

 Early Warning System

ADB-53407-001

Enhancing Skills for Productive Employment Project



Quick Facts

Countries	Nepal
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Borrower	Government of Nepal - Ministry of Education, Science and Technology
Sectors	Education and Health, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 70.00 million



Project Description

According to the Bank's website, the Enhancing Skills for Productive Employment Project aims to strengthen Nepal's Technical and Vocational Education and Training (TVET) system to address critical challenges in youth employment, skills mismatch, and labor market relevance. The project will support policy reforms and investments to introduce modular, competency-based training and assessment, upgrade TVET institutions, and expand inclusive access to quality skills development, particularly for women, disadvantaged groups, and rural communities. Key interventions include developing modular curricula and national competency standards in priority sectors (agriculture, mechatronics, digital technology), upgrading training facilities, and digitizing examination and assessment systems. The project will also deliver market-oriented skills training and work-based learning opportunities in partnership with the private sector, improve institutional capacity, and enhance coordination among stakeholders.

Nepal, a lower middle-income and Least Developed Country, faces persistent development challenges despite notable progress in poverty reduction and macroeconomic stability. With a growing working-age population projected to continue until 2047, Nepal has a unique opportunity to harness a demographic dividend. However, this potential is constrained by low productivity, limited job creation, and high youth unemployment. To address these issues, the Government of Nepal has prioritized Technical and Vocational Education and Training (TVET) in its 16th Plan. Yet, the current TVET system remains underdeveloped, fragmented, and misaligned with labor market needs. Enrollment rates are declining, especially in rural and disadvantaged areas, and employment outcomes for TVET graduates are weak, with many working in unrelated fields or migrating as unskilled labor. The project aims to strengthen Nepal's TVET ecosystem by improving access, equity, relevance, and quality of training. It will support institutional reforms, enhance infrastructure, promote flexible learning pathways, and align training with national qualifications and labor market demands. By doing so, the project will contribute to inclusive economic growth, better employment outcomes, and improved social mobility for Nepal's youth.



Early Warning System Project Analysis

The project is not expected to have significant adverse environmental impacts, as all infrastructure upgrades will be carried out on existing government-owned school premises. This approach minimizes environmental risks and avoids the need for major environmental assessments. The project is categorized as "C" for environment, indicating that no substantial environmental assessment is required.

No involuntary resettlement is anticipated under this project. All planned upgrades and activities will take place within existing school sites, ensuring that there is no need for land acquisition or economic displacement. Due diligence will be conducted to confirm land ownership and to ensure that there are no issues related to encroachment or informal use. As a result, the project is categorized as "C" for involuntary resettlement, reflecting its minimal risk in this area.

The project is categorized as "B" for Indigenous Peoples safeguards.



Investment Description

- Asian Development Bank (ADB)

The financing amount is \$70,000,000, which will be financed on a loan basis by ADB's ordinary capital resources.



Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

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