

This paper presents Nepal's labour emigration policies and practices and proposes recommendations for better governance.

1 Background

Thirty per cent of Nepal's GDP comes from remittances from temporary labour migration programs to the Gulf Cooperation States (GCC), South East Asian countries and India. The vast majority of Nepali migrant workers are unskilled with limited educational achievement (58% of migrants have stopped their schooling at primary or secondary levels and only 10% of migrants have a technical training certificate¹.) This matches the current demand in countries of destination (CoD) which is largely for unskilled labour (74% of permits issued in 2014 were for unskilled labourers) and this trend is likely to continue. Like is typically the case of temporary migration programs, labour migration for Nepalis is mostly to countries that place high restrictions on migrants rights (Ruhs, 2013).

The cost of migration, although regulated by law at a maximum of about 800 USD, is recorded to be over 1,000 USD per migrant. Mean capital annual income in Nepal is 416 USD, which leads migrants to borrow money at high interest rates (reported at an average of 30%) making the "return on investment" for the sending family slow. On top of the cost, the process for obtaining the necessary permits and travel documents is extremely cumbersome and lengthy (just the labour permit takes three months). The opportunities for bribery are numerous because of the number of steps and interlocutors in the process.

In terms of governance, Nepal and the CoD for Nepali migrants have not signed the CMW, the ILO Convention 97 and ILO convention 143. Bilateral agreements have been signed with four countries. Essentially, migration in Nepal is regulated and administered domestically through the Foreign Employment Act and Rules, the Department for Foreign Employment at the Ministry of Labour and the Foreign Employment Board (Sijapati, B.; Limbu A.; 2012). The Act and Rules have been regularly revised to adapt and improve the mechanisms to protect migrants but still lag behind in their ability to place the State and its partners as reliable service providers within a solid rights framework for its migrants².

Noting the importance of integrating migration as part of domestic labour and development policies, Nepal has made little progress in articulating migration further as a socio-economic opportunity in its plans and policies. Although the Labour & Employment Policy and the Foreign Employment Policy both state as an objective the need to develop a trained and skilled labour force for migration, the services offered to this effect are insufficient (Sijapati B., 2014). Moreover no other ministry has taken seriously the issue of migration as part of its policy objectives (notably the Ministry of

¹ All data in this section is taken from Sijapati, B.; Bhattarai, A.; Pathak, D., GIZ-ILO, 2015

² See Report by the Special UN Rapporteur for the Human Rights of Migrants

Education for skills enhancement or the Ministry of Commerce and Supplies for management of remittances). Nepal's economy is not performing especially well in comparison with other Asian countries (3.9% average in the last decade). Labour migration certainly helps in equalising the supply pressure on the labour market and contributes significantly to GDP. But this remains fragile, as the economy is more susceptible to external shocks or to Dutch Disease. And so far, it has not led, and has maybe even discouraged investments in public services and in productive domestic employment sectors on behalf of government (Sijapati, 2012).

2 Recommendations

The landscape for migration in Nepal points to laudable yet disappointing government initiatives to protect migrants, to benefit to the best potential from the outcomes of migration for development and to diversify economic strategies. In this context, three key recommendations can be made:

1. Improve the management of the migration cycle at recruitment, employment and return phases with a greater emphasis on informed choice and protection.

The initial phase of recruitment both in CoD and in Nepal is largely unregulated (purchase of quotas to employers in CoD by recruitment agencies and use of unregistered³ agents in Nepal, estimated to be 80,000 across the country). A better governance of this initial phase would limit human and financial costs for migrants (CESLAM, 2014 (1)).

Then, the cumbersome nature of the recruitment and approval processes for migrants leads many migrants and agencies to use illegal means and channels to migrate, defeating the point of the legal framework aimed at better protecting migrants (Cerna, 2012, Castels, 2006). Decentralisation to districts of offices involved in migration would greatly help in this respect. Better regulation and enforcement of the workings of recruitment agencies would limit the risk of exploitation.

Although the placement of labour attachés in eight CoD has improved the protection of migrants who face consular issues, better governance in CoD has contributed more to welfare of migrants than any significant advancement at the initiative of the Government of Nepal (GoN). Even the bilateral agreements that have been signed with CoD only superficially address the range of needs and rights needed for the welfare of migrants. Nepal is generally reluctant to engage frontally when migrants rights are denied (Sijapati, B.; Limbu A.2012). The Foreign employment tribunal deals with fraud only and the Foreign Employment Board compensates for death and mutilation but there is no investigation into what caused death or mutilation, whilst the Foreign Employment Fund is largely underutilised. Therefore, as many migrants experience rights abuses in Nepal and in CoD, the Ministries of Home Affair and Foreign Affairs should both improve redress mechanisms for these cases. Moreover, consultations with the Ministry of Women,

³ Legally agents must registered with the department of labour, but less than 500 actually are.

Children and Social Welfare would allow a better understanding of the protection needs of families staying back, of female migrant workers and of returning migrants. The foreign employment act and rules should be amended to better include protection issues, to address serious harm and exploitation, debt bondage and abuse all common to migration experience in Nepal. (CESLAM, 2014 (3)).

Migration remains largely discriminatory, with only 4% of women engaged in migration and a number of restrictions (aimed at protection from abuse) for women migration have been imposed by law. This makes them more vulnerable to illegal migration to India. A better mechanism to respond to the specific needs of female migrants should be put in place

Common to all these issues is the question of whether families are truly able to make an informed choice about the true human and financial costs and benefits and risks in the migration pathway. The pre-departure training recently introduced has helped in providing information once departure is confirmed, but it is recommended that more and better information is provided to a wider population and at different stages in the cycle.

2. Explicitly spell out a development strategy for the use of remittances and the diversification of the economy.

There are 2 entry points on this matter – making the migration cycle more cost-effective and integrating migration into a development strategy alongside overseas development assistance, mega-infrastructure development and other labour-driven economic projects (de Haas, 2012).

The poor governance of the migration cycle as argued above involves human and financial costs. Financial costs need to be reduced to increase real gains from migration both at individual and institutional levels. At a pace of 12% yearly increase of issuance of work permits, it is high time that the government makes the right investments to streamline the processes. This would demonstrate that it is seriously committed to putting migration at the heart of its development policy as opposed to only “administer” migration. This implies providing more resources to agencies involved in migration.

GCC labour migration trends are driven by a shortage approach. Although vulnerable to shocks, this trend will continue in the medium term, as GCC populations do not want to do these jobs (Cerna, 2012). This means that GoN can rely on this source of income but must work on a transition, on a strategy to anticipate the effects of shocks and on a rationalisation of the benefits of labour migration. Private-public partnership would foster a better use of remittances and of the skills of returning migrants. Local government, guided by a clear national strategy, should create decent employment opportunities for those who return and in order to give a real choice to those who stay. Focusing on employment-centred growth will require supporting productive sectors such as agriculture, manufacturing and tourism (Sijapati, 2014). A better analysis of how remittances contribute to the local economy and to district development, especially with

regards to the demand of public services, is recommend to further encouraged harnessing the benefits of remittances, beyond simply stimulating consumption.

3. Increase the competitiveness of Nepali migrants

Finally, Nepali workers have a good reputation in countries of destination but remain largely uncompetitive due the cost, time and restrictions linked to the migration process, as imposed by government. The skills training currently on offer in Nepal are seldom a criteria for employment by recruitment agencies, whilst other nationalities in CoD fare better because of their level of English or because of demonstrable skills. Nepal is therefore at risk of losing further competitiveness in the international labour market (Sijapati, 2012). To this respect, better linkages with the Ministry of Education would allow prospective and returning Nepali migrants to better harness migration opportunities. The ministry of Commerce and Supply, in connection with the Foreign Employment Board, should better understand labour market trends in CoD and thereby adapt skills training opportunities. The development of a common skills qualification framework with CoDs, either specific to Nepal or at regional level would greatly help in designing pertinent training curricula (such as is the case in the Philippines) (Gibson, McKenzie and Rohorua, 2014).

3 Conclusion

Any recommendation for improving governance in any sector in Nepal needs to take into consideration the structural inefficiencies of government, fraught by corruption and political inertia. A stronger civil society, possibly through collective action by prospective and former migrant workers would make the government more accountable to its population in a sector that has prospects for being more favourable to individual migrants and yet is the largest single contributor to Nepal's economic stability. A proper balance between the commodification of migrants and rights should lead to more rational policy making and policy implementation (Anderson &Blinder, 2013, Balch 2009).

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