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## Mid-Term Review of the Project ‘Strengthening of Employment Service Centres in Nepal (SESC)’

### QUICK FACTS

**Country:** Nepal

**Evaluation date:** 15 May 2025

**Evaluation type:** Project

**Evaluation timing:** Mid-term

**Administrative Office:** ILO Country Office for Nepal (CO-Kathmandu)

**Technical Office(s):** ILO Technical Office(s): CO-Kathmandu (supported by TRANSITIONS)

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**DC Symbol:** NPL/22/03/CHE (108874)

**Donor(s) & budget:** Swiss Agency for Development and Cooperation (SDC) and World Bank, USD 1'436'038 (with USD 1'197'000 covered by SDC)

*Key Words: Employment Service Centres (ESCs), Public Employment Services (PES), Labour Market Information Systems (LMIS), Decent Work Opportunities, Inclusive Service Delivery, Career Guidance and Counseling, Skills Development and Matching, Employment Promotion Services, Digitalization of Employment Services, Active Labour Market Programmes (ALMPs), Evidence-Based Policy Making, Interagency Coordination, Capacity Building, Job-Seeker Support Mechanisms, Migration and Labour Mobility, Migration and Employment Linkages, Gender Equality and Social Inclusion.*

## BACKGROUND & CONTEXT

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|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Summary of the project purpose, logic and structure</b> | The “ <i>Strengthening of Employment Service Centres in Nepal (SESC)</i> ” project is a partnership of the International Labour Organization (ILO), the Swiss Agency for Development and Cooperation (SDC) and the World Bank (WB). The total budget for this project is of US\$ 1,436,038, which US\$ 1,197,000 are financed by the SDC, and the remainder by ILO projects, the World Bank and the Ministry of Labour, Employment and Social Security (MoLESS) of the Government of Nepal. The project has two expected outcomes: (1) ESCs service delivery mechanism is enhanced to provide quality employment services; and (2) MoLESS and local governments have strengthened institutional and operational efficiency to deliver integrated labour and employment services to the citizens.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Present situation of the project</b>                    | The project began in November 2022 and will end in November 2026. This initial implementation phase has the characteristics of a pilot, laying the groundwork and generating critical insights for institutionalizing ESCs, enhancing their service delivery model, and strengthening the capacity of MoLESS and local governments in advancing effective, citizen-focused employment service provision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Purpose, scope and clients of the evaluation</b>        | <p>The mid-term review (MTR) of the project aimed to assess the following: (i) Project accountability; (ii) Promoting organizational learning; (iii) Planning and implementation improvement; and (iv) Building knowledge. This MTR covered project interventions between November 2022 and the time of the evaluation with a full review of the following project components: (i) Enhancing Capacity of MOLESS and ESCs to manage and deliver integrated labour and quality employment services; and (ii) ESC service delivery mechanism is enhanced to provide quality employment services.</p> <p>The gender and disability dimensions were considered as a cross-cutting concern throughout the methodology, deliverables and final report of the evaluation. The primary end users of the evaluation findings are ILO Office for Nepal, the project’s donors and key project national stakeholders. Secondary parties who will make use of the evaluation results include ILO's tripartite constituents, as well as national and international partners, and other key stakeholders. Furthermore, the findings of this final evaluation are destined for ILO’s management, overseeing the implementation of the project.</p> |

**Methodology of  
evaluation**

Different evaluation tools were combined to ensure an evidence-based qualitative and quantitative assessment. The evaluation used a combination of tools for a comprehensive assessment, including a desk review, semi-structured interviews, and short questionnaires. Data from various sources and methods were cross-validated through triangulation to ensure reliability. Findings were disaggregated by gender and other available factors, with conclusions and recommendations based on the evaluation's results. The major limitations of the evaluation were following:

1. *Net Impact Measurement:* The evaluation was unable to measure the net impact of project participation due to the absence of a control group. A more robust methodological approach - beyond the scope of this mid-term review - would have been required to establish a credible counterfactual.
2. *Time and Stakeholder Constraints:* Tight timelines, travel limitations, and the involvement of multiple stakeholders meant that priority was given to the most engaged actors identified by the project team. Some interviews were conducted post-field mission.
3. *Stakeholder Perspectives and Interpretation:* During the evaluation, differing stakeholder perspectives highlighted the need for further data collection and issue clarification. To notably uphold ethical standards and impartiality, the MTR integrated further evidence gathering. The final report reflects a balanced synthesis to support evidence-based decision-making.
4. *Group Interview Limitations:* Focus group discussions were used to maximize stakeholder input within time constraints. However, this format may have limited participants' willingness to share views as openly as they might in individual interviews.

The above-mentioned limitations do not affect the validity of the evaluation.

## MAIN FINDINGS & CONCLUSIONS

The SESC project plays a critical role in advancing Nepal's federalization by supporting decentralization and reform of Public Employment Services (PES). It promotes collaboration across federal, provincial, and local levels. Despite challenges, including delays in receiving approval to conduct activities beyond capacity building, the project has delivered notable progress within a short timeframe - once approval was granted - and is well-positioned to accelerate implementation.

A key milestone was the comprehensive Assessment of Public Employment Services and Labour Market Policies in Nepal, which is now shaping higher-level strategies and policy directions, for the institutionalization and further implementation of Public Employment Services nationwide, with increased focus at the local level. Other achievements include the operationalization of 13 model Employment Service Centres (ESCs), the training of over 1,300 municipal officials across all 753 municipalities, the allocation of dedicated ESC budgets by local governments, and Labour Market Needs Assessments.

The project is supporting federal-level reforms, including drafting the ESC Vision 2030 based on recommendations from the PES Assessment – leading to the development of the National PES Strategy. Looking ahead, strengthening coordination across all levels of government, accelerating local-level implementation of reforms, and securing sustainable financing remain critical. Through its systemic work and strong partnerships with government actors, the project is well-positioned to support the development of a decentralized, inclusive, and resilient employment system in Nepal, building on ILO's unique mandate and engagement with its tripartite constituents and other stakeholders.

## RECOMMENDATIONS, LESSONS LEARNED AND GOOD PRACTICES

### Main findings & Conclusions

#### Recommendation A

► *Stakeholders: ILO and implementing partners*

**Advance project implementation and scaling through capacity building, coordination, and pilot initiatives; accelerate local**

**government engagement and sustainability, while strengthening federal and provincial support.**

Priority: High | Importance: High | Resource Implication: Medium

- **R1** – Finalize and institutionalize ESC training manuals with stakeholder validation and establish a Master Trainer network.
- **R2** – Provide further targeted technical assistance to define ESC categories and foster ownership at federal, provincial, and local government tiers.
- **R3** – Launch coordinated training and/or e-learning, mentoring, and knowledge-sharing platforms.
- **R4** – Prioritize and support pilot ESCs with appropriate structures, budgets, and GESI integration.
- **R5** – Conduct feasibility studies to guide realistic planning and investment; reduce ESC numbers if needed based on feasibility and sustainability.
- **R6** – Finalize and roll out a decentralized communication strategy and explore digital tools.
- **R7** – Identify and empower local champions, and secure sustained financial and political support.
- **R8** – Accelerate practical pilot initiatives and apply early lessons to future scale-up.
- **R9** – Continue advancing legal and policy frameworks to ensure clearer mandates and coordination with ILO support.

**Recommendation B**

- *Stakeholders: ILO, donors, and implementing partners*

**Endorse the development of an impact-oriented framework, intervention strategy, and M&E system for Phase II.**

Priority: Medium | Importance: High | Resource Implication: Medium to High

- **R10** – Design a national roadmap for systemic change across phases, supported by strategic change management, inclusive stakeholder engagement, and potentially a multi-donor, and a multi-phase approach.

**Recommendation C**

- *Stakeholders: ILO and donors*

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|                                                       | <p><b>Action: Promote transparent and open high-level dialogue to align expectations, constraints, and feasibility.</b></p> <p>Priority: High   Importance: High   Resource Implication: Low</p> <ul style="list-style-type: none"> <li>• <b>R11</b> – Establish a bilateral communication mechanism to ensure regular, senior-level alignment and coordinated planning taking existing constraints into consideration.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p><b>Main lessons learned and good practices</b></p> | <p><b>Emerging Lessons Learned</b></p> <p>The mid-term review highlighted key challenges in continuing the project after the Prime Minister Employment Programme (PMEP), particularly due to missing foundational structures and delayed policy work. While capacity-building efforts were requested early on, the necessary systems, policies, and funding were not yet in place, leading to inefficiencies. The review emphasizes the importance of clear roles, supportive policies, and adequate funding to capitalize on capacity building efforts. Feedback from ESCs indicates that training is significantly more effective when foundational conditions - such as job security and good governance - are in place. Nonetheless, the capacity building activities carried out did enable ESCs to begin delivering core employment promotion services and responding to citizen needs.</p> <p><b>Emerging Good Practice</b></p> <p>The project adopted a systemic approach, and established a strong framework for cooperation across federal, provincial, and local governments, enhancing the capacity of ESCs and improving policy coordination - an approach that can be replicated in other decentralized systems. It conducted a comprehensive review of Public Employment Services (PES) and labour market policies - identifying gaps and clarifying roles to create a coherent framework essential for effective governance and service delivery. Additionally, the soon-to-be-established partnership with the Municipal Association of Nepal (MuAN), will increase local government involvement, while also setting the stage for future engagement with the private sector.</p> |