



Lagindra Sada, General Secretary of the National Harawa-Charawa Rights Forum, speaks with his community. ©Filmatory Nepal/The Freedom Fund

A silhouette of a man standing and gesturing with his hands, addressing a group of women seated on the ground. The scene is set against a dark, twilight sky. The women are wearing colorful headscarves. A dark blue curved shape is overlaid at the bottom of the image, containing the title text.

NEPAL: BONDED LABOUR

Annual report 2025-2026

EXECUTIVE SUMMARY

During 2025, the Freedom Fund's Nepal hotspot program advanced a coordinated, survivorcentred response to agricultural bonded labour affecting Haliya, HarawaCharawa and Kamaiya communities. Working with six implementing partners, survivorled networks and local governments, the program focused on three interconnected objectives: building a united movement of bonded labour survivors, strengthening government systems and accountability, and improving the resilience of affected communities.

The year unfolded amid a volatile political context in Nepal. While the first half of 2025 was relatively stable, federal progress on bonded labour rehabilitation remained limited, with responsibility largely devolved to provincial and municipal governments. From September onwards, a youthled Gen Z movement demanding good governance disrupted public administration, which led to a federal government transition. Despite this uncertainty, hotspot partners sustained implementation, remained closely engaged with communities and intensified their focus on provincial and municipal levels, where practical reforms and budget decisions created opportunities for change.

Across program areas, the partners addressed the structural drivers that perpetuate bonded labour, including lack of legal identity, exclusion from public services, insecure livelihoods and limited educational opportunities. Partners directly supported 9,262 people with social or legal assistance, such as helping 5,154 people to access government services. This included supporting 617 individuals to obtain citizenship certificates and 1,011 children to secure birth registration. Education support from hotspot partners enabled 3,357 children from bonded labour communities to enrol in and remain in school.

Livelihood and skills development were central to reducing households' dependence on exploitative labour. In 2025, 2,403 individuals earned a new income or started a micro-enterprise through vocational training, savings and credit groups, revolving funds or business startup support. An independent evaluation of the hotspot's Livelihood Technical Assistance Program found among participants a 39% increase in monthly household income and a 96% reduction in food insecurity, alongside a 52% increase in women's influence over household decisionmaking.

Progress at the systems level was most visible in the provinces and municipalities. Partners and survivor networks contributed to more than 30 policy and procedural changes that strengthened labour monitoring, child protection, school enrolment and access to public services. Several provinces allocated dedicated budgets for livelihood support and rehabilitation of freed bonded labour communities. In Madhesh and western Nepal, municipalities adopted guidelines and allocated funding for data collection and identity card distribution, improving formal recognition and enabling access to government programmes.

Movement building and survivor leadership underpinned these gains. Partners strengthened women's savings groups, community organisations and provincial and national survivor networks, enabling people with lived experience to advocate more effectively for their rights. In 2025, all three freed bonded labour networks received their first ever formal grants from the Freedom Fund, enabling them to strengthen their organisational capacity and collective voice.

Overall, 2025 demonstrated that even amid political instability and limited federal leadership, progress is possible when survivors are organised, local systems are engaged and CSO partners work in coordination across direct support, systems reform and movement strengthening. The year's results reflect not only services delivered, but a deeper shift toward survivor power, public accountability and the longterm reduction of bonded labour across generations.

OPERATING CONTEXT

Nepal's political environment remained relatively stable during the first half of 2025 under a government led by the UML party. Partners continued to engage with federal authorities to advocate for rehabilitation measures. However, the Government of Nepal Ministry of Land Management, Cooperatives, Federal Affairs and General Administration indicated that responsibility for this had been devolved to provincial and local governments.

The political context shifted significantly in September 2025 when a youthled Gen Z movement began peaceful protests demanding good governance and anticorruption reforms. The protests later escalated into unrest, resulting in casualties and damage to major government buildings and property. The crisis led to the resignation of Prime Minister KP Sharma Oli and several other ministers, followed by the formation of a transitional administration led by former Chief Justice Sushila Karki, Nepal's first woman Prime Minister. New federal elections were scheduled for 5 March 2026.

As provincial and municipal governments remained unchanged, the Freedom Fund's implementing partners continued their locallevel advocacy to support communities affected by bonded labour.

Protesters burn down a government office.
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PROGRAM OVERVIEW

The Freedom Fund hotspot in Nepal is a clustered investment in Nepal provinces 2, 5 and 7 that focuses on addressing forced labour among communities that are part of an intergenerational bonded labour system.

The hotspot's work with the Harawa-Charawa in the south-east of Nepal, in Province 2, is one of the longest standing programs of the Freedom Fund. The work of the six implementing partners there has strengthened and amplified the voice of community, with the highpoint being the government's formal **declaration** of freedom of the Harawa-Charawa in 2022. The hotspot also supports the Haliya and Kamiya freed agricultural bonded labour movements in the far west of the country. Through this program, the labour networks representing the Haliya, Harawa-Charawa, Kamiya and Kamalari communities established the Joint Struggle Committee, a unified survivor-led movement working to eradicate bonded labour in Nepal.

In 2025, the Freedom Fund initiated direct grant funding to the three community-led survivor networks: Mukta Harawa-Charawa Adhikar Manch (MHAM), Mukta Haliya Samaj Federation Nepal (MHSFN) and Freed Kamiya Society (FKS). These grants aim to help strengthen the institutional capacities of the three network organisations and support continued movement building among them.

Strategic Objective 1: Fund direct impact in communities affected by bonded labour

The Nepal hotspot works toward three interconnected goals:

- Building a united movement of agricultural bonded labour groups.
- Encouraging government policies and services that support survivors.
- Strengthening the resilience of affected communities.

Community mobilisation is central to the hotspot's strategy for driving change through grassroots movement building. In 2025, partners supported more than 12,000 people through community groups. These groups played a critical role in raising awareness of labour rights, supporting families affected by bonded labour and advocating with local governments for services and rehabilitation support. As a result, agricultural bonded labour communities continued to be organised and active in local decisionmaking processes, contributing to the hotspot's objective of helping build a stronger and more unified movement.

Partners also established labour desks in collaboration with municipalities across several program areas. These labour desks provide local platforms through which workers can report labour abuses, seek legal information and access support services, thereby strengthening local systems for reporting and responding to labour rights violations.

Direct support to individuals and families remained essential. Although bonded labour has been abolished in law, many people continue to live in extreme poverty and work in exploitative conditions. In 2025, partners

provided social and legal assistance to 9,262 people, including support for 617 individuals to obtain citizenship certificates and 1,011 children to receive birth registration. These vital documents are needed to access education, healthcare and government services. With education remaining critical to expanding opportunities for future generations, partners supported 3,357 children from freed bonded labour communities to enrol in and remain in school.

The goal of the hotspot's direct service provision is to build community resilience and support the transition from conditions of exploitative work to freedom. During the year, the program supported 1,145 individual liberations from agricultural bonded labour. ActionAid and its partners supported 541 members of Kamaiya and Haliya communities to access bonded labour rehabilitation packages including identity cards, land allocation and housing construction. In southeastern Nepal, direct engagement with landlords and local government wage committees resulted in 556 HarawaCharawa workers receiving the minimum wage for the first time. Another 1,580 people were linked to a government self-employment program that provides access to up to 100 days of paid employment per year.

Livelihood and skills development initiatives are another key strategy used to reducing families' dependence on exploitative labour from landlords. In 2025, the hotspot helped 2,403 participants earn a new income through vocational training, savings and credit groups, revolving funds and livelihood support schemes that strengthen household economic security. The Freedom Fund commissioned an independent evaluation of the hotspot's Livelihood Technical Assistance Program (LTAP), led by ActionAid, which supported 714 individuals from savings and credit groups to develop agricultural or commercial incomegenerating activities. The evaluation found a 39% increase in monthly household income and a 96% reduction in food insecurity, effectively ending the routine skipping of meals. Most participants were women and the evaluation documented a 52% increase in women's influence over household decisionmaking, indicating a remarkable shift in power within communities where women have faced economic and social disadvantages due to deep rooted patriarchal norms. Lessons from the evaluation will inform the hotspot's future livelihood interventions.



Strategic Objective 2: Foster systems change to shift power

In 2025, the program continued to promote systemslevel change by strengthening the capacity of communities affected by bonded labour to influence the policies, institutions and social norms that sustain exploitation.

Since the historic declaration of freedom for the HarawaCharawa by the Nepal government in 2022, federallevel action has been limited, with the government asserting that rehabilitation programs fall under the responsibility of provincial and local governments. The Joint Struggle Committee, together with hotspot program partners, continued to maintain nationallevel attention on the issue, helping to encourage greater engagement by local authorities. At the same time, the partners strategically intensified their focus on provincial and local advocacy, promoting policies that recognise and address the needs of Haliya, HarawaCharawa and Kamaiya communities.

This approach saw significant material wins during the year with regard to allocation of government resources. Advocacy campaigns led by the Haliya, Harawa-Charawa and Kamaiya networks, with support from Freedom Fund partner RDN, contributed to substantial increases in provincial funding targeting freed bonded labour communities. As a result, the Sudurpashchim (Province 7) government allocated NPR 62 million (USD 443,653)¹ to employment initiatives for Dalit, Haliya, Kamaiya and Kamalari populations, and an additional NPR 35 million (USD 250,449) for the rehabilitation of 100 freed Haliya, Kamaiya and Kamalari families. In Madhesh Province, a monthlong campaign led by RDN and the Harawa-Charawa Network resulted in the allocation of NPR 2.5 million (USD 17,889) for livelihood support for Dalit and Harawa-Charawa communities. Lumbini Province (Province 5) allocated NPR 10 million (USD 71,557) for incomegeneration and selfemployment programs targeting marginalised groups, including freed Kamaiya, Kamalari, landless households and poor families. These funding allocations represent significant policy wins, as they formally acknowledge gaps in past rehabilitation efforts and the continued marginalisation of freed bonded labour communities, the realities that had been denied by government for more than a decade.

Across hotspot program areas, partners contributed to more than 30 policy and procedural changes at municipal and provincial levels that improved recognition, protection and access to services for bonded labour communities. This advocacy was grounded in collective action and movement building led by survivors themselves. Partners supported networks of Haliya, Harawa-Charawa and Kamaiya communities to organise, engage with local authorities and participate in municipal policy and budget processes. These networks played a vital role in raising awareness about bonded labour, documenting cases of exploitation and advocating for reforms that address structural inequalities.

These changes included municipal commitments to strengthen labour monitoring, support school enrolment and implement child protection measures. In several locations, municipalities also adopted procedures to initiate the identification and documentation of HarawaCharawa households,

an important step toward formal recognition and improved access to government services, including future rehabilitation programs.

In western Nepal, two municipalities distributed Haliya Identity Cards to 251 households that had been excluded from government rehabilitation packages due to gaps in the 2008 data collection. The identity cards formally recognised these households as freed Haliya, enabling them to access rehabilitation packages and other government subsidies. This development demonstrated a clear proof of concept that rehabilitation for freed bonded labour communities can be effectively managed at the local government level.

Each of these efforts was possible only because of long-standing relationships and credibility that Freedom Fund partners have built with local and provincial governments, and the trust that the community places in them. Every system win also ensures that for others in the community, another small barrier has been broken and the pathway to dignity for these communities is steadily clearing.



Suki studies for school. © Filmatory Nepal/The Freedom Fund

¹ The average exchange rate for the year 2025 was USD 1 = NPR 139.749. Source: <https://uk.investing.com/currencies/usd-npr-historical-data>.

Community Improvement Center's bamboo treatment plant.



Strategic Objective 3: Invest in the strengthening of civil society organisations and movements, especially those led by survivors and communities

Strengthening survivor-led organisations to drive the eradication of bonded labour remained a central pillar of the hotspot's program in 2025. A key milestone was the Freedom Fund's provision of direct grant funding to the three freed bonded labourer survivor networks (the Freed Rastriya Haliya Samaj Federation Nepal, Freed Kamaiya Society and Mukta HarawaCharawa Adhikar Manch) to support community mobilisation, organisational development and advocacy with government institutions.

For the HarawaCharawa Network (Mukta HarawaCharawa Adhikar Manch) this marked its first ever grant. As a result, during the first half of the year the Network focused on establishing foundational administrative systems. With support from the Freedom Fund team, it secured approval from the

Social Welfare Council—a government body that regulates NGOs with international funding—a prerequisite for fund disbursement, and registered to open a bank account. The Network then recruited a program coordinator and finance officer and developed core organisational policies, including on finance and safeguarding. Toward the end of the year, the HarawaCharawa Network established an office and began mobilising municipal-level networks. By yearend, it had representation across all 19 municipalities in Saptari District, significantly strengthening its reach and coordination.

Program activities implemented by the Freed Kamaiya Society also delivered notable results. The network expanded its municipal presence, developed a strategic plan and supported government municipalities to draft rehabilitation guidelines. Its direct advocacy led to a parliamentary visit to a Kamaiya settlement in July 2025, which prompted a government directive to accelerate land allocation. As a result, 21 families received land ownership certificates and have begun settlement improvements. Meanwhile, the Haliya Federation expanded its district and municipal level networks, developed strategic and advocacy plans, and supported the formation, registration and institutional strengthening of the Freed Haliya Jumla District Network, including the development of staffing and financial policies.

In the first half of the year, following the grants given to all three networks, the Freedom Fund invested in a participatory program to continue encouraging diversification of leadership in the networks. Two residential leadership workshops for partners and network leaders were conducted in southeastern Nepal. These were designed to equip a new generation of leaders by encouraging reflections on leadership at three levels: individual, organisational and movement. Participants explored how power and social inequalities persist, reflected on personal and collective histories and examined how these insights should shape movement strategy. They described the sessions as powerful and transformative. A key outcome was deeper solidarity and trust between survivor leaders and CSO partners working toward shared goals from different lived experiences and positions of power.

Our long-standing CSO partners in Nepal also received Elevate Grants, one-time unrestricted grants from the Freedom Fund to those partners that have demonstrated consistent alignment in leadership, mission and operational

integrity. Partners have deployed the grants for a range of organisational strengthening initiatives including board governance, developing secondline leadership, establishing physical office spaces and creating community resource centres. Partners also invested in income-generating assets like rentable spaces, marketing local produce and a bamboo treatment plant.

Overall, the hotspot's investment in CSOs and survivor-led networks in 2025 strengthened the movement needed to sustain progress for communities affected by agricultural bonded labour. By combining direct grants to the organisational support, leadership development and flexible Elevate Grants, CSOs and survivor-led networks were better able to build systems and engage government institutions more consistently. Collaboration between survivor leaders and CSO partners also deepened through communities of practice (CoP) meetings, which supported shared learning and plan joint advocacy. Together, this work underscored a simple lesson: lasting change depends not only on services delivered but also on strong, connected survivor-led movements that can keep organising and holding duty bearers accountable. Finally, the Freedom Fund held its first Asia program team meeting aimed at strengthening cross hotspot learning, mutual support and team cohesion across country programs.



Community Improvement Center's bamboo treatment plant.

Office addition at partner Dalit Janakalyan Yuba Club.



CASE STUDY

Creating a livelihood pathway

Phul Kumara Sada's story from Saptakoshi municipality in Saptari offers a clear example of how modest, well-structured livelihood support can translate into lasting household stability. In 2024, she received NPR 17,500 (USD 125) in livelihood assistance from a revolving fund through Freedom Fund support, coordinated by ActionAid. She invested the funds in two pigs and gradually built an income stream through pig rearing. Over time, the pair produced piglets and Phul raised and sold them, earning NPR 19,000 (USD 136) and NPR 32,500 (USD 233). She continued rearing the two pigs for more piglets. Importantly, she repaid the original support she received back to the lender, helping sustain the revolving fund for others. She then used the remaining income to keep her children in school, meet household needs and deposit savings in the bank. Her experience shows that small livelihood inputs, when paired with strong group accountability, can reduce reliance on exploitative labour relationships and strengthen family economic security.

Freedom Fund partner Janachetna Dalit Sangam also notes that several members within her group received similar support, highlighting the value of collective livelihood models. When livelihood support is delivered through saving and credit groups, it builds confidence, reduces dependence on high-interest borrowing and strengthens community agency by ensuring families move forward together rather than in isolation.



VISION

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MISSION

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