p> <p>► Specialized employment sections introduced or strengthened in all provinces for coordination of local PES delivery, including in relation to monitoring, mentoring and data management.</p> <p>► Permanent employment units developed within local governments, integrating ESC services into these structures.</p>	<p>► Review labour market interventions and convene discussions with other identified ministries with policy interest and involvement to produce draft programme for prioritized coordination with other ministries and the private sector.</p> <p>► Develop the capacity of ESCs to deliver agreed upon services that are appropriate to meeting local needs, as established through consultation with subnational government tiers.</p> <p>► Federal government to establish PES expert teams to support provinces, with employment service coordinators to assist municipal governments in developing local PES delivery networks so that these have a sufficient volume of staff with required expertise.</p> <p>► Provincial governments to recruit staff to populate PES sections with the remit and competence to monitor and provide mentoring support for ESC delivery at the local delivery tier.</p>	<p>► Develop a Strategic Plan for PES aligned with national policy frameworks such as the National Employment Policy or National Development Plan.</p> <p>► Develop Internal Employment Promotion Programme directives.</p> <p>► Develop an Internal Employment Management Division strategy.</p> <p>► Develop the capacity-building mechanism at the provincial level to provide regular training to ESCs and stakeholders.</p>	MoLESS	6 months

<p>► Local governments to lead operational delivery through ESCs with accountability for output-based results and maintenance of good linkages with the private sector.</p> <p>► Local governments to provide resources for effective functioning of PES.</p>	<p>► Develop the capacity of provincial and local level leaders and officials in their roles managing ESCs.</p>	<p>MoLESS; provincial governments</p>	<p>12 months</p>
<p>► Introduce benchmarking and mentoring of local PES delivery operations through agreements among delivery partners at each governance tier.</p> <p>► Develop an independent evaluation process to assess the implementation of pilot offices during Phase One of the proposed modernization programme.</p>	<p>► Develop a standardized internal service protocol with room for adaptation to local contexts.</p> <p>► Develop internal communication systems within PES to disseminate protocols and to enhance the internal flow of information at all levels.</p>	<p>MoLESS; provincial governments local governments</p> <p>MoLESS; provincial governments; local governments</p>	<p>12 months</p> <p>6-12 months</p>
<p>► Labour market transparency and service delivery standardization through enhanced flow of information between and within government tiers.</p> <p>► Number and effectiveness of improved monitoring protocols as part of a reformed performance management system.</p> <p>► A standardized protocol of services developed and adopted across the country, albeit adapted according to the specific socio-economic context.</p>	<p>► Design a standardized protocol for collaborating with other ecosystem actors and partners and a protocol for performance management.</p>	<p>MoLESS</p>	<p>12 months</p>

Service standards stewardship

<p>► Facilitate the establishment of a technical group with input from key stakeholders to develop agreed basic performance management systems at all levels, as appropriate, thereby enabling the steering of processes to facilitate continuous improvement in customer service.</p>	MoLESS	12 months
<p>► Develop an M&E framework.</p>	MoLESS	6 months
<p>Service digitalization</p> <p>► Incrementally develop and adopt inclusive digitalization of services to promote efficiency and effectiveness of PES and to address specific needs of diverse labour market groups.</p> <p>► Digital strategy and digitalized system in place that provides efficient delivery of services and access by participants.</p> <p>► Develop a digital strategy.</p> <p>► Develop the Nepal digital portal through extensive consultations with different players, including current and potential users as well as staff and other stakeholders, to ensure inclusivity and relevance.</p> <p>► Review the digitalization of PES services, including regulatory services under the MoLESS as well as other duty holders.</p>	MoLESS	1-2 years
<p>► Develop a digital strategy based on the above review and through social dialogue.</p>	MoLESS	1-2 years
<p>► Develop and strengthen the portal, with provision for continuous improvement.</p>	MoLESS	2 years

► Ensure the digital portal has both a backend for internal communication and networking among staff and a frontend for PES users.

MoLESS;
provincial governments;
local governments

1-2 years

► Train PES users in the new system, especially individuals from vulnerable groups.

MoLESS;
provincial governments

1-2 years

Pillar 2. Organizational structure and management

Organizational structure

► A unified approach to PES and labour market intervention stipulating roles and responsibilities for all stakeholders involved.

► A coordinated mechanism with the specified roles and responsibilities of the three tiers of government and other stakeholders on PES system developed.
► The capacity of the newly created Internal Employment Management Division is strengthened – both in regard to human and financial resources.

► A framework or forums for policy dialogue among the three tiers of government and other stakeholders on strengthening the PES system.
► Undertake an internal functional review and develop terms of reference (TORs) for the Internal Employment Management Division.

► Develop and implement a PES policy framework that includes clear roles and responsibilities for the three tiers of government.

MoLESS

8 months

► Establish coordination committees at the local level to promote networking with representatives from key stakeholders/partners.

Local governments

12 months

► Ensure full integration of ESCs into local governance systems.

MoLESS;
provincial governments;
local governments

3-4 years

MoLESS;
MoFAGA

1-2 years

- MoLESS to engage the Ministry of Federal Affairs and General Administration – and through them the provincial and municipal governments – in a dialogue on how to create a unified PES system.

<p>Management capacities</p>	<ul style="list-style-type: none"> ► Enhanced management capacity of the three tiers of government in managing PES and in coordinating with other stakeholders. ► Number of entities at each tier of government that have the appropriate number of designated PES officials, all trained and properly equipped. ► Federal Government to steer development of policies to enable the development of national, digitalized and standardized mechanisms to support the flow of information among and within all levels of government. 	<ul style="list-style-type: none"> ► Develop the capacity of provincial- and local-level leaders and officials on their roles in managing ESCs. 	<p>12 months</p>
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12 months

MoLESS

- Conduct analyses of national data and provide suggestions for provincial and local governments to further develop and improve services.

<p>PES capacity and resources</p>	<ul style="list-style-type: none"> ► Percentage increase in resources allocated to PES functions at each tier of government. ► Number and expertise of staff allocated to PES based on the services provided at each level. ► Training and capacity-building plans and frameworks developed at each level. 	<ul style="list-style-type: none"> ► Provide resources from the Federal Government for the establishment and incremental development of the integrated LMIS, with a centralized data portal connecting federal, provincial and local governments with the private sector. 	<p>1-5 years</p>
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1-5 years

MoLESS

► Local governments to develop training and retention plans, ensuring the provision of skilled human resources for ESCs and ensuring continuity in service delivery through efficient deployment of budgetary provisions.

Local governments

1-2 years

► Federal, provincial and local governments to open discussions on potentially merging parallel structures/ functions as an integral component part of providing PES through different entities, such as Migrant Resource Centres (MRCs) and Labour Banks, which in turn could assist in attracting financial and human resources to strengthen ESCs.

MoLESS; provincial governments; local governments

1-2 years

► Develop guidelines/ procedures for implementing a system to tailor staffing levels and resources at ESCs based on the population size and economic activity in each municipality.

MoLESS

12 months

	<p>► Develop the costing framework for PES.</p> <p>► Develop training guidelines/procedures for capacity-building of the provincial institutions (for example, Provincial Centres for Good Governance -PCGG) and develop capacity in terms of models and training-of-trainers to develop regular training mechanism for ESCs and stakeholders.</p>	MoLESS; local governments	12 months
<p>Territorial employment services</p> <p>► Develop decentralized and territorialized employment services that adapt to local contexts and needs.</p>	<p>► Number of provincial and local governments that have created coordinated and integrated PES structures.</p> <p>► Federal Government to incrementally develop high level procedural guidelines for mapping citizens' potential journeys through the employment system – from registration to integration – and thereby assisting citizens to exercise their rights to support as defined in national employment legislation.</p>	MoLESS; local governments	1-2 years
	<p>► Authority to be delegated to subnational governments (provincial and municipal) to customize federal-level procedures within the parameters of national guidance to better address specific provincial- and local-level labour market challenges.</p>	MoLESS; provincial governments; PCGG	12 months

<p>Communications</p> <ul style="list-style-type: none"> ► Enhance citizens' access to, awareness of and effective use of employment services, including among marginalized and disadvantaged groups, and ensure access to ESC services. ► A communication and outreach strategy developed. ► Percentage change in citizens' awareness of and use of ESCs. 	<ul style="list-style-type: none"> ► Consultation among the three tiers of government and stakeholders. ► Piloting the communications and outreach strategy. 	<ul style="list-style-type: none"> ► Review any current communication and outreach mechanisms. 	<p>Provincial governments; local governments</p> <p>6 months</p>
<p>MoLESS</p> <ul style="list-style-type: none"> ► Develop a communication and outreach strategy for PES. 			
<p>MoLESS</p> <ul style="list-style-type: none"> ► Training for PES on the communication and outreach strategy. 			
<p>MoLESS</p> <ul style="list-style-type: none"> ► Develop internal communication mechanisms such as intranet, newsletters, email, social media groups and so on. 			
<p>Pillar 3. Provision of labour market services</p> <p>Services for jobseekers</p> <ul style="list-style-type: none"> ► Customized services for jobseekers that account for their needs and aspirations, as well as barriers and labour market realities, and that are delivered through the most optimal channels. ► Number, depth and quality of services provided by ESCs. ► Number and type of delivery channels developed and utilized. ► Number and type of outreach and inclusion strategies implemented. ► Number, type and range of ALMPs adopted and implemented through collaboration or inhouse. <p>Develop services based on the mapping of citizens' potential journeys through the employment system, from registration through to integration.</p> <p>Design and implement delivery channels adapted to the needs of the clients, including face-to-face and digital channels, as well as channels that combine the two.</p> <p>Define through consensus a customer journey framework from registration to (re)integration and post-integration support.</p> <p>MoLESS</p> <p>1-2 years</p>			

► Design outreach measures and support aimed at vulnerable groups so that no one is left behind.
 ► Design and offer a menu of ALMPs and referrals to social services so as to account for the various interests of and barriers faced by the jobseekers.

MoLESS

1-2 years

► Define the range, depth and quality of services to be deployed, on an incremental basis, including the flexibility to adapt to local situations.

► Develop a profiling and segmentation framework (initially administrative/rules-based/counsellor-determined) for jobseekers, as well as a case management system, through a gradual approach.

MoLESS

1-2 years

► Based on the mapping of customer needs and journeys, undertake a mapping of delivery channels available that respond to these customer needs and situations.

MoLESS

1-2 years

► Profile and segment services according to the needs of clients.

Local governments

1-2 years

▲ Develop outreach programmes adapted to specific groups in the labour market, such as youth, older workers and persons with disabilities.

Local governments

1-2 years

▲ Based on the customer journey mapping, undertake a mapping of labour market policies and providers.

Local governments

1-2 years

▲ Develop a catalogue or guide of service segmentation, including the use of ALMPs, to improve employability and passive policies aimed at addressing social barriers.

Local governments

1-2 years

▲ Develop capacity for referrals to ALMPs and social service providers, and where possible and necessary, inhouse capacity for delivery.

MoLESS; provincial governments; local governments

2-3 years

Services for employers				6 months
<ul style="list-style-type: none"> ▶ Stronger linkages between employment services and employers to support more efficient and effective recruitment of workers. 	<ul style="list-style-type: none"> ▶ Development of a National Charter describing the overarching principles and objectives of PES support for employers, customized to meet the specific needs of different types of employers at various levels. ▶ Number and type of employer engagement tools developed and implemented. ▶ Percentage change in the number of employers using PES and the number of vacancies filled through PES. ▶ Number of employers supporting PES in the implementation of ALMPs, including skills development programmes. 	<ul style="list-style-type: none"> ▶ Design a framework to establish clear roles for engaging employers at the national, provincial and local levels. ▶ Provision of skills development programmes that best match labour market requirements. ▶ PES establish referral systems to ensure that jobseekers can be directed towards appropriate upskilling support. 	<ul style="list-style-type: none"> ▶ Develop a private sector engagement strategy prioritizing employers' use of PES, especially for filling vacancies. 	Provincial governments; local governments
			<ul style="list-style-type: none"> ▶ Develop an employer customer journey as the basis for evaluation and enhancement of PES employer engagement. 	MoLESS, provincial governments, local governments
			<ul style="list-style-type: none"> ▶ Develop a module on the national job portal that serves the needs of employers, but ensures that minimum decent work standards are observed. 	MoLESS 1-2 years

	<ul style="list-style-type: none"> ► In the medium term, build the capacity of PES staff dedicated to serving employers in order to provide more specialized services, such advice on labour legislation, trends in the labour market, HR support for SMEs and so on. 	MoLESS	3-4 years
	<ul style="list-style-type: none"> ► Engage employers in the design of services that meet their needs. 	MoLESS; provincial governments; local governments	1-2 years

Skills development	<ul style="list-style-type: none"> ► Comprehensive career guidance and employment readiness programmes. ► Provincial governments provide needs-based skills training, conduct skill tests, study market demand, offer placement services and mentor local delivery agencies in improving skills identification and conducting needs analyses. ► Develop training manuals, set standards, ensure quality and assist in managing resources in close collaboration with national entities – such as CTVET and NVTA. ► Local governments to identify training needs, select appropriate trainees for referral to upskilling programmes, and provide post-training placement support in conjunction with the private sector. 	CTVET; NVTA, in collaboration with provincial governments, local governments and PES providers	1-2 years
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Pillar 4. Partnerships

Mobilization and engagement of other players	<ul style="list-style-type: none"> ► A stronger and more fully coordinated ecosystem of labour market actors delivering employment services through working partnerships. ► A mapping of all key service providers and the services they provide, published internally or externally or both. ► A partnership coordination framework is established. ► Number of partners collaborating with PES providers. ► Establish PES delivery partnerships to encourage collaboration with all key stakeholders and labour market actors, such as the private sector, civil society organizations, social partners, training institutions, other public sector bodies and so on ► Map stakeholders to enable development of partnerships to enhance service delivery. 	MoLESS; provincial governments; local governments	6 months
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- ▶ Number of services delivered through partnerships.
- ▶ Using clear and agreed upon criteria, decide which services PES providers will deliver inhouse and those that are to be delivered through collaboration with partners.

MoLESS;
provincial
governments;
local
governments

2-3 years

- ▶ Develop generic collaboration protocols to guide PES providers at all levels.

MoLESS;
provincial
governments;
local
governments

1-2 years

- ▶ Review labour market interventions and convene discussions with other identified ministries with policy interest and involvement to produce a draft programme for prioritized coordination with other ministries and the private sector.

MoLESS

1-2 years

Pillar 5. Performance management

Establishing performance metrics

- ▶ A functional framework for measuring PES performance to support service improvement and policymaking.
- ▶ Number and type of consensus-based KPIs for jobseeker and employer services put in place.

MoLESS

6 months

- ▶ Develop KPIs for measuring services for jobseeker customers – disaggregated by client group, such as youth, long-term unemployed, gender, persons with disabilities, older jobseekers. These KPIs might include:

	MoLESS	6 months
▲	volume of registrations;	
▲	number of counselling interviews;	
▲	number of jobseekers referred for skills development programmes and employment opportunities; and	
▲	number of citizens securing employment following receipt of PES support.	
▲	Develop KPIs for measuring services for employer – customers – disaggregated by the size of the employer and occupational sector. Such KPIs might include the number of vacancies placed with PES and the proportion of vacancies filled	
▲	Provide training to PES providers on the M&E framework.	

MoLESS

6 months

Client satisfaction	<p>▶ A functional framework for measuring PES performance to support service improvement and policymaking.</p> <p>▶ Number of methods and metrics for measuring client satisfaction implemented.</p> <p>▶ Introduce measures to assess jobseeker and employer satisfaction with PES.</p> <p>▶ Develop and institute methods for measuring client satisfaction, including through an annual survey of employers and jobseekers to systematically assess perceptions of service standards, noting strengths and areas for improvement as well as other feedback mechanisms, such as comment boxes.</p>	MoLESS; provincial governments; local governments	6 months
Labour market inclusion	<p>▶ A functional framework for measuring PES performance to support service improvement and policymaking.</p> <p>▶ Number of measures implemented to promote service access by different categories of labour market participants (including vulnerable groups).</p> <p>▶ Design and implement tailor-made services, as well as innovative data collection methods, to allow for disaggregated data on service access by different labour market groups.</p>	MoLESS; provincial governments; local governments	1-2 years
Pillar 6. Piloting new programmes			
Piloting a new model of employment service delivery	<p>▶ Proof of concept and evidence of a functional model of employment service delivery in Nepal.</p> <p>▶ Three trial phases implemented successfully, with each successive phase building on the lessons of the previous one.</p> <p>▶ Implement in three phases the new model of PES in Nepal: beginning with a basic model in Phase One; expanding the model in the same or limited location and establishing standards in Phase Two; and rolling out at the national level in Phase Three.</p>	MoLESS; provincial governments	12 months

<p>► In collaboration with key stakeholders at all levels, develop a basic level of service, delivery channels and partnerships.</p>	MoLESS	18 months
<p>► Undertake a qualitative evaluation of Phase One.</p>	MoLESS	2-3 years
<p>► Building on the lessons of Phase One, develop Phase Two focusing on standardizing core elements of service delivery while allowing for local flexibility so that ESCs/PES can become a preferred “employment facilitating body” for all.</p>	MoLESS	4-5 years
<p>► In Phase Three, carry out a national roll out of the delivery model while adapting to local needs.</p>	MoLESS	5-8 years

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► Annexes

Annex I. List of ESC officials who participated in in-depth interviews for the assessment

Name	District	Municipality
Chandra Mahara	Kailali	Dhangadhi Sub-Metropolitan City
Rohit Prasad Jaisi	Kailali	Godawari Municipality
Hera Kumari Bhat	Kailali	Chure Rural Municipality
Dharma Joshi	Kailali	Gauriganga Municipality
Bhumi Prasad Sharam	Kailali	Bardagoriya Rural Municipality
Bishram Chaudhary	Kailali	Janaki Rural Municipality
Bimal Dagaura Tharu	Kailali	Tikapur Municipality
Ishad Khan	Kailali	Bhajani Municipality
Nita Bhandhari	Kailali	Kailari Rural Municipality
Ramesh Kumar Bhatta	Kanchanpur	Krishnapur Municipality
Krishna P. Bhatta	Kanchanpur	Shuklaphata Municipality
Bhoj Raj Awasthi	Kanchanpur	Bedkot Municipality
Surendra Bhandari	Kanchanpur	Bhimdutta Municipality
Sushila Deuba	Kanchanpur	Punarbans Municipality
Naresh P. Bhatta	Kanchanpur	Belauri Municipality
Sankhar Yogi	Dailekh	Bhairawi Rural Municipality
Nawaraj Thapa	Dailekh	Dullu Municipality
Nabin KC	Dailekh	Narayan Municipality
Karna Shahi	Dailekh	Dungeshwar Rural Municipality
Dhan Bahadur Rawat	Jajarkot	ChedaGad Municipality
Bharat K. Sharma	Jajarkot	Bheri Municipality
Hari B. Buda	Surkhet	Simta Rural Municipality
Jeevan Oli	Surkhet	Gurbhakot Municipality

Prakesh Paudyal	Surkhet	Bheriganga Municipality
Ram Krishna Gautam	Surkhet	Barahataal Rural Municipality
Hom Nath Bhattarai	Morang	Birtamod Municipality
Saroj Mainali	Jhapa	Kankai Municipality
Dipak Pandey	Jhapa	Bhadrapur Municipality
Kripa Regmi	Jhapa	Mechinagar Municipality
Bharat Raj Tiwari	Jhapa	Kamal Rural Municipality
Bikash Kafle	Jhapa	Damak Municipality
Binita Sharma	Jhapa	Damak Municipality
Raju Uraw	Jhapa	Jhapa Rural Municipality
Himal Rai	Morang	Pathari Sanischare Municipality
Saraswati Chaudhary	Morang	Biratnagar Metropolitan City
Pawan Pradhan	Sunsari	Duhabi Municipality
Dipa Ghimire	Morang	Letang Municipality
Sandeep Shah	Rautahat	Paroha Municipality
Mani Raj Shrestha	Sarlahi	Lalbandi Municipality
Sikshya Neupane	Sarlahi	Hariwan Municipality
Santosh Gadai	Sarlahi	Bagmati Municipality
Shanta Timalina	Rautahat	Chandrapur Municipality
Rishab Raj Kafle	Bara	Nijgadh Municipality
Sandip Paswan	Bara	Parwanipur Rural Municipality
M. Nasimul Guni	Bara	Jitpur Simara Sub-Metropolitan City

Annex II. List of Stakeholders Consulted through KIIs, FGDs and micro workshops for the qualitative assessment

At the federal level

S.N.	Name	Designation	Organization/Agency
1.	Hon. Mr Sharat Singh Bhandari	Minister	Ministry of Labour, Employment and Social Security
2.	Hon. Dr. Prakash Kumar Shrestha	Member	National Planning Commission
3.	Mr Krishna Bahadur Raut	Secretary	Ministry of Industry, Commerce and Supplies
4.	Mr Dandu Ra j Ghimire	Joint Secretary	Ministry of Labour, Employment and Social Security
5.	Mr Krishna Prasad Sapkota	Joint Secretary	National Planning Commission
6.	Mr Baikuntha Prasad Aryal	Joint Secretary	Ministry of Education, Science and Technology
7.	Mr Jitendra Basnet	Joint Secretary	Ministry of Industry, Commerce and Supplies
8.	Mr Mahesh Dahal	Former Secretary	Government of Nepal
9.	Mr Kewal Prasad Bhandari	Former Secretary	Government of Nepal
10.	Mr Pashupati Babu Puri	Under Secretary	Ministry of Industry, Commerce and Supplies
11.	Mr Bhim Prasad Bhattarai	Under Secretary	Ministry of Industry, Commerce and Supplies
12.	Mr Ramhari Pandey	Under Secretary (Program Director)	National Planning Commission
13.	Mr Pramod Bhakta Acharya	Project Director	Council for Technical Education and Vocational Training (CTEVT)
14.	Mr Suresh Kumar Joshi	Under Secretary	Ministry of Education, Science and Technology
15.	Mr Krishna Chandra Pokhrel	Under Secretary	Ministry of Education, Science and Technology
16.	Mr Tulasi Bhattarai	Under Secretary	Ministry of Federal Affairs and General Administration
17.	Mr Umesh Upadhyaya	Professor	Tribhuvan University
18.	Dr Raghu Bir Bistha	Associate Professor	Tribhuvan University
19.	Mr Ram Bahadur Adhikari	Officer	Ministry of Education, Science and Technology
20.	Mr Dhanasudan Chaulagain	Officer	Ministry of Education, Science and Technology
21.	Mr Sunita Adhikari	Officer	Ministry of Education, Science and Technology
22.	Ms Mamata Kumari	Officer	Ministry of Labour, Employment and Social Security
23.	Mr Dhan K.C.	Nayeb Subba	Ministry of Education, Science and Technology
24.	Mr Umesh Prasad Singh	President	Federation of Nepal Cottage and Small Industries
25.	Mr Rajendra Prasad Dahal	President	Nepal Trade Union Congress
26.	Mr Achyut Nepal	President	Federation of Professional Training and Employment of Nepal
27.	Mr Krishna Bahadur KC	Secretary	General Federation of Nepalese Trade Unions (GEFONT)
28.	Mr Mahendra Chitrakar	Secretary	Federation of Nepal Cottage and Small Industries

29.	Ms Angira Pradhan	Board Member	Federation of Woman Entrepreneurs' Associations of Nepal
30.	Mr Durga Prasad Baral	Visiting Faculty	Kathmandu University School of Education,
31.	Mr Chandra Kanta Adhikari	Partnerships Director	Nepal Chamber of Commerce
32.	Mr Jeevan Baniya	Deputy Director	Social Science Baha
33.	Ms Prayasha KC	Skills Director	Confederation of Nepalese Industries
34.	Ms Astha Bhatta	Program Specialist	Institute for Integrated Development Studies
35.	Dr Keshav Basyal	Freelancer Faculty	Tribhuvan University

At the provincial level

S. N.	Name	Designation	Organisation/Agency	Province
1.	Hon. Mr Bindu Kumar Thapa	Minister	Ministry of Social Development, Youth and Sports	Gandaki Province
2.	Hon. Mr Prem Bhakta Maharjan	Minister	Ministry of Labour, Employment and Transportation	Bagmati Province
3.	Hon. Dr Krishan Devkota	Vice Chairperson	Province Policy and Planning Commission	Gandaki Province
4.	Hon. Dr. Rajendra Adhikari	Vice Chairperson	Province Planning Commission	Koshi Province
5.	Hon. Ms Maya Timsina	Member	Province Policy and Planning Commission	Gandaki Province
6.	Hon. Mr Deepak Bhandari	Member	Province Policy and Planning Commission	Gandaki Province
7.	Hon. Dr. Sudan Kurmar Oli	Member	Province Planning Commission	Lumbini Province
8.	Hon. Dr. Damber Bahadur Rawal	Member	Province Planning Commission	Karnali Province
9.	Hon. Mr Ashok Nath Yogi	Member	Province Planning Commission	Karnali Province
10.	Hon. Dr. Hira Chand	Member	Province Policy and Planning Commission	Sudurpashchim Province
11.	Prof. Dilaram Bhattarai	Chairperson	Lumbini Public Service Commission	Lumbini Province
12.	Mr Baburam Gautam	Member	Lumbini Public Service Commission	Lumbini Province
13.	Ms Dimple Gurung	Member	Lumbini Public Service Commission	Lumbini Province
14.	Ms Kalpana Lamsal	Member	Public Service Commission	Gandaki Province
15.	Mr Baburam Bhandari	Province Secretary	Lumbini Public Service Commission	Lumbini Province
16.	Mr Surendra Poudel	Province Secretary	Ministry of Labour and Transport	Madhesh Province
17.	Mr Khim Bahadur Kunwar	Province Secretary	Province Planning Commission	Lumbini Province
18.	Mr Dilaram Panthi	Province Secretary	Ministry of Economic Affairs and Planning	Lumbini Province

19.	Mr Toya Lamsal	Acting Secretary	Ministry of Social Development, Youth and Sports	Gandaki Province
20.	Mr Bir Bahadur Dhama	Acting Secretary	Province Policy and Planning Commission	Sudurpashchim Province
21.	Mr Ishwori Aryal	Advisor	Ministry of Economic Affairs and Planning	Lumbini Province
22.	Mr Tulasi Rasal	Advisor	Ministry of Labour and Transport	Bagmati Province
23.	Mr Ranjit Kumar Yadav	Senior Under Secretary	Ministry of Labour and Transport	Madhesh Province
24.	Mr Ganesh Bahadur Singh	Senior Under Secretary	Ministry of Social Development	Sudurpashchim Province
25.	Mr Bhojraj Neupane	Under Secretary	Ministry of Social Development, Youth and Sports	Gandaki Province
26.	Mr Prakash Chandra Dhungana	Under Secretary	Ministry of Social Development, Youth and Sports	Gandaki Province
27.	Mr Prakash Devkota	Under Secretary	Ministry of Social Development, Youth and Sports	Gandaki Province
28.	Mr Ramesh Gautam	Under Secretary	Ministry of Industry, Tourism and Transport	Lumbini Province
29.	Mr Tirtha Raj Upadhyaya	Department Head, Labour and Employment	Ministry of Labour and Transport	Bagmati Province
30.	Mr Sanjaya Neupane	Province Director	Council for Technical Education and Vocational Training (CTEVT)	Koshi Province
31.	Mr Satar Ansari	Executive Director	Provincial Research and Training Centre	Madhesh Province
32.	Dr. Soma Nath Sapkota	Executive Director	Gandaki Technical Education and Vocational Training Academy	Gandaki Province
33.	Mr Kalpa Kumar Basnet	Province Director	Council for Technical Education and Vocational Training (CTEVT)	Gandaki Province
34.	Mr Achyut Raj Dahal	Province Director	Council for Technical Education and Vocational Training (CTEVT)	Karnali Province
35.	Mr Shridhar Nepal	Province Director	Council for Technical Education and Vocational Training (CTEVT)	Bagmati Province
36.	Mr Shree Kesh Rana Magar	Acting Chief	Labour and Employment Office	Karnali Province
37.	Mr Ashok Kumar Shah	Acting Chief	Vocational Training Centre, Itahari	Koshi Province
38.	Mr Ranjit Kumar Yadav	Acting Chief	Labour and Employment Office	Madhesh Province
39.	Mr Ayush Sharma Ghimire	Admin Chief	Provincial Research and Training Centre	Madhesh Province
40.	Mr Badri Nath Adhikari	Admin and Account Officer	Council for Technical Education and Vocational Training (CTEVT)	Gandaki Province
41.	Mr Tanka Prasad Dhakal	Officer	Ministry of Social Development, Youth and Sports	Gandaki Province
42.	Mr Ganesh Ghimire	Officer	Ministry of Industry, Tourism and Transport	Lumbini Province
43.	Mr Chetan Kumar Khatri	Officer	Ministry of Tourism, Industry, Forest and Environment	Karnali Province

44.	Mr Jaya Raj Ojha	Admin Officer	Province Policy and Planning Commission	Sudurpashchim Province
45.	Ms Srikumari Bhubaneswari Dhama	Officer – Statistics	Province Policy and Planning Commission	Sudurpashchim Province
46.	Mr Nabin Dhakal	Planning Officer	Chief Ministry Employment Program	Karnali Province
47.	Ms Champa Joshi	Nayab Subba	Ministry of Social Development	Sudurpashchim Province
48.	Mr Janak Raj Bhatta	Secretary to Province Secretary/ Computer Operator	Ministry of Social Development	Sudurpashchim Province
49.	Mr Pramod Pathak	Chairperson	Federation of Professional Training and Employment of Nepal (FPTEN)	Sudurpashchim Province
50.	Mr Bijay Kumar Yadav	Chairperson	Joint Trade Union Coordination Centre (JTUCC)	Madhesh Province
51.	Mr Rameshwor Yadav	Executive Member	Joint Trade Union Coordination Centre (JTUCC)	Madhesh Province
52.	Mr Bishnu Khatri	President	General Federation of Nepalese Trade Unions (GEFONT)	Gandaki Province
53.	Mr Jit Bdr Malla	President	Joint Trade Union Coordination Centre (JTUCC) and General Federation of Nepalese Trade Unions (GEFONT)	Sudurpashchim Province
54.	Mr Bharat Neupane	President	All Nepal Federation of Trade Unions (ANTUF)	Sudurpashchim Province
55.	Mr Surat Swar	Chairman	Nepal Trade Union Congress (NTUC)	Sudurpashchim Province
56.	Mr Chhatra Shahi	Chairman	Nepal Democratic Federation of Nepalese Trade Unions (NDFONT)	Sudurpashchim Province
57.	Dr Abinash Bohara	Member	Federation of Nepalese Chamber of Commerce & Industries (FNCCI)	Koshi Province
58.	Mr Pradeep Kumar Dutta	Executive Director	Federation of Nepalese Chamber of Commerce & Industries (FNCCI)	Madhesh Province
59.	Mr Mahesh Keshar Khanal	Executive Director	Federation of Nepalese Chamber of Commerce & Industries (FNCCI)	Karnali Province
60.	Mr Jyoti Bhatta	Executive Director	Federation of Nepalese Chamber of Commerce & Industries (FNCCI)	Sudurpashchim Province
61.	Ms Tulsi Saud	Acting Executive Director	Kailali Chamber of Commerce and Industries	Sudurpashchim Province
62.	Mr Radha Raman Bhandari	Executive Secretary	Federation of Nepalese Chamber of Commerce & Industries (FNCCI)	Koshi Project
63.	Mr Badri Nath Sharma	Chairperson	Makawanpur Chamber of Commerce and Industries	Bagmati Province

64.	Mr Gokarna Karki	President	Pokhara Chamber of Commerce and Industry	Gandaki Province
65.	Pawan Kumar Prajapati	Immediate Past President	Pokhara Chamber of Commerce and Industry	Gandaki Province
66.	Dinesh Chandra Bastola	Vice President	Pokhara Chamber of Commerce and Industry	Gandaki Province
67.	Balaram Achary	Vice President	Pokhara Chamber of Commerce and Industry	Gandaki Province
68.	Shova Gautam	General Secretary	Pokhara Chamber of Commerce and Industry	Gandaki Province
69.	Hari Prasad Aryal	Chairperson	Butwal Chamber of Commerce and Industries	Lumbini Province
70.	Mr Kishor Aryal	Vice Chairperson	Makawanpur Chamber of Commerce and Industries	Bagmati Province
71.	Mr Siromani Pyakurel	Member	Makawanpur Chamber of Commerce and Industries	Bagmati Province
72.	Mr Sarad Chandra Bhattarai	Member	Makawanpur Chamber of Commerce and Industries	Bagmati Province
73.	Mr Baburam Pandey	Advisor	Butwal Chamber of Commerce and Industries	Lumbini Province
74.	Ms Tulsi Saud	Acting Executive Director	Kailali Chamber of Commerce and Industries	Sudurpashchim Province
75.	Mr Dinesh Bhandari	Industrialist	Dhangadhi	Sudurpashchim Province
76.	Mr Dilip Thapa	Senior SIYB Trainer	SIYB Association Nepal	Sudurpashchim Province

At the local level

S. N.	Name	Designation	District	Organisation/Agency	Province
1.	Mr Dhan Raj Acharya	Mayor	Kaski	Pokhara Metropolitan City	Gandaki Province
2.	Ms Sunita Dangol	Deputy Mayor	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
3.	Mr Hem Karna Poudyal	Mayor	Sunsari	Itahari Sub-Metropolitan City	Koshi Province
4.	Mr Prahlad Kumar Kshetri	Mayor	Mahottari	Bardibas Municipality	Madhesh Province
5.	Mr Keshab Kumar Shrestha	Mayor	Kapilvastu	Buddha Bhumi Municipality	Lumbini Province
6.	Mr Ghanashyam Subedi	Chairperson	Syanja	Phedikhola Rural Municipality	Gandaki Province
7.	Ms Silpa Nirala Karki	Deputy Mayor	Morang	Biratnagar Metropolitan City	Koshi Province
8.	Ms Kandakala Kumari Rana	Deputy Mayor	Kailali	Dhangadhi Sub-Metropolitan City	Sudurpashchim Province
9.	Mr Shiva Raj Chaulagai	Chief Administrative Officer	Kaski	Pokhara Metropolitan City	Gandaki Province

10.	Mr Raj Kumar KC	Chief Administrative Officer	Parsa	Janakpurdham Sub-Metropolitan City	Madhesh Province
11.	Mr Jeeven Gyawali	Chief Administrative Officer	Rupandehi	Saina Maina Municipality	Lumbini Province
12.	Mr Hari Dutta Bhatta	Chief Administrative Officer	Kailali	Gadawari Municipality	Sudurpashchim Province
13.	Ms Samiksha Niraula	Head of Social Development Department	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
14.	Mr Shailendra Jha	Specialist - Urban Planning Commission	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
15.	Mr Pawan Kumar Thakur	Focal Person - Labour Bank	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
16.	Mr Saurav Gautam	Chief Secretariat - Deputy Mayor	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
17.	Mr Chandramani Bhattarai	Editor - Department of Information Technology	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
18.	Ms Rasmi Rai	Employment Coordinator	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
19.	Mr Rohit Joshi	Employment Coordinator	Kailali	Employment Service Centre/Gadawari Municipality	Sudurpashchim Province
20.	Mr Bijan Shrestha	Employment Coordinator	Makawanpur	Employment Service Centre/Hetauda Sub-Metropolitan City	Bagmati Province
21.	Mr Pawan Pradhan	Employment Coordinator	Sunsari	Employment Service Centre/Duhabi Municipality	Koshi Province
22.	Mr Chandra Bahadur Mahara	Employment Coordinator	Kailali	Employment Service Centre/Dhangadhi Sub-Metropolitan City	Sudurpashchim Province
23.	Ms Sanju Dhakal	Employment Coordinator	Morang	Employment Service Centre/Biratnagar Metropolitan City	Koshi Province
24.	Ms Sonu Khanal	Employment Coordinator	Sunsari	Employment Service Centre/Itahari Sub-Metropolitan City	Koshi Province
25.	Mr Arvind Pandey	Employment Coordinator	Rupandehi	Employment Service Centre/Butwal Sub-Metropolitan City	Lumbini Province
26.	Mr Labha Kumar Yadav	Employment Coordinator	Mahottari	Employment Service Centre/Bardibas Municipality	Madhesh Province
27.	Mr Mohan Prasad Poudyal	Employment Coordinator	Surkhet	Employment Service Centre/Birendranagar Municipality	Karnali Province

28.	Mr Ram Krishna Gautam	Employment Coordinator	Surkhet	Employment Service Centre/Barahatal Rural Municipality	Karnali Province
29.	Mr Sabin Maharjan	Employment Assistant	Kathmandu	Kathmandu Metropolitan City	Bagmati Province
30.	Ms Mamta Shah	Technical Assistant	Mahottari	Employment Service Centre/Bardibas Municipality	Madhesh Province
31.	Ms Sikshya Neupane	Employment Assistant	Mahottari	Employment Service Centre/Bardibas Municipality	Madhesh Province
32.	Mr Hemanta Kumar Mahaseth	Technical Assistant	Parsa	Employment Service Centre/Janakpurdham Sub-Metropolitan City	Madhesh Province
33.	Ms Sujata Karki	Employment Assistant	Syanja	Employment Service Centre/Phedikhola Rural Municipality	Gandaki Province
34.	Mr Yuba Raj Poudel	Technical Assistant	Syanja	Employment Service Centre/Phedikhola Rural Municipality	Gandaki Province
				Employment Service Centre/Phedikhola Rural Municipality	Gandaki Province

Annex III. Summary of the challenges faced by ESCs under the PMEP in regard to enhancing public employment services

1. **Unclear goal for the ESCs:** ESCs are primarily focused on administering the Cash for Work programmes under PMEP programmes. There is limited awareness of the wider concept of PES, and little consideration of appropriate approaches to implementing PES activities to increase better impact. The ESCs were not consulted concerning their new mandates to handle: (i) re-registration approval for returnee migrant youth; and (ii) managing vocational training offered to 40 persons for 100 days (50 days of classroom training and 50 days on-the-job) in two skills chosen from five pre-selected occupational skills. ESCs had expected to only facilitate – not operate – these processes.
2. **Lack of skilled staff:** Insufficient training to develop skills has hindered the capacity development of ESC staff. ESC staff were only provided with initial job orientation support three years after the establishment of the Centres, and they are mainly focusing their efforts on PMEP Cash for Work programmes. Many positions are still vacant after six years of ESC operation. For instance, the Janakpurdham sub-metropolitan ESC has been staffed by only one Technical Assistant for the last three years, who is responsible for providing all public employment services. ESC staff have not received any training in modern job counselling techniques, the use of digital tools, or how to effectively assess the skills and job readiness of jobseekers.
3. **Inadequate infrastructure:** Poor facilities, limited access to technology and lack of proper infrastructure have impacted service delivery. Digitalization of PES-related support remains a future objective for ESCs.
4. **Mismatch between skills and expectations:** There are no effective mechanisms in place for matching jobseekers' skills with employers' needs. Potential employer customers have not approached ESCs for support, a major reason being the absence of this capacity.
5. **Limited outreach and awareness:** There is a lack of public awareness about the Centres and their service mandate, which has hindered ESC utilization.
6. **Bureaucratic inefficiencies:** Cumbersome processes have discouraged both jobseekers and employers from using ESCs, which are sometimes largely occupied by other tasks as directed by the Chief Administrator/s in their municipality.
7. **Poor data management:** There is inadequate use of data analytics to understand labour market trends and jobseeker profiles, which has restricted the implementation of strategic interventions.
8. **Insufficient collaboration with private sector:** Weak partnerships with private businesses and industries has limited the number of employment opportunities available through the Centres.
9. **Funding constraints:** Limited financial resources have restricted the scale and quality of operations even for the Cash for Work programmes. Less than 50 per cent of applicants have received the expected 100-days work from the available budget.
10. **Ineffective monitoring and evaluation:** There is a lack of proper monitoring and feedback mechanisms to assess performance and improve services.
11. **Regional disparities:** Centres located in remote or less developed regions may face the greatest difficulties in service provision due to the additional socio-economic challenges they must deal with. Remote geography is a particular challenge. Many citizens, especially youth, are unaware of the ESCs, and many instead directly contact private employment agencies or brokers to arrange employment in foreign countries as migrant workers.
12. **Inappropriate design of vocational training:** Recently, many municipalities have been asked to provide 100 days of training (50 days classroom training and 50 days on-the-job) for five pre-selected occupational skills. As a result, ESCs have been asked to provide training to 40 youth, who are required to select two of the five pre-selected skills, which were decided irrespective of the needs assessed in within the municipality.

Annex IV. Summary of institutional and contextual challenges in the implementation of PES reform in Nepal

1. Institutional weaknesses

- **Fragmented governance:** Nepal's political structure involves coordination challenges among federal, provincial and local governments, leading to inefficiencies in delivering PES.
- **Limited capacity of local governments:** Many local governments lack the expertise, resources and infrastructure to effectively implement PES programmes. ESCs implemented under PMEP programmes face many difficulties, including constraints related to budget, human resources and the institutionalization of the programmes.
- **Policy inconsistency:** Frequent policy changes have hindered continuity and limited the coherence of PES strategies, including in relation to TVET, migrant workers, returnees, domestic workers, logistics and so on.

2. Informal labour market

- **High levels of informality:** The majority of Nepal's workforce is employed in the informal sector, making it difficult to regulate or integrate them into formal PES systems.
- **Lack of formal job opportunities:** The formal sector is underdeveloped, limiting the effectiveness of PES in matching jobseekers with suitable employment opportunities.

3. Geographical challenges

- **Difficult terrain:** Nepal's mountainous and remote regions pose logistical challenges in reaching marginalized communities with PES services.
- **Urban-rural disparity:** PES infrastructure and services are concentrated in urban areas, leaving rural populations underserved.

4. Technological barriers

- **Limited digital literacy:** A significant portion of the population lacks the skills to use digital platforms for job searches or PES-related services.
- **Inadequate ICT infrastructure:** Reliable internet access and digital systems for PES are limited, especially in remote areas.

5. Socioeconomic constraints

- **High youth unemployment and underemployment:** Nepal has a growing number of unemployed or underemployed youth, which could potentially overwhelm PES systems.
- **Gender disparities:** Women face systemic barriers to accessing employment opportunities and PES services.
- **Migration trends:** A significant portion of the workforce migrates abroad for employment, creating challenges in relation to domestic labour market stabilization and PES utility.

6. Awareness and trust issues

- **Low public awareness:** Many jobseekers and employers are unaware of the existence of PES.
- **Distrust in government services:** Historical inefficiencies and corruption have eroded trust in public programmes, including PES.

7. Resource constraints

- **Insufficient funding:** PES initiatives often rely on limited budgets, affecting their scope and quality.
- **Dependence on donor agencies:** Many PES programmes are donor-funded, leading to lack of ownership by domestic delivery agencies.

8. Skills mismatch

- **Educational and vocational gaps:** The skills imparted by Nepal's education system often do not align with labour market demand, reducing the effectiveness of PES in matching jobseekers with opportunities.
- **Limited vocational training programmes:** A lack of robust TVET institutions hampers PES efforts to upskill jobseekers.

9. Data and monitoring challenges

- **Inadequate labour market information:** Nepal lacks comprehensive and updated labour market data, making it difficult for PES to align services with market needs.
- **Weak monitoring and evaluation systems:** There is limited capacity to measure the effectiveness and impact of PES initiatives.

10. Cultural and social factors

- **Preference for foreign employment:** The allure of higher wages abroad often reduces engagement with domestic PES services.
- **Caste and ethnicity-based discrimination:** Social biases can limit access to PES for marginalized communities (gender equality and social inclusion (GESI) issue).

Addressing these limitations requires a multi-faceted approach that includes capacity-building, improved coordination across government levels, digital transformation, networking with all sectors, labour market research and tailored interventions for vulnerable groups.

Annex V. Analysis of PES-related legislation and procedural guidance

The Right to Employment Act (2018) and the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) are foundational instruments for the promotion of PES in Nepal. However, major challenges persist in relation to effectiveness, alignment, implementation mechanisms and policy coherence.

Right to Employment Act (2018)

The Right to Employment Act (2018) was landmark legislation that aimed to ensure citizens' constitutional right to employment.

Enabling aspects for PES

- **Establishment of ESCs:** The Act mandates the establishment of ESCs at the local level (referred to as Local Employment Service Centres, or LESC) to register jobseekers, connect them to employment opportunities and provide employment-related information. ESCs are situated in each municipality (753 in total) under the PMEP programme.
- **Job guarantee scheme:** This focuses on guaranteeing a minimum number of days of employment annually for unemployed individuals, particularly through public works programmes. However, the focus has been on the PMEP's Cash for Work programmes with little focus on delivery of the wider aspects of PES support.
- **Employment registration:** The Act provides for a structured database of jobseekers to be established. This is an essential component for PES delivery, but digitalization has not yet been implemented across the country's 753 units.
- **Legal framework for accountability:** This defines the roles and responsibilities of government agencies in addressing unemployment, including fostering institutional accountability. Each municipality has been made accountable for the successful operation of PES.

Challenges and gaps

- **Focus on public works programmes:** The emphasis of the Act upon guaranteed employment programmes has diverted the focus of ESCs away from long-term strategies, such as skills development and private sector job creation. It has not been possible so far to create any substantial linkages between jobseekers and potential job providers.
- **Limited scope for private sector engagement:** The Act primarily targets public employment and has not integrated private sector job creation. The overall employment support network is weak, which inhibits ESCs from reaching other agencies, such as NGOs, cooperatives and so on.
- **ESC staff:** Effective staff are core to the success of any programme. Staff capacity is currently low. They have not yet received clear orientation, have had limited training, receive insufficient management oversight and guidance and there is poor coordination in the ESC offices. This has therefore resulted in the lack of a clear vision and approach for the delivery of PES through ESCs. ESCs are crucial building blocks for the system but require improved shaping and better design.
- **Ownership, accountability and transparency:** ESCs have been expected to develop a

broader vision to include elements of PES activity not limited to Cash for Work. Currently staff are working on temporary contracts (they are uncertain about their future). They report to the Chief Administrator of the Municipality and are often given other assignments due to a lack of sufficient staff in other sections, this conflicts with their core responsibilities and further limits the scope to deliver PES activities through ESCs. Staff appraisal is limited, reducing accountability. The staff turnover in ESCs is high, which contributes to unresolved questions concerning programme ownership and accountability.

Potential avenues for improved PES delivery

- A menu of service options could be developed with ESC roles and responsibilities distributed based on the characteristics within the local region in which an ESC is located.
- Rural ESCs with a single staff member could offer a minimal service with essential basic roles, such as: jobseeker registration and initial information gathering (including from prospective and returnee migrants); providing orientation for basic employment, safe migration and reintegration; and promoting access to services through referrals to Centres with more developed offerings, such as TVET providers, business development services providers, private employment agencies, Migrant Resource Centres and so on.
- Municipalities (with ESCs employing up to three staff) could function as a hub for surrounding areas, and also offer basic employment counselling/career guidance and advice on obtaining social support.
- Metropolitan and sub-metropolitan municipalities (employing more than five staff) could be capacitated to conduct individual services, such as linking with employers/financial institutions, job matching and business development support.

Integrated labour and employment service (management and operation) procedure (2023)

The Integrated Labour and Employment Service (Management and Operation) Procedure (2023) complements the Right to Employment Act (2018) by focusing on the operationalization of PES at the national, provincial and local levels. However, the role of provincial governments is still not clear.

Enabling aspects for PES

- **Integrated approach to labour and employment services:** This emphasizes the integration of employment services, labour market information systems and skill development initiatives to streamline service delivery. This is an ideal articulation for implementation of the Right to Employment Act (2018).
- **Capacity-building for ESCs:** This provides conceptual guidelines for enhancing the operational capacity of ESCs to improve service quality.
- **Digitalization of employment services:** The Procedure promotes digital platforms for job matching, skill mapping and data collection, which would make PES more accessible and efficient. This is a well-designed and very important provision.
- **Policy coherence:** This links employment services with other initiatives, such as vocational training, migration assistance and social security programmes. Results from this have been identified so far.

Challenges and gaps

- **Implementation capacity:** Local governments currently lack the resources or expertise to effectively implement the Procedure. It was found that only about 30 per cent of the content of the Procedure has been implemented so far. Importantly, the “Sustenance Allowance to the Unemployed” has not yet commenced.
- **Coordination with the private sector:** The Procedure’s success hinges on strong public-private partnerships, but as of yet there has been no clarity concerning how to implement this. This aspect is crucial for the success of the PES system, but there has been very little progress during the previous six years of the (soon to conclude) PMP programme.
- **Staff competence and motivation:** Staff remain unsure as to how to address all of the major elements of PES delivery mandated to ESCs. They are unaware of the concepts, vision, desired approaches and means to provide PES-related support to jobseekers and job providers. They are still unaware of the importance of the digitalization, networking, counselling and job-matching processes required to make ESCs effective. They are instead almost exclusively focused on Cash for Work programmes.

Compatibility and alignment

The Right to Employment Act (2018) and the Integrated Labour and Employment Service (Management and Operation) Procedure (2023) are compatible and synergistic for the promotion of PES in Nepal. Key points of alignment include:

- **Focus on ESCs:** Both instruments emphasize ESCs as the cornerstone of PES at the local level – including through the use of the designation Local Employment Service Centres (LESCs).
- **Employment registration:** Both aim to maintain robust databases of jobseekers and employment opportunities, but full digitalization remains a longer-term objective.
- **Integration of services:** The Procedure operationalizes the Act by providing detailed implementation frameworks. However, further clarification is required about what services should be delivered and how.

Even so, potential contradictions or areas requiring better alignment persist, including:

- **Public sector versus private sector focus:** The Act leans toward public employment services, while the Procedure attempts to incorporate private sector engagement. To succeed the PES will require the full participation of the private sector, which has been a low priority in Nepal to date.
- **Resource allocation:** The effectiveness of both depends on adequate funding, infrastructure and human resources, which all remain a challenge. This issue is crucial to the success of PES and needs careful analysis to support future planning.

Conclusion

Both the Right to Employment Act (2018) and the Integrated Labour and Employment Service Procedure (2023) represent significant steps toward institutionalizing PES in Nepal. To fully realize their potential, the following actions are critical:

- **Enhancing local capacity:** Nepal needs to invest in training and providing resources for Local Employment Service Centres (LESCs) to deliver effective services that can encompass all PES-related activities. This also has to address the question of how to make LESCs effective and sustainable. Funding and mobilization of competent human resources policies are the preconditions.

- **Strengthening private sector collaboration:** PES succeed if the private sector is supportive. Encouraging their support must be a national priority. PES partnerships with private employers must be encouraged to broaden the scope of employment opportunities.
- **Monitoring and evaluation:** Mechanisms must be established to monitor the effectiveness of PES initiatives and to adapt policies as needed. This must be done at all three levels: federal, provincial and local.
- **Policy, regulatory and delivery functions:** The Federal Government System in Nepal requires absolute clarity regarding the demarcation of duties and responsibilities at all the three tiers of government to enable a PES system to be successfully implemented in the country. The Federal Government must focus on policy and legislation. Provincial governments must focus on regulatory functions, such as quality standards, human resource development, network oversight tasks and the monitoring of processes and progress. Municipal/local governments must be equipped to implement and deliver the public employment services required to achieve desired employment policy outcomes. Nepal has developed a PES concept, but only deployed minimal elements so far. Further growth will proceed when ESC services are provided with the support required to develop the necessary delivery capacity.

Nepal can ensure that these frameworks work together to effectively address unemployment and strengthen PES. The precondition for this is to operationalize and institutionalize the PES system at all levels of government. An effective PES can improve the employment prospects of jobseekers through the provision of holistic support attained through collaboration between all major actors across the country – including the private sector, cooperatives and NGOs.

Annex VI. Potential synergies between the development of the ReMi Project and the enhancement of ESCs

Employment and reintegration services case management

In 20 local governments, the Reintegration of Returnee Migrant Workers (ReMi) Project is in the process of piloting and fine-tuning a case management process for returnee migrant workers. This case management process could be adapted as the basis of a broader case management process for ESCs.

Digitalization/labour market information system (LMIS)

The following are the subject of ongoing digitalization efforts and discussions at MoLESS related to public employment services:

- ReMi has agreed to support the Ministry to develop a “digitalization blueprint for labour market information systems.
- The MoLESS has also requested Swisscontact to roll out the [Shram Sansar https://shramsansar.gov.np/](https://shramsansar.gov.np/) platform to all seven provinces.
- ReMi-ESC database:
 - o ReMi has introduced a small database for collecting information on returnee migrant workers in 20 local governments. This database is based on the ReMi case management formats and is running in parallel to the current Employment Management Information System (EMIS) database.
 - o Over the next six months, ReMi will be developing a new digital returnee migrant worker profiling and case management database, with the potential to be rolled out to all 753 local governments.
 - o Data collection and profiling work could be carried out by all ESCs, and case/management and counselling could be initially focused in locations where ReMi is active.
 - o The EMIS was developed as a temporary database, expected to be replaced by the (now stalled) Nepal Employment Management Information System (NEMIS). Currently, EMIS is only open for one month, and only collects data related to the PMEP programme. There is no system to collect real time data at the local government level.
 - o The ReMi case management formats could be generalized for all jobseekers, including returnee migrants.

There is potential for this to be rolled out as a single employment and reintegration case management for ESCs, and the planned ReMi database could be developed as a **digital employment and returnee profiling and case management system**.

This digital system could also form the local government-level component of an LMIS for the MoLESS.

► Annex table 1. ReMi working locations

Name of local government	District	Type of local government
Madhesh Province		
1. Janakpurdham	Dhanusha	Sub Metropolitan City
2. Kshireshwornath	Dhanusha	Municipality
3. Siraha	Siraha	Municipality
4. Mirchaiya	Siraha	Municipality
5. Jaleswor	Mahottari	Municipality
6. Rajbiraj	Saptari	Municipality
7. Lakshminiya	Dhanusha	Rural Municipality
8. Janaknandini	Dhanusha	Rural Municipality
9. Mukhiyapatti Musaharniya	Dhanusha	Rural Municipality
10. Pipara	Mahottari	Rural Municipality
Koshi Province		
1. Suryodaya	Ilam	Municipality
2. Mechinagar	Jhapa	Municipality
3. Urlabari	Morang	Municipality
4. Ramdhuni	Sunsari	Municipality
5. Katari	Udayapur	Municipality
6. Diktel Rupakot Majuwagadhi	Khotang	Municipality
7. Kerabari	Morang	Rural Municipality
8. Kanepokhari	Morang	Rural Municipality
9. Kamal	Jhapa	Rural Municipality
10. Miklajung	Morang:	Rural Municipality

Key:

Dark Blue – locations that are functioning best and with a solid understanding of employment services, referrals and local government management support.

Blue – locations functioning adequately, with some understanding of the employment services and referrals

The report reviews the policy and institutional framework across federal, provincial, and local levels, examining roles, coordination, organizational structures, information flows, and funding challenges. The study highlights key gaps and opportunities to strengthen employment services and provides evidence to guide process redesign, resource allocation, and performance improvement. It offers recommendations to help federal and subnational governments better understand Public Employment Service (PES) and Employment Service Centres (ESC) performance, inform evidence-based decision-making, and support the development of a policy framework, strategies and procedures contributing to a comprehensive, integrated and actionable system to strengthen PES in Nepal, and, for the development partners, provide possible support for strengthening employment services.

The Strengthening of Employment Service Centres in Nepal (SESC) project aims to strengthen ESCs to deliver the full mandate of the centres, while supporting the government at the federal, provincial and local level to further develop the policy and institutional framework of the PES, improve the engagement of ESCs with key stakeholders, including the private sector, and support the capacity building for fully functioning and sustainable PES, delivered mainly through ESCs at the local level.

The SESC project is supported by the Swiss Agency for Development and Cooperation (SDC) and implemented by the International Labour Organization (ILO) in collaboration with the Ministry of Labour, Employment and Social Security (MoLESS).

Government of Nepal
Ministry of Labour, Employment and Social Security
Singha Durbar, Kathmandu
Tel: +977 1 4211678, 4211791, 4211733
Fax: 01 4211877
Email: info@moless.gov.np
Website: www.moless.gov.np

ilo.org

ILO Country Office for Nepal
Dhobighat-Nayabato, Lalitpur, Kathmandu, Nepal
T: +977-1-5970424
F: +977-1-5450714
E: Kathmandu@ilo.org
W: ilo.org/nepal

