

MIGRATION ANALYSIS NEPAL

For

GIZ Inclusive Development of the Economy (INCLUDE)

GIZ Trade Promotion Program (TPP)



Stephanie Deubler

CIM Sector Project Migration
and Development

Andrea Spear

Independent Adviser

Bandita Sijapati

Amrita Limbu

Himalaya Kharel

Centre for the Study of Labour
and Mobility (CESLAM)
Social Sciences Baha



Centre for the Study of
Labour and Mobility

October 2013

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Acronyms and Abbreviations

ASEAN	Association of South-East Asian Nations
BMZ	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung / German Federal Ministry for Economic Cooperation and Development
CIM	Center for international Migration and Development
CoD	Country of destination
CoO	Country of origin
DAO	District Administration Office
DCSI	Department for Small and Cottage Industries
DoFE	Department of Foreign Employment
EIC	Employment Information Center
EnDEv	Energising Development Project
FAYA	Forum for Awareness and Youth Activity
FEPB	Foreign Employment Promotion Board
FEWF	Foreign Employment Welfare Fund
FNCCI	Federation of Nepalese Chamber of Commerce and Industry
FReDI	GIZ Handbook on Financial Literacy, Remittances and Diaspora Investment
GDP	Gross Domestic Product
GDC	German Development Cooperation
GEFONT	General Federation of Nepalese Trade Unions
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICIMOD	International Center for Integrated Mountain Development
IDP	Internally displaced people
IFAD	International Fund for Agricultural Development
ILO	International Labor Organization
ILRA	GIZ Project Improvement of Livelihoods in Rural Areas in Far West
INCLUDE	Inclusive Development of the Economy Programme
IOM	International Organization for Migration

JITCO	Japan Industrial Training Cooperation
LDC	Least Developed Country
LLDC	Landlocked Developing Country
MAPs	Medicinal and aromatic plants
MoCPA	Ministry of Cooperatives and Poverty Alleviation
MoCS	Ministry of Commerce and Supplies
MoI	Ministry of Industry
MoLE	Ministry of Labour and Employment
NAFEA	Nepal Association of Foreign Employment Agencies
NTIS	Nepal Trade Integration Strategy
NTUC	Nepal Trade Union Congress
NRN	Non-resident Nepalis
PNCC	Pravasi Nepali Coordination Committee
RA	Recruitment agency
SAARC	South Asian Association for Regional Cooperation
SAARTUC	South Asian Trade Union Council
SAFTA	South Asia Free Trade Area
SAMI	Safe Migration Project
SDC	Swiss Agency for Development and Cooperation
SED	Sustainable economic development
SLC	School Level Certificate
STPP	Support of Measures to Strengthen Peace Process
TPP	Trade Promotion Program
VDC	Village development committee
WOREC	Women's Rehabilitation Center
WTO	World Trade Organization
YSESEF	Youth and Small Enterprise Self-Employment Fund
ZFD	Ziviler Friedensdienst / Civil Peace Service

Executive Summary

Nepal's economic situation and development are inextricably linked to the phenomenon of labor migration. Remittances account for more than a fifth of the GDP¹ and have strongly contributed to poverty reduction among migrants' families over the past ten years.² However, there are more issues around migration than financial transfers: on the one hand, exploitation and abuse are real dangers many Nepali migrant workers face while abroad and complaints from the Nepalese private sector about labor shortages in specific sectors is frequent; on the other hand, returnees bring back capital and (potentially) skills and migration offers options to unskilled, unemployed (often illiterate) youth especially from remote rural areas who can through their work abroad contribute to the family income.

German Development Cooperation – especially the Inclusive Development of the Economy Program (INCLUDE) and the Trade Promotion Program (TPP) – acknowledges the positive and negative development impacts of migration on the country and therefore commissioned a study to develop recommendations on how the topic could be incorporated into ongoing GIZ program activities.

Based on the findings³ the authors recommend to

- 1) Commission a **labor market trends analysis** for Nepal and the major migration destination countries for Nepalese workers.
- 2) Address the topic of labor migration in a comprehensive way as a **labor value chain** and identify potential areas of engagement in strengthening relevant value chain actors with particular relevance for inclusive economic growth.

Additional recommended interventions – depending on funding and programs' time frames – are to

- 3) Enhance Nepal's **services trade negotiating capacity and strategies**
- 4) Assist Nepal to **improve bilateral and regional labor arrangements**

As a general observation and recommendation, the authors point out to

- 5) not single out returning migrants as a particular target group for program interventions, but continue **focusing on inclusiveness**.
- 6) include labor migration into the German Development Cooperation's (GDC) portfolio (beyond INCLUDE and TPP)..

¹ Economic Survey: Fiscal Year 2011/12, Ministry of Finance (MoF)

² Poverty rates have declined from 42% in 1996 to about 25.4% in 2010/11, Poverty in Nepal. Summary Report based on Nepal Living Standards Survey 2010/11 Data, Central Bureau of Statistics

³ identified through desk and data research, around 40 interviews in Kathmandu, around 53 interviews on district level and approximately 15 focus group discussions (see list of interviews and schedule in annex 6.9 and 6.10)

1. Background of the Analysis

As a landlocked country which is still recovering from a violent conflict, suffering from a politically instable situation and high rates of poverty⁴, Nepal faces a strong outflow of both skilled and unskilled labor. While migration offers potential for development (remittances, skills and capital acquired abroad, foreign currency reserve, sovereign credit rating etc.), the way it is currently managed in Nepal is leading to high economic and social costs (e.g. remittances not being used in the productive sector, migrants being tricked into exploitative situations in a number of destinations countries; family breakdowns; difficulties of re-integration after return etc.). On the one hand, foreign employment offers people from rural areas (especially youth) opportunities they would not find in the local labor market. On the other hand, the economy is facing labor shortages, particularly in agriculture and certain manufacturing sectors.

At least two of German development cooperation's technical bilateral programs in Nepal "Inclusive Development of the Economy" (INCLUDE) and "Trade Promotion Program" (TPP), see opportunities to assist their Nepalese partners in dealing with migration related challenges. Accordingly, this Report was commissioned to assist the BMZ (Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung – German Federal Ministry of Economic Cooperation and Development) in its decision making process, if German development cooperation should be concerned with migration, and if so, how this topic could be integrated into the existing programs.

German Development Cooperation has practical experience in the field of migration and development in several countries and could apply the lessons learned in the Nepalese context. The Sector Project 'Migration and Development' has, for example, conducted a migration analysis for Kosovo and has actively supported numerous development programs on migration-related matters in Tunisia, Morocco, Uzbekistan, Philippines, among others.

⁴ National poverty rate (2010): 25.2% which constitutes a decrease from 31% in 2003/4 (World Bank, <http://data.worldbank.org/country/nepal>)

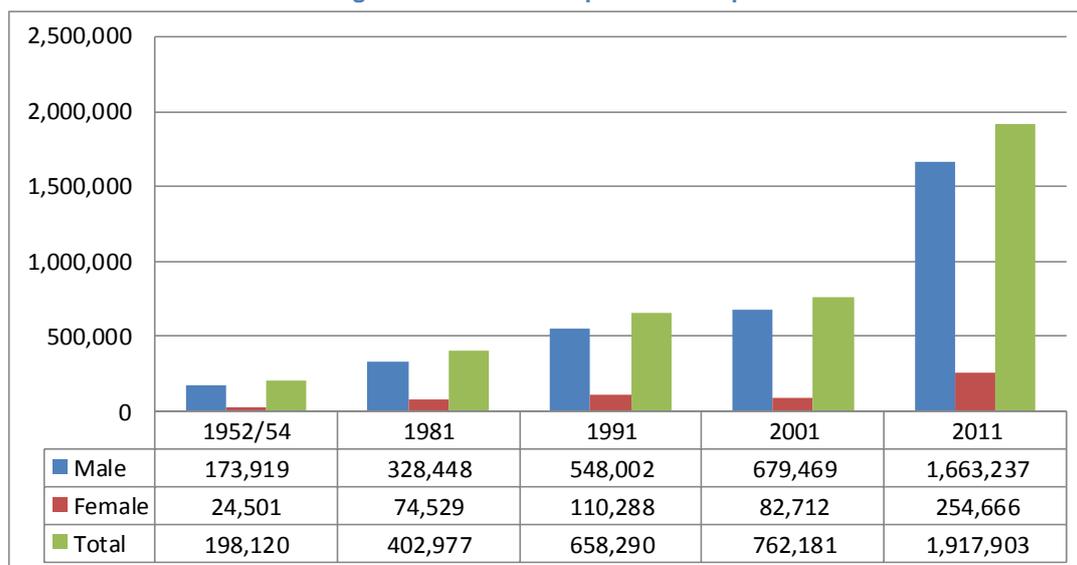
2. Migration from Nepal (National Level Findings)

2.1. Facts and Figures

Number of Migrants

The national population censuses have recorded an increasing number of Nepalis who have migrated abroad over the years. The census defines an 'absentee' as an individual who has been absent from the household for more than six months prior to the date of enumeration of the census. However, it should be noted that this absentee population includes individuals who have gone abroad for any purpose, including work or study. As shown below, there has been a more than two-fold increase in the number of Nepalis who have gone abroad between 2001 and 2011. According to this count, a significant 7.24% of Nepal's total population is currently abroad.

Figure 1: Absentee Population - Nepal

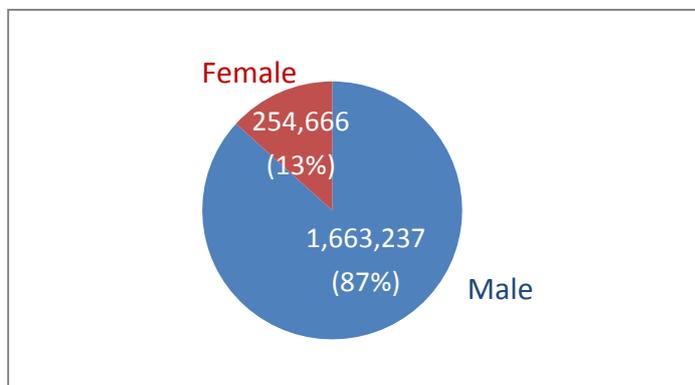


Source: Central Bureau of Statistics, National Population Censuses, 1952/54, 1981, 1991, 2001, 2011

For most parts, migration, in particular labor migration, has remained a male-dominated phenomenon. Male migrants constitute 87% of the migrant population, while females comprise only 13%. This can be largely attributed to the persistence of patriarchal norms in the Nepali society, wherein male members are the designated bread winners and women are restricted to the domestic sphere. Nevertheless, as can be seen in the figures on absentee population, the numbers of female migrants have also been increasing steadily over the

years. In fact, the number of recorded female migrants has tripled from 2001 to 2011 from 82,712 to 254,666.⁵

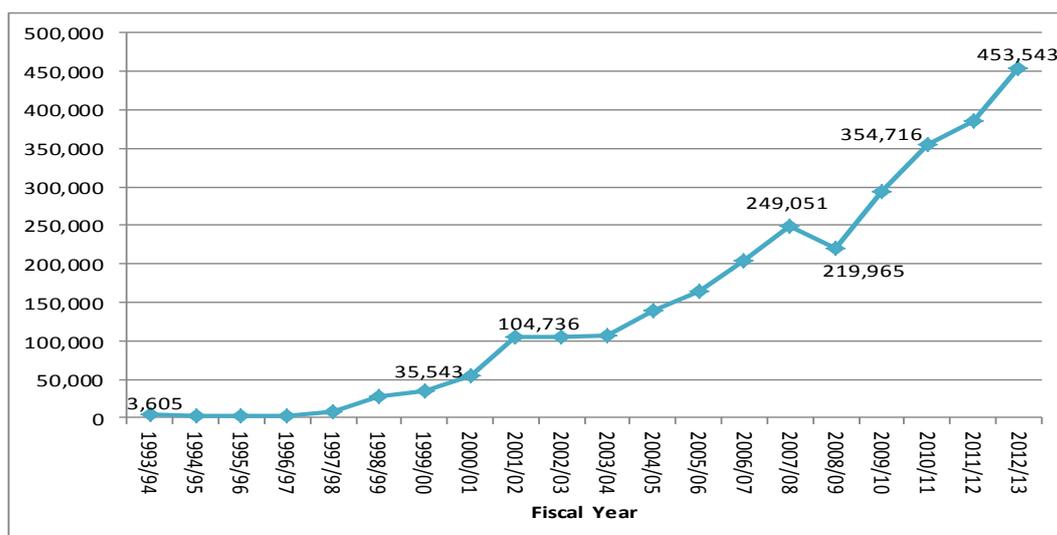
Figure 2: Nepal: Male – Female Migrant Ratio



Source: Central Bureau of Statistics, National Population Census 2011

In an effort to better govern the large scale labor migration, the government of Nepal issued the first Foreign Employment Act in 1985 under which aspiring migrants were required to acquire labor permits for work related migration. Figure 3 below illustrates the number of labor permits issued by the Department of Foreign Employment (DoFE) over the years. As is the case with number of absentees, the number of labor permits issued have also been increasing drastically - between 2001 and 2011 the number of labour permits issued by the DoFE tripled. However, this increase has not been at par with the increase in the recorded number of migrants by the national census.

Figure 3: Labor Permits Issued by the Government (excluding India)



Source: Department of Foreign Employment

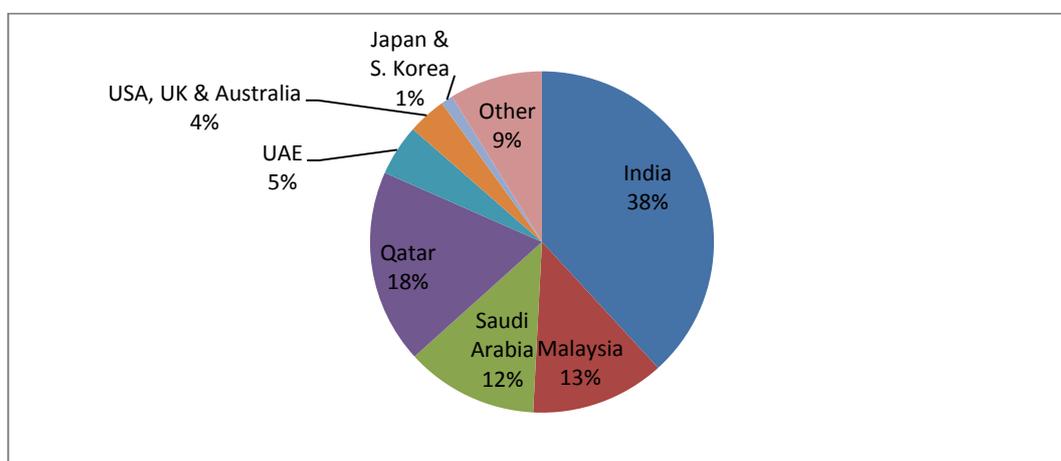
⁵ National Population Census of Nepal 2001 and 2011

Moreover, it is also true that greater numbers of female migrants from Nepal migrate via irregular channels compared to their male counterparts, in particular due to the various government restrictions on female migration for work, the latest ban being on females below the age of 30 from working as domestic workers in the Gulf countries. Hence, the number of labor permits issued to 27,713 females for the last fiscal year 2012/13,⁶ is still considered an underestimation of the actual number of female migrants. For that matter, the data of the Department of Foreign Employment is generally viewed as underrepresentation of the actual work migrants from Nepal.

Destination of Migrants

Due to the porous nature of the India-Nepal border, India continues to be the most popular migrant destination with nearly 38% of the recorded migrant population reported as being there. While there is a long history of Nepalis migrating to India for work, since the mid 1990s, countries in the Middle East as well as East and Southeast Asian countries have also risen to become popular destinations. Of those countries, currently, Qatar remains the most popular, with 18% of total Nepali migrant workers, followed by Malaysia (13%) and Saudi Arabia (12%).

Figure 4: Major Destinations for Migrants



Source: Nepal Living Standards Survey 2010/11

Skills Level of Nepali Migrant Workers

Most Nepalis go abroad for unskilled work - approximately 75% only have basic education and few technical skills. Some 12% are semi-skilled, with more education and technical skills (e.g. guards). Another 8% are 'skilled', with some secondary education and technical and professional skills (e.g. foremen, welders, bookkeepers, hospitality staff). And some 5% are highly skilled professionals with tertiary education (e.g. accountants, managers, engineers).

⁶ Department of Foreign Employment

Table 1 Skills Level of Nepali Work Migrants

Skills level:	% of total (documented workers)	Main occupations
Unskilled	75%	Agriculture, laborers
Semi-skilled	12%	Technical trades
Skilled	8%	Technical trades, professions
Highly skilled	5%	Professionals

Sources: Ministry of Labour and Department of Foreign Employment interviews, September 2013

The above mentioned figures and the table below refer mainly to Nepalis who have gone abroad under contracts brokered by recruitment agents and who have secured labor permits from the DoFE. These data do not include students or other Nepalis residing abroad under their own arrangements. Further, many Nepalis are in Australia, Europe, US and Asia, mostly studying and/or working in the services sector. Reportedly, Nepalis are also going to Africa, based on the growing number of Nepali restaurants cropping up there.

Table 2: Principal Destinations and Occupations of Nepali Migrants, 2013

Destination Country	Approximate Numbers	Main Occupations
Malaysia	700,000 (excludes domestic workers)	Factory workers, plantations, security guards, + domestic workers (both undocumented and legal)
Saudi Arabia	500,000 + up to 50,000 undocumented females and 60,000 undocumented men	Factory workers, construction, domestic work, services
Qatar	300,000	Construction, professional and hospitality services; + undocumented domestic workers
United Arab Emirates	300,000	Construction, professional and hospitality services, factory, domestic workers (not many – at least not many documented)
Kuwait	50,000	Mostly domestic workers, including drivers
Oman-Bahrain	15,000-20,000	Unskilled: maids, cleaners, laborers; Semiskilled: cooks
Korea	20,000 (under Govt-Govt EPS quota system) + some 1,000 informal	Factory workers, agriculture, service sector
Japan	5,000-8,000, including 500 JITCO ⁷	Agriculture, factory workers, cooks
Hong Kong	50,000+ , plus ex-Gurkhas	Construction, domestic workers, security officers
Israel	5,000 (under Govt-Govt program)	1000 in agriculture programs; rest in domestic work, home care
Lebanon	20,000 ⁸	Garment factory and domestic workers
Subtotal	2,080,000	Manufacturing, construction, agriculture, hospitality, domestic work
India⁹	1-1.5 million	Agriculture, services, domestic work, hospitality, seasonal labor
Total	Roughly 3-3.5m¹⁰	

Sources: Ministry of Labor and Department of Foreign Employment interviews, CESLAM and data analysis, September 2013

⁷ (Japan Industrial Training Cooperation – sends workers as so-called 'trainees' for a set time, and they have to commit to return to Nepal afterwards). Rest are mostly legal immigrants.

⁸ Working there unofficially. Due to security situation, government does not want to be seen to be encouraging labor migration to Lebanon

⁹ (MoL/DoFE not responsible for India-based workers)

¹⁰ Plus many more undocumented workers processed (even 'trafficked') through India and elsewhere and going to a variety of overseas destinations.

Does not include students, overseas permanent residents or citizens working temporarily overseas through their own arrangements - eg, students who stay on after studies, highly skilled professionals, peacekeepers, British army, etc. Except where indicated, the table does not include undocumented workers.

Remittances

In the absence of local employment opportunities¹¹, migration for foreign employment and subsequent inflow of remittances has played a crucial role in sustaining households in Nepal. As illustrated in Figure 6 below, the inflow of remittances has risen concurrently with the increase in the number of migrants. However, it should be noted that because the figure below is based on the Nepal Rastra Bank's data, it only represents remittances that were received formally through financial institutions. It is believed that some form of remittances, especially from India, are channeled through informal systems, like hundi¹² or are carried back by individuals upon return. However, during our fieldwork, we were informed that informal remittances transfer systems such as hundi have declined due to better, cheaper access to money transfer companies and banking facilities.

Even though the informal transfer figures are not captured by Nepal Rastra Bank and the actual amount of remittances is considered to be higher, the effects of remittance inflows have been considerable — the decline in poverty rates from 42% in 1996 to about 25.4% in 2010/11,¹³ has been largely attributed to this inflow of remittances¹⁴.

Figure 6 below (next page) displays the variation in average remittances received by sectors of work. Besides remittances received from Nepalis working abroad in armed forces, the other major sectors from which people send remittances are housekeeping and restaurant, transportation, domestic work, cleaners, messengers and door keepers, mining and construction and manufacturing.

¹¹ In particular, the rural areas of Nepal lack employment opportunities beyond agriculture. There is an absence of factories and other industrial set ups to provide regular employment for the locals in both the rural and urban areas. A few opportunities are available in the urban areas in hotels/restaurants, other factories such as paper mill, carpentry, and road construction; however, these companies face different challenges in regard to retaining workers. On the one hand, the higher earnings abroad attract workers who often take a few months of work experience in local companies and then migrate for employment abroad; and on the other hand the locals are reluctant to take up work e.g. in road construction or agriculture.

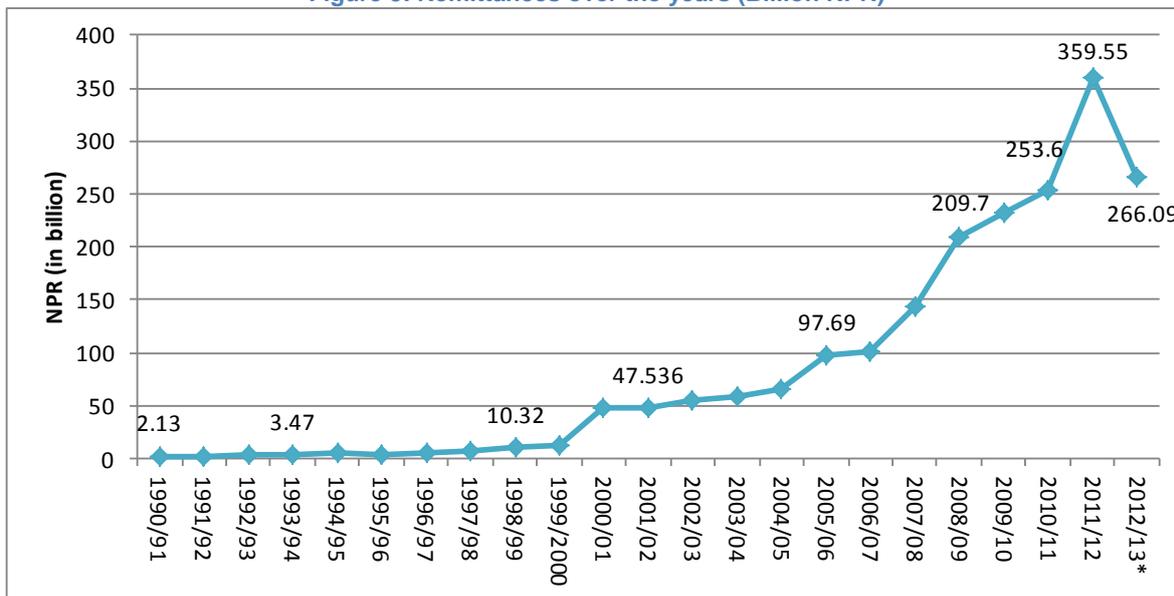
Most of the aspiring migrants have small plots of land and are engaged in subsistence agriculture for living. Except the agriculture-based income people have no extra opportunities to be involved in additional income to maintain their household expenses such as children schooling, health care etc. Therefore, people often prefer foreign employment for more income. But, when they go for foreign employment, the land where they were engaged remains uncultivated. Likewise, most of these people have no higher education and skills to be employed in the local job markets. Besides, most Nepali migrants abroad are involved in the jobs where education and skills are less important such as road construction, cleaning, domestic help, etc. But, due to the lack of development activities in the country lower level job opportunities are hardly available, especially in rural areas.

¹² *Hundi* is a traditional system of money transfer whereby individuals in destination countries give money to an agent, who instructs his/her associate back home to deliver the money to the concerned individual referred by the remitter.

¹³ Poverty in Nepal. Summary Report based on Nepal Living Standards Survey 2010/11 Data, Central Bureau of Statistics

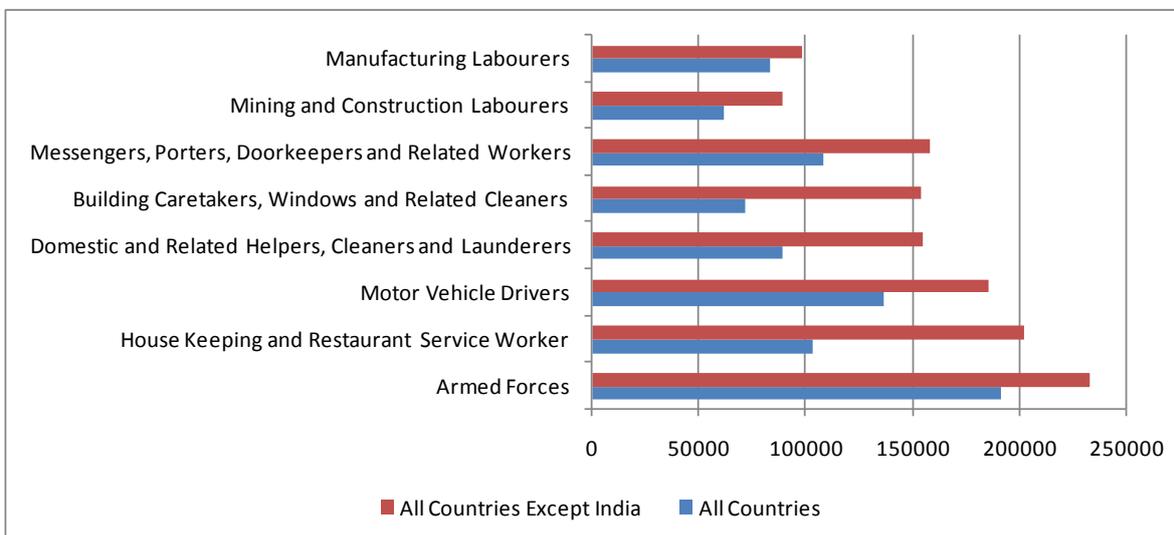
¹⁴ 57% of total households in Nepal receive remittances, Nepal Living Standards Survey 2010/11

Figure 5: Remittances over the years (Billion NPR)



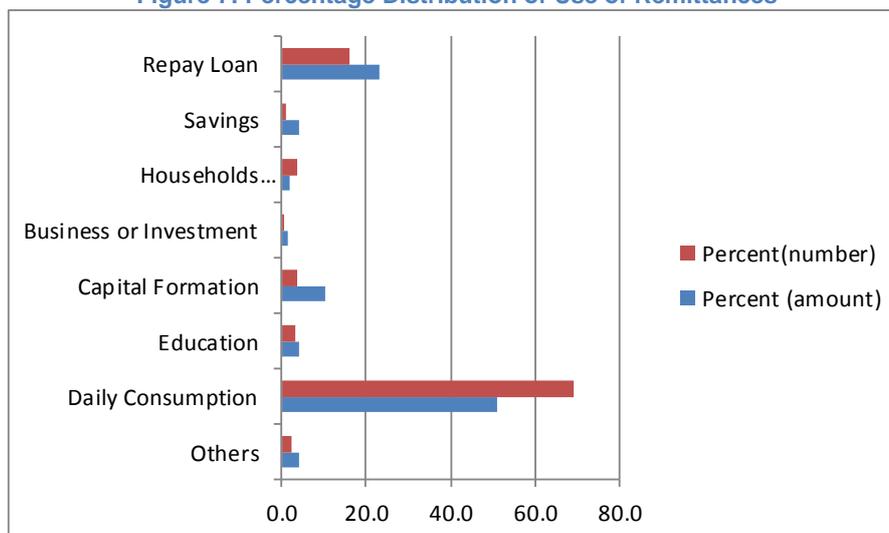
* The data for 2012/13 only for the first eight months of the fiscal year
 Source: Nepal Rastra Bank and Ministry of Finance

Figure 6: Variation in Average Remittance by Sector of Work (annual, in NPR)



Source: Nepal Living Standard Survey 2010/11

Figure 7: Percentage Distribution of Use of Remittances



Source: Nepal Living Standard Survey 2010/11

Figure 7 above illustrates the major sectors of use of remittances. Although, as mentioned before, remittances have played a crucial role in poverty reduction, most of the economic growth seen due to remittances is a reflection of the multiplier effect of consumption¹⁵. As seen in the figure above, a majority (69.3%) of the total number of remittances and/or 50.9% of the total amount of remittance received are used to sustain daily consumption and another 15.9% to repay loans including loan taken to go abroad, while only a measly 0.7% is being used to make investments and 3.6% for capital formation. It is encouraging, however, to note that remittances are also being channelled into children's education (see Figure 7)

2.2. Findings

The facts and figures presented in chapter 2.1 and the main messages drawn from the interviews can be summed up in the following findings, which will be relevant for the recommendations presented in chapter 4.

Economic Impacts of Migration

In Nepal, the private sector, the government and society in general are struggling to cope with the consequences of the significant labor migration that has taken place in recent years.

¹⁵ Multiplier effect of consumption: Remittances sent by the migrant workers to their families enable them to utilize the money in different consumptions (households receiving remittances are at a better position to spend on consumption as compared to most other households whose source of income is from local), adding to the increasing monetary transactions in the local economy (money spent on consumption means income and jobs for others who again are enabled to spend etc.).

At present up to 1.9 million¹⁶ Nepalis are working abroad – with approximately three-quarters in jobs requiring few if any particular skills or experience.

A major consequence of this outflow is the **labor and skills shortages** that many Nepali employers are now facing in sectors requiring low-skilled labor. In the absence of skilled or at least low-skilled laborers, many employers often hire *unskilled* workers and provide them (basic) skills as per the employers' requirements. However, most of those trained workers quit the job within a year when they find themselves fully trained. Hence, most of the employers are, unfortunately, unable to retain even low-skilled workers and face shortages of labor force.¹⁷ Another is the *de facto* '**hollowing out**' of rural areas where the majority of able-bodied men and boys (and increasingly women) have departed to seek better opportunities in urban centers and abroad. Although the remittances sent by these individuals have reduced the level of poverty in these areas, they have also contributed to the hollowing out, as families use money to move closer to towns, where they perceive more opportunities and better living standards (increasing internal migration).¹⁸

Employers and Business Associations in a variety of sectors have been advocating for change in the government policies, particularly those that encourage labor migration. Civil society and the population at large are decrying the corruption, fraud, cronyism and other scandals that erupt regularly in the agencies that are supposed to create and enforce orderly migration conditions and ensure worker protection. They are calling for a complete overhaul of the migration apparatus. For its part, the recruitment agencies are engaged in political infighting and some are loudly pressing the government to *not* impose tighter conditions or other changes in the labor administration. Local (district and village-level) 'recruitment brokers' are under fire, including in the international press, for fraud and trafficking. In short, migration issues are becoming more politically charged than ever. The Government is considering a number of policy and legal revisions¹⁹, with the aim of discouraging unskilled while encouraging more skilled migration. However, it is also important to bear in mind that the Government cannot afford any precipitous changes (due to its **reliance on remittances** and its importance for **national economic development**) but will instead require a well-considered, strategic approach.

¹⁶ Official DoFE data; estimations are up to 4 million

¹⁷ Local Labor Market Survey was conducted in 3 districts – Ramechhap, Dolakha and Dang <http://www.yuwaccess.org/uploads/download/1364802973.pdf> - The study has identified that for example in Dang two major problem during recruitment for microenterprises are (1) unavailability of skilled workers (58 %) and (2) unavailability of workers especially at the local level (32 %).

¹⁸ Urban population of Nepal has increased to 17% (4,523,820) in 2011 from 13.94% (3,227,879) in 2001, according to the National Population Census by the Central Bureau of Statics (CBS) Nepal.

¹⁹ Such as the Employment Policy

Remittances accounted for 23% of the country's GDP in 2012, contributing directly to poverty alleviation and providing an additional source of income for migrants' families. However, there are also drawbacks, as remittances can lead to dependence and inactivity among migrant households. Nonetheless, the importance of this source of income for the Nepalese economy will not diminish in the years to come and thus, must not be neglected in migration-related policies.

Studies²⁰ show that worldwide, a large percentage of senders and recipients of remittances are not familiar with basic financial planning. In the context of Nepal too, even though these financial flows play a huge role in 58.8% of Nepalese households²¹, based on information obtained during the interviews, this lack of knowledge (low levels of financial literacy) is of concern. The more financially literate²² migrants and their families are, the more they can plan the departure, return, reintegration, and (productive) use of remittances, including small investments.²³ Experience from other countries indicates that financial literacy can be a strategic tool for reintegration, reduction of social costs and promotion of investment.

When migration from Nepal is mentioned, in general people refer to overseas migration to Gulf countries like Qatar, Saudi Arabia, Bahrain or Kuwait and to Asian destinations such as Malaysia and South Korea. However, the largest proportion of Nepali **migrants** continue to go to **India** – a flow that is not captured in official statistics because the borders are open, no DoFE work permits are required and labor markets are readily accessible (under the 1950 Treaty of Peace and Friendship between the Government of India and the Government of Nepal). Thus, people going to or returning from India are especially vulnerable because few government policies or programs cover them in terms of safe migration, pre-departure training and reintegration support. Moreover, as remittances from India are mostly brought back personally or transferred through informal channels, they are not always reflected in the official statistics, thus underplaying the significance of migration to India.

Reintegration especially in terms of re-insertion into the local labor market, can pose a major obstacle for returning migrant workers. Services certifying and matching skills to

²⁰ Among others, Orozco 2009; Castillo 2010;

²¹ Nepal Living Standard Survey 2010/11

²² Financial Literacy is “*the ability to make informed decisions and to take effective actions regarding the current and future use and management of money. It includes the ability to understand financial choices, plan for the future, spend wisely, and manage the challenges associated with life events, such as a job loss, saving for retirement, or paying for a child's education.*” (Government Accountability Office, USA)

²³ “*Improving migrants' literacy, particularly economic literacy concerning income, savings, spending, borrowing, banking, sending remittances and awareness of gender issues would improve the economic power of migrants.*” (Thieme; Müller-Böker, 2004, p.357)

available jobs are rarely available.²⁴ This and the general lack of employment opportunities in rural areas leads to high **re-migration** rates (e.g. two recruitment agencies interviewed stated that 85-90% of their clients re-migrate – however, according to the Nepal Migration Study 2009, 37% of the returnees surveyed said that they are likely to re-migrate while another 34% suggested that it is unlikely that they will re-migrate.) Several sources mentioned that workers with skills prefer to go to countries where salaries are higher, especially when they think they have returned with more marketable skills that will allow them to move up the occupational ladder. Or they have a goal and need to work abroad through several cycles to earn enough to attain it. (Often the so-called returnees simply return to get a new visa and work permit.) Family pressure is another push factor causing people to migrate.

Generally speaking, there are very few government **policies for returnees**. Most programs – even from the NGO and donor side – are focusing on pre-departure and safe migration. A few exceptions are the CIM Program for Returning Experts (aimed at highly skilled returnees from Germany; providing matching services and in specific cases salary top-ups for up to two years) or the “Pilot Reintegration Program: Making Remittance Work for Women (2009-2011)” funded by IFAD, UN Women and the Nepal Institute of Development Studies. It provided entrepreneurship development training to more than 700 women migrant workers, of which more than 600 started small-scale or micro enterprises. This program is currently being upscaled by the government²⁵.

Need for Analysis and Strategic Thinking on Future Trends

To address the challenges Nepal is currently facing with regards to migration, a **pressing need for comprehensive analysis and strategic thinking** was raised consistently by stakeholders during interviews conducted in September 2013. These included the Ministries of Commerce and Supplies, Labor, Industry, and Foreign Affairs; the Central Bank; the international/donor community; research institutes and think tanks; the private sector; and labor organizations.

Analysis is needed to not only assess basic data such as key skills and employment demand trends in Nepal and abroad, the national skills base, and return migrants` acquired skills, but also to support the government and the private sector to match existing labor force with market requirements, and thus give people more options. There is a need to clarify where

²⁴ See also p.13

²⁵ The authors were not able to obtain an evaluation on the impacts of this project (e.g. number of enterprises having survived the first three years; number of jobs created; income generated etc.)

attention should be focused to give people marketable skills for the future, allowing them to move up the value chain, satisfy labour market needs at home and abroad, and earn higher salaries. The overall aim should be to maximise the positive economic impacts of migration (e.g. remittances, poverty reduction, skills acquisition, capital); and mitigate the risks, such as social costs, labour shortages, hollowing out of regions, etc.

“We believe that when well-managed, migration becomes a choice and not a necessity, it benefits not only the workers, but also the country. Our migrants are now recognized as an integral and a contributing sector of our economy and, with improved management and coordination, they will enhance our overall development.” Posta Bahadur Bogati, Minister of Labour, at a Joint IOM-Government-EU consultation, Kathmandu, 23 November 2012.

Trade-Related Issues

The Trade Promotion Program (TPP, effective from February 2013) assists the Ministry of Commerce and Supplies (MoCS) to achieve objectives and priorities set out in the Nepal Trade Integration Strategy (NTIS), the Government’s trade blueprint for trade. TPPs’ support focuses on three areas:

1. Public-Private Sector Dialogue (trade barriers and business environment issues)
2. NIU Management and donor coordination
3. three value chains with good export and poverty-reduction potential: medicinal and aromatic plants, honey and silver jewelry.

The NTIS lists seven Service areas as potential priority sectors for export development: Tourism, **Labor**, Information Technology and Business Process Outsourcing, Health Services, Education Services, Engineering and Hydro-electricity. Nevertheless, to date, no donor has offered to assist MoCS in the implementation of the **Labor Services** priority.

Further, MoCS has not paid due attention to **Services negotiations** for some years and is in urgent need of capacity building and advisory support in order to meet its obligations under the WTO and regional agreements. For example, South Asia Free Trade Area (SAFTA) Services offers are due by February 2014, and Nepal is among the countries on the ‘delayed’ list, according to the SAARC Secretariat.

Services negotiations offer Nepal a forum for pursuing a variety of pressing issues related to service sector priorities, including labor mobility. Key issues include classifications of occupations, recognition of qualifications, certification, licensing, branding, quality assurance, etc. As all these domestic regulatory measures and quality requirements can constitute barriers to trade, the country needs to develop strategies to deal with them – establishing the

appropriate conditions and mechanisms at home, learning what is required abroad, and seeking through negotiations to ease unnecessarily restrictive measures.

Services negotiations also offer scope to tackle bilateral issues related to remittances, including market access for local financial institutions that wish to service Nepali migrants. These could complement bilateral arrangements aimed at reducing the cost of remittances and facilitating bank accounts for migrants.

In terms of **bilateral labor issues**, in a 2006 interview with the international adviser (co-author of this report), the Department of Labor Joint Secretary noted the following priorities: “More appropriate bilateral agreements are needed to ensure proper documentation, clarify visa requirements and status, enhance protection, enforce labor standards, and address insurance and social security entitlements. And recruitment agencies need to be held more accountable.” While Nepal now – in 2013 - has, or is negotiating, more bilateral labor arrangements, many gaps remain. Most of the 2006 issues are still relevant, and new ones have arisen.

According to the Department of Labor, Nepal now has formal bilateral arrangements (e.g. MOUs) with five countries (Qatar, Japan, South Korea, UAE, Bahrain) and is negotiating with others (Malaysia, Kuwait, Saudi Arabia, Israel, Jordan, Lebanon, Oman). Notably, none of the bilateral agreements specifically mention female domestic workers. Instead, there is a separate *Directive for Female Domestic Workers Going to UAE, Kuwait, Saudi Arabia and Qatar*.

The International Labor Organization (ILO) is assisting Nepal to ensure that both the Government-to-Government and bilateral Business-to-Business arrangements are in line with good practices and international conventions (even though many of the member states, including Nepal, have not ratified key conventions). ILO (Bangkok) is advising Nepal on the agreement with Saudi Arabia, which will – a first – cover domestic workers. Similarly, it is reviewing the draft accord among Recruitment Agencies (RAs) in Nepal and Kuwait for domestic workers.²⁶

With the objective of eliminating fees for outbound migrants and improving the credibility and professionalism of the recruitment agencies, ILO and some other donors (e.g. EU) are also developing projects to involve these agencies in capacity-building activities, treat them as ‘employers’, link them with the International Confederation of Private Employment Agencies, and encourage them to address issues of corruption and fraudulent practices.

²⁶ See www.ceslam.org/index.php?pageName=content&contentId=148 for a compendium of the agreements.

Nepal trade unions (e.g. General Federation of Nepalese Trade Unions, Nepal Trade Union Congress and All Nepal Trade Union Federation) are involved in organizing Nepali workers in a number of countries; they are now receiving assistance and training from ILO. GEFONT in particular has already made a difference in some countries (e.g. Korea and Hong Kong) and has MoUs with trade unions in Bahrain and Kuwait. South Asian Trade Union Council (SAARTUC), a federation of national trade unions of South Asia have begun an initiative to enhance cooperation between the trade unions of South Asian and the destination countries with an aim to protect the rights of the workers from the sending region.

While most of the issues relating to bilateral labor agreements are outside the scope of GDC (and are being addressed by other donors), there are discrete areas where TPP, INCLUDE and the SAARC project could add value and make a difference. The recommendations section addresses these.

3. Migration from Kailali, Surkhet, Banke, Dang, Pyuthan (District Level Findings)

Kailali, Banke, Dang, Surkhet and Pyuthan lie in the far- and mid-western region of Nepal. Surkhet and Pyuthan are Hill districts while Kailali, Banke and Dang are Tarai districts bordering India in the south. The five districts are comprised primarily of rural villages with only one or two municipalities in each district. INCLUDE runs activities in all the five districts.

3.1. Facts and Figures

Number of Migrants

The average percentage of absentee population from the five districts Pyuthan, Dang, Banke, Surkhet and Kailali is 7.8. It is almost equal to the national average of absentee population of 7.3%. Pyuthan has the highest percentage of absentee population among the five districts but it is Kailali that has the highest number of population abroad. Likewise, Banke has the lowest number and percentage of absentee population among the five districts.

Figure 8: Percentage of absentee population

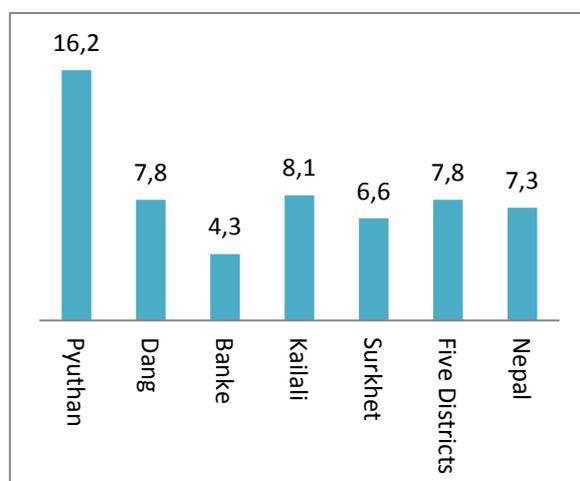
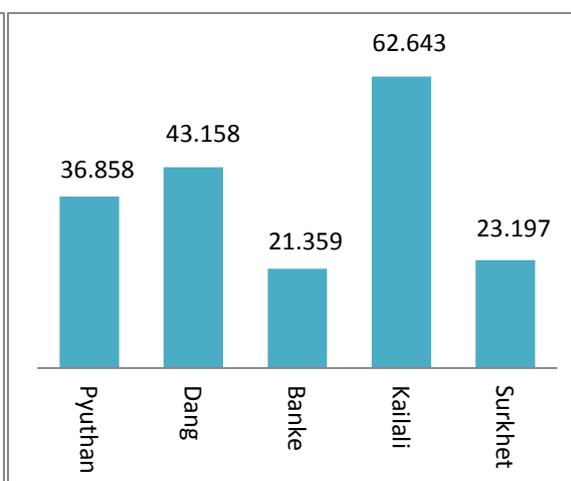


Figure 9: Number of absentee population



Source: Central Bureau of Statistics, *National Population and Housing Census, 2011*

The average percentage of female migrants from the five districts is about 14%, which is almost equivalent to the national average of 13%. Kailali has the highest number and percentage of female migrants (19%) that are currently working abroad, including India.

Table 3: Absentee Population by Gender (2011)

Districts	Total	Male	Female	Male %	Female %
Banke	21,359	18,890	2,469	88	12
Dang	43,158	39,328	3,830	91	9
Kailali	62,643	50,441	12,202	81	19
Pyuthan	36,858	33,067	3,791	90	10
Surkhet	23,197	20,173	3,024	87	13
Total	187,215	161,899	25,316	86	14

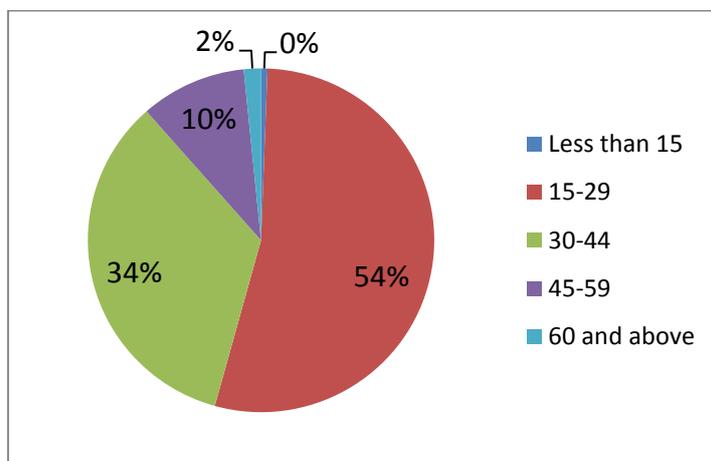
Source: Central Bureau of Statistics, *National Population and Housing Census, 2011*

Age of Migrants

About 88% of migrants from the five districts are between the ages of 15-44 years. Half of the migrant population is very young between the ages of 15-29²⁷ while only 2% are above the age of 60. The figure below illustrates that it is the young working age group that has been migrating from the five districts under consideration.

²⁷ Officially, labor migration is not allowed under the age of 18

Figure 10: Age Distribution of Migrants (5 districts)

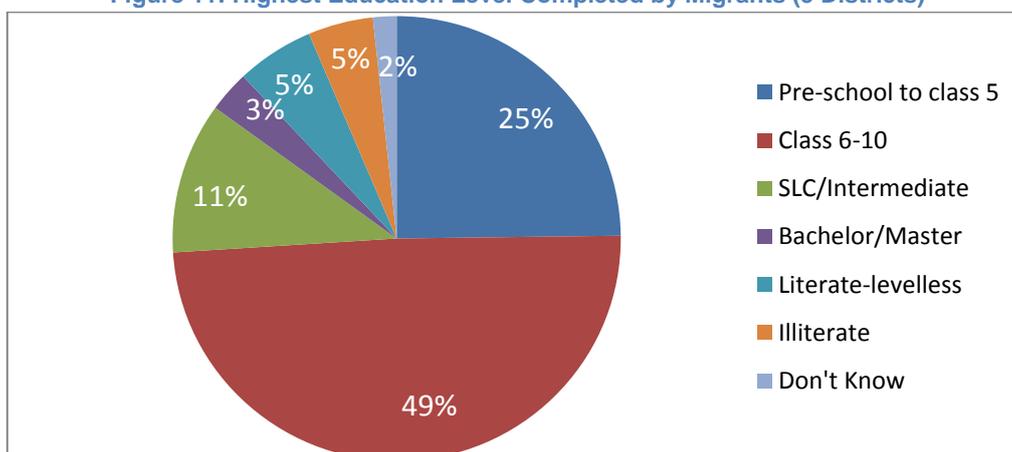


Source: Nepal Living Standards Survey 2010/11

Education

Almost half of the migrants have education level between grades 6-10. About a quarter of the migrants have primary and pre-primary level education and only 14% of the migrants from the five districts have education level above School Level Certificate (SLC) including higher secondary, under graduate and graduate level. The figure demonstrates that most migrants have obtained lower levels of education.

Figure 11: Highest Education Level Completed by Migrants (5 Districts)

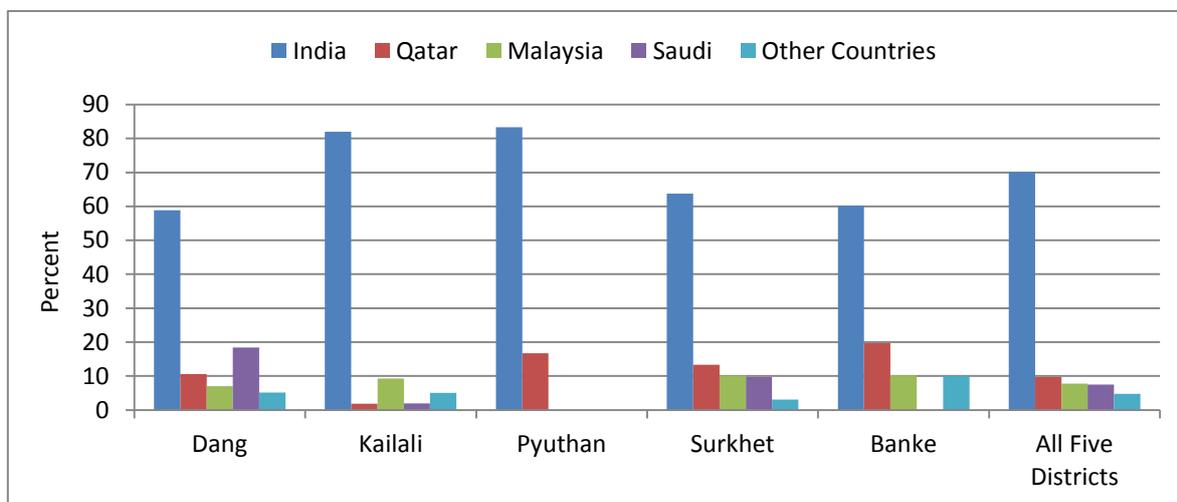


Source: Nepal Living Standards Survey 2010/11

Main countries of destination

India is the most favored destination of migrants coming from these five districts, followed by Qatar, Malaysia and Saudi Arabia as the other major ones. The percentage of migrants to India is highest from Pyuthan and Kailali while the percentage of population going to destinations beyond India and Qatar from Pyuthan is almost negligible.

Figure 12: Major Destination for Migrants

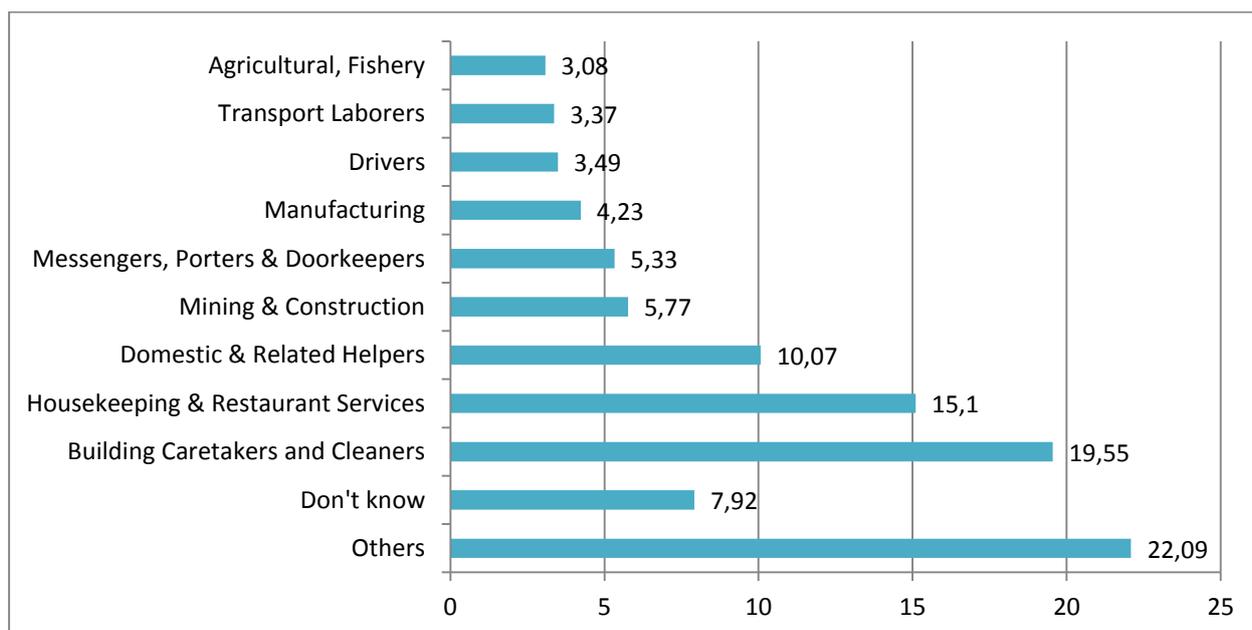


Source: Nepal Living Standards Survey 2010/11

Sectors of Employment

Nepali migrant workers from the five districts engage in a wide array of work ranging across manufacturing, agriculture and service sectors. According to the Living Standards Survey 2010-11, family members from these districts reported that about 20% of Nepalis abroad work as ‘building caretakers, and cleaners,’ followed by hotel industry, domestic helpers, and mining and construction while a lesser percentage of Nepali migrants are engaged in agriculture, transportation and manufacturing.

Figure 13: Sectors of Employment (5 Districts)



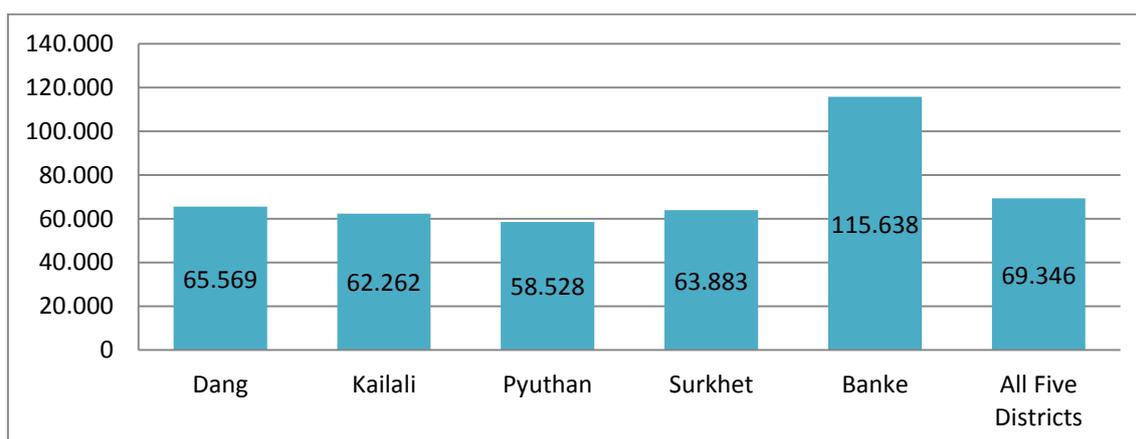
Source: Nepal Living Standards Survey 2010/11

Remittances

The average annual remittance per migrant worker for the five districts was approximately NPR 70,000 (USD 700) in 2010/11 (Figure 15). The national average is NPR 93,319 (USD 930). Banke receives the highest amount per migrant worker (USD 1,160) while it is lowest for Pyuthan (USD 590). This can be explained by the higher number of workers going to India and lesser numbers to the Gulf countries and Malaysia.

Despite having the lowest number and percentage of absentees among the five districts, the average remittance is highest for Banke. Presumably, this is because Banke has the lowest percentage of migrants going to India but also a higher percentage of those who go to Qatar, Malaysia and other countries, and hence able to send back proportionately larger amounts of remittances.

Figure 14: Average Annual Remittance per Migrant Worker



Source: Nepal Living Standards Survey 2010/11

3.2. Findings

The facts and figures presented in chapter 3.1 and the main messages drawn from the interviews and focus group discussions at the district level can be summed up in the following findings which are relevant for further recommendations presented in chapter 4:

Reasons for migration (push and pull factors)

People in the five districts are by and large engaged primarily in subsistence agriculture. Lack of well-paying employment opportunities in the districts and the inadequacy of income from agriculture compel the locals to seek jobs, including abroad. Foreign employment provides higher income earnings, opportunities for savings, and increasingly it has also become an attraction and a norm where the youths usually seek to travel overseas, even if it is just to gain 'foreign experience.' Further, investing in foreign employment is considered a

safer investment than investing in other ventures in Nepal because employment abroad would at least provide a continuous stream of income on a regular basis.

Migration to India

Reflecting the national trend of India being the first country of destination of labor migrants²⁸, this holds also true for the five project districts where migration to Gulf countries or other destinations is a rather recent phenomenon. Earnings from labor migration to India for most have been sufficient only to manage the daily household consumption needs. On the contrary, overseas migration has enabled migrant households to improve their standard of living due to higher income. Thus, the attraction towards the Gulf countries and e.g. Malaysia is gradually increasing in these districts. For the time being, it is mostly the poorest — those who are unable to dispose of capital of about Rs 100,000.- to go to third countries - that still migrate to India (which is often not considered a foreign country). They are also mostly males, and school drop outs, young age population (in their 20s or younger²⁹). Consequently, the wives of these migrants become heads of households at a very young age.

In terms of sectors of employment, while most find work as manual laborers in the informal sector, there are also those who work in government-owned factories. Such workers receive facilities and pension upon retirement and are well settled in Tikapur of Kailali district.

Women often take the route via India to go for foreign employment, thus adding to the fact that the DoFE data is an underestimation of number of migrant workers, particularly females.

Migration to India in the five districts is mostly seasonal in nature where people leave after having cultivated their fields and return to harvest it. Contrary to overseas migration where migrants are usually away for longer periods of time, migration to India does not lead to high **costs of migration** related to labour shortage for the families during the main cultivation and harvest seasons. Communities with very high rates of overseas migration often face labor shortages in the agricultural sector which traditionally has been a male enterprise. Labor shortage also occurs in traditionally unskilled sectors, e.g. workers in the Kohalpur-Nepalgunj road construction are mostly Indians, and so are the workers in paper mills and carpentry in Dhangadi. Local factories and hotels find it often difficult to retain workers—after a few months of work and training, they go abroad with the skills, leaving the employers in lurch.

Where most young males go abroad, not only do labor shortages arise, but also gender roles change. Women need to take up more, new and different tasks in the communities. These

²⁸ Based on the 1950 Treaty of Peace and Friendship between the Government of India and the Government of Nepal, both Nepalis and Indians can freely cross the border and work in either country.

²⁹ Migration to India – unlike to other countries – has no age limit

changing gender roles combined with a lack of financial literacy (i.e. the awareness how to handle, save and invest money in general or remittances more specifically) can lead to family problems (see below “**remittances**”). Increased income from overseas is also a major reason for increasing internal migration from the remote rural settings to more urban areas thus leading to increased urbanization in the five districts. Because of these trends, migration has also severely impacted the elderly population as many migrants move their families to urban centers leaving behind their parents who find themselves left alone without family care and financial support.

Despite the significance of outbound-migration from the districts, it remains an issue that receives little, if any, attention by local government agencies. So far, issues of migration have not been incorporated in any government programs at the local level and there are no immediate plans to do so either. As such, despite the growing trend of outbound migration, there is little concern among local government officials on its impact and no strategies have been developed to address the issue.

Remittances

Remittances are a major source of income for most of the households in the five field districts which contributes to family members’ dependence on these inflows.

The amount of remittances and the frequency in which they are remitted are not uniform. In general, remittances are received once in every 3 to 5 months. Male migrants are known to form a group of 6-10 individuals, pool their savings and remit the amounts on a rotational basis. This is done to remit a larger amount at one time, so that the money can be utilized by the family in a productive manner, and is not just spent on household needs. This strategy also helps save on the transfer fees that the migrants would have to incur if they were to send money at frequent intervals (e.g., on a monthly basis). Contrary to the male migrants, females remitted their earnings more frequently, mostly once or twice a month. Further, since most of the females worked as domestic helps, they also mentioned being assisted by their employers to remit the money from banks and other financial institutions.

As domestic helpers, female workers are usually provided with food and accommodation by their employers and do not have any other expenditure, i.e. they are able to save as well transfer more money to their families back home. Male migrant workers on the contrary usually have to provide for their own food and accommodation³⁰. Remittances received at one time varied widely from Rs 20,000 to Rs 100,000 or more. Contrary to earlier times when

³⁰ Approx.. 25-30% of their earnings on average

sending money was usually confined to remitting through friends, colleagues or relatives, today the preferred medium are money transfer agencies and banking institutions as they are considered safer and quicker.

For those remitting from India, the access to formal remittance channels is quite limited. Migrants have been known to carry their money back home or send through friends and relatives in India. As such, incidences of theft and looting on the way back home are rampant. For the past two years, the International Money Express (IME), an international money transfer company has been facilitating the transfer of remittances from India to Nepal and at any given time, a maximum of 49,500 Indian Rupees (NPR 66,400) can be remitted. But these services are rarely used by the migrants in India which is possibly due to lack of knowledge/awareness about these services, regulations requiring identity card while remitting money which the migrants might not have because of their employment in the informal sector, and the use of banking facilities provided by the State Bank of India by those employed in the formal sector. In fact, the State Bank of India has 66 outlets across the country including branches in Kailali, Banke, Dang and Surkhet districts. With the facilities of money transfer and banking systems, the circulation of remittances inside the country is also increasing.

Migrants are in general the main bread winners for their families. As revealed by official statistics, findings from the field also confirm that remittances are mostly used for household consumption including children's education and health care. A large part of the remittances is also used for repaying loans that were taken to go abroad which takes about 6 months to a year or more. Remittances are also used to purchase luxurious goods such as motor-bike/scooter, mobile phones, garments, liquors, etc. Besides household consumption, migrants are also able to buy land and / or build houses, preferably in more urban centers thus adding to the trend of internal migration / urbanization.³¹

Before returning to Nepal, migrants often save their earnings from the last few months to bring back some capital upon return. However, for many returnees interviewed, the savings brought back upon return were not large enough to invest in productive activities. Some examples from the field where migrants have used the remittances in productive use include investments in commercial vehicles (truck, bus, taxi, etc.), land, house, poultry farming, livestock farming, coffee farm, restaurant, lodge, petrol pump, chalk factory, and Korean language institute. But these numbers are very few in comparison to the large number of

³¹ See also p.16

migrants from the districts. In some instances, the earnings have also been used to re-migrate for work or given as loans for interest.

Not all the migrant families consult with the migrants on the use of remittances. In fact, some migrant returnees indicated that they continuously used to remit their earnings from abroad but had no idea where it was being used. Incidences of the misuse of remittances by the migrants' partners back home, extra marital affairs and absconding with the migrants' hard earned money, are also quite common. Remittances have also created tension in the family particularly between the parents and the migrant's wife on who takes ownership of the money sent—while the parents having brought up their sons expect a share of his earning, it is generally the wife who has the upper hand in the use of money (see also above “**costs of migration**”).

Access to Finance

Although the recruitment fee for foreign employment is fixed by the government at Rs 70,000 for the Gulf countries and Rs 80,000 for Malaysia, migrants going to countries other than India spend on average between Rs 100,000 and 300,000 to go abroad. Oftentimes, the migrants arrange for these huge amounts by taking loans from local money lenders at a minimum interest rate of 36%. While being aware that the rate of interest is very high, migrant workers and their family members indicated that it is the only option for those without land or house at the roadside to keep as collateral in order to be able to access loans from banks and other financial institutions that charge lesser interest rates. Taking loans from formal institutions also involves a long and tiresome procedure which many want to avoid.

A few cooperatives in the districts have also been providing loans for foreign employment on the basis of documents submitted by recruitment agencies (e.g., employment contract, visa, etc.). In addition, they accept collaterals that are not necessarily a centrally located house/land. Providing loans for foreign employment has been much safer for the cooperatives since they have links to recruitment agencies in Kathmandu and only provide loan on the assurance from the recruitment agency that it will take full responsibility in case of any default on the part of the migrants. It takes a migrant and his/her family from about six months to a year or two to repay the loans taken from cooperatives.

Many local micro-finance and saving and credit cooperatives also provide loans for different income generation activities. There are a number of government and non-government programs that provide loans on interest or loans in group deposit at low interest rates or provide seed capital for small entrepreneurship ventures. However, in general the amount that is provided is not sufficient to start any kind of small businesses. Some of them provide

Rs 10,000 – 15,000; while some provide goats. As such, the financial support for business start-ups is also insufficient in the district, thus not only limiting the opportunities for successful reintegration of the migrants but also hinder the creation of an environment where people would not be forced to go abroad for employment.

Return, “brain gain” and reintegration

An issue raised by several interview partners is the fact that migrant workers and their families often do not **plan their return** in an effective manner. The salary is to a large extent sent to families (remittances) and only very little is actively saved for return. Strategies for return (e.g. savings, investment) are largely ignored and the same applies for recipients of remittances as they lack the awareness how to strategically save and invest the money they receive. This not only affects family relations (e.g. pressure from family members who expect remittances during the stay abroad but are not saving anything from their side) but also the **reintegration** process of the migrant worker. Returnees often face issues re-entering the local labor market but experiences³² show that the average migrant worker has some capital available which provides them with the option for *entrepreneurship out of necessity*. However, if there is no capital (savings from work abroad) available, also this option is not easily available as access to finance is often – especially in rural areas - not easily accessible.

Interviews revealed that the reasons behind difficulties in reintegrating into the local labor market are manifold: lack of employment opportunities (which were one of the main reasons for migration in the first place); lack of skills or the availability of skills not relevant for the village context. For instance, a number of migrants while abroad were involved in factory work as machine operators but when they return to Nepal with new skills, they do not find the kind of factories with advance technology where they can apply their newly acquired skills. Specialization of labor in factories abroad also means that the skills the migrants learn abroad are generally limited.

Very few take the initiative to learn some **skills** before migrating for work, requiring them to go abroad as unskilled workers. Those few who are already working prior to migration were able to go abroad as skilled or semi-skilled workers.

Exceptions are returnee migrants who worked in the agricultural sector abroad who often find it relatively easier to utilize their skills at home, and have been engaged in agriculture and

³² For example the IFAD/UN Women/POURAKHI Program: “A Pilot Reintegration Program: Making Remittance Work for Women” (2009-2011) states that the average invested by women participating in this program (736 trained; 608 started a business) was approx. \$ 2,300)

livestock farming such as goat-keeping, coffee farming, poultry farming etc. also upon return. Similarly, migrants who worked as drivers and mechanics abroad have also found it easier to reintegrate into the local job market.

If neither reintegration into the labor market nor other options – such as entrepreneurship – are available, **remigration** simply seems to be more profitable than being un- or underemployed in the village of origin. Also, in some cases migrants continue to be indebted even after their return due to poor financial planning. Again, remigration and the hope for higher income seems an attractive (and often the only) alternative, even more so when no other income opportunities are offered or when business ventures have failed.

Both interviews and the focus group discussion conducted with 5 NGO representatives showed that **government policies for returnees** (both skilled and unskilled) are largely lacking or only implemented at a relatively small scale. This lowers the potential for positive contributions of migration to Nepal's development. The focus in terms of policies (but also programs by donors and NGOs) is clearly on outgoing migration, specifically on safe migration and awareness raising and reintegration policies and programs are mostly implemented on a very small scale only.

Target groups for development cooperation

Based on the information obtained and described above, one has to raise the question of whether **migrants, returnees or migrants' families** should be considered a **specific target group** in any intervention or not (*recommendation to follow in chapter 4*). Some consider migrants a specific group because of their potential to provide financial and social capital necessary for the development of Nepal. Others consider them or their families as especially vulnerable. Yet, according to another perspective, returnees' difficulties in reintegrating could potentially be a source of conflict. For this reason, the various categories of migrants has to be differentiated:

Migrants going overseas (Gulf countries, Malaysia, South Korea, Japan³³ etc.) tend not to be part of the poorest sections of society as they presumably have enough capital to pay for a passport, recruitment agency fees, mandatory pre-departure trainings, airfare, life insurance, and a fee of RS 1,000.-³⁴ to the Foreign Employment Welfare Fund (FEWF). This means that they have some capital and/or at least access to loans. As mentioned earlier, the minimum recruitment fee and service charges as set by the government to be paid for

³³ Migration to South Korea and Japan is largely made up of people participating in special government-to-government programs. However, there are also undocumented workers and some formal workers who are not part of those programs.

³⁴ If not stated differently, this refers to Nepali Rupees

employment in the Gulf countries and Malaysia is NPR 70,000 and NPR 80,000 respectively,³⁵ but most workers end up paying much higher fees depending on the price quoted by the agents or recruitment agencies. As mentioned above, the recruitment fee is primarily arranged for by taking loans.

Those not being able to collect the necessary funds still have an option to migrate, which is especially relevant in INCLUDE's target area (Western and Far Western districts): **migration to India**, which is often temporary/seasonal and almost exclusively an option for un/low-skilled workers (e.g., agriculture, hospitality, porters, construction).

Based on this information, migrants going to India (and their families and returnees respectively) are most probably by definition part of the project's "natural" target group and do not need special consideration in INCLUDE's program context.

The same differentiated view is necessary when it comes to **returnees**:

Some migrants return to Nepal and their regions/villages of origin and bring some capital and/or skills with them. Again, these are most probably not a direct target of the INCLUDE project. However, because they can contribute to job creation and income generation, they are relevant and important in the context of the project. One must bear in mind, however, that difficulties in reintegrating into the local labor market may lie behind the decision to start a business (entrepreneurship out of opportunity vs. necessity).

Another group of returnees are those without capital, who will have to reintegrate into the labor market due to lack of other opportunities. If reintegration is not possible, remigration is a common option.

A very specific group of returnees constitutes those who are traumatized due to abuse or other issues during their stay abroad (e.g. victims of trafficking, etc.). Their reintegration is even more difficult, in part due to stigmatization.

4. Recommendations

Based on the analyses presented above, the following sets of recommendations focus on:

1. strategic analysis and the benefits for ongoing GIZ value chain related work which would also contribute to government policymaking, among others
2. using multilateral, regional and bilateral trade policy, advocacy and well-honed negotiating strategies to address a variety of trade-and-migration issues
3. general observations regarding program target groups

³⁵ Foreign Employment Promotion Board, www.fepb.gov.np

4. ways of including the issue of labor migration into the GDC portfolio (other than INCLUDE and TPP)

RECOMMENDATION 1 –Labor Market Trends Analysis for Nepal and the major destination countries for Nepalese Workers

It is recommended that a comprehensive ‘Labor Market Trends Analysis’ be carried out to provide a solid basis for further decision-making, especially for the BMZ and the Nepal government consultations and negotiations in 2014.

As mentioned in the findings section, a pressing need exists for high-quality analysis on labor market trends in Nepal and selected target markets. The Government of Nepal and development stakeholders require a comprehensive baseline information and evidence-based projections in order to make informed decisions on relevant policy settings; national, district and local development planning; trade negotiation strategies; human resource development, including the evolution of the educational system; etc. This is a crucial matter because labor-related policies and issues of trade impact virtually all sectors of the economy, sometimes in unexpected ways.

The study would require a comprehensive desk analysis of the existing databases (e.g., Nepal Population and Housing Censuses, Nepal Living Standards Survey, Demographic and Health Survey, Nepal Labour Force Survey) and some forward-looking research in Nepal, as well as primary interviews with leading labor market analysts, migration specialists and employers in select countries where the number of Nepali migrants are high.

Such research would be highly relevant for two of GIZ’s supported programs: the Trade Promotion Program and INCLUDE. Moreover, the analysis would be useful for all other stakeholders in the labor value chain, as well as for those working on a variety of migration-related issues.

The analysis would also offer a basis to identify potential areas for capacity development to the Government of Nepal in support of its efforts to reform and refine labor migration policy and practice. This would include guidance for Nepal’s ongoing negotiations on bilateral labor arrangements with several Gulf, Middle Eastern and Asian countries. It would also help the government identify to strategically use labor migration to generate more remittances in the future, while at the same time ensuring the sufficiency of local workers to meet the Nepal’s industrial and economic development needs. Moreover, the analysis would help the government and others to anticipate and deal with risks, including the likelihood of mass returns caused by external shocks—the situation in the Gulf and other Asian countries as they respond to financial crisis, revise their immigration and other policies, etc (for example,

as Qatar completes the infrastructure for the 2022 World Cup Football, as Saudi Arabia tightens visa conditions, if economies of Southeast Asian countries slowdown, etc.). Orderly reintegration in such cases will be crucial for socioeconomic and political stability of the country.

RECOMMENDATION 2 – Labor Value Chain³⁶

It is recommended to conceptualize potential German interventions on labor migration related topics in a comprehensive way as a labor value chain and identify potential areas of engagement in strengthening relevant value chain actors with a particular relevance for inclusive economic growth.

So far, no donor has developed a comprehensive strategy to support the Nepali government in the implementation of the NTIS Labor Services Priority. This could be an important opportunity for GDC to leverage its resources and further strengthen its cooperation with the Nepali government to implement the NTIS, in addition to the already existing priority value chains of medicinal and aromatic plants (MAPs), honey and silver jewelry, and the experiences gained through the INCLUDE program would be of important learning in this context.

INCLUDE's **main objective** is for *“selected actors from the public, private and cooperative sectors [to] increasingly perform their roles in promoting socially balanced economic development”*. How can activities targeting migrants, returnees and migrants' families contribute to this objective? INCLUDE follows a value-chain approach in the promotion of MAPs, honey and dairy; aiming at the creation of jobs, the generation of income and as a subsequent outcome, poverty reduction. Two of these products – MAPs and honey – are also focus products of the NTIS and their export potential is developed through TPP. Besides these, as mentioned above in chapter 2.2, labor services are also one of these focus “products”. This offers an additional opportunity to offer coherent advice by the German Development Cooperation as both INCLUDE and TPP can play an important role here.

Interviews revealed several actors (international organizations, international and national NGOs, bilateral donors) engaged in migration-related areas (mainly in certain pilot districts only). However, they mainly focus on issues of safe migration, pre-departure training of unskilled workers and reintegration. Many projects are focused on women migrants and female heads of migrant households. At the same time, the government (e.g. MoLE) and the private sector have been emphasizing the need to improve the skills base of migrants.

³⁶ MoCS has indicated that in the review of the NTIS, it may seek to change ‘labor services’ to ‘professional services’, in an effort to assuage the tensions mentioned under ‘Findings’.

It is clear that a **comprehensive approach to labor migration is needed** in order to support the government's goal (as stated in the NTIS and mentioned by the government— MoCS and MoLE) to promote skilled/quality labor exports and thus, sustain or even increase the current level of remittances.

Based on GDC's experiences, both in terms of advisory support to value-chain promotion and trade negotiations, a comprehensive value-chain analysis and approach to support (more highly skilled or more quality) labor migration seem to be a logic consequence. This will require the following steps:

- **Analysis of the labor market trends, skills base, and migration patterns** in Nepal, focusing in particular on a select number of the current and potential future destination countries (see above Recommendation 1 and annex 6.3)
- **Analysis of the labor value-chain** – a first draft is attached in annex 6.4
- Based on the analysis of the value chain and the program matrix (showing the different intervention areas and the respective programs/actors – see annex 6.5.), **potential intervention areas** for GDC to support the Nepalese government in enhancing the skills and the quality of labor migrants and thus, increasing the benefits and at the same time reducing the risks and costs of labor migration to the country. For example, financial literacy can be applied as a means of lowering the costs of migration (by addressing family issues arising due to financial problems) while at the same time increasing the value of remittances by improving the mechanisms for handling, saving and investing remittances and facilitating the return and reintegration of labor migrants. For the time being, INCLUDE could for example advise their partners at the district level (such as financial and savings cooperatives) to provide information, advice and training on the topic. In the longer run, the program could also consider not only addressing the issue of financial literacy in Nepal, but to also cooperate with organizations dealing with this topic in the migrants' countries of destination. One such example is the Philippine NGO "ATIKHA" that offers financial literacy courses³⁷ in countries such as Qatar and Saudi Arabia that are also open to non-Philippine migrant workers. The advantage of such an initiative would be that labor migrants learn to handle their income and the remittances they send in a more effective manner and to strategically plan their return.

The GIZ Handbook on Financial Literacy and Diaspora Investment (FReDI) provides methods for project design and could be a useful resource to set up interventions in

³⁷ Financial Literacy and Addressing Family Issues for Oversea Filipinos and their Families

this context.³⁸

Entrepreneurship is defined in the labor value-chain as one of the areas that provides value addition to the Nepali economy (besides remittances). Furthermore it can serve as reintegration strategy or as “last resort” in case other options such as reintegration into the local labor market do not work out. Migrants do not always acquire useful skills abroad and not all of them are born entrepreneurs. Nonetheless, through specific skills and entrepreneurship training, creating a business can not only be useful for returnees and their families in generating income, but it might in the longer run, even create better employment opportunities in the region and thus lower (re)migration pressure. Again, financial literacy provided by INCLUDE’s above-mentioned partner institutions can provide necessary financial skills. Moreover, access to relevant business information has been mentioned as one of the key challenges confronting migrant entrepreneurs (as well as others in general). For a migrant worker, living and working abroad can on the one hand provide new ideas, networks and skills, at the same time, these individuals might not have the business insights,³⁹ access to legal information, and also lost the earlier networks in the region, of origin, all of which are necessary for creating an enterprise.⁴⁰ As these are not necessarily returnee-specific issues, it is not recommended that a specific services for this group be initiated but rather, information dissemination about the existing services provided by chambers and cooperatives for entrepreneurs be disseminated more effectively and communicated to institutions dealing with migrants and returnees so that they in turn can provide the necessary information to returnees and migrants’ families.

- It is important to not only identify gaps and potential fields of intervention and support, but also to identify **potential partners** (donors, implementing organizations, NGOs etc.) who are already active in certain sectors or are planning to do so. INCLUDE can not only bring in expertise in terms of value-chain promotion; but also in other fields that might be relevant in this context (promotion of entrepreneurship of returnees; financial literacy offered by financial and savings cooperatives (see above) etc.). Similarly, TPP can play a role in the improvement of the general framework and the

³⁸ See Annex 6.7

³⁹ As the World Bank report states, business information is mostly acquired through contacts made abroad (41%) and not government bodies (2%) [World Bank Group Nepal: (NA) “Migration and Entrepreneurship in Nepal with a focus on Youth: An Initial Analysis”]

⁴⁰ As elaborated in World Bank Group Nepal: (NA) “Migration and Entrepreneurship in Nepal with a focus on Youth: An Initial Analysis”

“export part” of the labor value chain (i.e. advice on bilateral trade negotiations, e.g. to include labor chapters into trade agreements).

- Based on the value chain analysis, the different **actors** for each step of the labor value chain have to be identified. The capacity of these actors need to be **strengthened** which would allow them to fulfill their roles of “adding value” (i.e. facilitating the benefits and reducing the costs of migration) to Nepali labor going abroad within the framework of inclusive economic growth. One support measure in this context could be to place German/international experts in the relevant institutions to support capacity building – a possibility to finance these experts could be offered through the CIM Program “Thematically flexible measures with integrated experts”. One such institution could be the MoCS (see Recommendations 3 and 4)

The areas of the NTIS Action Plan for Labor Services that could be relevant to ongoing GIZ programs are highlighted in blue in the table below.

Table 4: National Trade Integration Strategy ‘Labor Services’ export priority Action Agenda and Areas Where GIZ Could Usefully Intervene

NTIS ‘Labor Services Exports’ Action Agenda	Comment on each Action Item (black) and Areas where existing GIZ Programs could make a difference (blue)
1. Improve consular services to assist Nepalese workers abroad, e.g. through increased number of relevant officers in Nepalese embassies in major host countries.	Ministry of Foreign Affairs (MFA) and Ministry of Labor and Employment (MoLE) are supposed to be working on this – e.g. with the appointment of ‘labor attachés’ in countries with a critical mass of Nepali workers. However, territorial and funding issues are reportedly yet to be resolved.
2. Launch training programs in various districts with the involvement of manpower companies. Establish additional training centers, if necessary.	<i>INCLUDE could support training providers to incorporate relevant training courses for potential migrant workers and/or returnees, in consultation with relevant stakeholders (other Donors, Government agencies, Recruitment Agencies, NGOs)</i>
3. Monitor and supervise existing training institutes for quality of services offered.	<i>INCLUDE could set up a monitoring system (subject to stakeholder analysis)</i>
4. Strengthen skill development programs.	<i>Analyze current and future demand for various skills/occupations in Nepal and abroad. Refine/ develop programs to prepare Nepali workers to meet demand. Coordinate with other donors and NGOs, as many are working in this area (e.g., SDC, Helvetas, World Bank, etc).</i>
5. Launch basic awareness and information programs in the districts at the time of issuing passports.	<i>INCLUDE could identify the respective stakeholders/value chain actors and strengthen their capacity to deliver such services.</i>
6. Increase awareness of the Foreign Employment Act 2007.	Donors and NGOs are working on this. <i>INCLUDE could build this into existing interventions with chambers and other partner organizations; awareness needs to be improved of the <u>whole range of legal frameworks</u> – the 2012 Foreign Employment Policy (which sets out good practices), and the 2007 Foreign Employment Act and its Regulations, which need to be updated to reflect and implement the 2012 Policy.</i>
7. Assess the need for a separate labour bureau for migrant workers and take necessary steps for the establishment of such a bureau.	The whole apparatus for managing labor and migration needs to be rethought and restructured in line of the value chain approach. The DG of the Department of Labor mentioned that a proposal was being developed. He did not say how much strategic thinking had gone into the proposal.

8. Put in place a mechanism to look at the complaints made by the workers returning before their contract period.	It is a responsibility of the Department of Foreign Employment to address this issue. Other civil society actors like Pourakhi, People’s Forum and GEFONT (labor union federation) are also working on this. If needed, INCLUDE could explore the need for strengthening such value chain actors.
9. Simplify bureaucratic procedures at government departments prior to departure and introduce one-stop payment of fees.	See #7.
10. Encourage and enable Nepalese manpower companies to visit the foreign companies concerned when problems arise.	See #7
11. Improve channels for remitting earnings.	Private sector (eg, IME/Global Bank), Rastra Bank, Finance Ministry, donors, NGOs are working on this, with positive results. <i>However, efforts to improve financial literacy appear to be fragmented. Coordination among the various stakeholders is required to ensure a broad-based and a common understanding of the issue of financial literacy, and accordingly develop a holistic approach nationally.</i>
12. Increase access of Nepalese women migrants to overseas employment markets on a temporary basis	Due to various restrictions and strict measures on women migrating for work, the recruitment agencies are not open to sending women abroad. Women therefore rely on agents to go abroad irregularly, often via India (knowingly or unknowingly) which puts them at higher risk as opposed to going through regular channels. Institutional mechanism for women migrants is therefore still a challenge. Irregular migration is the major cause for women falling prey to trafficking and other risks. UN Women, ILO and others are working on this. In many cases, regular migration can have a positive effect in <u>empowering women</u> ; this can be enhanced through <i>targeted training and awareness-building</i> .
13. Strengthen Government of Nepal’s ability to negotiate bilateral agreements with receiving countries and use this as an opportunity to diversify destination markets.	<i>TPP could build this into its existing program. It could also work towards strengthening the government’s ability to negotiate regionally and multilaterally on labor- and migration-related issues. The GIZ-SAARC program could support the development of a SAARC ‘bloc’ approach on migration-related issues of common interest.</i>

RECOMMENDATION 3 – Enhance Nepal’s Services Trade Negotiating Capacity and Strategies

The authors are aware of the fact that this is a long term intervention that might demand additional funds and time and might thus not be implemented and finalized during TPP’s current project phase. Nonetheless, due to the importance of trade negotiating capacities and strategies the enhancement of these is recommended at this place.

1. GIZ should strengthen the MoCS’ WTO Services negotiating, advocacy and coalition-building capacity, including in areas relating to labor mobility and financial services (e.g. remittance-related issues including financial institution market access). This could include the following activities:

- Strengthen MoCS’s negotiating capacity on Services in general, and on the NTIS Services sectors in particular (Tourism, Labor, Information Technology and Business Process Outsourcing, Health Services, Education Services, Engineering and Hydro-electricity).

- When WTO Services negotiations resume (or if they take another path), advise the Government on GATS Mode 4 Requests and Offers strategies, for example:
 - request specific WTO Members to facilitate access to target sectors (need to identify markets with good potential, analyze the respective existing schedules and pinpoint where Nepal would like to see improvements)
 - request developed markets (e.g. EU, Australia, NZ, US, Japan) to provide technical assistance to help Nepali professionals understand and meet professional qualification requirements.
 - Help Nepal devise strategies to form like-minded coalitions among WTO members to pursue ‘trade and migration/labor’ issues in Geneva (including ILO, IOM, UNCTAD, and other UN agencies)
 - Help Nepal reinvigorate the ‘Friends of Mode 4’ advocacy group in Geneva to renew advocacy for broader, definition of Mode 4 categories (i.e. delink them from investment and company transfers, and incorporate specialists, contractors and independent professionals)). Steps were taken in this direction early in the Doha Round, but gaps remain and the process needs new champions with a clear vision. With a new team at the top in the WTO, the plurilateral Services negotiations (TISA) gaining momentum in Geneva, and the Bali WTO Ministerial in December, now is a good time to push such an LDC-led initiative.
2. GIZ could utilize the TPP and SAARC programs addressing trade barriers (NTMs) to assess barriers to professional services exports, such as classifications, certification and recognition of qualifications and experience, equivalence of degrees and certificates, etc., and recommend remedial actions for Nepal to pursue in multilateral, regional and bilateral fora and negotiations.⁴¹ (ASEAN MRAs offer some guidance.)
 3. GIZ could assist Nepal to finalize its Services Offer for the SAARC Free Trade Area (SAFTA) Commerce Ministers Meeting in February 2014 (Ministers have issued a directive, so the pressure is on the delivery aspect)
 4. GIZ could assist Nepal to strategically target potential Free Trade Agreement partners among major migrant destinations, with the concurrent aim of negotiating comprehensive labor mobility chapters. Such an approach may help overcome some of the obstacles encountered in seeking or negotiating bilateral labor agreements with certain countries (e.g., Malaysia).

⁴¹ *Strategies to improve recognition of immigrants’ foreign qualifications*, by Madeleine Sumption, MPI and EU, July 2013: www.migrationpolicy.org/pubs/credentialing-strategies.pdf

5. GIZ could assist Nepal to assess the potential role of bilateral chambers of commerce in developing trade via migrant networks, including the Nepali diaspora
6. GIZ could assist MoCS to use the current NTIS revision process to make NTIS more cohesive, strategic and implementable in Nepal's real conditions. A more holistic approach is required to take forward the Services priorities, given their crosscutting features and common needs, including workable coordination mechanisms across numerous government agencies.

RECOMMENDATION 4 - Assist Nepal to Improve Bilateral and Regional Labor Arrangements

1. GIZ could assist Nepal, where possible, to improve existing bilateral labor arrangements (Japan, Korea, Qatar, etc.) and find new ways of tackling problems in ongoing negotiations (e.g. with Malaysia, Saudi Arabia), including through the strategies listed above.
2. GIZ could support Nepal in taking a leading role in activating a SAARC advocacy bloc to pursue core common interests related to migration and seek resolution of common problems. Virtually all eight SAARC members have migrant workers in the same destination countries and they are facing many of the same issues (Sri Lanka, Bhutan, India, Maldives, Nepal, Pakistan, and Bangladesh, Afghanistan). 'Migration' as a stand-alone issue is not on the current SAARC agenda, but it has a history in SAARC research and deliberations, and it is covered in several areas of ongoing work, including collective bargaining, where Nepali and other trade unions are organizing migrant workers and addressing key migrant issues.

GIZ's SAARC project also may have the scope to consider adding a migration-related element to its activities on advocacy, women's entrepreneurship, harmonization of standards, and information gathering and dissemination. It could, for example, explore if the SAARC Trade Portal could link with the South Asia Information Portal (hosted by Invest India) and the Nepal District (and other countries') Information Centers (ILO, EU projects). It could possibly use the Trade Policy Network, etc., to address the 'neglected' area of migration to India.

RECOMMENDATION 5 – Continue focusing on the current goal of ‘inclusiveness’ without singling out migrants/returnees as a particular target group for program interventions.

INCLUDE’s **target groups** are *“the poor and ultra poor inhabitants of Nepal (especially in the target districts) who are or could be economically active, as well as women, marginalised castes and ethnic/religious groups, conflict affected and people with disabilities.”*

Based on the program’s definition of the target group and the findings from the national and district level analyses (chapters 2.2. and 3.2.), migrants or returnees should *not* be considered a specific target group. Reason for this is that these groups either do not belong to the poorest segments of the society (as they have enough capital or access to capital to work abroad) or if they do not dispose of any capital (e.g. when returning from their stay abroad), they automatically become a part of INCLUDE’s “natural” target group because of their socio-economic circumstances. Many donors and NGOs believe that giving migrants and returnees special attention in a program context could create conflicts. The same applies to migrants’ families – if they receive remittances on a regular basis, they can be presumed to be better off than non-migrant households; thus they do not fall under the definition of the program’s target group. However, if they are particularly poor and vulnerable and/or female headed households, then they are part of INCLUDE’s target group anyway.

RECOMMENDATION 6 – Include Labor Migration in the GDC Portfolio (other than INCLUDE and TPP)

The German Development Cooperation is active in five sectors with one phasing out in 2014. These sectors include 1) health; 2) energy; 3) sustainable economic development (SED); 4) peace; 5) governance (phasing out). In addition to that, the German Development Cooperation has been supporting the International Center for Integrated Mountain Development (ICIMOD) and a transboundary initiative of China, India and Nepal in the Kailash-Region.

The *Health* Sector consists of two programs in Nepal:

- 1) Health Sector Support Programme
- 2) Harm Reduction for HIV prevention among the high risk group of injecting drug users

German Development Cooperation supports the *Energy Sector* through three programs:

- 1) Nepal Energy Efficiency Programme
- 2) Energising Development (EnDev) Nepal
- 3) Support Program Renewable Energies

The sector *Sustainable Economic Development* consists of four different programs and is the heart of this analysis:

- 1) INCLUDE Program
- 2) Trade Promotion Program
- 3) SAARC Trade Promotion Network, Promoting intra-regional trade potentials in SAARC Region
- 4) Revenue Administration Support Project (moved from governance to SED sector)

Peace is supported by German Development Cooperation through four programs:

- 1) Support to Nepal Peace Trust Fund
- 2) Improvement of Livelihoods in Rural Areas in Far West (ILRA)
- 3) Support of Measures to Strengthen Peace Process (STPP)
- 4) Civil Peace Service (ZFD)

Moreover, the Center for International Migration and Development (CIM) is represented through one advisor (Ms. Shusmita Malla) and mainly focuses on the reintegration and placement of highly skilled returnees from Germany (Returning Experts), in addition to the other program components offered in Germany such as “Migrants as Entrepreneurs “ or “Promotion of Development Activities of Migrant Organizations”.

Based on the interviews conducted with several heads of programs (see annex 6.10 for details) some potential areas where migration already plays or can play a role have been identified as follows.

If one follows the above suggested “value chain” logic, the *health sector* especially offers potential areas for cooperation. In terms of pre-departure preparation, migrants need to conduct a medical check-up in order to obtain their labor permit. This could be a field where the GIZ Program “Harm Reduction for HIV prevention among the high risk group of injecting drug users” could come in with advice. Moreover, the Foreign Employment Welfare Fund could potentially provide an opportunity for health insurance for migrant workers. How this could be implemented and if this would find broad acceptance among migrant workers and their families would have to be further explored. Another topic that might potentially be addressed in the sector context is infectious diseases among returnees.

The sector *peace* offers potentially important and relevant approaches and experiences, even though at first sight, the linkages between the peace process and labor migration might not seem to be direct and obvious (refugees and internally displaced people (IDPs) due to the armed conflict from 1996-2006 are not taken into consideration in this context).

Considering that the conflict and the prevailing political instability have been mentioned during numerous interviews as some of the main reasons for low economic development and thus, lack of employment and income, it gets more obvious that a link between the (economic) pressure to migrate and armed conflict / peace exists. Moreover, the approaches used in the different programs in terms of reintegration (e.g. of ex-combatants) or promotion of dialogue between different members of the communities deserve a closer look in the context of reintegration of returning migrant workers. (see also chapter 3.2 for more information on different types of returnees).

Owing to the limited time duration of this assignment, it was not possible to identify specific approaches and tools applied in the context of reintegration of ex-combatants, peace and reconciliation even though it became clear that the relevant programs in this sector have valuable experience from which other programs dealing with migrants and returnees can benefit. Especially, STPP's program documentation and lessons learnt should be considered for future interventions in this field.

Another topic to be considered is *climate change adaptation* in the context of migration (and migration as adaptation strategy in the context of climate change). GIZ supported ICIMOD in a study⁴² on this topic already in 2012 and ICIMOD has been very active in this field (mainly in terms of action research) ever since; also supported by a CIM integrated expert. Moreover, ICIMOD has been granted support by IFAD in this area and is currently looking for partners active in the Western districts of Nepal who are working in the field of value-chain promotion and where migration and climate change play a role. This could be a path to be further explored by INCLUDE.

⁴² Fritz (2012): Recognizing Environmental Migration as an Adaptation Strategy. Implications for development assistance and adaptation to climate change

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6. Annex

6.1. Nepal Trade Integration Strategy

The Nepal Trade Integration Strategy (NTIS), finalized in 2010, is the Government's trade policy master plan. Among others, it has prioritized and developed action agendas for 19 exportable products and services, including Labor Services. Its four main **objectives** are to:

1. strengthen trade negotiations, especially bilateral and regional, and related trade analysis
2. strengthen support (institutions, quality infrastructure, market analysis) to help exporters meet market entry requirements and deal with nontariff measures, especially in the 19 priority product areas (e.g., technical regulations, standards, sanitary and phytosanitary (SPS) requirements, rules of origin, certification, qualification, etc.)
3. improve the business environment (trade policy, trade facilitation, investment climate, intellectual property rights, domestic regulation, etc.)
4. strengthen the government's ability to manage and coordinate trade-related aid and technical assistance.

These objectives led to eight **priorities**:

1. Among the 19 priority product areas, focus primarily on agro-food and services
2. Enhance market analysis and trade negotiating strategies to target priority markets such as India, other SAARC members, China, and selected Gulf and Middle Eastern countries
3. Improve competitiveness in agro-food by introducing Good Agricultural Practices (GAP), Integrated Pest Management, Quality Management Systems, Plant and Food Safety regulations, and Third-Party Certification Programs, to help overcome SPS barriers to export
4. Create a Board of Investment, aligned at least partially to the 19 priority product areas
5. Strengthen product and industry associations in the priority areas
6. Build services export potential, including by consolidating gains from temporary labor services exports, strengthening agreements with labor importing countries, capturing opportunities to move labor up the value chain by expanding supply capacity in information technology and business process outsourcing, as well as engineering, education and health services. A 'service export champion', sorely lacking, should be considered.
7. Establish the Nepal Business Forum and its Trade Sector Working Group and use it to monitor the implementation of the NTIS and evaluate the effectiveness of its results
8. Secure Government/Business/Development Partner agreement to use the NTIS as the basis for future technical assistance and support. This will require strengthening the government's capacity to coordinate, manage and implement trade-related aid projects.

Source: Nepal Trade Integration Strategy, 2010

6.2. Categories of Movement of Natural Persons for Services Negotiations

(Categories adapted from: WTO TN/S/W/32, Feb. 2005)

Business Visitors: People who come for business meetings, to negotiate sales, to set up a commercial establishment, but do not receive any income in 'Country X'

Intra-Corporate Transferees: Executives, managers, specialists (including technical specialists) transferred to 'Country X' to manage a company's investment there

Contractual Service Providers: Specialists sent by their companies to implement a contract with a company or public service entity in 'Country X'

Independent Professionals: Qualified Professionals (eg, architects, lawyers, engineers, IT technicians, scientists, medical specialists, teachers, etc) who come to work in 'Country X' under personal arrangements with a company, NGO or public organisation

Note: The list is a simplified version of WTO Council of Services in Special Session Doha Round document: TN/S/W/32, Feb. 2005. This document aimed to facilitate the objective of delinking Mode 4 from Mode 3 -investment, by expanding and 'standardizing' the number of categories of professional service providers on which Members would make commitments. The standardization in turn aimed to create a common understanding of the various segments of service providers. TN/S/W/32 has been adopted and followed by many Members, to one extent or another, in their initial and revised Services Offers and in FTAs.

Some Members, however, even though they have adopted the categories, continue to use their own definitions. While they are allowed to do so under WTO Scheduling Rules, this overall discretion is being tightened in the Committee on Specific Commitments. Although such Members say they are only using the words of their own laws, this nevertheless creates confusion, negatively affects transparency, enhances discretion and thus distortion of any liberalization.

That is why it is important for the WTO and regional bodies to agree on a common, standardized, easy-to-understand set of broad definitions that will form the basis for negotiations under Mode 4 in WTO and other trade arrangements. Of course, Members would continue to have the flexibility to add their own subcategories under these broad categories, as long as they fulfilled transparency criteria (easy to understand language, clear linkage to the category, mention of specific law).

In the case of Nepal and other countries with large numbers of labor migrants, they may wish to join or form a group of likeminded members in the WTO to advocate for including specific categories of skilled workers and technicians (the appropriate CPC categories exist, for example under Division 51-Construction).

While Members can already - in the Request-Offer process - ask other members to include liberalizing commitments on such CPC categories in the Mode 4 column, this is not a common practice. Most Mode 4 commitments, conditions and limitations are listed in the Horizontal Section of Members' WTO

Schedules. More scope for action exists in FTAs, where Labor Mobility or Movement of Natural Persons increasingly has its own chapter.

It is not advisable to try to include unskilled workers at this point in time in WTO agreements. This is better dealt with under Bilateral Labor Agreements.

Source: A. Spear

6.3. Terms of Reference (*DRAFT – 14 Nov 2013*): Labor Market Trends Analysis: Nepal and Selected Target Markets

1. Background and Context

In Nepal, society at large, and the private sector and government in more specific are struggling to cope with the consequences of the labor migration that has taken place in recent years. At present up to 4 million Nepalis are working abroad – with some 80% in jobs requiring few if any particular skills or experience.

A major consequence is the labor and skills shortages that many employers in Nepal are now facing. Another is the de facto ‘hollowing out’ of rural areas where the majority of able-bodied men and boys (and increasingly women) have departed to seek their fortunes in the towns and abroad. While their remittances have reduced the level of poverty in these areas, they have also contributed to further urbanization, as families use money to move closer to towns, where they perceive more opportunities.

Employers and Business Associations in a variety of sectors have been advocating for a change in labor migration policies. Civil society and the population at large are decrying the corruption, fraud, cronyism and other scandals that erupt regularly in the agencies that are supposed to create and enforce orderly migration conditions and worker protection. The recruitment agencies are engaged in political infighting and some are loudly pressing the government to not impose tighter conditions. Local ‘brokers’ are under fire, including from the international press, for fraud and trafficking. Recently, the decision by FIFA to hold the football World Cup in 2022 in Qatar has shed light on the horrible working conditions for labour migrants from East Asia on building sites in the country. In short, migration issues have become more politically ‘charged’ than ever.

Nepal’s Government is considering a number of policy and legal revisions aimed at discouraging unskilled migration and encouraging more skilled migration, recognizing the need to foster a more balanced situation, in the interest of sustainable national development. There is, however, a lack of information about the labor market trends in countries that attract migrants from Nepal and the resulting training needs of (prospective) migrant workers. The pressing need for a detailed analysis was raised consistently by a wide variety of stakeholders in interviews in September. These included Ministries of Commerce and Supplies, Labor, Industry, Foreign Affairs, Central Bank; the international/donor community; research institutes and think tanks; the private sector and labor organizations.

Therefore, GIZ will conduct a study with the following components:

- Assessment of the current labor market demand and major trends in selected target countries of Nepalese migrant workers, covering current as well as future priority sectors. The assessment will also include a detailed mapping of the major existing actors/stakeholders that are engaged within the migration sector and the roles they play and relevance they have in that sector.
- Assessment of the labor supply and demand in Nepal (current labor demand and labor market trends for the period 2014-2015), as well as policies, mechanisms and institutions related to labor migration (employment agencies, remittances banks and financial institutions, NGOs, training providers, and processes for skill testing and certification, donors, etc.)

The study will be conducted in close cooperation with ILO, which is contracting under a separate agreement⁴³ the same international team leader to conduct additional research in different countries of origin and in different target markets. As both studies are closely linked, the team leader will present the findings, conclusions and recommendations of the two assignments in one joint report to be co-owned on equal terms by ILO and GIZ.

2. Objective

The objective of the study is to

- analyze the economic, demographic and political framework conditions for employment and labor migration in Nepal,
- analyze the labor migration value chain in Nepal (including the current migration management & support system)
- analyze the labor demand and supply side in Nepal (jobs and skill in demand, skill gaps)
- analyze the labor demand side in the main target markets: India, Qatar, Malaysia, and Saudi Arabia
- identify possible areas of support for German Development Cooperation with regard to the labor migration supply chain

The outcome of the study would allow the government to develop an evidence-based employment and migration strategy with the overall aim should be to maximize the positive economic and trade impacts of migration (eg, remittances, poverty reduction, skills acquisition, capital accumulation, new contacts and trade links, innovation), and mitigate the negative impacts, such as high social costs, labor shortages, hollowing out of rural regions, etc. and at the same time to foster employment growth within Nepal in order to have a balanced, complementary employment and migration approach.

3. Scope of work

The study will consist of the following components:

Migration-oriented Employment and labor market analysis in Nepal

The study will provide an analysis of the labor market and employment situation in Nepal with regard to labor migration issues, including

- Assessment of policies, mechanisms and institutions related to labor migration (information, recruitment, skills development, testing and certification etc.)
- Domestic labor demand: current Employment prospects in main economic sectors and how key occupations and demand for them will evolve for the period 2014 to 2025.
- Assessment of the labor supply side (qualitative dimension of the labor force in Nepal), including assessment of skill gaps of the labor force vis-à-vis the current and evolving labor demand in destination countries
- Impact of labor migration for the labor market situation in Nepal

⁴³ Through its EU-funded project *Promoting Effective Governance of Labour Migration from South Asia* and its SDC funded *Project to Promote Decent Work through improvement of Migration Policy in Bangladesh*

The GIZ-tool “Guidelines for an Employment and labor Market Analysis” may be used for the analysis in Nepal, but it would need to be adapted top the specific context.

Analysis of the labor demand in selected target countries

The study will identify current and evolving in-demand occupations for the period 2014-2025 in India, Qatar, Malaysia and Saudi Arabia, including

- Assessment of qualifications and skills currently in demand in main economic sectors as well as projections for labor market trends
- Assessment of skills recognition and accreditation systems
- Mapping of major stakeholders in the migration value chain (service providers, private agencies, banks/remittances financial institutions, government ruling bodies, transportation)
- Regulatory frameworks that are currently structuring labor migration by Nepalese professionals and workers into the target markets

Following the assessment of labor demand and supply as well as the stakeholders engaged in the migration value chain for Nepali migrant workers, **possible interventions of German Development Cooperation**, based on the strategies of the Government of Nepal and the BMZ, shall be outlined.

The outlined options/ scenarios shall include the following aspects:

- Derivation of core problem(s)
- Possible target groups, levels of intervention,
- Potential for synergies with other development partners and programs
- Potential for cooperation with national and international industry/ economy
- Potential for cooperation with other projects by the German Development Cooperation

4. Consultancy Team and main tasks

Consultancy Team

The study will be conducted by a team of international and national consultants. The team will be led by an international consultant who will be assisted by national consultant in the selected target countries.

The **international consultant** will have the overall responsibility for the study. The tasks include:

- **Develop detailed research framework/ methodology:** The international team leader will prepare a detailed framework for the study, including overall research methodology and list of key informants to be interviewed in countries of origin and destination; guidelines for gender disaggregation of data, questionnaires/ interview guides interviews/focused group discussion etc. as relevant and as part of research methodology. As the scoop of work is different in countries of origin and destination, the research framework will reflect these differences. The research framework will be discussed with GIZ and endorsed before commencement of research activities.
- **Conduct desk review:** The international team leader will conduct a desk review and analysis of relevant legal and policy frameworks related to migration, foreign

employment, recruitment, skills training, skills accreditation, good practices and other related issues as relevant to the study as concerns the seven countries and the three sectors of interest (construction, domestic work and hospitality), but also other regional and global practices and experiences as relevant.

- Select national researchers: Together with the GIZ, the international team leader will select the researchers that will be responsible for the field work in the target countries;
- Train national researchers: Before field work will commence, the international team leader will be responsible for training of all the national researchers in cooperation with ILO.
- Oversee fieldwork: The international team leader will oversee the data collection on remote ensuring data is disaggregated by gender, and be available to support the national consultants throughout the data collection process in case there are problems or issues that need to be resolved.
- Draft summary report: The international team leader will be responsible for drafting the summary report and roadmap based on the desk review and seven country specific reports provided by the national consultants.
- Validation workshops/ILO: Based on consultations with GIZ and ILO, the international consultant will attend a selected number of validation workshops organized by ILO.
- Final workshop: The international consultant will present the results of the research at a final workshop with Nepali stakeholder, GIZ and ILO.
- Revise and finalize report: based on comments from the validation workshop and the GIZ, the international team leader will revise and finalize the report and roadmap including recommendations on ways forward.

The responsibilities of the national consultants include:

- Participate in training: The national researchers will participate in the training on the research methodology and tools to be arranged (by Skype) by the international team leader;
- Desk review: While the desk review will be the responsibility of the international team leader, the national researchers will be responsible to be up to date on relevant policy and legal frameworks as needed to conduct informed discussions with stakeholders as part of the data collection.
- Data collection: The national researchers will be responsible for gender disaggregated data collection and compilation, including interviews with key stakeholders, focused group discussions etc. as per the research tools to be developed by the international team leader and introduced in the training referred to above.
- Draft country report: The national researchers will draft a country report based on the interviews conducted and information collected. The country reports will be used as inputs to the main report which will be drafted by the international team leader.

- Revise as needed: Based on feedback from the international team leader, the national researchers will revise the national report or provide additional information as needed.
- Regular feed-back: The national researchers are expected to hold the international team leader informed throughout their work and report to him/her any issues/obstacles that might impact their work so that such issues can be addressed timely.

The GIZ project INCLUDE and the Trade Promotion Program will support the consultants through the provision of data, additional information, arranging contacts and appointments and exchange of experience.

The GIZ-Sector projects “Migration and Development” and “Employment Promotion” as well as the GIZ-section “TVET and Labour market” will support the consultants through backstopping services and quality assurance.

In addition, GIZ will be responsible for the following:

- Provide reference documents for review;
- Identify and propose national researchers to the international team leader;
- Contract the international team leader and the national consultants;
- Provide feedback to the detailed research framework/ methodology proposed by the international team leader;
- Provide necessary support to plan and organize consultation meetings in selected countries;
- Coordinate the inputs from GIZ technical experts at various stages of the study;
- Circulate the draft reports and seek comments as necessary
- Organize a final workshop for the presentation and discussion of results with Nepali stakeholders and ILO

Time Frame and budget

As both ILO and GIZ are concerned with Nepal as a sending country, and UAE as destination country, the costs for the assessments in these countries will be divided in such a way that ILO covers the costs for the national consultant in UAE and the GIZ the costs for the national consultant in Nepal.

The work under this contract will be conducted during the period of 20 November 2013 - 30 June 2014. The following timeframe is meant to be used as a reference for the international team leader and the definitive timeframe will be agreed as part of the agreement of the detailed research framework/ methodology (point 1 below).

No.	Activity	Work days (up to...)	Ready by
1.	<ul style="list-style-type: none"> Submission of detailed research framework/ methodology including research tools (jointly with ILO) 	2	30.11
2.	<ul style="list-style-type: none"> Selection of national consultants 	2	15.12.
3.	<ul style="list-style-type: none"> Training of national consultants (jointly with ILO) 	2	31.12.
4.	<ul style="list-style-type: none"> Desk review (by international team leader) 	4	Jan 14
5.	<ul style="list-style-type: none"> Field work in Nepal and four target countries (by national consultants) Backstopping and support (international consultant) 	60 (national consultants ⁴⁴) 4 (international consultant)	Jan - mid Feb
6.	<ul style="list-style-type: none"> Data analysis, report writing and first draft 	8	
7.	<ul style="list-style-type: none"> Revision (based on feedback of GIZ) 	2	
8.	<ul style="list-style-type: none"> Final workshop 	2	Mid March
9.	<ul style="list-style-type: none"> Submission of final report (GIZ) 	2	End of march
10.	<ul style="list-style-type: none"> Validation workshops (ILO) - tbc 	2	
11.	<ul style="list-style-type: none"> Finalisation of joint GIZ-ILO report 	2	30 June 2014

⁴⁴ The national consultants will be contracted by Giz and are not part of the contract with the international consultant.

6.4. (DRAFT) Labor Value Chain in Nepal

Value added = skills/quality increased + risks/costs decreased	Skills added	Costs/risks reduced	Skills/quality added costs/risks reduced	Costs/risks reduced	Costs/risks reduced	Skills/quality added	Skills/quality added		
Value Addition for Labor product export							Export related Value Addition in CoO		
Stages	INPUT	HR DEVELOPMENT	PRE-RECRUITMENT („wholesale/marketing“)	Meeting REQUIREMENTS + quality control (“Pre-export value adding”)	RECRUITMENT („sales“)	MIGRATION (“export”)	Post-EXPORT VALUE ADDING	FINANCIAL TRANSFERS	ENTRE-PRENEURSHIP
Description	Human Resources, Financial capital	Education, Skills, Attitude, Work/life experience, Financial capital	Bilateral agreements, Identification, Selection, Match-making, Awareness raising, Promotion, Orientation	Specific trainings for labor market of CoD Certificates (“quality control”), Language skills, Country specific information	Contracting, Arrangement of logistics	Journey from Nepal (emigration) to CoD (immigration) and employer	Where applicable: trainings in CoO, e.g. language, skills, but also offers from NGOs, e.g. financial literacy	In the NTIS context, the amount of remittances every year (in % of the GDP) is considered an indicator of the value of labor migration	Technology and knowledge transfer
Operators	Schools TVET-providers Employer	Government Agent / broker (CoO ⁴⁵) Recruitment agency (CoO)	Clinics Public training providers Private training providers	Recruitment agency (CoO) Recruitment Agency (CoD ⁴⁶)	<u>Emigration controls:</u> Labor permits; certificates of pre-departure training, health check; passport + visa <u>Immigration controls:</u> Passport + visa Work contract (?) <u>End consumer:</u> Employer in CoD e.g. construction company in Qatar	Public/private training providers in CoD (e.g. language courses; financial literacy courses etc.)	Money transfer operators Banks Informal channels (hundi)	Chambers of commerce Cooperatives Mol	

⁴⁵ CoO – Country of origin

⁴⁶ CoD – Country of destination

Service providers			<p>Pre-departure orientation centers/NGOs (e.g. POURAKHI, PNCC) – providing orientation⁴⁷ and skills trainings (supported by donors)</p> <p>Returnees</p> <p>Financial institutions / loan sharks providing pre-departure loans</p>					Organisations providing financial literacy trainings	Organisations providing trainings on financial literacy; business planning; entrepreneurship etc.
Strengths / Potential			<p>Potential to link pre-departure loans to longer/better pre-departure trainings (as incentive)</p>	<p>Potential to increase skills and “quality” of labor</p> <p>Potential to link pre-departure loans to longer/better pre-departure trainings (as incentive)</p>			<p>Potential to increase/acquire skills</p>	<p>Direct effects on poverty alleviation</p> <p>Economic effects through multiplier effects from consumption</p> <p>Potential to keep money longer in the formal system (increase savings)</p> <p>Potential stronger role of government in terms of regulations, investment climate etc.</p>	<p>Productive use of remittances (what families receive) and capital returnees bring with them (both financial and in some cases also ideas, skills, contacts)</p>

⁴⁷ According to Art. 27 of the Foreign Employment Act 2007 every migrant must have a pre-departure orientation training from the institutions and its certificate to get a final labor permit from the DoFE. Similarly the institutions have to obtain permission from the DoFE pursuing the article 28 of the act. Having followed the legal provision of the act, 49 pre-departure orientation training centres, private organisations, have been registered at the DoFE. Hence, these orientation centres are the authorised orientation training providers to the out going migrants. However, there are some NGOs such as POURAKHI, PNCC etc. who provide such training on their own to make aware the migrants as per their project objective through informal way. Therefore, please be informed about the nature and objective of the orientation training and providing agencies.

Weaknesses / Risks			<p>Lack of implementation and enforcement of (relatively clear) government policies on manpower agencies</p> <p>Unregistered sub-agents</p>	<p>Lack of implementation and enforcement of (relatively clear) government policies on manpower agencies</p> <p>Certificates (both health and pre-departure trainings) often sold without migrants attending the check-ups and trainings</p> <p>Lack of control</p> <p>Intransparency</p>	<p>NAFEA represented in FEPB which should control RAs</p> <p>Lack of supervision and controls</p> <p>Intransparent system of sub-agents</p>		<p>Work conditions in CoD not conducive for development of skills</p>	<p>Remittances hardly used for productive use</p>	<p>Lack of entrepreneurial skills</p> <p>No strategic approach from gov side; mostly small scale support projects with pilot character</p>
Level	District	District	National + district level	District/capital	Capital	CoD	CoD	CoD + Nepal	Nepal

6.5. Nepal Migration Donor Support Matrix

Organisations involved in Migration-Related Support in Nepal

(Only includes information derived from interviews. There are undoubtedly more organizations involved in migration-related endeavors, including via regional initiatives.)

Organisation + Partners	Projects/Activities	Relevant Issues Addressed ⁴⁸
National + international NGOs		
<p>Pravasi Nepali Coordination Committee (PNCC; established by return migrants) www.pncc.org.np/</p> <p>Pourakhi (assists female migrant returnees) http://pourakhi.org.np/</p> <p>People's Forum for Human Rights (legal services)</p> <p>AHRCDF Migrants Centre (Asian Human Rights & Culture Development Forum - established by returnees from Korea) http://ahrcdf.org.np</p> <p>Women's Rehabilitation Centre (WOREC) www.worecnepal.org</p> <p>Youth Action Nepal www.youthaction.org.np</p>	<p>Summary based on focus group discussion at GIZ INCLUDE (10 Sep)</p> <ul style="list-style-type: none"> - training, skills-building before and after stay abroad and for families of migrants (eg, tourism specific trainings for tour guides and homestays, sewing, knitting, tea shop/cart, beauticians, etc.) - reintegration services - entrepreneurship - funding and financial literacy (work with Himalayan Bank, Mega Bank, IME) - legal advocacy, including on international conventions - services to migrants in host countries (eg, Gulf, Malaysia, Korea, Japan), including cooperation with local human rights organizations - legal assistance (Migrants' Rights Centre) - National Network for Safe Migration (most relevant NGOs members): 15 Districts - Migrant Resource Centres (PNCC) in 7 Districts <p>They work with donors (eg, SDC/Helvetas in the framework of the SAMI Project in Information Centers and other areas), national government, universities (law faculties), local government, as well as local branches of national government agencies (e.g. Foreign Employment Promotion Board).</p> <p>UN Women supports Pourakhi in women's business development centres (help returnees – mostly maids from Gulf. Links to local financial institutions.)</p>	<ul style="list-style-type: none"> • Advocacy on behalf of migrants and migration-related issues • Legal assistance • International conventions • Information and awareness-building • Skills building • Reintegration of returning migrants • Access to funding • Financial literacy • Role of banks/financial institutions • Access to assistance in host countries • Human rights <p>They raised a number of outstanding issues to address:</p> <ul style="list-style-type: none"> ✓ Migration to India (document, address migrants' needs) ✓ Conventions (get Nepal and host countries to ratify) ✓ 'Missing migrants' in host countries (document, follow-up) ✓ Usurious interest rates for migrant loans (e.g. 130% p.a.) ✓ Representation/consular services in host countries (e.g. MFA needs to comply with law) ✓ Need for 'good practice' bilateral agreements with host countries (e.g. most don't cover women domestic workers) ✓ Use modern technology to develop databases and process forms

⁴⁸ See illustrative list of migration-related issues at end of this document (ie, issues arising from our interviews and analyses)

<p>CARE Nepal www.carenepal.org</p>	<p>Shubha Yatra Project: Promotion and Protection of Rights of Nepali Migrant Women – Jan 2011 – Dec 2011; supported by EU, Austrian Development Agency and Care Österreich; Rupandehi and Makawanpur districts (27 VDCs, 3 municipalities); 1800 beneficiaries</p>	<p>seasonal and other workers to India; not recognized in policy or statistics.</p>
<p>Amnesty International Working on migration issues in Nepal since 2004</p> <p>Partners: Helvetas NGOs GEFONT'</p>	<ul style="list-style-type: none"> - Major awareness-building campaigns using a rights-based approach - 'False Promises' video and book had strong impact in terms of raising awareness of abusive practices and risks. - Migration Ambassadors Initiative (2013): 23 volunteer activists trained to conduct 'migration clinics' in rural areas. 'Multiplier-events' strategy. 	<ul style="list-style-type: none"> • Human rights • Advocacy • International conventions • Trafficking
<p>Helvetas</p> <p>Partners: Dept of Small & Cottage Industries PNCC</p>	<ul style="list-style-type: none"> - SAMI (see below under SDC) - Employment Fund (16- to 45-year olds) in 66 of 75 districts since 2008; outsources skills building to private firms - 2 new pilot projects for 18- to 40-year olds <ul style="list-style-type: none"> ○ Path to Prosperity (focus: very poor and discriminated youth) ○ Micro-Enterprising for Job Creation (focus: returnees) - Tracking job opportunities (according to PNCC) 	<ul style="list-style-type: none"> • Employment opportunities • Skills development • Entrepreneurship
THINK TANKS		
<p>Centre for the Study of Labour and Mobility /Social Science Baha (CESLAM, started 2011 but Social Science Baha established in 2001) www.ceslam.org</p> <p>Partners: NGOs Donors Trade Unions Academic/Research Institutions</p>	<ul style="list-style-type: none"> - Research on labor and migration issues - Policy advice - Information collection and dissemination 	<p>Labor, Migration, Governance, Trafficking, Economic Development</p>
<p>Nepal Institute of Development Studies (NIDS, since 1998) www.nids.org.np/</p>	<ul style="list-style-type: none"> - Research - Program implementation - Advocacy 	<p>Research:</p> <ul style="list-style-type: none"> • Migration • land issues • agriculture • human organ trafficking <p>Program implementation</p> <ul style="list-style-type: none"> • migrant communities-spouses/families and returnee migrants for

		<p>HIV and AIDS awareness along with community empowerment</p> <ul style="list-style-type: none"> • agriculture • poverty alleviation <p>Advocacy for migrants and women</p>
PRIVATE SECTOR and TRADE UNIONS		
<p>General Federation of Nepali Trade Unions (GEFONT) www.gefont.org</p> <p>Partners: Unions, NGOs in host countries ILO</p> <p><i>“In Nepal, Trade Unions and NGOs are doing what is normally the duty of the State.”</i></p>	<ul style="list-style-type: none"> - Working since mid-1990s on internal and outbound migration - Organizing workers and advocating workers’ rights (including collective bargaining, decent working conditions, decent wages) in several host countries, in conjunction with local unions. Successes in Korea (with KCTU) and Hong Kong (HKCTU), Malaysia (minimum wage) so far. Now targeting Malaysia (migrant unions banned, but trying to get Malaysian Trade Union Congress on side), Qatar, Lebanon. - Helping migrant associations set up information systems (TV, radio, internet, press); use multiplier events - Help establish ‘help lines’ that can receive text messages (with cooperation of local unions, NGOs) - Advocating bilateral labor arrangements/ agreements, including with ITUC assistance. For example, the Nepal-Malaysia MoU is ‘full of holes’, so GEFONT is establishing an MoU with the MTUC. It is also developing MoUs with trade unions in Gulf countries, and enlisting the support of local human rights activists and bar associations. - Enlisting support of Nepali Nonresident Nepali Association (NRNA) in host countries (eg, Qatar) - Working with ILO/SAARC Secretariat on SAARC Trade Union Confederation (he is VP), which is, among other activities (eg, collective bargaining), working on migration issues. Organized SAARC Seminar in September in Kathmandu on migration policy, data, grassroots movements in SAARC region. 	<ul style="list-style-type: none"> • Workers’ rights • Safe migration • Access to assistance and information in host countries • Transparent labor contracts • Decent minimum wage • Right to collective bargaining • Advocacy • Bilateral agreements
<p>Federation of Nepali Chambers of Commerce and Industry (FNCCI) www.fncci.org</p>	<ul style="list-style-type: none"> - Some recruitment agencies are members (ILO, EU programs targeting RAs for awareness- and capacity-building in this context) - Reintegration issues arising in district chambers (eg, Chitwan, Ratna) – eg, 	<ul style="list-style-type: none"> • Recruitment • Skills building and matching to jobs • Reintegration • Entrepreneurship

	<p>advice on how to use savings</p> <ul style="list-style-type: none"> - Skills matching website for local chambers - One Village, One Product initiative in 40 districts with government could offer opportunities for migrants' families and returnees - Would like to see more skills-training centers in districts, but budgets constrained 	<p>Comment: Some migration-related issues could be taken up with FNCCI's employer association networks in destination countries.</p>
DONORS		
<p>Swiss Agency for Development and Cooperation (SDC)</p> <p><u>Partners:</u></p> <ul style="list-style-type: none"> • Ministry of Labour, Foreign Employment Department and F. E. Promotion Board • Pourakhi • People's Forum • Nepal Network for Safe Migration • Franchising-Skill (F-Skill) • IOM • ILO • Helvetas <p><i>"All SDC projects have to show the impact of migration on activities."</i></p> <p>Donor coordination: A 'Coordinating Committee' involving SDC, ILO, IOM, UN Women was to meet for the 3rd time in September, with the aim of avoiding duplication, encouraging division of labor. They wanted to invite GIZ to join.</p>	<p>2-year pilot 2011-2013, <u>going forward to 2017:</u> Safe Migration Project (SAMI), implemented by Helvetas:</p> <p>First comprehensive intervention by bilateral donor to support:</p> <ul style="list-style-type: none"> - information dissemination and awareness building about migration - labour migrants' rights, esp. in rural areas - training and skills development (pre-departure) - legal and paralegal services - safe/shelter homes <p>2 <u>Information Centers</u> - in Terai and Khotang regions. This will expand to 18 by 2017, and they will focus more on training, including language (eg, Hindi because supervisors often Indian).</p> <p>Citizens' Forum/Learning Centers (with NGOs)</p> <p>SDC now developing a new program, building on experience from agriculture projects to develop <u>skills and value chains</u> (eg, maize, seeds, etc).</p> <p>New SDC expert will map all the migrants associations in the Gulf to target <u>for information dissemination</u> for Nepali and Sri Lankan migrants (SDC responsible for Nepal and Sri Lanka programs).</p> <p>SDC is also planning to develop some <u>financial literacy</u> products, but it has to assess the issues before doing so.</p> <p>SDC has been previously involved in:</p> <ul style="list-style-type: none"> - skills building with F-Skill and MoL Employment Fund - violence against women 	<ul style="list-style-type: none"> • Information and awareness building in remote areas for migrants and their families • Human rights • Information dissemination and awareness building • Skills building • Legal services for migrants, families • Migrant protection and assistance • Reintegration of returning migrants, especially women who have been abused abroad • Financial literacy (plans to assess issues) • Aims to reduce migrants' need to go through local brokers; increase ability to earn more by focusing on skills in demand (eg, welders, electricians, carpenters, scaffolders); increase options – some can use training to get jobs locally. <p>Comment: Donor coordination on migration-related issues needs to be more broadbased (involving all development partners, including local NGOs).</p>

<p>Australian Government and Australian Agency for International Development (AusAID)</p> <p>Partners: Government of Nepal UNDP Canada (CIDA) NGOs</p>	<p>- other areas</p> <p>- Government funded Diplomacy Training Programme (DTP) on Promoting and Protecting Human Rights of Migrant Workers from Nepal and South Asia, organized by the Pravasi Nepali Coordination Committee, DTP Australia, and Migrant Forum Asia.</p> <p>- Microenterprise Development Programme, 2006-13. 4 districts: Kailali, Dadeldhura, Dhanusha, Sindhupalchowk. Evaluation link: www.ausaid.gov.au/countries/southasia/nepal/Documents/medep-cida-evaluation.pdf</p>	<ul style="list-style-type: none"> • Human Rights • Entrepreneurship • Financial literacy <p>Comment: MEDEP Evaluation offers relevant 'lessons learned' for TPP and INCLUDE on value chain and entrepreneurship TA.</p>
<p>UK Department for International Cooperation (DfID)</p> <p>Partners:</p> <ul style="list-style-type: none"> • Government • ILO • 'Social partners' (eg, NGOs) • Private sector (eg, employers and workers associations) • Recruitment agencies • Women migrant workers 	<p>ILO-DFID Partnership Programme on Fair Recruitment and Decent Work for Women Migrant Workers in South Asia and the Middle East. <i>15 July 2013 - 15 March 2018</i></p> <p>'Work in Freedom'</p>	<ul style="list-style-type: none"> • Trafficking • Decent work, decent wages at home and abroad <p>Aims: Prevent trafficking of women and girls from Nepal, Bangladesh, India in India, Jordan, Lebanon and the United Arab Emirates).</p>
<p>European Union</p> <p>Partners: Government ILO IOM SDC NGOs</p> <p>Several regional initiatives.</p>	<ul style="list-style-type: none"> - Analysis on 'Effective Governance of Migration in South Asia' - (w/ILO) link Nepal Recruitment Agencies with international Association of Private Employment Agencies (CIETT), build their capacity and encourage them to join, since meeting criteria for membership confers de facto certification of good conduct. - EU working with RA association NAFEA and RAs that don't charge fees. - EU funded regional project on monitoring recruitment agencies 	<ul style="list-style-type: none"> • Labor market information (map demand for construction, hospitality, domestic work) • Skills building • Ethical recruitment • Certification, mutual recognition of qualifications, skills and experience • Skills enhancement (interact with RAs and employers) • Financial literacy, financial products, innovative methods (eg, mobile phones, GSP): link with Information Centres <p>Aims: no fees for migrants; more work options; better working conditions and wages; more professional, credible recruiters</p>

INTERNATIONAL ORGANIZATIONS		
<p>International Labour Organisation (ILO)</p> <p>Partners:</p> <ul style="list-style-type: none"> • Ministry of Labour • Foreign Employment Promotion and Management Board • Trade unions (eg, GEFONT) • Nepal Association of Foreign Employment Agencies (NAFEA) • NGOs • SDC • DfID • IOM • European Union <p><i>Comment: Could the SAARC Trade Portal also link with the Information Centres and the South Asia Information Portal?</i></p>	<ul style="list-style-type: none"> - Raise awareness of risks and rights for migrants - Advocate international conventions - Protect migrant workers from trafficking and forced labour - Enhance self-regulation and professionalism of recruitment agencies ('ethical recruitment') - Explore a recruitment agency grading system using India, Vietnam models (<i>we suggested they talk to SDC about the Sri Lanka system it was considering replicating in Nepal</i>) - Improve capacity of employers' bodies (eg, FNCCI) and workers' associations (eg, unions), including to deal with migrant matters - Strengthen government's capacity to enforce labour legislation and international conventions (it has signed 11) - Strengthen government's capacity to negotiate bilateral labour agreements (eg, ILO BKK is advising on the arrangements with Saudi Arabia – G to G - and Kuwait B-to-B) - Help labour unions expand their presence on the ground in host countries (new project) 	<ul style="list-style-type: none"> • Information dissemination and awareness building • Workers' rights, including collective bargaining in host countries • Labour standards • International labour-related conventions • Model agreements, eg, bilateral labour agreements, MoUs • Recruitment
<p>International Organisation for Migration (IOM)</p> <p>Partners:</p> <p>Government Private sector trainers, banks, etc SDC/Helvetas – SAMI Pourakhi PNCC Other</p>	<ul style="list-style-type: none"> - Skills building in agriculture for outbound and returning migrants - Financial literacy for households to support entrepreneurship (according to Rastra Bank Microfinance Dept, IOM sent it a proposal for a joint financial literacy package for returnees - manual, training, etc) - Mapping private sector activities related to migrants (eg, airlines, travel agencies, etc) - Capacity-building on bilateral labour agreements - 3 Migrant Resource Centres - EU funded regional project on monitoring recruitment agencies - Joint Migration and Development Initiative (JMDI): scale up successful NGO initiatives (Migrant Resource Centers, financial literacy programs, etc) - Capacity building for local authorities in 5 development regions 	<ul style="list-style-type: none"> • Financial literacy • Skills building • Institutional strengthening • Recruitment • Bilateral labor agreements • Information dissemination and awareness building
<p>UN Women</p>	<ul style="list-style-type: none"> - Contributes to and assists government (on women's issues) in policy making 	<ul style="list-style-type: none"> • Institutional strengthening

<p>Partners: Government, local governments Pourakhi and other NGOs ILO SDC UNICEF IOM</p>	<p>and enforcement</p> <ul style="list-style-type: none"> - Information and awareness building in districts on opportunities and risks of migration so that women can take informed decisions - Returning Women Migrants Network with Pourakhi for past 10 years; expanding in 15 districts – all major development areas - MoL Reintegration Program 2009: UNW helped train 1500 women on financial literacy and entrepreneurship (700 women did entrepreneurship course) - Handbook on Safe Migration to train local officials (esp. women development officers), with ILO - National Action Plan on Safe Migration (early draft stage) with UNICEF, following on from the Foreign Employment Policy 2012 - Advocacy against the ‘ban’ on women working in certain countries, because this has increased trafficking and informal processing and kept women out of Acts and agreements - Cooperated with India on research 2011: “Status of SAARC Women in Gulf Countries” - Advocacy for ratification of Convention on Rights of <u>All</u> Migrant Workers 2004 (Nepal close to ratifying; host countries not) - Advocacy for decentralisation of government programs, including orientation training. According to SDC, UNW is working on action plans for mechanisms to implement an integrated data management system to support decentralization of central government activities such as passport issue, legal support, women’s issues, etc. 	<ul style="list-style-type: none"> • Awareness building and information dissemination • Financial literacy • Reintegration • Entrepreneurship • Data systems • Decentralisation of migration management and support • Advocacy • International conventions
<p>“Important to divide labor in a coherent way among government, NGOs, private sector, donors.”</p>		
<p>“Financial literacy training needs to come before immediate pre-departure stage. That is too late.”</p>		
<p>United Nations Development Program (UNDP)</p> <p>Partners: Government of Nepal Other UN agencies Australia (AusAID) Canada (CIDA) NGOs</p>	<p>Capacity building for women entrepreneurs in South Asia</p> <p>Microenterprise Development Programme, 2006-2013. Recently extended.</p>	<ul style="list-style-type: none"> • Entrepreneurship • Livelihood opportunities for migrants’ families • Financial literacy
<p>International Center for Integrated Mountain Development</p>	<p>Action Research Empirical case studies Policy reviews</p>	<ul style="list-style-type: none"> • Migration and remittances in the context of climate adaptation

(ICIMOD) www.icimod.org	IFAD program (2014-2016) - Grant to ICIMOD: access to investment plans; financial literacy, access to financial services - “rural enterprise, migration and remittances”	<ul style="list-style-type: none"> • Access to information for migrants • Financial literacy • Investment planning • Access to financial services • Feminization of agriculture due to male labor migration
Partners: GIZ IOM UNDP IFAD NIDS	Subregional study (China, India, Nepal, Pakistan, Bangladesh) - How can migration and remittances help people to build adaptive capacity on household and resilience on community level	Comment: follows approach that within value chain promotion programs, financial literacy should be provided through cooperatives
	Policy Reviews: focus on climate change adaptation (finalized by 2014)	
	Action Research: - Access to information: registration of migrant workers on community level --> information (contact, skills...) accessible for migrants and government - Access to financial literacy, low risk financial products (focus on women)	Comment: donor overflow in field of migration to Gulf countries --> ICIMOD especially interested in migration to India

Stakeholders at district level

As mentioned in chapter 3.2, there are no government programs that specifically address the issue of migration in the five districts, and NGO programs in that field are almost negligible. Similarly, migrant workers, aspirants, returnees and family members are not targeted in any of the existing programs and interventions though they are inevitably engaged in those targeting women, and disadvantaged group. As cited by local government agencies, one of the main reasons why migration is not being incorporated into government programs is simply because the issue is yet to be raised by the local people, and community members have not included these concerns or proposed any activities related to migration in the plans/proposals that go through the bottom-up planning process (from the Ward Citizens Forum to the Village Development Committees to the District Development Committees).

In the five districts, the only existing program on migration is the ‘Safer Remittance and Livelihood’ program implemented by the Forum for Awareness and Youth Activity (FAYA) Nepal and supported by Oxfam. The program is focused on creating awareness on safe migration and productive use of remittances and targets female family members of migrant households that have relatives working in India. National organizations with branches in the districts that are currently working on issues of trafficking and women’s rights like Maiti Nepal, Saathi and WOREC play a role in the rescue and repatriation of stranded and trafficked women migrant workers. In the past, Saathi and WOREC also had programs to disseminate information to potential migrants at the District Administration Office

(DAO) but these programs have phased out. An information desk was set up at the DAO to provide information on safe migration to individuals coming to the DAO to make passports.

Some of the existing programs in the districts that are focused on skills and entrepreneurship training and provide loans/capital for business start-ups could potentially incorporate issues of migration in their activities (and could thus be potential partners of INCLUDE on district level):

- **District Agriculture Development Office, District Livestock Service Office, Women Development Office**, and other local government agencies conduct various training programs related to income generation and entrepreneurship development.
- **Women Development Office** is also involved in forming women groups at the local levels. The groups are later transformed into committees and then into cooperatives where the members deposit minimal amount each month as savings and also take collateral free loans when required.
- In all five districts, the office of the **Cottage and Small Industries** conduct various skills development trainings for local people.
- **Youth and Small Enterprise Self-Employment Fund (YSESEF)** provides collateral-free, low interest loans as seed money to start enterprises. The Fund is channeled through banks and cooperatives in the districts.
- In Surkhet, with support from the Ministry of Agriculture, the '**High Value Agriculture Product (HVAP)**' is being implemented by the Surkhet Chamber of Commerce and Industries to promote agriculture based entrepreneurship.
- Programs such as **Poverty Alleviation Fund (PAF)**, and **Micro Enterprise Development Program (MEDEP)** are also active in the districts that provide support in small-scale infrastructure development, savings and credit, vocational and skills-based trainings and income generation.
- Donor organizations such as the USAID, Save the Children, Helvatas, and Heifer Nepal also have programs related to income generation.
- The Labor Office of the government also houses the **Employment Information Centre (EIC)** that is supposed to link job seekers with employers. However, so far it has only managed to collect the profile of job seekers and failed to link them with employers. The EIC has one office in each zone, and despite being a good concept, it was pointed out that it has failed to yield any result.

Key Issues in Migration : Nepal Illustrative List

Government ability to develop, implement and enforce migration-related policies and strategies.

Coordination of support infrastructure among donors, govt institutions, migrant groups, NGOs

Decentralisation of migration apparatus

Statistics and Information:

Issues: too much 'hearsay', not enough evidence-based data

Tools: establish proper statistics gathering, compiling (eg, classifications), analysis and dissemination systems; quantify and profile migrants, as well as immigrants into Nepal, introduce questions into census, household surveys; analyse remittances at all levels (household and financial institution surveys), design useful border exit/entry forms (eg, pose questions on key issues – purpose of departure or arrival (eg, visit family, friends; work); destination; occupation; level of education; etc)

Support Infrastructure

Issue: access to information, access to help

Tools: Resource centres, info centres, online systems, women's groups, safe houses, 'labour attachés' abroad, Embassies, MFA, in-country 'help lines', adoption and implementation of international conventions, training and awareness building on the rights and obligations of workers abroad, international labour agreements, workers' associations

Skills Building

Issues: improve access to jobs markets, improve earnings prospects, help remaining families (women mostly) improve their ability to support themselves, match skills to needs, certification and recognition of qualifications, motivation

Tools: Analysis, Education system quality assurance and curricula, skills-training centres, on-the-job experience (incl apprenticeships), networks, databases, IT systems to match skills-holders to jobs/employers, success stories, champions

Recruitment system

Issues: recruitment agencies (some good, some corrupt), dahals (local brokers), traffickers; formal vs informal recruitment

Tools: strengthen and grade recruitment agencies, bring into 'fold', introduce incentives to compete on quality, formalise dahals, name and shame, effective policing/monitoring, international audits,

Funding

Government resources: Budget for labour migration and related activities, Welfare Fund, other Funds, structure and cost of whole migration apparatus

Tools: Budget issues: audit Funds back to beginnings (sums don't add up); analyse Welfare and other funds to determine optimum structure and use of assets, analyse structure of govt migration-control apparatus and propose streamlined, more IT-based (automation cuts corruption), more monitored system

Remittances: dependence of govt on forex, role of financial intermediaries and institutions, cost of transactions for migrants, access to safe and inexpensive channels, productive use of remittances by migrants and their families, etc

Tools: Remittances: financial literacy, financial institutions' reach into destination countries and remote areas of Nepal, development of savings and loan products for migrants, their families, returnees; innovative approaches such as mobile banking; bilateral agreements to reduce transaction costs, improve savings and transfer options, allow local financial institutions to offer services to migrant community (*Rastra Bank is encouraging remitting companies to fast-track linkages to Korea, Japan, Australia, etc, including through local presence and affiliates.*)

Access to funding for migrants and their families: knowledge and understanding of financial needs and options; migrants often take loans to fund their departure abroad; families may take loans to survive; remittances often go to pay back loans in first year or more; returning migrants who would like to set up a productive activity often have trouble getting funding to supplement savings from remittances. Funding and remittance-investment/savings options may not be available locally.

Tools: Analyse and document migrants'/families' needs, problems, options; develop realistic solutions in consultation with banking and finance system, including Post; role of Welfare and other funds; same tools as under 'Remittances'

6.6. Further ideas for integrating migration into value-chain promotion

Tourism

There exist several options along tourism value chains where migrants can be included.

- 1) **Non-resident Nepalis** (NRN) could be targeted as potential investors in the tourism sector (in INCLUDE's case, in the five program districts). They could be approached e.g. via NRNA (Non-resident Nepali Association) who not only is represented in over 60 countries but also explicitly states the promotion of (pooled) investment as one of the association's objectives.

At the same time NRNs should be targeted as potential clients in the tourism sector – many of them visit their country of origin on a regular basis anyway but often do not know many regions outside the capital Kathmandu or their region of origin even though they might be interested to also see other parts of the country. Once they visit the country can also serve as “ambassadors” or promoters in their host countries to promote Nepal among friends and colleagues as a tourist destination.

- 2) **Returnees** could be trained in tourism sector specific jobs, such as tour guides. They might even bring skills (language and cooking skills or experiences in the hospitality sector in general) relevant for the tourism sector which can be improved through specific trainings.⁴⁹
- 3) Homestay services and handicrafts production offer potential sources of additional income generation for **migrants' families** with family members abroad.

Experiences in this context (introduction of migrants in tourism value-chains) are available from GIZ programs in Montenegro (phased out) and the Philippines (ongoing) and could be taken into consideration for potential further activities.

Professional Services Experts

A strategic approach to professional services exports needs to take into account market demand and entry requirements; skills gaps; niche opportunities; certification and recognition of skills and qualifications; branding and marketing; etc. The following box illustrates how Nepal might strategically approach the growing market for security services.

⁴⁹ The Nepalese NGO „Migrants Centers“ already offers specific tourism related activities for returnees such as trainings for trekking guides.

Gurhka “Brand”

A Potentially High-Impact, High-Profile, ‘Quick Win’

Nepali Gurkha soldiers are renowned the world over for their professionalism and their exploits in battle. They have served with distinction in the British military since 1815, including recently in Afghanistan, Iraq and other war zones. A senior Nepali Government Official recently suggested that Nepal could address growing demand for security services worldwide by developing ‘elite’ security services professionals that would replicate the Gurkha reputation of brave, steadfast, loyal and honorable officers and men. Nepal would have a natural advantage in marketing such services because the Gurkha image is so well known.

The preparatory activities could be sequenced as follows (rough sketch – needs to be discussed with potential partners):

Stage 1:

Identify potential sources of candidates: e.g., police, military, honorably retired Gurkhas, UN peacekeepers (avoid mercenaries; they may have insalubrious networks)

Map their skills base

Document demand trends for security services in Nepal and target markets, and establish contacts with potential users of such services (employers)

Identify which security services and skills will be most in demand in Nepal and target markets over the next decade

Stage 2:

Establish an organization to turn the concept into reality, and develop an action plan including the following steps (among other things)

Develop strict recruitment, certification and ‘Gurkha Hallmark’ criteria to meet professional requirements and recognition criteria in target markets (one may have to find a related word or symbol if ‘Gurkha’ is protected); 4 different levels of ‘Gurkha Hallmark’ certification would be available, ranging from normal security guards - lowest paid - to professional senior officers with advanced skills in management, technology, anti-terrorism, disaster management, etc.

Design comprehensive education and training curricula that will deliver fully qualified officers at the various levels (training programs could potentially range from 2 to 6 months, with refreshers and upgraders available to those who complete a certain period of post-training work experience in the field)

Identify training institution partners (eg, existing police or military academy), and train the trainers (including training them in the actual target markets). Trainers could possibly be sourced from former Gurkhas.

Establish an independent, ethical certifying entity, with strict monitoring and auditing mechanisms to ensure credibility

Stage 3:

Contact potential employers at various levels in various countries to run a 1-year pilot programme and design a model contract (these employers are to pay commercial rates for the pilot program services)

Establish a rigorous recruitment process and choose ‘first batch’ candidates for a 1-year pilot program including training and on-the-job monitoring to test and refine the concept, with feedback from recruits, trainers and employers

Refine the programme as necessary and roll it out commercially, seeking higher- than-normal salaries for graduates.

Establish a reliable system to regularly monitor the performance of recruits, trainers and employers

Provide ‘welfare services’ such as counselling, repatriation, etc, for those who encounter problems abroad

Source: A Spear, based on the idea of Prachanda Man Shrestha, former Joint Secretary MoICS and Director of Tourism

6.7. Overview of FReDi Instruments (Financial Literacy for Remittances and Diaspora Investments)

A Handbook on Methods for Project Design

FReDI – Method 1

Increasing Awareness and Competition in the Remittance Market

FReDI – Method 2

Product Design for Financial Institutions

FReDI – Method 3

Converting Remittance Senders and Recipients into Clients of Financial Institutions

FReDI – Method 4

Investments to Promote Business Development and Entrepreneurship

FReDI – Method 5

Diaspora Investments in the Country of Origin

6.8. Schedule

Date	Time	Institution	Contact	Interview Location
Mon (09 Sept)	9:00 – 11:00	GIZ INCLUDE briefing	Ellen Kallinowsky, Victor Linden	INCLUDE office
	11:00 – 13:00	GIZ TPP briefing	Lila Dhar Adhikari	INCLUDE office
	11:00 – 13:00	Meeting with CIM advisor on migration and development	Shusmita Malla	GIZ office
	14:00 – 15:00	Amnesty International	Rameshwor Nepal	Amnesty International
	15:00 – 17:30	Social Sciences Baha; internal team meeting	Bandita Sijapati	Social Sciences Baha office
Tues (10 Sept)	11:00 – 12:00	Ministry of Commerce and Supply	SurendraThapa, Under Secretary	Singha Durbar
	12:00 – 13:00			
	13:00 – 14:00	Preparation for Focus Group Discussions		
	14:00 – 15:00	Focus Group Discussion	MahendraPanday (President, PNCC), ManjuGurung (Chair, Pourakhi), SomLuitel (President, People’s Forum), Siddhi Baral (Chairperson, AHRCDF Migrant’s Center), Nilamber Badal (Program Manager, AHRCDF Migrant’s Center)	INCLUDE , Jawlakhel
	15:00 – 16:00			
	16:00 – 17:00	Presentation of GIZ INCLUDE	Victor Linden / Roshan Shresthan	INCLUDE
Wed (11 Sept)	9:00 – 10:00			
	10:00 – 11:00			
	11:00 – 12:00	Office of Cottage and Small – Scale Industries (10:30 – 11:30)	Gokul Prasad Dhittal (Director)	Office of Cottage and Small-Scale Industries, Tripureshwor
	12:00 – 13:00	SAWTEE	Posh Raj Pandey and Ratnakar Adhikari	Gairidhara
	13:00 – 14:00	LUNCH		

	14:00 – 15:00	1) HELVETAS (2:00 – 3:00) 2) Internal Revenue, Ministry of Finance (2:00 – 3:00)	1) Komal Bhatta (Communications Officer) 2) Rajendra Sharma (Deputy Director General)	1) HELVETAS, Jawalakhel, Lalitpur 2) MoF, Lazimpat
	15:00 – 16:00			
	16:00 – 17:00	International Organization of Migration	Pravina Gurung	IOM, Baluwatar
Thurs (12 Sept)	NO INTERVIEWS POSSIBLE DUE TO NEPAL BANDH			
Fri (13 Sept)	9:00 – 10:00	Swiss Agency for Development and Cooperation	Barbara Weyermann	SDC, Ekantakuna
	10:00 – 11:00	GIZ Country Office (10:15 – 11:15)	Mr. Paul Degenkolbe	GIZ, Sanepa
	11:00 – 12:00	1) International Labour Organization (10:30 – 11:30)	1) Bina Thapa 2) Sushma Bajracharya	1) ILO, Nayabato, Dhobighat, Lalitpur 2) GIZ, Sanepa
		2) GIZ STPP Program		
	12:00 – 13:00	Civil Peace Service	Svenja Schmelcher	GIZ, Sanepa
	13:00 – 14:00			
	14:00 – 15:00	1) Pardesi Overseas Services Pvt. Ltd 2) Destiny Placement Services	1) Mohan Nembang (Director) 2) Parvati Rai (Public Relation Manager)	1) Battisputali 2) Baneshwor
	15:00 – 16:00			
	16:00 – 17:00			
Sun (15)	9:00 – 10:00			

Sept)	10:00 – 11:00			
	11:00 – 12:00			
	12:00 – 13:00			
	13:00 – 14:00			
	14:00 – 15:00	FNCCI	Mr Yagyaman Shakya, (Deputy Director)	
	15:00 – 16:00	Foreign Employment Promotion Board	(Director)	
16:00 – 17:00				
Mon (16 Sept)	9:00 – 10:00	UN Women	Sharu Joshi Shrestha	Thapathali
	10:00 – 11:00	GEFONT	Bishnu Rimal	GEFONT, Manmohan Labour Building, Putalisadak
	11:00 – 12:00			
	12:00 – 13:00	LUNCH		
	13:00 – 14:00	GIZ	Bandita Sijapati, Ellen Kallinowsky	GIZ
	14:00 – 15:00	Nepal Rastra Bank	Yub Raj Khatiwada (Governor)	Rastra Bank, Baluwatar
15:00 – 16:00	Nepal Rastra Bank: Microfinance Promotion &	Mr Chinta Mani Siwakoti (Director)	Rastra Bank, Baluwatar	

		Supervision Dept (3:30 – 4:00)		
	16:00 – 17:00			
Tues (17 Sept)	9:00 – 10:00			
	10:00 – 11:00	DoFE (9:30 – 10:30)	Diwas Acharya (Director)	DoFE, Tinkune
	11:00 – 12:00	Ministry of Foreign Affairs	Srijana Adhikari (Information Officer) Narayan Prasad Wagle (Section Officer Diaspora)	Ministry of Foreign Affairs
	12:00 – 13:00			
	13:00 – 14:00			
		Ministry of Commerce and Supply	Durga Lal Shrestha	Ministry of Commerce and Supply
	14:00 – 15:00	GIZ Health Programme	Susanne Grimm Franziska Fürst	GIZ Health Programme
	15:00 – 16:00			
16:00 – 17:00	ICIMOD		ICIMOD, Kumultar	
Wed (18 Sept)	9:00 – 12:00	Brainstorming on labor value-chain	Victor Linden, Roshan Shrestha + mission team	INCLUDE, Jawlakhel
	11:00 – 12:00	SAARC: Trade and Economic Development Division	Subash Chandra Sharma	SAARC, Thamel
	12:00 – 13:00			
	13:00 – 14:00	Trade, Tourism, Labor Mobility	1) Prachanda Man Shrestha (Former Head Tourism Department and	

	14:00 – 15:00		Tourism Board; Previously Joint Secretary – Trade, MOICS)	
	15:00 – 16:00			
	16:00 – 18:00	Internal Team Meeting (4:00 – 6:00)	Bandita, Steffi, Andrea, Amrita, Himal	SOSC, Battisputali
Thurs (19 Sept)	9:00 – 11:00	Internal Presentation of first results with INCLUDE	INCLUDE, Mission Team, CESLAM	INCLUDE, Jawlakhel
	11:00 – 12:00			
	12:00 – 13:00			
	13:00 – 14:00	National Staff College	1) Padma Mathema 2) Dr. Dileep Adhikari	National Staff College, Jawlakhel
	14:00 – 15:00			
	15:00 – 16:00	Department of Labour	Krishna Pushkar (Director General)	Department of Labour, Minbhawan, Baneshwor
16:00 – 18:00				
Fri (20 Sept)	9:00 – 11:00	Presentation and discussion of first results with German Embassy and GIZ	See list of participants in Annex 6.12.	GIZ, NeerBhawan, Sanepa
	11:00 – 12:00			
		Asia Foundation (11:30 – 12:00) <i>Phone interview</i>	Shareen Tuladhar	
12:00 – 13:00				

	13:00 – 14:00	Ministry of Industry (1:00 – 2:00)	1) Bishnu Dhakal (Under Secretary) 2) Roshan Shrestha (GIZ INCLUDE)	MOI, Singha Durbar
Post-Mission	Week of 1 Oct.	Asia Foundation (11:30 – 12:00)- Skype interview	Shareen Tuladhar	
	25 September and 1 October	IME/Global Bank – e-interview	Chandra Prasad Dhakal, Chairman, IME/Global Bank, & Sonam Pokharel, CEO International Money Exchange (IME)	

6.9. List of Interviewees

	SN	Organisation	Name	Designation	Contact Details
Government	1.	Ministry of Labour: Foreign Employment Promotion Board	Mr.	Director	Anamnager Ph: 4269114, 4102607, 4102711
	2.	Ministry of Labour: Department of Foreign Employment	Diwas Acharya	Director	Tinkune Ph: 9841501645
	3.	Ministry of Foreign Affairs	Srijana Adhikari	Information Officer	Singha Durbar Ph: 4211916
	4.	Ministry of Foreign Affairs	Narayan Prasad Wagle	Section Officer (topic NRN)	Singha Durbar Ph: 14200145
	5.	Ministry of Foreign Affairs	Ms.	International Treaties Section	
	6.	Office of Cottage and Small-Scale Industries	Gokul Prasad Dhittal	Director	Tripureshwor Ph: 9841735512
	7.	Ministry of Finance Internal Revenue Department	Rajendra Sharma	Deputy Director General	Lazimpat Ph: 4415969
	8.	Department of Labour	Krishna Hari Puskar	Director General	Minbhawan, Baneshwor Ph: 4107124, 4107288
	9.	Rastra Bank	Dr. Yuba Raj Khatiwada	Governor	Baluwatar Ph: 4410158, 4410201
	10.	Rastra Bank: Microfinance Promotion & Supervision Dept	Chinta Mani Siwakoti	Director	Baluwatar Ph: 4410158, 4410201
	11.	Ministry of Commerce and Supplies	Surendra Thapa	Under-Secretary	Singha Durbar Ph: 4211631, 4211631
	12.	Ministry of Commerce and Supplies	Jib Raj Koirala	Joint Secretary	Singha Durbar Tel: 1-4211546 jrkoirala@yahoo.com
	13.	Ministry of Commerce and Supplies	Mr Toya Narayan Gyawali Rami Bhatarai,	Joint Secretary, Trade (Multilateral) Undersecretary, WTO	Singha Durbar Ph: 4211631, 4211631
	14.	Ministry of Commerce and Supplies	Durga Lal Shrestha	Retired from MoCS Trade	
	15.	Ministry of Industries	Bishnu Dhakal	Under Secretary	Singha Durbar Ph: 9841351499
	16.	Tourism Department, Tourism Board	Prachanda Man Shrestha	Former Joint Secretary MoICS, Head of Tourism Department and Tourism Board	Ph: 98510556676
	17.	National Staff College	Padma Mathema	Visiting Fellow	Jawlakhel Ph: 9851083225

	18.	National Staff College	Dr. Dilip Adhikari	Senior Director	Jawlakhel
Union	19.	General Federation of Nepalese Trade Unions (GEFONT)	Bishnu Rimal	President	Manmohan Labour Building, Putalisadak Ph: 9851059033, 4168000
Donors and International Organisations	20.	GIZ Country Office	Paul Degenkolbe	Portfolio Manager	Sanepa
	21.	GIZ STTP Program	Sushma Bajracharya	Technical Team Leader	Sanepa
	22.	GIZ Health Programme	Susanne Grimm	Team Leader	Sanepa
	23.	GIZ Health Programme	Franziska Fürst	Team Leader	Sanepa
	24.	GIZ Civil Peace Service	Svenja Schmelcher	Program Coordinator	Sanepa
	25.	GIZ INCLUDE	Victor Linden	Advisor	Jawlakhel
	26.	GIZ INCLUDE	Roshan Shrestha	Advisor	Jawlakhel
	27.	GIZ Trade Promotion Programme	Lila Dhar Adhikari	Advisor	Jawlakhel
	28.	International Labour Organisation (ILO)	Bina Thapa	Programme Officer	Nayabato Ph: 9851153703
	29.	International Organisation for Migration (IOM)	Pravina Gurung	National Programme Officer	Baluwatar Ph: 4426250
	30.	Swiss Agency for Development and Cooperation (SDC)	Barbara Weyermann	Migration Advisor	Ekantakuna Ph: 9803442561
	31.	UN Women	Saru Joshi Shrestha	Regional Programme Manager for Migration	Thapathali Ph: 9851012262
	32.	International Centre for Integrated Mountain Development (ICIMOD)	Soumyadeep Banerjee	Migration and Population Specialist	Dhapakhel, Lalitpur Ph: 9849364065, 5003299, 5003277
	33.	Employment Fund (HELVETAS-implemented programme of the Govt and SDC)	Komal Bhatta	Communications Officer	Jawalakhel Ph: 5000209, 5000226
Private Sector, Academia, Regional Organisations	34.	SAARC: Trade and Economic Development Division	Subash Chandra Sharma		Thamel Ph: 4221785, 4226350, 423134, 4221411
	35.	Asia Foundation	Shareen Tuladhar	Sr Researcher	Bhat Bhateni
	36.	Amnesty International	Rameshwar Nepal	Director	Balaju, Ktm Ph: 4364706, 4365431
	37.	General Federation of Nepalese Trade Unions (GEFONT)	Bishnu Rimal	President	Manmohan Labour Building, Putalisadak Ph: 9851059033, 4168000

38.	SAWTEE	Ratnakar Adhikari	Executive Director	Gairidhara Ph: 4444438, 4424360
39.	SAWTEE	Posh Raj Pandey	Executive Chairman	Gairidhara Ph: 4444438, 4424360
40.	FNCCI - Employer's Council	Yagyaman Shakya	Deputy Director	Ph: 4262061
41.	Pardesi Overseas Services Pvt. Ltd	Mohan Nembang	Director	Battisputali Ph: 9851017557
42.	Destiny Placement Services	Parvati Rai	Public Relations Manager	Baneshwor

6.10. Presentation of first results to GIZ Nepal and German Embassy



Centre for International Migration and Development
a joint operation of GIZ and the German Federal Employment Agency



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Migration Analysis Nepal

presentation of first results for discussion



September 20, 2013

Stephanie Deubler
(CIM Sector Project Migration and Development)

Andrea Spear
(Independent Adviser)

Bandita Sijapati, Amrita Limbu, Himalaya Kharel
(Centre for the Study of Labour and Mobility (CESLAM)/ Social Science Baha)




Centre for International Migration and Development
a joint operation of GIZ and the German Federal Employment Agency



Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Purpose and Objectives of the Analysis

- Identification of **potential areas** of migration in Nepal with linkages to INCLUDE and TPP
- Assessment of **risks and opportunities** to tap into the topic of migration for both programs
- Development of program-specific **recommendations** on the implementation of the main findings into the program frameworks
- Identify **general opportunities** for the German Development Cooperation to engage in the topic of migration in Nepal



Methodology

- Desk research
- Kathmandu
 - Approx. 40 interviews with key stakeholders
 - 1 focus group discussion with 5 NGOs
- Field visits to Pyuthan and Dang
 - 10 interviews with key stakeholders per district
 - 3 focus group discussions per district
- Field visits to Banke, Kailali, Surkhet – **SCHEDULED for next week**
 - 10 more interviews per district
 - 3–4 more focus group discussions per district

20/09/2013

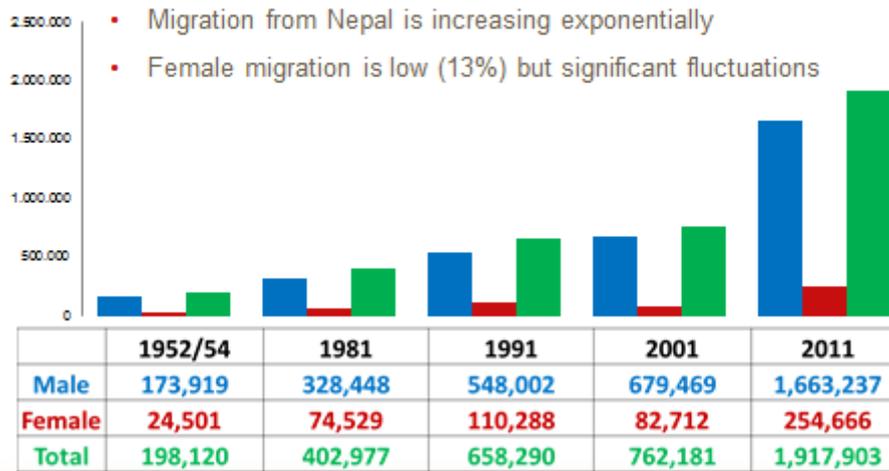
Page 3



Migration Facts and Figures (Nation-wide)

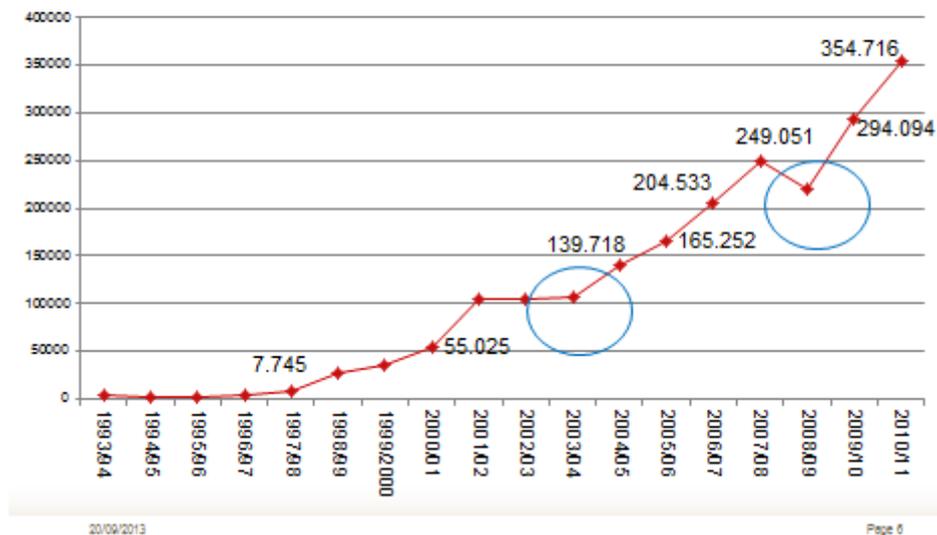
Page 4

Nepal: Absentee Population



Source: Central Bureau of Statistics, National Censuses, 1952/54, 1981, 1991, 2001, 2011

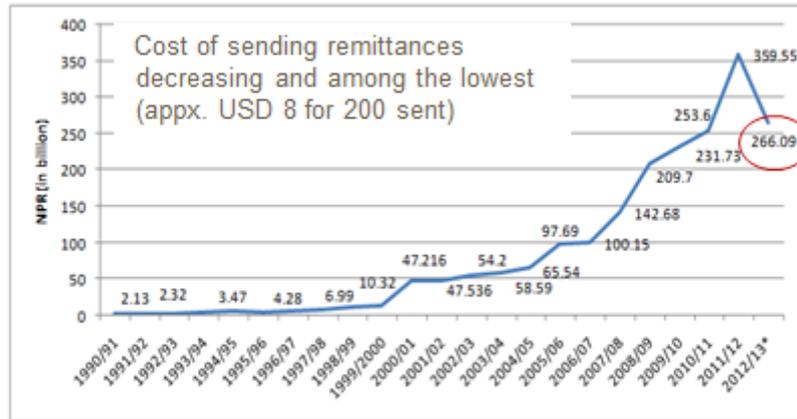
Labour Permits Issued by the Government (excl. India)



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Workers' Remittances over the Years (billion NPR)

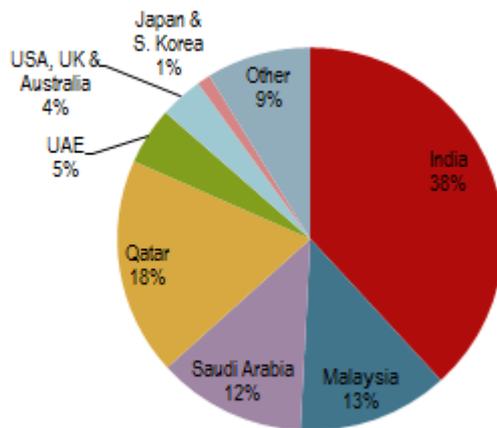


* 2012/13: The data is only for the first eight months of the fiscal year

Source: Nepal Rastra Bank and Ministry of Finance

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Major Destinations for Migrant Workers



- India remains the top destination followed by Qatar, Malaysia and Saudi Arabia

Source: Nepal Living Standard Survey 2010/11

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Main Findings (Nation-wide)

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Findings (national level) 1/2

Comprehensive analysis is needed to:

- assess basic data such as key skills and employment demand trends in Nepal and abroad; the national skills base; and return migrants' acquired skills.
- help government and the private sector match existing skills to market requirements, giving people more options.
- clarify where attention should be focused to give people marketable skills for the future, allowing them to move up the value chain, satisfy labour market needs at home and abroad, and earn higher salaries.

The overall aim should be to maximise the positive economic and trade impacts of migration (eg, remittances, poverty reduction, skills acquisition, capital); and mitigate the negative impacts, such as labour shortages, hollowing out of regions, etc.

The analysis and strategic thinking would be immediately applicable to Nepal's ongoing negotiations on bilateral labour arrangements with Malaysia, Kuwait, Lebanon, Israel and Saudi Arabia

It would also be applicable to at least two of GIZ's current activities: Trade Promotion Programme and INCLUDE.

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Findings (national level) 2/2

- Importance of migration to **India** (not captured in official DoFE data)
 - Few policies; no support programs; remittances mostly unrecorded (informal channels)
- Positive economic impacts of remittances
- Few government policies for returnees; donors/NGOs mainly focus on pre-departure and safe migration
- Difficult re-integration (especially labor market) due to no /not enough / not the right skills acquired
- High re-migration rates
- Insufficient planning for return, savings, investment

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Recommendations – General & Trade Promotion Program

- GIZ consider commissioning basic analysis to document demand trends and skills bases.
- GIZ strengthen the Ministry of Commerce and Supplies' WTO Services negotiating capacity, advocacy and coalition-building capacity in areas relating to labour mobility and financial services (remittance-related transaction costs, financial institution market access)
- GIZ assist Nepal to finalise its Services Offer for the SAARC Free Trade Area (SAFTA) Commerce Ministers Meeting in February 2014
- GIZ assist Nepal to strategically target potential Free Trade Agreement partners among major migrant destinations, with the aim of negotiating comprehensive labour mobility chapters
- GIZ assist Nepal, where possible, to improve bilateral labour arrangements
- Because virtually all 8 SAARC members have migrant workers in the same destination countries, Nepal, with GIZ support, could take a leading role in activating a SAARC advocacy bloc to pursue core common interests.

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Recommendations – Trade Promotion Program

Labour “Exports”

Ways to move ‘labour exports’ up the value chain:

- Analyse national and overseas demand trends, national skills base, returnees’ potential skills base, etc, to develop a strategic approach
- Build on developing support in infrastructure and awareness. Interventions should be strategically ‘thought through’, coordinated and organised for maximum impact.
- Achieve a few high-profile ‘quick wins’ and appoint champions to motivate
- Develop a ‘value system’, strategically incorporating the ‘labour value chain’ into GIZ priority products value chains
- Identify how skills upgrading will enhance product value-added and return on investment.

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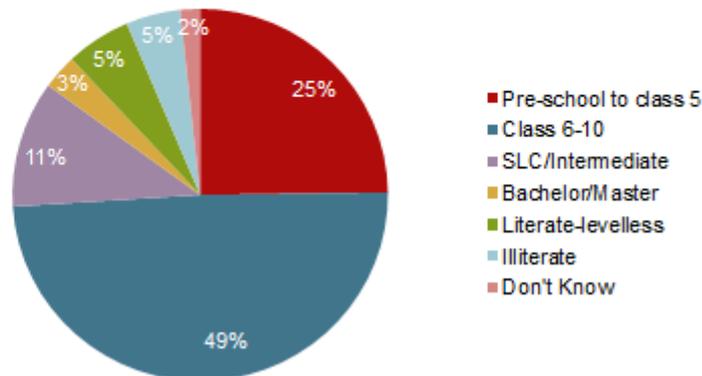


Migration Facts and Figures (district level)

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Highest Education Level Completed by Migrants

- 35 per cent are either illiterate or 'near illiterate'
- 14 percent have completed SLC and above

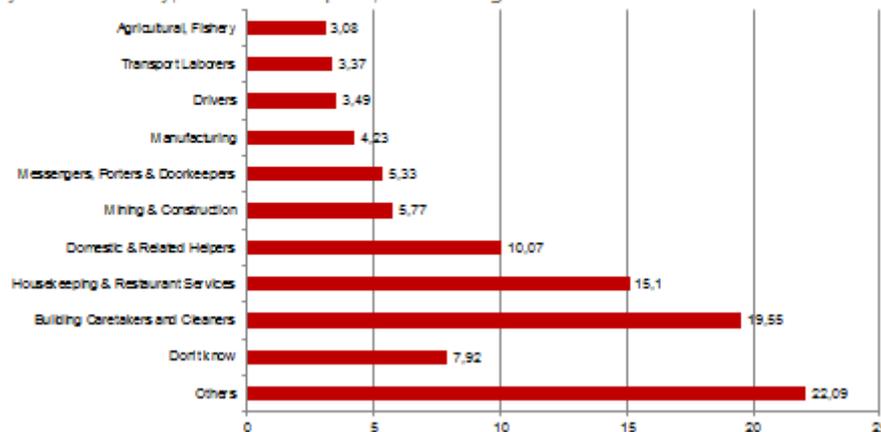


Source: Nepal Living Standards Survey 2010/11

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Sectors of Employment

Almost 20% work as 'building caretakers, windows and related cleaners,' followed by hotel industry, domestic helpers, and mining and construction.

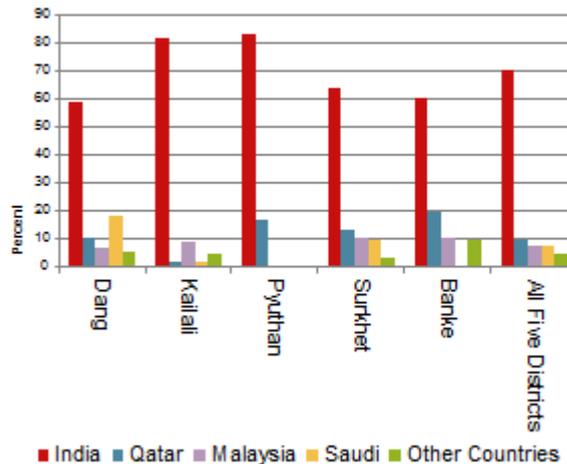


Source: Nepal Living Standards Survey 2010/11

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Migrant Workers and their Destinations

- Percentage of female migrants is extremely low (2.4% for 5 districts), and limited mostly to Dang (5.7%) and Kailali (1.9%)
- Most favored destination amongst migrant workers is India followed by Qatar and Malaysia
- A higher percentage of migrants from Pyuthan and Kailali are in India

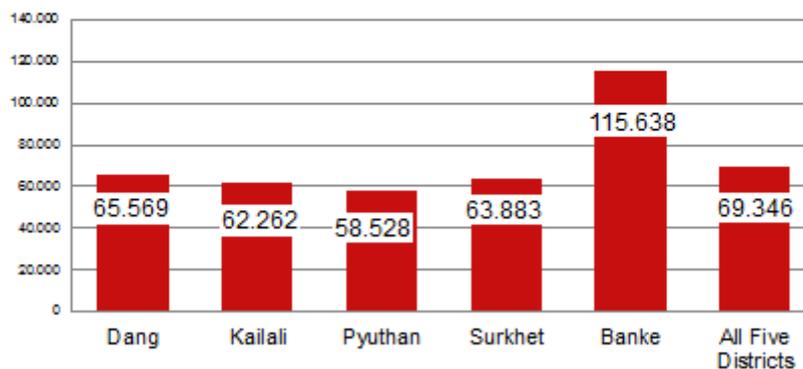


Source: Nepal Living Standards Survey 2010/11

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Avg. Annual Remittance Per Migrant Worker

- Average annual remittance per migrant worker is appx. 70,000 (USD 700)
- Banke receives the highest amount per migrant worker (USD 1,160)



Source: Nepal Living Standards Survey 2010/11

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Main Findings (district level)

**→ will be included in report;
so far information only
available for 2 out of 5
districts**

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Recommendations – GIZ INCLUDE Program

- Do not consider returnees as a specific target group in the program

- Promote „labor value chain“
 - migrants in general are target group
 - Follow INCLUDE's approach of value chain promotion
 - Based on national strategies (MoCS; MoLE)
 - Links TPP and INCLUDE
 - Identify core partners to „add value“ (raise skills)
 - Promote financial literacy

- Support donor coordination in the field of migration

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Recommendations – Portfolio German Dev. Cooperation (1/2)

- **Health**
 - Pre-departure information on HIV/AIDS prevention; health issues
 - Could be linked to labor value chain approach
 - HIV/AIDS and other infectious diseases among returnees
 - Insurance scheme through Foreign Employment Welfare Fund (FEWF)
- **Peace**
 - Potential to apply approaches and experiences in terms of reintegration into INCLUDE
 - Focus group discussions in INCLUDE districts with ex-combatants (= target group of STPP) – does migration play a role?

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Recommendations – Portfolio German Dev. Cooperation (2/2)

Support development of tourism value chain

- **Potential levels of intervention**
 - Target non-resident Nepalis (NRN)
 - Returnees
 - Include migrants' families → create additional income options (e.g. homestays, handicraft etc.)
- **Potential for cooperation**
 - NGOs such as „Migrants Centers“ offer already activities for returnees (e.g. trainings for guides etc.) specifically for the tourism sector

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6.11. Summary of discussion of first results with GIZ Nepal and German Embassy

Participants

- Team migration mission:
 - Bandita Sijapati (CESLAM Social Science Baha)
 - Amrita Limbu (CESLAM Social Science Baha)
 - Himalaya Kharel (CESLAM Social Science Baha)
 - Andrea Spear (independent advisor on trade)
 - Stephanie Deubler (CIM Sector Project Migration and Development)
- Dirk Steffes-enn (First Secretary / Deputy Head of Development Cooperation, German Embassy Kathmandu)
- Jacqueline Groth (German Embassy)
- Roland Steurer (GIZ Country Director)
- Ellen Kallinowsky (GIZ, Head of INCLUDE and TPP)
- Roshan Shrestha (GIZ INCLUDE)
- Victor Linden (GIZ INCLUDE)
- Shusmita Malla (CIM advisor migration and diaspora)
- Manfred Seebauer (GIZ, Chief Technical Advisor Regional Natural Resource Management in the Hindukush/Himalayas (ICIMOD) / Kailash Sacred Landscape Conservation and Development Initiative (KSLCDI))
- Ramesh Baral (GIZ Health Program)

Reactions, Questions and Comments

Mr. Seebauer had an additional remark to Nepalese migration to India – he agrees that these migrants are very difficult to reach, not only because they are not captured in official data but also because they are not concentrated in a few specific areas but you find them all over the country; often times are well integrated into the Indian society as well.

- ➔ This is one of the reasons why the mission recommends to look at the entire labor value-chain in Nepal and *not* to single out specific groups (even though migration to India is extremely important in terms of numbers for the five INCLUDE districts).

Mr. Steurer is especially interested to find out more about other actors in the field of migration in Nepal and especially their experiences so far. This information will be very relevant for any potential further engagement of GIZ in this field.

- ➔ The mission is currently working on a matrix showing the different donors/organizations and different fields they are active in order to identify potential gaps where GIZ could contribute in

the future. Moreover, so far it has become clear that there are many actors, however their interventions are limited both in thematic and geographic scope. The main fields of activity are pre-departure/safe migration and remittances. What will be interesting in the future is to show how these aspects are linked! Also, so far no one is active in terms of advising the national government and a clear strategy is lacking as well.

Mr. Steffes-enn enquired about the potential markets for skilled labor from Nepal – could there be any? Isn't the international competition too strong? Isn't Nepal too late already to shift from unskilled to skilled labor?

- ➔ This is one of the reasons why the mission suggests to conduct an analysis as preparatory work for any potential intervention in terms of labor value-chain promotion. This analysis will analyze the skills base in Nepal and its potential as well as the current major countries of destinations and potential upcoming markets for skilled Nepalese labor. Moreover, one has to take into consideration that there two potential aspects: first, there is *quality labor* i.e. that low-skilled laborers (domestic workers, cooks etc.) are being trained/qualified so that they can provide qualitatively better work in their field (e.g. this is what happened in the Philippines) and *skilled labor* which actually demands different/higher skills. In general, a strategic government approach is lacking so far.

Mr. Steurer requested more concrete details what potential interventions could look like.

- ➔ In terms of TPP, the mission suggests to support Nepal in bilateral trade negotiations on the topic of labor migration. Many free trade agreements these days have chapters on labor mobility and so far, Nepal has not made use of this option which could enhance the protection of migrant workers but also contribute to positive effects of migration by e.g. building in provisions on costs of remittances etc. For this kind of support, GIZ would have to ask for the mandate within the NTIS to advise the government on labor migration issues and to take up a fourth focus product mention in the NTIS (labor services). Taking up the support of the labor value-chain in the framework of INCLUDE would require additional funding as the program would mainly focus on identifying partners which would be supported in the implementation of specific activities along this value chain. These could be e.g. returnees networks, recruitment agencies, financial cooperatives (e.g. offering services such as financial literacy courses etc.).

Based on general interest of further exploring the topic of migration in the context of German Development Cooperation in Nepal, the following next steps were concluded by Mr. Steurer and the representatives of the German Embassy:

- 1) Based on the German Embassy's agreement, Mrs. Kallinowsky and the TPP team will approach the MoCS on this new topic and signal that Germany would like to support the Nepalese government in the promotion of the product "labor services" of the NTIS. Based on this first contact, a memorandum of understanding shall be discussed and signed. Moreover,

German Development Cooperation shall communicate within the donor community its motivation and ownership in terms of this topic.

- 2) The mission report will follow at the end of October 2013 and will serve as basis for further discussions among BMZ, the Embassy and GIZ.
- 3) The mission will support GIZ Nepal in developing terms of reference for the planned analysis on quality/skilled labor exports.
- 4) GIZ shall proactively start coordinating with other donors (NB: so far, there is an informal coordination structure among the UN agencies active in the field of migration joined by SDC, the EC and IOM. There is *no* formal coordination structure – including the government and other partners – in place).
- 5) These steps will be accompanied throughout by internal (embassy, BMZ, GIZ) discussions how to further pursue this topic.

6.12. Terms of Reference for a Migration Analysis in Nepal (Sep. 2013)

Background

The idea of a migration analysis in Nepal has been around for quite some time: not only is the country very marked by internal and international migration but also there is a heightened interest also from the German Ministry for Economic Cooperation and Development (BMZ), in dealing with it in the framework of development cooperation. The bilateral programmes "Inclusive Development of the Economy" (INCLUDE) and "Trade Promotion" (TPP) are directly experiencing the effects of migration and thus consider adapting their activities accordingly. The sector project migration and development has already carried out a migration analysis in Kosovo and proposes to carry out a similar analysis focusing on the needs of the programmes' partner ministries in Nepal. CIM's programme for returning experts is very active in the country, and GIZ has regularly been in touch with the International Centre for Integrated Mountain Development (ICIMOD) on the issue of climate change and migration.

Overview of migration in context of Nepal

One of Nepal's major exports is labor, and most rural households now depend on at least one member's earnings from employment away from home and often from abroad. The country has a long history of foreign employment in India, dating back to the beginning of the 19th century, when men from the hill areas of what was then known as Gorkha migrated westwards to the city of Lahore in the northern region of Punjab. There they joined up as soldiers in the army of the Sikh Rajah, Ranjit Singh. Even today, those working abroad are popularly known as "lahures." After a war in the Gorkha area with the British East India Company (1814-1816), an increasing number of "Gurkhas" (mostly, but not exclusively from present-day Nepal) also joined the British army in India, starting a tradition that continues today. Foreign labor migration from Nepal is still largely a privately organized affair in which individuals make use of their own personal networks or make arrangements through a number of private, government-registered manpower or recruitment agencies. The Labour Act of 1985 has facilitated arrangements for Nepalese migration to about a dozen specified countries, but the government has failed to develop a coherent labour export policy.⁵⁰ In the last decade, foreign labour migration has become a major feature of Nepal's economy and society. From the late 1980s onwards, Nepalese began to migrate in significant numbers eastwards to Southeast Asia and the Far East and, from the mid-1990s onwards, westwards to the Gulf countries. In February 2001, the Malaysian government officially "opened" its labor market to Nepalese workers. Within six months, over 12,000 labour migrants had left for Malaysia, and a year later Malaysia was hosting some 85,000 Nepalese migrant workers. The recent economic survey conducted by the Ministry of Finance (MoF) has shown that approximately 3,000,000 Nepalese migrants work in overseas mainly in the Middle East, East Asia, and Southeast Asia. About five percent of these are women. Malaysia has been the first choice of the Nepali migrant workers for foreign employment during fiscal year 2011/12. Around 773,940 Nepali migrant workers work in Malaysia. Similarly, Qatar has been the second choice as 690,395

⁵⁰ <http://www.migrationinformation.org/USfocus/display.cfm?ID=277>

migrant workers work here. The third largest number (492,896) of migrant workers work in Saudi Arabia and the fourth largest number (313,461) work in United Arab Emirates. At least another 700,000 migrant workers are working in the private and 250,000 in the public sector in India.

Current migration facts of Nepal in the context of INCLUDE and TPP work areas:

- According to the recent financial survey (2012/13) of **Ministry of Finance (MoF)**, Nepalese migrants sent **4.084 billion US\$ remittance** back home to their families in Nepal; transfers sent via informal channels are not included in this number and are likely to achieve an additional very high amount. Remittances contribute first and foremost to household income and thus reduce poverty.
- The **Ministry of Commerce and Supplies (MoCS)** has adopted the current **Nepal Trade Integration Strategy (NTIS)** in 2010. The NTIS names “labour services” as one of 19 priority export sectors for the country. Amongst other issues, it suggests improving consular services abroad, launching new training programmes for migrants, monitoring existing training centres, simplification of departure procedures, increasing the access of Nepalese women to migration, improving channels for remittances and negotiation of bilateral labour agreements. This is an approach which has been pursued in other countries such as Vietnam and the Philippines. The strategy thus formulates the ambition to set a policy framework that puts leverage on the development impact of migration in Nepal. This needs further analysis. In particular, the link to the debate on GATS/Mode 4 and the liberalization of trade in services needs to be strengthened.
- Following experiences gathered by the German Development Cooperation in other contexts, the **Ministry of Industry (Mol)** in Nepal might want to consider the so far largely untapped potential of returnees for increasing innovation, productivity and competitiveness in Nepal. Migrants can have an **important influence on value chains**, either as entrepreneurs, investors or consumers, depending on their migration experiences, levels of education, skills and resources.
- The **Ministry of Labour and Employment (MoLE)**, established in 1985, is the responsible authority for migration. Its Department of Foreign Employment, established in 2008, is responsible to issue work permits, provide licenses, and manage litigations. Additionally, under the Ministry, the Foreign Employment Promotion Board (FEPB) was established in 2008 as Act of the parliament.
- The FEPB is responsible for managing the **Migrants Welfare Fund** which amounts to about 18 Million Dollars. The fund should be used for the welfare and rescue of migrants, but is **heavily underutilized** and the capacity for fund management requires strengthening.
- Each registered international migrant (between 1,000 - 1,500 new migrants per day) needs to go through a **pre-departure orientation** and should contribute NRS 1,000 (approx. 9 EUR) to the Migrants' Welfare Fund.

Programs to be analysed

While the analysis will identify potential areas for technical support and engagement in general, two specific programmes will be analysed on their potential for inclusion of migration issues in more detail:

1) Inclusive Development of the Economy (INCLUDE)

The overall objective of the programme is the improvement of framework conditions for socially inclusive economic development in selected districts. More specifically, the programme focuses on the promotion of local capacities for enterprise-development; the development of selected value chains and the facilitation of public-private-dialogue on economic development and social inclusion. Target groups are job seekers, employees and owners of MSMEs and cooperatives in the target districts, particularly from disadvantaged groups such as marginalized ethnic groups, lower castes, women and unemployed youth.

These fields of activities offer entry points for the topic of migration on several levels; for example, migrants and returnees can contribute to the development of specific value chains through knowledge- and technology-transfer but also with their networks and contacts in different countries. On the other side, migration can create labour force scarcity, which might create disturbance in the development of an inclusive economy. In terms of SME-development, migrants might be interested to create business upon their return to Nepal or also contribute business and market know-how acquired abroad to Nepalese business promotion agencies. For this, concrete profiles (education level, income level, vocational experience and future ambitions) of the migrants from within the programme districts need to be developed and analysed.

Thus, the study also analyse ongoing, potential and planned project activities and will identify potential concrete suggestions how returnees, migrants and their families might be included in programme-activities. Topics to be looked at will also be e.g. productive use of remittances, increased competitiveness, access to finance, financial literacy etc.

Apart from a more national perspective, the study will capture in detail district specific migration conditions in the INCLUDE target districts Banke, Dang, Kailali, Pyuthan and Surkhet.

2) Trade Promotion

The Trade Promotion Programme's main objective is the better implementation of the National Trade Integration Strategy (NTIS) by the government and the private sector. The NTIS lists 19 priority export products – number 14 is "labour services". Although the number of migrants is already high, labour services is still considered as an export product with a significant growth potential, both in quality and quantity. In terms of quality, new approaches have to be identified to increase its benefit for an inclusive development. Therefore, the focus of the study will be to analyse the potential (e.g. remittances, productive use of remittances (specifically for investments in the export sector), brain gain and its benefits for the export sector) and risks (e.g. brain drain, lack of clear policies on manpower companies, dependence on the economic situation and immigration policies of receiving

countries) of labour exports for inclusive development and hereby also take into consideration experiences from other countries such as the Philippines or Vietnam. Moreover, the mission will identify potential next steps for the preparation of a proposal for the Enhanced Integrated Framework (EIF), if applicable, and analyse modes and potentials of how to incorporate labour export as an (own) working area within TPP structure.

Proposed approach

The aim of the migration analysis is to identify potential areas of migration in Nepal with linkages to INCLUDE and TPP, assess risks and opportunities for both programmes to tap into these migration areas and develop programme-specific recommendations (e.g. suggestions for strategy, activities, indicators, partners) on how to incorporate and implement the main findings of the migration analysis into the framework of INCLUDE and TP Programmes. Additionally, the study will explore on general opportunities for German Development Cooperation (beyond INCLUDE/TPP) to engage in the topic of migration in Nepal.

If required, the Sector Project can give additional support for implementing the report's recommendations in the bilateral programmes.

- 2) **Until end of August 2013:** Preparation of a short input paper by the Sector Project on the linkages between trade and migration in Nepal as initial contribution to the current discussion.
- 3) **September 2013:** Fact finding mission by the Sector Project in Nepal:

Team: one member of the Sector Project (Stephanie Deubler - 2 weeks), one international/local expert on trade and migration (N.N. - 3 weeks), additional local expertise if required

Methods:

- **Analysis of the Policy and Institutional Environment (CW Tool 1/2 or 2/7)** concerning migration in Nepal
- **Policy Field Analysis Review (CW Tool 5/1)**, based on the [Sector Project guidelines on migration policy](#), looking at already existing government programmes on labour migration, return, remittances and social costs of migration
- **Interviews with national and district stakeholders** in Nepal (e.g. FEPB, ...) on their
 - o Priorities
 - o existing offers for potential migrants
 - o existing offers for returnees
 - o existing offers for migrants' families
 - o needs
- **Interviews with development stakeholders** in Nepal (German Embassy, GIZ country director and/or portfolio manager, heads of bilateral programmes where relevant and possible, international organisations, ...)

- **Focus group discussions** with potential migrants and returnees (if feasible) on their needs
- Development of **recommendations, based – but not limited - on tools and instruments developed by the Sector Project** (e.g. [MITOS](#), [FReDI](#), guidelines on [migration and value chains](#), [remittances](#) and etc.) **and the practical experience of CIM** (e.g. Programme of Returning Experts, Programme “Migrants as Entrepreneurs” etc.).
- **Suggestions for migration-related strategies (including activities, indicators and partners)** for the new phases of the bilateral programmes INCLUDE and Trade support.
- **Discussions of results** with GIZ office, INCLUDE and TPP, making use of **Capacity Works Tool 1/5 “Consultancy Strategies in Capacity Development”**
- **If required, consultation meeting with government actors**, organized by GIZ country office and Sector Project, presentation of first results of the migration analysis.

4) **Until end of October 2013:** Finalisation of the mission report.

Deliverables:

- one short **input paper** on the linkages between trade and migration
- one **written report** with three chapters, one for INCLUDE, one referring to TPP, and one for German Development Cooperation (GDC) in general, containing
 - o Concrete options to work on migration-related topics in the respective programme context, including identification of working areas, risks and opportunities analysis as well as concrete recommendations (strategy, activities, partners etc.) **[both programmes]**
 - o an analysis of already ongoing project activities where migrants/returnees/migrants’ families could be included as specific target group **[INCLUDE programme]**
 - o specific analysis of migration issues in the districts Banke, Dang, Kailali, Pyuthan and Surkhet (e.g. reach out of national programmes and services, trade-off between remittances and labour shortage, temporary migration to India, corruption and mishandling at the border to India) **[INCLUDE programme]**
 - o an analysis of the potentials of the export of labour services for inclusive development in the context of the NTIS, including recommendations on how to promote a) remittances for investments and b) the expertise of returnees for the development of the export sector **[trade promotion programme]**
 - o potential next steps aiming at the development of an EIF – Proposal will be taken into consideration and if applicable, included in the report **[trade promotion programme]**
 - o an analysis on general opportunities for German Development Cooperation (beyond INCLUDE/TPP) to engage in the topic of migration in Nepal **[GDC]**
 - o reference to specific partners, strategies **[both programmes and GDC]**
 - o cost/impact-analysis for all suggested options **[both programmes and GDC]**
 - o all suggested options will contain references to contributions to the programmes’ indicators **[both programmes and GDC]**