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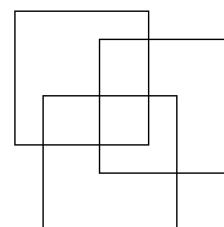
PROMOTING INFORMED POLICY DIALOGUE ON MIGRATION, REMITTANCE AND DEVELOPMENT IN NEPAL





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Foreword

Labour migration has become an intrinsic part of the lives of Nepalis. The latest census indicates that one in every four households has at least one member absent – living out of the country. The lack of employment opportunities has fuelled the out-migration trend. Taking the average reported growth rate of the working-age population, an additional 5 million people are expected to enter the Nepali labour market by 2025. These figures project a demographic trend of mounting pressure on the labour market as more youth prepare to take up jobs. We thus expect that foreign employment will remain an important alternative option for Nepali youth who are seeking, but not finding, suitable and decent local employment opportunities.

The growing trend of out-migration, of course, also generates substantial benefits for the country in the form of remittances as well as professional skills, experience and expertise gained during overseas employment, including the transfer of technologies. The volume of remittances received annually was calculated at close to 30 per cent of the country's total gross domestic product in 2012, making Nepal the third-largest recipient of remittance income (as a share of GDP) in the world.

Remittances have a significant impact at the household level because they allow migrants and their families an opportunity for increased income and a better standard of living. Income earned from foreign employment has reduced poverty by providing much-needed finances for household consumption, health care and education. Remittance income also has become an important socio-economic aspect for developing countries like Nepal.

Although there have been attempts to mainstream migration issues into planning instruments, such as the Government's periodic development plans and sector-based development plans, policies and laws primarily seek to govern labour migration. A clear strategy and roadmap for the effective use of remittances and skills would enhance the benefits of labour migration for Nepal, such as financial flows, technology transfer and entrepreneurship promotion, while mitigating the negative consequences. This report provides a quantitative and qualitative basis for the discussion by bringing forth findings from a survey of remittance-receiving households along with analysis of effective practices related to migration and development that were developed nationally and internationally.

This study was conducted under the International Labour Organization's European Union-funded South Asia Labour Migration Governance Project by the Institute for Integrated Development Studies in Nepal. I am grateful to the principal authors of this report, Ram Khadka and Shailie Rimal, together with Dr. Bishnu Dev Pant and the entire study team. I also thank Elaine McGregor and Julia Reinold from the United Nations University-MERIT and the Maastricht Graduate School of Governance, Maastricht University for the valuable contribution they have made to this report by drawing on relevant global discourses on migration and development. I would also like to mention the efforts of my ILO colleagues Anna Engblom, Bina Kunwar Thapa and Niyama Rai, who conceptualized and managed the study.

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Abbreviations

AAA-OEASP	Alliance of Asian Associations of Overseas Employment Service Providers
BRAC	Bangladesh Rural and Advancement Committee
CTEVT	Council for Technical Education and Vocational Training
DOFE	Department of Foreign Employment
FEPB	Foreign Employment Promotion Bond
FY	fiscal year
GCC	Gulf Cooperation Council
GDP	gross domestic product
GEFONT	General Federation of Nepalese Trade Unions
ILO	International Labour Organization
IOM	International Organization for Migration
LINKAPIL	Link for Philippine Development Program
MOFA	Ministry of Foreign Affairs
MOLE	Ministry of Labour and Employment
MTUC	Malaysian Trade Union Confederation
NGO	non-governmental organization
NLSS	National Living Standards Survey
NPC	National Planning Commission
NPR	Nepali rupees
OECD	Organization for Economic Cooperation Development
OWWA	Overseas Workers Welfare Administration
SAARC	South Asian Association of Regional Cooperation
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs



Executive Summary

Migration from Nepal is not a new phenomenon, but it has been on the increase in recent years, with the majority of flows consisting of low-skilled migrants moving to Malaysia or the Middle East for temporary work contracts in such fields as construction and domestic work. One of the more celebrated positive consequences of migration abroad is the level of workers' income remitted to the country. Nepal is heavily dependent on this remittance inflow, with money sent home representing almost a third of the gross domestic product (World Bank, 2016). By far, the remittance inflow exceeds other financial inflows, such as foreign direct investment and net official development assistance.

But an important global discussion regarding the complex relationship between migration and development is ongoing. Along with the positive, migration certainly has a hefty share of negative impacts on development at the micro, meso and macro levels. Simultaneously, development can lead to more migration.

To look at migration and development within the Nepali context, the International Labour Organization commissioned the Institute for Integrated Development Studies to investigate the complexities between the two dynamics. This report presents the findings of a survey conducted with 421 remittance-receiving households, six focus group discussions with 74 returnee migrants, eight informant interviews with relevant stakeholders and a mapping of good practices from across the world (all work conducted in 2015). The analysis of that material thus discusses possible ways that Nepal can maximize the positive developmental impacts of migration.

The study has several key findings:

- More than half of the migrants in the study went abroad through employment agencies and 36 per cent through agents. Government channels were used in just 1 per cent of cases.
- On average, a migration journey costs a migrant worker approximately 150,000 Nepali rupees (NPR), or \$1,372, which was more than the annual household income of NPR27,281 (\$1,165) in the 2010–11 fiscal year (FY) (CBS, 2011).
- Owing to the high costs (compared with average household income), an overwhelming majority of households (87 per cent) took a loan to finance the foreign employment journey.
- Four out of five migrants secured their loan from a local moneylender, friend or relative, some of whom charged higher interest rates than banks or finance companies.
- The average interest rate for a loan to finance migration was 35 per cent.
- The surveyed Nepali migrant workers earned an average of NPR29,927 (\$273) per month while abroad.

- At the lowest reported interest rate within the sample (13 per cent), it took at least six months to pay off the loan for migration, assuming no other costs. On average, however, it took migrants in the sample one year to pay off their loan for foreign employment. Therefore, high migration costs result in a significant share of initial remittance income being channelled into debt repayment.
- One in two migrants sent remittances every three months and one in five migrants sent money every month. The average amount remitted was NPR241,000 (\$2,205) in the 12 months prior to the survey.
- Most households used the remittances for household consumption (30 per cent) or loan repayment (29 per cent). Other expenditure categories, in descending order, were asset acquisition (24 per cent), savings (9 per cent), education (7 per cent), starting a new business (1 per cent) or expanding an existing business (1 per cent).
- Nearly one third of all households (30 per cent) were able to save some of their remittance income, at a median amount saved of NPR60,000 (\$558) in the current contract period.
- Approximately three quarters (73 per cent) of households that saved part of their remitted income deposited the money into a bank account or with a finance company. Given that more than half of the Nepali population has no bank account, there may be a correlation between having a bank account and savings.
- A higher percentage of households with female heads (at 36 per cent) saved at least some proportion of their remittance income, compared with male-headed households (at 27 per cent).
- Only 3 per cent of remittance-receiving households used their remittance income to establish a new business.
- Securing employment upon return was a reported difficulty by many returnee migrants, and many were unemployed at the time of the study.
- The main challenges upon return were identified as a mismatch between the skills acquired abroad and domestic needs and capacities and the inability to realize a business plan upon return. For example, inadequate infrastructure combined with inflation rendered seemingly good business plans unfeasible.
- Approximately one in three returnee migrants was considering remigration.

Based on this study, the main challenges limiting the positive development implications of migration in Nepal were identified as: (i) a limited banking network and a large proportion of an “unbanked” population; (ii) high levels of poverty, unemployment and illiteracy; (iii) poor and inadequate infrastructure; (iv) limited human capital; (v) high migration costs; and (vi) a lack of policy and institutional coherence on topics relevant to migration. These findings led to some important conclusions and recommendations.

Without addressing some of the major development challenges facing Nepal, efforts to channel remittances or mobilize diasporas will have limited to no impact if the general environment is not considered. While migration does offer development potential, it is important that attention to migration and development does not come at the expense of broader development goals

and complements rather replaces these efforts. Thus, government efforts to develop physical infrastructure (such as roads and electricity), combined with the development of education (for example, through an improved technical education and vocational training system) should underpin the more specific recommendations:

RECRUITMENT

- Explore ways of monitoring employment agencies and subagents and ensure that adherence to the industry code of conduct is enforceable.

MIGRATION COSTS

- Offer collateral-free loans to finance migration journeys overseas.
- Negotiate bilateral agreements similar to the Korean Employment Permit System, which has reduced migration costs in that scheme.

INFORMATION AND TRAINING

- Deliver financial literacy training that targets both migrants and their families.

PROTECTION

- Bilateral agreements can be used to stipulate minimum standards and standardized contracts.
- Assist the General Federation of Nepalese Trade Unions in the provision of support services to Nepali migrant workers through partnerships with consular services and the Department of Foreign Employment.

REMITTANCES

- Develop banking infrastructure, especially in rural areas of Nepal.
- Build confidence in banking systems by offering deposit insurance.
- Pilot incentives to encourage savings.

DIASPORA ENGAGEMENT

- Support diaspora networks to help unlock their potential to contribute to the development of Nepal by promoting foreign direct investment and trade, transferring new knowledge and skills and by stimulating entrepreneurship in Nepal.
- Encourage the temporary return of qualified nationals (such as university lecturers) to facilitate the transfer of knowledge.
- Evaluate the success of foreign employment bonds thus far, in terms of effective outreach as well as efficient use of the finances. Use the evaluation to develop an action plan that may include:

- i. better marketing and targeting; and
- ii. competitive interest rates.

RETURNED MIGRANT ENTREPRENEURSHIP

Investigate ways of facilitating returned-migrant entrepreneurship by:

- providing grants to help returned migrants secure a livelihood during the initial phase of a start-up business;
- offering cash-based awards to successful or promising entrepreneurs by private companies or NGOs;
- offering loans with little or no collateral requirement;
- offering loans at no or low interest rates, with strict eligibility criteria in the form of a viable business plan, adequate commitment and responsibility, and reasonable equity participation; and
- develop entrepreneurship training.



1 Introduction

In 2014, Nepal ranked 145 out of 188 countries on the Human Development Index, placing the country as one of the poorest in the world. This ranking reflects challenges in many dimensions of development. It is a landlocked country bordering China and India, with an estimated population of slightly more than 28 million (CIA, 2016). It is a predominantly agricultural country with a weak economy and a persistently high unemployment rate. Although in 2013 the average life expectancy at birth was almost 70 years, other indicators of the Human Development Index are not as favourable. In 2011, the literacy rate of adults aged 15 years or older was less than 60 per cent. This figure masks uneven gender distributions, with the male population having a significantly higher average literacy rate (at 72 per cent), compared with females (at 49 per cent). The country has a large poverty headcount ratio (25 per cent in 2011) and low gross domestic product (GDP) per capita (US\$702 in 2014). In 2013, gross national income was more than 2 trillion Nepali rupees (NPR) (\$19 billion). These outcomes are in part due to the country's poor physical infrastructure: Road density is among the lowest in the world (Srinivasan, 2012a), and electric power consumption, at 119 kWh, is the lowest in Asia (World Bank, 2012). Crippling electricity shortage has adversely affected the economy (not to mention adversely affecting quality of life) and stifled the manufacturing sector.

It is not surprising to see that imports exceed exports by far, at \$7,570 million, compared with \$975 million in 2014. In 2013, Nepal imported information and communication technology goods (4 per cent of total imports), food (19 per cent), fuel (20 per cent) and manufactured goods (53 per cent). In comparison, manufactured goods (69 per cent) and food (201 per cent) accounted for the largest shares of Nepali exports in 2013. These numbers suggest that Nepal depends to a certain extent on imported goods. It is particularly dependent on India, not only for imported goods but also the transport of those items. Most goods enter Nepal via India (IBRD and World Bank, 2016).

Within this context, migration has an important role in Nepal. The number of jobseekers leaving the country to find employment has increased significantly in recent years. Economic growth has not kept pace with a growing population, which in turn has led to chronic unemployment. To cope, many youths and workers have sought jobs abroad (Karoobar Daily, 2014).

One of the positive consequences of migration abroad is the return of income earned to the country. Nepal is heavily dependent on these remittance inflows. Remittance inflows far exceed other financial inflows, such as foreign direct investment and net official development assistance. At the macro level, the remittances represent a valuable source of foreign currency. At the household level, remittances reduce poverty by providing much-needed money for basic necessities, such as food, clothes, health care and children's education. Between 2005 and 2011, the poverty headcount in Nepal decreased by 4 per cent (from 29 to 25 per cent) (CBS, 2011).

Despite receiving billions of dollars in remitted income every year for more than a decade now, data from the third Nepal Living Standards Survey (NLSS III) shows that most of it goes towards consumption. Very little is saved or invested: 79 per cent covers consumption of basic household needs, and about 3 per cent is saved (CBS, 2011). Although the Government cannot dictate how households spend their private income, a higher level of savings could have a far-reaching and beneficial impact for development in the country. Nepal's poor and crumbling infrastructure (limited

road network, shortage of electricity and water scarcity) needs considerable investment to improve. This in turn could lead to a more positive investment climate within which foreign investors, along with members of the diaspora and/or returned migrants, may be more inclined to invest. Failure to recognize the potential positive impacts of migration on development and to address the barriers that limit the impacts creates many missed opportunities for Nepal.

The Institute for Integrated Development Studies, with support from the International Labour Organization (ILO), carried out this study to explore ways in which Nepal could better maximize the positive economic and social development impacts of migration. The report draws on 421 surveys with remittance-receiving households, six focus group discussions with returnee migrants, eight informant interviews with relevant stakeholders and a mapping of good practices from across the world to analyse the situation and propose recommendations for the Government to consider in managing the complex relationship between migration and development.¹

THEORETICAL BACKDROP

Migration can have positive and negative economic and human development impacts at the micro, meso and macro levels, depending on various interconnected contextual factors. Not only can migration impact development through remittances, diasporas and trade links, but it can directly improve the human development outcomes of migrants. However, evidence shows that “the extent to which migration can play a positive (or negative) role in social, economic and political change in origin countries fundamentally depends on more general development conditions” (de Haas, 2012, p. 16). In such countries as India and the Republic of Korea, “migration was not the factor that triggered development but, rather, that development enabled by structural political and economic reform unleashed the development potential of migration” (de Haas, 2012, p. 19).

According to Todaro (1992), economic development can be defined as improvements in the quality of life and freedom of choice of individuals and nations through greater availability of life-sustaining goods, more job opportunities, higher incomes, access to (enhanced) education and the acknowledgement of cultural values. “Development”, for the purpose of this research, is defined as the improvement in living standard through rising income and availability of basic and other services as well as expansion of opportunities. In local parlance, development is understood as building roads, bridges, expansion of electricity generation and transmission capacities, building hospitals, schools, colleges and universities, and a general improvement in quality of life. This understanding of development is shaped by Nepal’s context-poor and inadequate physical infrastructure, with a large chunk of population deprived of services that are taken for granted in prosperous countries. Adequate physical infrastructure is not only necessary for improving living standards but also for expansion and improvement of the economy. In fact, it is a prerequisite to expansion of economic opportunities.

There are various definitions of a migrant worker and remittances. For the purpose of this study, a “migrant” is defined as “a person who is engaged or has been engaged in a remunerated activity in a state of which he or she is not a national”.² Remittances are defined as “monies earned or acquired

¹ For a brief synopsis of the debate, please see Castles, de Haas and Miller (2014, pp. 69–79). For a more detailed discussion, see also Skeldon, 1997; de Haas, 2010; and UNDP, 2009.

² Article 2(1), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990.

by non-nationals that are transferred back to their country of origin” (IOM, 2004, p. 54). However, this narrow definition limits remittances to monetary transfers and excludes “social remittances”. Levitt and Nyberg-Sorensen (2004, p. 8) define social remittances as “ideas, behaviors, identities and social capital that migrants export to their home countries”. For the purpose of this study, both monetary remittances as well as social remittances, defined as the transfer of knowledge, expertise and ideas acquired abroad upon return, are investigated. In-kind remittance, such as smart phones, laptops or other similar goods, were excluded from the analysis.

REPORT STRUCTURE

The remainder of the report is structured as follows. Chapter 2 provides a backdrop to the study by briefly considering the main migration trends and the policy framework and actors involved in migration matters in Nepal. Chapter 3 presents the methodological approach adopted in the study. Chapter 4 presents the research findings based on the household survey data and focus group discussions. Chapter 5 reviews international good practices in migration and development and considers their relevance for the Nepali context. Chapter 6 concludes with a summary and recommendations.



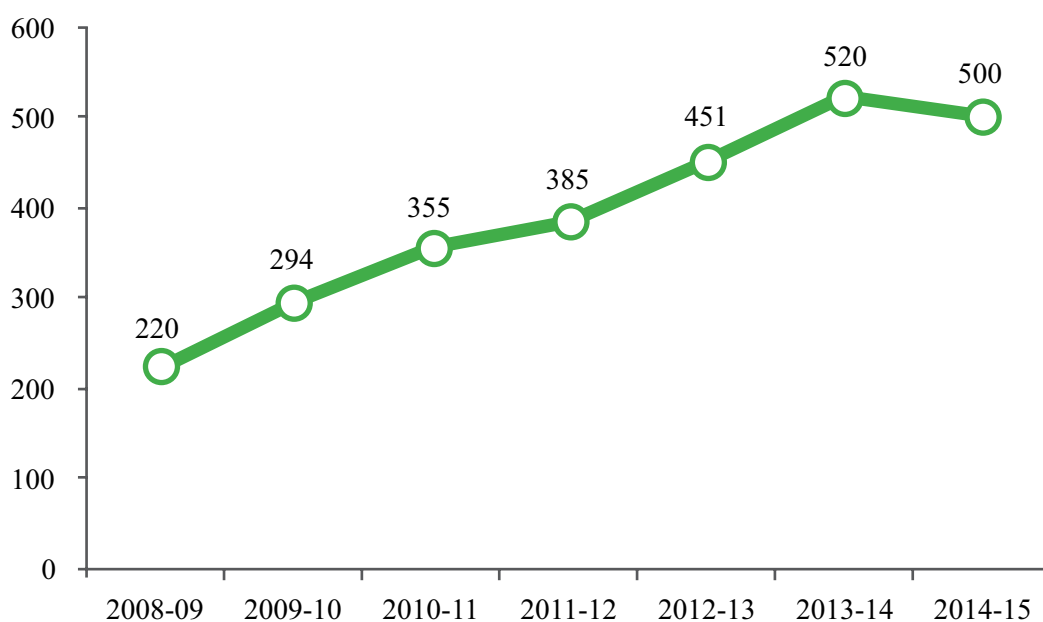
2 Background

For context, this chapter provides an overview of migration trends in Nepal, followed by discussion of the policy and legal frameworks.

2.1 MIGRATION OVERVIEW

The practice of migrating to foreign countries in search of jobs or better opportunities is not new in Nepal; people from the Hill region enlisted in the British Army as Gurkhas as early as 1815 (the British Army, undated). In recent years, the number of jobseekers going abroad for employment increased significantly (figure 1). The number of permits issued by the Department of Foreign Employment (DOFE) has steadily increased since the mid-1990s, with the exception of a small decrease in fiscal year (FY)³ 2008–09. Government data show that an estimated 2.7 million labour permits were issued by the DOFE from FY 2008–09 through FY 2014–15. While this data give some insight into migration patterns from Nepal, repeat migrants are registered for new permits and thus are double counted in the figures. Additionally, the numbers do not include emigration or migration to India (where a permit is not necessary and borders are open), which is the most popular destination for Nepali workers (UNDESA, 2013).

Figure 1. Labour permits issued by the Department of Foreign Employment, 2008–09 to 2014–15 (thousands)



Source: Government of Nepal, 2014.

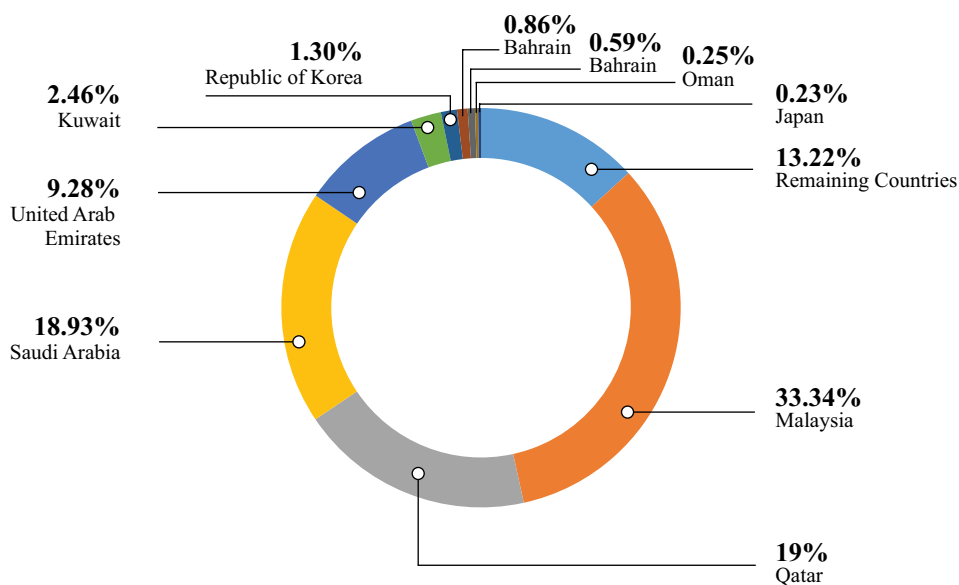
³ The fiscal year in Nepal begins in the month of July

According to data from the United Nations Department of Economic and Social Affairs (UNDESA, 2013), the top destination for Nepali migrants are India (53 per cent), Malaysia (19 per cent), United States (8 per cent), United Kingdom (4 per cent), Bangladesh (4 per cent), Australia (3 per cent), Saudi Arabia (2 per cent), Republic of Korea (1 per cent), China (1 per cent) and Thailand (1 per cent). Other destinations account for 4 per cent of the estimated 1 million Nepali migrants.

The data represent stocks gathered from population censuses, and due to the temporary nature of Nepali migration to these countries, it is likely that much of the movement is not captured.

With the exclusion of India (due to no work permits), data on work permits thus gives more insight into the migration patterns of Nepali migrants (figure 2). From FY 2008–09 to FY 2014–15, Malaysia was the most popular destination country, representing approximately one third (33.3 per cent) of all permits issued, followed by Qatar (19 per cent), Saudi Arabia (18.9 per cent), United Arab Emirates (9.28 per cent) and Kuwait (2.46 per cent).

Figure 2. Distribution of labour permits, by destination country, 2008–09 to 2014–15



Source: Government of Nepal, 2016, p. 9.

Nepal ranks as the second South Asian country, after Bangladesh, with the largest number of migrant workers in Malaysia (ILO, undated). Malaysia has been a popular destination for low-skilled labour migrants since the rapid economic growth and industrialization of the latter 1980s. Growth in certain sectors in Malaysia was accompanied by severe labour and skill shortages when Malaysian workers migrated to other rapidly growing and newly industrializing economies that paid much higher wages. This labour shortage was met by migrant workers from countries like Bangladesh and Nepal (ILO and GIZ, 2015). Although wages in Malaysia are higher for Nepali workers than in Gulf countries (ILO, undated); when aggregated, Gulf countries are the most significant destination for Nepali migrant workers. Gulf countries rely heavily on migrant workers for the functioning of their economy, apart from oil and gas, so much so that in Qatar and the United Arab Emirates, the foreign-born population accounts for approximately 90 per cent of the total population (Lori, 2012).

Discussing the skill composition of the Nepali migrant population is challenging because the existing data do not capture migrant skill levels and because many countries of destination do not collect this information (Government of Nepal, 2014). Other data indicate that the majority of Nepali migrants are likely low skilled. The recorded migration rate of tertiary educated persons from Nepal, for instance, was slightly more than 6 per cent in 1990, decreasing to just 4 per cent in 2000 (World Bank, 2012b). According to the Organisation for Economic Co-operation and Development (OECD), the emigration rate of highly educated persons from Nepal to OECD countries increased from 2.2 per cent in 2000 to 6.2 per cent in 2005–06 (Widmaier and Dumont, 2011). In 2014, an analysis of the demand for Nepali migrant workers based on advertisements for vacancies identified that the demand for low-skilled workers decreased by 18 per cent (from 69 per cent to 51 per cent) from 2004 to 2013, while the demand for skilled workers in the same time period increased from 3 to 20 per cent (CTEVT, 2014a). While the emigration of individuals with tertiary education from Nepal is likely to be on the rise (Arslan et al., 2014, p. 27), the vast majority of migrants are low skilled.

The destinations for individuals without tertiary education are largely India (Dumont, Spielvogel and Widmaier, 2010), Malaysia and the Gulf Cooperation Council (GCC) countries, while for the minority of emigrants with tertiary education, OECD countries are a more likely destination.

As previously noted, remittances have become increasingly important to Nepal (table 1). Remittances increased from around \$770,000 million in 2003 (12 per cent of GDP) to \$5.8 billion in 2014 (29 per cent of GDP). In the same period, exports decreased as a share of GDP by approximately 4 per cent, although since 2010, exports increased each year. Foreign direct investments have never represented a large share of Nepal's GDP and fluctuated between 2003 and 2013, although it only once exceeded half a percentage point of GDP (in 2010). External borrowing decreased as a share of GDP by more than half (from 51 per cent to 20 per cent).

Table 1. Remittances, foreign trade, external borrowings and foreign direct investment

Year	Remittances ^a		Exports of goods and services ^b		External borrowing ^c		Foreign direct investment ^d	
	Billion \$	% of GDP	Billion \$	% of GDP	Billion \$	% of GDP	Billion \$	% of GDP
2003	0.77	12.2	0.99	15.7	3.2	50.8	1.478	0.23
2004	0.82	11.3	1.21	16.7	3.4	46.3	-0.042	-0.01
2005	1.21	14.9	1.19	14.6	3.2	39.2	-0.002	0.03
2006	1.45	16.1	1.22	13.4	3.4	37.6	0.007	-0.07
2007	1.73	16.8	1.33	12.9	3.6	35.0	-0.006	0.06
2008	2.73	21.7	1.60	12.8	3.7	29.5	-0.001	0.01
2009	2.98	23.2	1.60	12.4	3.8	29.4	-0.038	0.30
2010	3.46	21.6	1.53	9.6	3.8	23.7	-0.088	0.55
2011	4.22	22.3	1.68	8.9	3.8	20.2	-0.094	0.50
2012	4.79	25.4	1.90	10.1	3.9	20.6	-0.092	0.49
2013	5.59	29.0	2.06	10.7	4.1	21.2	-0.074	0.39
2014	5.77	29.2	2.30	11.6	4.0	20.3	0.583	0.03

Note: a=Personal remittances, received (current US\$); b=Exports of goods and services (current \$); c=External debt stock, total (DOD, current \$); and d=Foreign direct investment, net (balance of payments, current \$).
Source: World Bank.

2.2 POLICY AND LEGAL FRAMEWORKS

To make recommendations to inform future policy dialogue on migration and development in Nepal, it is important to take stock of the current policy and legal frameworks, including a review of current practices and the extent to which they have been successful in maximizing the development benefits of migration. This section thus introduces the relevant actors and policies before considering some of Nepal's recent initiatives, such as the introduction of the Free Visa, Free Ticket (air travel) policy for migrant workers to selected destinations as well as foreign employment bonds to encourage savings and generate capital to finance development projects in the country. Table provides a summary of the actors involved.

Table 2. Main actors involved with foreign migration

Actor	Aim
National Planning Commission (NPC)	The NPC, headed by the prime minister, advises the Government in formulating a national vision, periodic plans and policies for development. It "assesses resource needs, identifies sources of funding and allocates budget for socio-economic development" (NPC, undated). In addition, the NPC "is an intellectual hub for the exchange of new development ideas and proposals from scholars, private sector, civil society and development partners" (NPC, undated).
Ministry of Labour and Employment (MOLE)	The MOLE is responsible for governing the labour and employment policies in Nepal. In doing so it deals with domestic and foreign labour issues (GIZ and ILO, 2015).
<ul style="list-style-type: none"> ■ Foreign Employment Promotion Board (FEPB) 	The FEPB is an agency under the MOLE, established under the Foreign Employment Act, 2007 to promote foreign employment, make it safe and organized and to safeguard the rights and interests of migrant workers abroad. In addition, the FEPB develops and implements programmes focused on using the skills and capital of returned migrant workers.
<ul style="list-style-type: none"> ■ Department of Foreign Employment (DOFE) 	The Foreign Employment Act, 2008 established the DOFE to provide "labour approval" for foreign employment in the form of labour permits, regulate and monitor the operations of the private employment agencies and other businesses offering related services and investigate complaints registered by migrant workers and their families (GIZ and ILO, 2015).
Ministry of Education	The Ministry of Education develops, manages and implements educational policies and plans. From 2002 to 2009, it was called the Ministry of Education and Sports (MOE, undated).
<ul style="list-style-type: none"> ■ Council for Technical Education and Vocational Training (CTEVT) 	The CTEVT is an autonomous body under the Ministry of Education, with a mandate to advise the Government on technical education and vocational training policy and programmes, set standards and conduct training programmes.
Ministry of Finance	The Ministry of Finance is responsible for Nepal's microeconomic and macroeconomic stability. Its responsibilities are the "rationale allocation of resources; better management of public expenditure; enhanced mobilization of both internal and external resources; greater performance in public investments and strengthening of public

Actor	Aim
<ul style="list-style-type: none"> ■ Nepal Rastra Bank 	<p>enterprises productive capacity; open and simple foreign exchange policies and regulation, and prudent fiscal and monetary policies” (MOF, undated). It oversees several agencies, boards, banks and financial institutions, including the Nepal Rastra Bank (MOF, undated).</p> <p>Established in 1956 as the country’s central bank, the Nepal Rastra Bank is responsible for “guiding the development of the embryonic domestic financial sector” (NRB, undated). Its main tasks are the formulation of monetary and foreign exchange policies, the development of a secure and efficient payment system; the supervision of the banking and financial system and the enhancement of public confidence in the country’s banking and financial system in order to maintain economic and financial stability and to guarantee the sustainable development of the Nepali economy (NRB, undated). It is overseen by the Ministry of Finance.</p>
<p>Ministry of Foreign Affairs (MOFA)</p>	<p>The MOFA is “responsible for protecting Nepal’s national interest executing the country’s foreign policy, strengthening bilateral and multilateral relations, promoting Nepal’s economic diplomacy in the areas of trade, investment, remittances, tourism and development cooperation, providing passport and consular services, protecting the interests of increasing number of non-resident Nepalis, Nepali workers and professionals abroad, and regulate hospitality and protocol services” (MOFA, undated a). One of its tasks is to record and protect Nepali migrant workers living abroad (MOFA, undatedb). MOFA negotiates labour agreements with destination countries and provides consular services to Nepali migrants abroad (GIZ and ILO, 2015).</p>

NATIONAL PLANNING COMMISSION

The National Planning Commission’s 13th plan, which covers the period from 2013 to 2016, highlights the Government’s commitment to institutionalizing foreign employment and remittances for development, to improving the migration experience and protecting the rights of migrants through different policies and programmes. Towards this goal, the Government has been working to simplify foreign employment application procedures, strengthen and expand existing infrastructure and mobilize the existing network of non-resident Nepalis abroad. The Government is committed to exploring new markets and to ensuring safer and better migration experiences. Additionally, the Government plans to promote foreign employment opportunities for women, Dalits,⁴ Janajatis⁵ and other poor communities by providing skills training and other facilities; and increasing the inflow of remittances through official channels (NPC, 2014). Other initiatives include discussions with various stakeholders to draft and implement the National Employment Plan and Employment

⁴ Dalit refers to a group of people who are religiously, culturally, socially, economically and historically oppressed, excluded and treated as untouchables and they belong to different geographical region, language, culture and castes. [...] Dalit are also known as lower caste under the stratified Hindu caste system originated some 3,000 years ago” (Dalit Welfare Organization, 2010).

⁵ “Janajati” is the Nepali word for indigenous people and these two words have been used interchangeably in this work. All through the Nepali history, the Janajatis have been excluded from mainstream society and consequently, “most of these people are living in abject poverty. Their rich social, cultural and spiritual knowledge remained largely overlooked” (Jha, 2004, p. 5).

Guarantee Law; improving and upgrading training centres, conducting employment-related training programmes; and forming a national workplan for the foreign employment programmes and policies (NPC, 2014).

MINISTRY OF LABOUR AND EMPLOYMENT

Under the Ministry of Labour and Employment, the Foreign Employment Promotion Board (FEPB) is tasked with analysing new international labour markets for Nepali migrants and making policy recommendations to the Government on the implementation of existing rules and laws related to foreign employment. In particular, it advises on how to protect the rights of migrants and foreign employment entrepreneurs and on ways to make remittance transfers to Nepal cheap and safe. It develops policies and programmes for the use of remittances and skills of returned migrants for the benefit of Nepal's development. FEPB manages the Foreign Employment Welfare Fund and monitors institutions offering training courses for migrants.

Upon the endorsement of the Guidelines Regarding Sending Domestic Workers on Foreign Employment in 2015, provision for a 30-day training programme for migrant workers going abroad for domestic work. Training centres would be registered with the FEPB and could only provide training once a license is provided. The role of the FEPB is to develop the training programme and monitor the training centres, together with the DOFE.

The DOFE's main responsibility is monitoring the recruitment process, which includes providing employment agencies with licenses and monitoring their activities for compliance with the law. The DOFE is also responsible for dealing with migrants' complaints about employment agencies and for penalizing such agencies when complaints prove true. In addition, the DOFE issues labour permits to migrants recruited by licensed agencies. Migrants leaving Nepal via other networks can apply voluntarily for a labour permit. The DOFE maintains a database containing information about labour permit applications and provisions as well as complaints made against employment agencies (Government of Nepal, 2015).

The enforcement of foreign employment regulations, however, can be challenging for the DOFE due to gaps in the law, such as specifying the content of contracts between migrants and employment agencies beyond issues of service provision and remuneration. Additionally, the DOFE faces serious constraints in terms of human and physical resources (GIZ and ILO, 2015). In an attempt to overcome such constraints, the DOFE was restructured in 2013, with new sections dealing with foreign employment in some of the most prominent destination countries separately (Government of Nepal, 2014). This restructuring, however, does not address the prominent criticism that the DOFE is only present in Kathmandu and not in other parts of the country (GIZ and ILO, 2015).

MINISTRY OF EDUCATION AND THE COUNCIL FOR TECHNICAL EDUCATION AND VOCATIONAL TRAINING

While the work of the Council for Technical Education and Vocational Training does not directly target prospective migrants, it is an important actor in migration because migrants with vocational or technical skills can generally command higher wages abroad. The informant interviews and focus group discussions for this study highlighted that the value of vocational training is not always

recognized as a potential means of increasing job prospects and earning potential by Nepali migrants until after they return. Herein lies justification for more coordination between different institutions working on migration in Nepal, which would likely be beneficial for the country and lead to more coherent policies that can maximize the potential of migration for development.

MINISTRY OF FINANCE

The Ministry of Finance has an important role in forming the context within which businesses operate. For example, the budget for FY 2015–16 includes a provision requiring government agencies to purchase domestically produced goods even if the cost is as much as 15 per cent higher (MOF, 2015).

Another important actor to consider is the Nepal Rastra Bank. Although most remittances flow into Nepal through formal channels, migrants also use informal channels, such as hundi, or bring their earnings with them when they return. When hundi is used, Nepal does not receive any foreign currency, which stays in the host countries. This loss of foreign reserve diminishes the benefit of remittances for the country (Ratha, 2005). With the rise in remittance inflows into the country, Nepal Rastra Bank has been working to increase transfers through formal channels by granting licenses to private sector businesses, including banks and others interested in money transfer.

Money transfer businesses need approval from the central bank because they deal with foreign currency. Currently, there are 50 money transfer agencies or companies licensed by Nepal Rastra Bank (NRB undated). They are governed by the Foreign Exchange Regulation Act, 1962; these institutes need to be registered in the Office of Company Registration. A license for operation is approved by Nepal Rastra Bank. The bank's Foreign Exchange Department inspects and supervises the money transfer businesses. Money transfer companies that do not have a network for dispatching their money in the rural areas work in collaboration with banks, finance companies and cooperatives.

Various incentives have been put in place to encourage remittances through the formal channels by making it more attractive to operate licensed money transfer businesses. For instance, Nepal Rastra Bank pays NPR0.15 per US dollar as commission to licensed private firms in addition to the prevailing buying rate. Permission was granted to employment agencies engaged in sending Nepali nationals to work overseas to open foreign currency accounts in Nepali commercial banks. And a policy provision allowing Nepali money transfer companies based abroad to access a bank guarantee from a Nepali commercial bank to issue advance payments was introduced in July 2004. This measure has increased the speed of remittance transfers, allowing licensed agents to make instant payments (SAARC Secretariat, 2014). There is also a provision that allows remittance companies to issue prepaid remittance cards for the easy access of remittance-receiving households.

MINISTRY OF FOREIGN AFFAIRS

The Ministry of Foreign Affairs provides various services to Nepali migrant workers in the countries of destination through Nepali embassies, which include support to migrants in distress, repatriation of bodies of deceased migrants, help with retrieving overdue compensation from employers, rescue assistance and administrative support (GIZ and ILO, 2015).

OTHER ACTORS

Several other ministries have differing degrees of involvement in migration issues. Given the cross-cutting nature of migration, it is important to be aware of the policies of different ministries and departments that may have implications for migration or may be affected by migration (Hong and Knoll, 2013). In the Nepali context, this could include the Ministry of Women, Children and Social Welfare, which is involved in training; the Ministry of Industry, Commerce and Supplies, which is involved in industry, commerce, essential commodities, technology transfer and development, productivity improvement, internal and international trade; and the Ministry of Home Affairs, which primarily deals with internal security, but in doing so is involved in regulating immigration.

There are various private and non-government stakeholders that are important to the governance of labour migration. Some of these actors include the Nepal Association of Foreign Employment Agencies, which is an umbrella organization of private employment agencies; the pre-departure orientation training centres that conduct the mandatory two-day pre-departure orientation on rights and responsibilities of Nepali migrant workers (GIZ and ILO, 2015); and various civil society actors advocating for the promotion and protection of the rights of migrant workers and their families.

In addition, some Nepali trade unions have incorporated labour migration as a larger trade union issue. For example, the General Federation of Nepalese Trade Unions (GEFONT), which represents more than 400,000 Nepali workers covering the agricultural, industrial and service sectors, established a Migrant Desk at its head office in Kathmandu to further strengthen their initiatives to protect and promote the rights of migrant workers. One such initiative includes organizing Nepali migrant workers in specific destination countries⁶ through the formation and mobilization of support groups. They have also appointed representatives of migrant workers to the National Congress (GEFONT, undated; Rimal, undated).

POLICIES AND PROGRAMMES

The main policy governing labour migration in the Nepali context is the Foreign Employment Act, 2007, which is currently under revision to further refine its impact. Additionally, different actors have introduced programmes, with different degrees of success, that promote the positive development potential of migration (table 3).

Most recently (July 2016), the Government of Nepal introduced the Free Visa, Free Ticket scheme for migrant workers going to the six Gulf Corporation Council (GCC) countries and Malaysia for employment. The policy stipulates that the maximum cost to be charged to Nepali migrant workers seeking foreign employment and Malaysia and the six GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) should be no more than NPR10,000. The hiring employer must also bear the costs related to acquiring the work visa and airline ticket. Nepali migrant workers will be responsible for costs relating to a medical check-up, insurance fee, pre-departure orientation and deposit made to the Migrant Workers' Welfare Fund. The policy stipulates a maximum cost for recruitment fees of NPR20,000.

⁶ Hong Kong (China), Republic of Korea, Japan, India, Qatar, Kuwait and the United Arab Emirates.

Table 3. Government programmes and initiatives to promote the development impacts of migration

Programme	Responsible ministry	Description
Youth and Small Enterprise Self-Employment Fund	Ministry of Finance	The Government launched the Youth and Small Enterprise Self-Employment Fund (YSEF) in 2009 in an attempt to reduce unemployment in the country. It targeted mainly unemployed youth and small businesspeople who would be provided with collateral-free, low-interest loans of up to NPR200,000 (\$1,829) to serve as seed capital to start an enterprise (World Bank, 2013). The objectives of the YSEF are to: provide training on different aspects of agriculture, such as commercial farming, livestock farming, and agro- and forestry-based industries; and to provide loans for service-oriented self-employment, such as supporting the purchase of rickshaws.
Free Visa, Free Ticket scheme	Ministry of Labour and Employment	In July 2015, the Government introduced the Free Visa, Free Ticket scheme, targeting Malaysia and six Gulf countries (Qatar, Saudi Arabia, United Arab Emirates, Bahrain, Oman and Kuwait). The provision was started to ease the debt burden and exploitation of migrant workers (Rai, 2015). The rule overrides an earlier provision of the Government that capped the maximum recruitment fees that agencies could collect at NPR70,000 (\$640) for Gulf countries and NPR80,000 (\$731.93) for Malaysia (Shrestha, 2015a). Under this scheme, migrants going abroad to the countries covered will only be responsible for medical exam fees, the orientation training fee and the required contribution to the Foreign Employment Welfare Fund. There is a concern that the policy will result in reduced demand for Nepali workers.
Foreign employment bond	Ministry of Finance Nepal Rastra Bank	With the goal of utilizing remittances to finance development activities in Nepal, the Government began selling foreign employment bonds to current migrants, remittance-receiving households and recently returned migrants (within four months of return) in specific destinations ⁷ as of FY 2009–10. Non-resident Nepalis are entitled to purchase the bonds, which, like any other bond, entitle the purchaser to a predetermined interest payment. On paper, the bonds provide a secure way for migrant workers to save and provide the Government with capital to finance development or infrastructure projects. However, in reality, the bonds have had limited success (Migrant-Rights, 2014). While the aim was to raise NPR1 billion (\$9.1 million), in FY 2009–10, just NPR4.6 million (\$42,086) was raised and in FY 2010–11, this fell to NPR4 million (\$36,597). In December 2014, the bond was remarketed with a marginal increase in sales (The Kathmandu Post, 2014). The World Bank attributed this to “a lack of publicity, a short time frame for buying bonds, lack of trust in government-backed institutions and the fact that migrant workers could get a better interest rate by just putting their money into long-term savings accounts could be to blame” (Migrant-Rights 2014). These observations are substantiated by the findings of this study’s survey and informant interviews.

⁷ Australia, Bahrain, Israel, Japan, Kuwait, Malaysia, Qatar, Saudi Arabia, United Arab Emirates, United Kingdom and the United States.

Programme	Responsible ministry	Description
Foreign Employment Welfare Fund	FEBP	The Foreign Employment Act established the Foreign Employment Welfare Fund, which is managed by the FEBP. Nepali citizens leaving for foreign employment contribute NPR1,000 (\$9) to the fund, which is used to cover pre-departure skills training for migrants, repatriation, employment orientation for returned migrants, promotion of foreign employment and bringing the body of migrants who died abroad back to Nepal as well as providing their families with financial assistance (Government of Nepal, 2007). The FEBP plans to expand the scope of the fund in order to use it more efficiently (Shrestha, 2015b), after having been accused of misusing the fund (Sedhai, 2014).
Bilateral agreements	MOLE	The Government has signed bilateral agreements with prominent destination countries of Nepali migrant workers to protect its citizens and extend its jurisdiction externally. Nepal signed such agreements with Bahrain, the Republic of Korea, Japan, Qatar and the United Arab Emirates. Proposals for agreements with Kuwait and Saudi Arabia are pending. There is no bilateral agreement between Nepal and Malaysia, the second-most important destination country for Nepali migrant workers. While each agreement contains different aspects, there are some features that they all have in common, such as defining Nepal's responsibilities towards prospective migrants before departure, the underlying procedures of recruiting migrant workers, including recruitment and travel costs and the content and form of foreign employment contracts, how disputes should be solved as well as defining the validity, terms and conditions of the respective agreement and how it is monitored. Existing bilateral agreements are criticized for being vague and not having a clear legal status. Furthermore, they should focus more on social security, gender-based concerns and issues of return migration and integration of returned migrants (GIZ and ILO, 2015).



3 Methodology

Given the complexities of the relationship between migration and development, this study is based on a mixed-methods approach. The analysis draws on a survey with 421 remittance-receiving households, six focus groups with 74 returned migrants, eight informant interviews with relevant stakeholders and a mapping of good practices from across the world.

3.1 HOUSEHOLD SURVEY

The selection of households was done in three stages. During stage one, six districts were selected. The six districts were chosen out of the 75 districts of Nepal to represent all five development regions and to cover both the Hill and the Terai regions. Two of the districts are Hill districts and the remaining four are in Terai region. The reason for covering both the Hill and the Terai regions was because of anticipated differences, for example, differences in the access to financial services and in the ways remittances are transferred, depending on the geographical locality. The six specific districts were chosen to represent the largest flow of migrant workers, based on the government data on labour permits issued. The six districts were Jhapa, Udayapur, Dhanusha, Nawalparasi, Salyan and Kanchanpur (figure 3). Dhanusha and Jhapa are the two districts with the largest number of migrants abroad. During stage two, the number of households that were sampled from each district was determined proportionally, based on the official data on labour permits issued by the DOFE. For example, 125 households were allocated to Dhanusha District, which has the largest flow of migrant workers (table 4).⁸

In each district, an area or locality with a heavy concentration of emigration was identified, based on consultation with district officials and/or locals of the area knowledgeable about foreign employment and remittances. Then a snowball sampling strategy was employed to generate a listing of households receiving remittances⁹ from members who are working overseas. India was excluded from the sample largely due to the open border between the two countries, meaning that migration between the two countries is not recorded. This may have also introduced bias to the sample (see section 3.4).

The benefit of sampling in this way is that a specific experience can be investigated (in this case, the receipt of remittances). Oversampling of specific target groups (remittance recipients or return migrant households) is not uncommon in surveys on migration. However, the method also has drawbacks, which are elaborated in section 3.4.

⁸ The field work of the survey was carried out from February 2015 to June 2015. On July 6, 2016, the Government of Nepal introduced the “Free Visa, Free Ticket” policy for Nepali migrant workers going to the six Gulf Cooperation Council (GCC) countries and Malaysia for foreign employment. The policy stipulates that the maximum cost to be charged to Nepali migrant workers seeking foreign employment and Malaysia and the six GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates); should be no more than NPR 10,000. The hiring employer must also bear the costs related to acquiring the work visa and airline ticket. Nepali migrant workers will be responsible for costs relating to a medical/health check-up, insurance fee, pre-departure orientation and deposit made to the Migrant Workers’ Welfare Fund. The policy stipulates a maximum of NPR 20,000 as cost for recruitment.

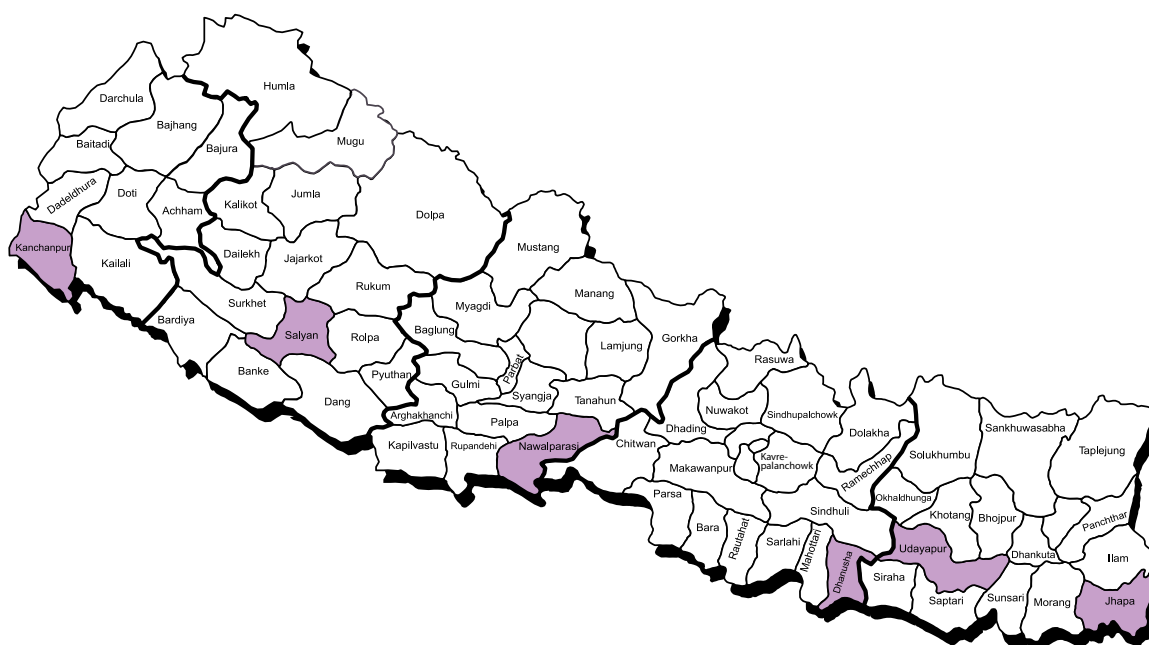
⁹ Because remittances are central to the study, only households that received remittances from family members abroad were surveyed. For this study, remittance-receiving household was defined as one with a family member working abroad in a country other than India and the household had received remittance income in the 12 months prior to the survey.

The identification of remittance-receiving households was then done using snowball sampling to generate a listing of households receiving remittances from family member working abroad. About 9 per cent of the households surveyed had female migrants abroad. While it would have been ideal to set quotas based on this for the number of females interviewed, it was not possible to have this proportion of females from each district because some districts (Dhanusha and Kanchanpur) have a small number of female migrants. This is also a reflection of the larger trend of labour migration from Nepal in which men account for the bulk of the total flow of migrants.

Table 4. District selection, surveyed area and sample size

Development region	District	Locality	Geography (Hill or Terai)	Sample size
Eastern	Jhapa	Lakhanpur	Terai	111
	Udayapur	Nepaltar	Hill	37
Central	Dhanusha	Laxmipur	Terai	125
	Nawalparasi	Kawasoti	Terai	75
Western	Salyan	Khalanga	Hill	37
Far Western	Kanchanpur	Chandani-Dodhara	Terai	16
Total				421

Figure 3. Map of Nepal and the surveyed districts



The survey covered a range of topics, including demographic information about the migrants, cost of foreign employment, sources of funds, interest rate on loans if applicable, country of foreign employment, occupation, monthly salary and remittance-sending patterns. The questionnaire also covered household economic activities and behaviour before and after the current migration of the family members. And it covered changes, if any, on consumption pattern, savings and investments, initiation of skills on new ventures, business initiation in agriculture and other sectors, investment in bonds and shares of companies, the government-issued foreign employment bond and investment

in other economic activities that can generate a regular flow of income for the migrant family in the future. Data on investments in social capital by the migrant household, in terms of better schooling of children, health care and acquisition of new assets, such as land and buildings, were collected. A draft questionnaire was translated into Nepali and piloted in Bhaktapur District (in Nagarkot) with five households to test the sequencing and flow of questions. Based on the findings and suggestions from other members of the team, the questionnaire was refined. A two-day training was organized for the enumerators and supervisors. The project manager explained what each question was intended to capture. This was done to ensure uniform and consistent interpretation of the questions. The survey interviews were conducted using a paper-based questionnaire.

Each team of enumerators was supervised by a staff person from the Institute for Integrated Development Studies to ensure integrity and accuracy of the data-collection process. At the end of each day, the supervisors reviewed and checked completed questionnaires to see if anything was missing. The data from the completed questionnaires were entered into a CsPro database. Entries were checked for accuracy.

3.2 FOCUS GROUPS

To further understand the relationship between migration and development in the context of return migration, focus group discussions were organized in each of the six districts. The focus groups were structured through the use of a focus group guide and moderated by the district field survey manager. Focus group discussions were conducted with 74 returned migrants. Returned migrants were defined as those who had returned to Nepal for at least a year. On average, 12–14 participants joined each focus group. The research team tried to recruit female participants, but it was not always possible because few go abroad for foreign employment due to cultural restrictions and the many risks involved (including physical violence and sexual abuse) (ILO, 2015). Very few female migrants have applied for foreign employment in the past years, although the number has been slowly increasing. Thus, it was difficult to recruit female participants for the focus group discussions.

3.3 INFORMANT INTERVIEWS

To determine the appropriate policy implications and suitable recommendations, eight interviews were conducted with government officials and other representatives from:

- National Planning Commission;
- Nepal Rastra Bank;
- Council for Technical Education and Vocational Training;
- Department of Foreign Employment;
- two cooperatives; and
- International Money Express, a money transfer agency.

See Annex II for the list of participants.

3.4 METHODOLOGICAL CHALLENGES

A weakness of the sampling method applied in the study is that the resulting data are non-random, and there is no counterfactual. The households were purposively selected. This means that it is not possible to compare remittance-receiving households to non-remittance-receiving households. Because migrants self-select into migration, the characteristics of remittance-receiving households may be different from the general population, making it difficult to generalize the findings. This introduces bias into the sample. For example, in areas of high migration, new migrants may follow in the footsteps of past migrants, and this can have both positive and negative implications.

The exclusion of India may also lead to an incomplete understanding of the relationship between migration and development in the Nepali context. India was excluded from the analysis for a number of reasons. The 1950 Nepal-India Treaty of Peace and Friendship formalized the free movement of people between the two countries without requirement of any formalities, such as passports and visas. This means that Nepali migrant workers do not require a labour permit in India and vice versa. In addition, the data used most frequently and possibly the best official data source to measure or indicate the magnitude of labour migration are the number of labour permits issued. Yet, this dataset does not take into account Nepali migrant workers in India. Another reason for excluding India as a country is that the remittance patterns are different. Because the mobility is relatively easy, the channels of sending remittances are also largely informal and difficult to trace. This does not mean that migration from Nepal to India is not relevant for a discussion of migration and development linkages in the country.

Another limitation of the study is the sample size. Within the scope of the study, certain methodological decisions had to be taken. This included, for example, the exclusion of returned migrant households from the household survey as well as the focus on remittance-receiving households, which, as outlined further on, limited the statistical analysis. The skill transfer aspect was examined with the focus groups of returnee migrants. While the focus group findings were consistent across the selected districts, in-depth interviews with returnee migrants would have allowed for a deeper exploration of the return experience. This is particularly true for female participants who may not have felt comfortable sharing in the context of the focus group discussions.

Alternatively, the return experience could have been explored in greater detail through the expansion of the household survey into a nationally representative survey exploring migration, return and remittances and their impact on development. This would have ensured that data were collected from a range of households, including those without migration experiences, to allow for econometric methods, such as propensity score matching to be applied. Such an approach would have helped develop an understanding of the intersections between migration and development in the Nepali context.

The exclusion of in-kind remittances (smart phones, laptops or other goods) from the analysis is also noteworthy. This is because the receipt of these goods may be important in driving business creation and thus have an important role in the development of small and medium-sized enterprises. For example, the receipt of a printer could lead to the formation of a printing company providing livelihood opportunities and potentially creating jobs.

Finally, the study focused on international migration. Internal migration and urbanization are also important areas to discuss when looking at the role of migration in development processes in Nepal.



4 Research Findings

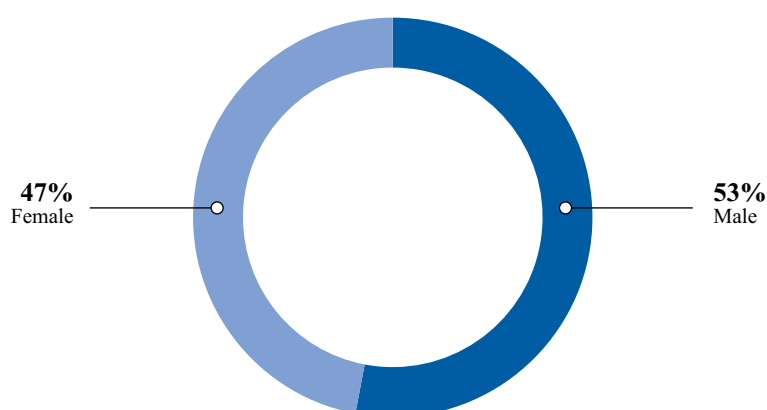
This chapter presents descriptive statistics based on the 421 households surveyed in Nepal in 2015. It starts by providing an overview of the types of households surveyed. It then looks at where migrants are going, how they are getting there, how much it cost them to migrate, what work they did while abroad and how much they earned as well as their remittance-sending and spending behaviour.

4.1 HOUSEHOLD CHARACTERISTICS

Of the 421 households surveyed, 53 per cent were headed by men, leaving 47 per cent headed by women (figure 4). Most of the dwellings, about 93 per cent, were owned by the respondents. More than half of the households (55 per cent) lived in mud houses; the remainder lived in semi-concrete or concrete buildings.

The average household size of five persons is consistent with findings from the NLSS III. About 18 per cent of the households had two to three family members. Among households with five family members, most of them had two to four members of working age (15–64 years).

Figure 4. Household head, by sex



In a country where approximately 80 per cent of people derive their livelihood from agriculture (IFAD, 2013a), farming land is the most commonly owned physical asset. Most respondents (88 per cent) owned some land, with the landholding ranging from 0.0017 hectares to 6.7 hectares. Three quarters of the respondent households were involved in farming activities, either on their own land or on someone else's land. It is a fairly common practice among households with small landholdings or those who cannot support their families from own production to farm someone

else's land through various arrangements. The most common is the *adhiya* system, which means "half" – the tiller and the land owner split the harvest.

Based on size of land holding and other asset ownership (vehicles, investment, savings, type of houses), most of the households in the sample can be categorized as poor families – despite more than 88 per cent of them owning land. The average land holding per family was 0.36 hectares; 72 per cent of the households had fewer than 0.36 hectares. Only 37 per cent of households engaged in farming reported that they could support more than nine months of their household consumption from own production.

There were a total of 451 migrants working abroad from the surveyed households. For about 61 per cent of them, this was their first time working abroad, while 39 per cent had worked overseas before. The age of migrants ranged from 18 to 56 years; the majority were between 20 and 40 years of age. The median age was 34 years.

A caste or ethnic breakdown of the migrants or their households closely mirrors the caste or ethnic profile of Nepal, with about 35 per cent of them Hill Bahun or Chhetris, followed by Madhesis (other than Bahuns or Janajatis), at 24 per cent, Hill indigenous people (Janajatis), at 18 per cent, and Madhesi Bahuns and Janajati, at about 7 per cent. According to the National Population and Housing Census 2011 data, Chhetris are the predominant group, accounting for 17 per cent of Nepal's population. Hill Bahuns form the second-largest ethnic group of Nepal, accounting for 12 per cent of the total population.

Three quarters of the migrants were married, while nearly one quarter were single. Divorced, separated, widowed or abandoned by their spouses constituted 1 per cent of the total migrants. Among the married migrants, about 90 per cent had children. The number of children ranged from one (30 per cent of the married migrants) to six, and the average number was two. About 10 per cent of the married migrants had no children, approximately 21 per cent of the migrants had more than two children, while 39 per cent of them had only two children.

Education is a key determinant of earning potential; educated workers have skills that are more in demand and thus command a higher wage. The study found that only 16 per cent of migrant workers had a high school (i.e. school-leaving certificate) education, while more than half, at 55 per cent, had a lower to secondary level of education (grades 6–10). About 14 per cent of the migrant workers said they were illiterate.

In the sample, about 56 per cent of the respondent households had an account in a bank or finance company. This number is greater than the national proportion of the adult population with a bank account, which is 40 per cent (NRB and Finmark Trust, 2014).

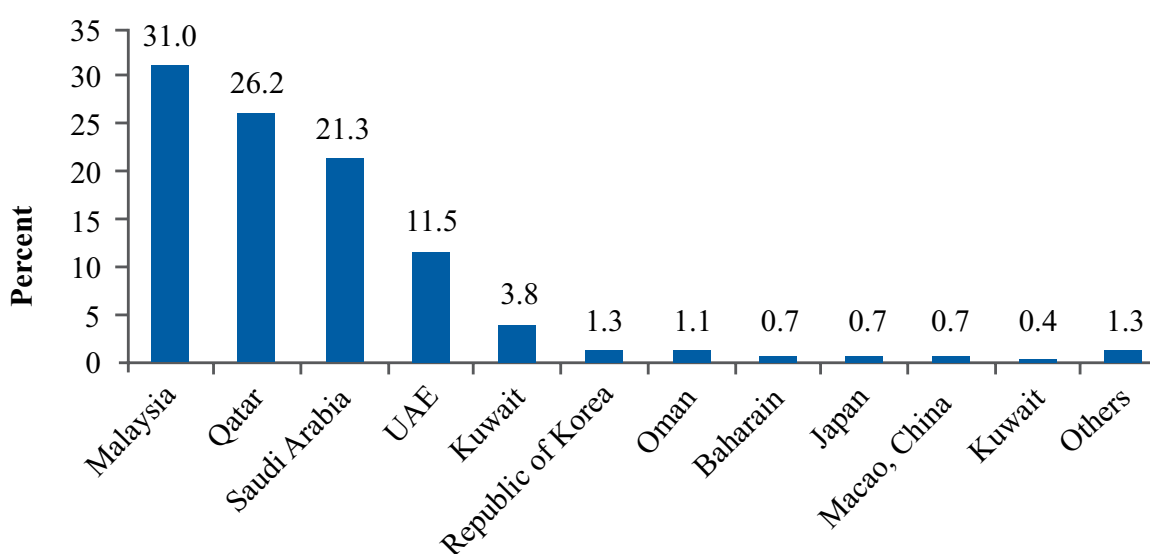
4.2 DESTINATION COUNTRIES

As outlined in section 2.1, the most common destinations for Nepali migrant workers are Malaysia, and the Gulf countries – with work permits issued by the DOFE used as the measure. When UNDESA (2013) data is considered, which is often based on population census data from countries of destination, a slightly different pattern emerges; destinations such as the United States, the United Kingdom and Australia emerge. Anecdotal evidence about migration shows that the most educated persons go to North America, Europe and Australia, while the less educated or those with

a low level of education seek foreign employment in Malaysia and Gulf countries. This pattern was reflected in the sample.

Malaysia was the most popular destination country reported in the sample, accounting for less than one third (31 per cent) of migrants. Other popular destination countries were Qatar (26 per cent), Saudi Arabia (21 per cent), United Arab Emirates (12 per cent), Kuwait (4 per cent) and the Republic of Korea (2 per cent) (figure 5). When aggregated, the largest proportion of migrants in the sample went to work in Gulf countries. These findings are consistent with DOFE data (Government of Nepal, 2015).

Figure 5. Country of foreign employment



A breakdown of destination countries by sex shows that Malaysia tops the list of countries for male migrants (figure 6); for female workers, the United Arab Emirates was the top destination, followed by Malaysia, Kuwait, Oman, Saudi Arabia and others (figure 7).

Figure 6. Destination countries of male migrants (n=382)

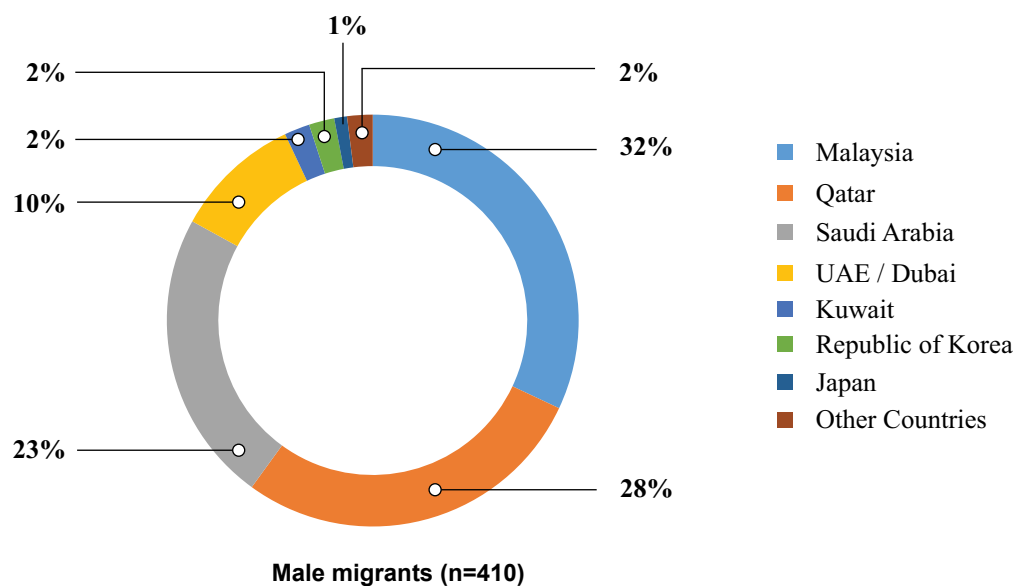
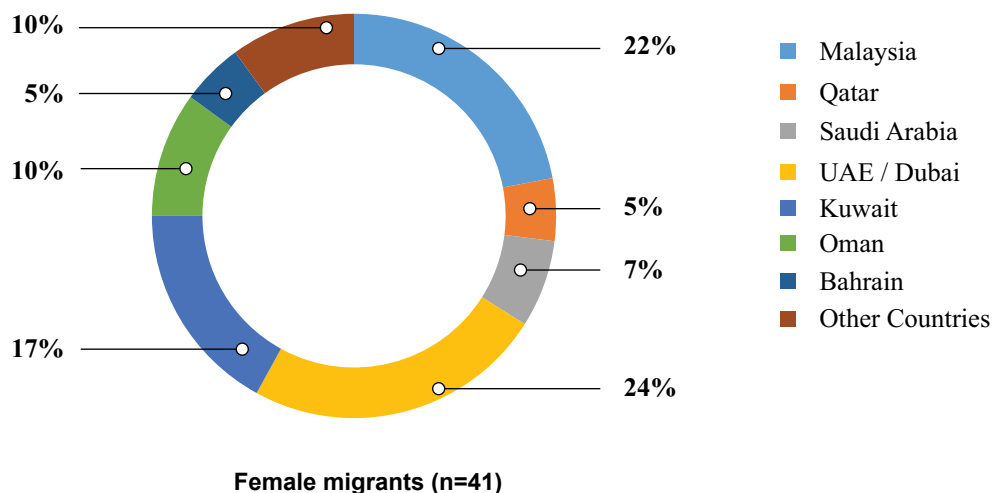


Figure 7. Destination countries of female migrants (n=39)



Note: Other countries for male migrants include: Bahrain, Cyprus, Hong Kong (China), Macao (China), Russian Federation, South Africa, Australia, Oman, Israel, and the United States. Other countries for female migrants include Australia, Cyprus, Israel, Republic of Korea, Hong Kong (China), United States, Russian Federation, Japan, South Africa and Macao (China)

4.3 CHANNEL OF MIGRATION

Employment agencies are important in the foreign employment sector in Nepal, acting as the conduits and arranging jobs for migrants and processing their paper work – often charging high fees. For more than half (56 per cent) of the migrants in the study, the first contact was an employment agency, the first contact was a local agent in case of 36 per cent of the migrants and only 1 per cent went through the government channel. This trend was consistent across five of the six study districts, except for Dhanusha, where almost all migrants (96 per cent) contacted a local agent first. The difference is that persons seeking foreign jobs approach an employment agency (mostly in Kathmandu Valley) and provide the necessary documents, while agents of employment agencies or agents with varying degrees of association with such an agency recruit potential migrants in different parts of the country.

4.4 COST OF MIGRATION AND SOURCE OF FUNDS

There are several costs involved in applying for a foreign job. These include the cost to obtain a passport, the recruitment fee to an employment agency, the travel costs, the visa application fee, the medical exam fee and the orientation training, plus the mandatory government fees (for the insurance scheme and the Migrant Workers’ Welfare Fund). Although the Government has capped the amount that employment agencies can collect from prospective migrants, this limit is commonly ignored. In some cases, particularly among persons travelling to the Republic of Korea, the language course fee is also included. All of these components were included in the migration cost analysis presented in table 5.

The cost of migration varied by country of employment, ranging from a minimum of NPR15,000 (\$137) to a maximum of NPR1.5 million (\$13,723) for Malaysia. Although costs for Australia and the United States were among the highest cited, it is also likely that migration to these

destinations was less circular in nature and predominantly involved highly educated individuals (who are remunerated appropriately). On average, migration costs a migrant worker approximately NPR150,000 (\$1,372). This is high when compared with the median annual household income in Nepal, which, according to the 2011 NLSS III data, was NPR127,281 (\$1,165) in FY 2010–11.

Table 5. Average cost of migration and remittance sent, by selected countries

Country	Number of migrants	Average (NPR) Cost of migration	Remittance previous 12 months	Remittance this contract period	Maximum fee employment agencies could charge prior to the Free Visa, Free Ticket scheme ^a (NPR)
Malaysia	140	176 357	178 047	308 140	80 000
Qatar	118	103 602	229 712	410 678	20 000
Saudi Arabia	96	124 510	229 263	420 856	70 000
United Arab Emirates	52	137 442	280 692	540 788	70 000
Kuwait	17	144 706	256 471	518 235	70 000
Republic of Korea	6	137 500	753 333	1 271 667	no fee ceiling
Oman	5	107 000	261 200	521 200	no fee ceiling
Japan	3	910 000	523 333	963 333	50 000
Bahrain	3	68 333	276 667	338 333	70 000
Macau, China	3	221 667	600 000	766 667	70 000
Cyprus	2	310 000	300 000	590 000	no fee ceiling
Russian Federation	1	85 000	442 000	442 000	80 000
United States	1	700 000	35 000	90 000	no fee ceiling
Australia	1	1 200 000	1 100 000	2 200 000	no fee ceiling
Israel	1	700 000	300 000	300 000	no fee ceiling
Hong Kong, China	1	800 000	100 000	300 000	no fee ceiling
All countries	450c	150 089	234 668	421 968	no fee ceiling

Note: a=The Government set maximum fees that employment agencies were allowed to charge legally for some destination countries (which include Malaysia, Qatar, Saudi Arabia, United Arab Emirates, Kuwait, Japan, Bahrain, Macau (China) and the Russian Federation). There was no fee ceiling for the other destination countries. The free visa and free ticket provision introduced in July 2015, however, overrides this law (FEPB, 2015; Rai, 2015; Sedhai, 2015a). With the Free Visa, Free Ticket scheme, the maximum amount to be paid by migrant workers going to the six GCC countries and Malaysia has been decreased to NPR20,000, which also includes service charge to the employment agency. c=Information on the costs of migration were missing for one migrant.

While many households owned non-liquid assets, such as farm land, cattle or jewellery, they did not have enough savings to pay for foreign employment expenses. Because most migrants were from farming households (section 4.1), they were reluctant to sell their farm land, which is regarded as the most important piece of property and source of livelihood. Only eight households sold household assets, and two mortgaged property to finance the migration journey. Only one in 10 migrants financed their migration by drawing on household income or savings. And 2 per cent sold a household asset to finance their migration journey.

Owing to the high costs (table 5), compared with average household income, an overwhelming majority of households (87 per cent) took out a loan to finance the journey for foreign employment. Almost 82 per cent of the migrants borrowed money from both a relative or friend and local moneylenders combined, which dwarfs the loans from banks and finance, at 5 per cent (table 6). The breakdown of loan sources shows that 42 per cent sought loans from a moneylender, while 40 per cent took a loan from a relative or a friend.

Table 6. Source of funds for foreign employment expenses and the interest rate

Source of fund	% of migrants	Interest rate (%)			Average distance to bank (km)
		Average	Minimum	Maximum	
Loan from moneylender	41.7	34.9	14.0	60.0	2.6
Loan from friend or relative	39.8	22.6	0.0	60.0	1.9
Household savings	6.0	n/a	n/a	n/a	2.3
Loan from bank or finance institution*	5.0	17.4	13.0	25.0	2.9
Household income	3.8	n/a	n/a	n/a	2.1
Sale of household assets	1.9	n/a	n/a	n/a	1.8
Loan from employment agency or agents	1.0	33.0	24.0	36.0	1.8
Others	0.5	25.0	14.0	36.0	3.5

Note: n/a: not applicable. *= Usually banks charge interest in the range of 8–14 per cent. Because data for loans from banks and finance companies were not collected separately but clubbed into one category, the maximum interest rate of 25 per cent appears, which is for loans from finance companies and not banks.

There are several reasons why banks or financial institutions were not the preferred choice. One is that friends and relatives lend money at no or a low interest rate (table 6), as confirmed by the survey data: about 14 per cent of migrants (23 out of 171), among those who borrowed from a friend or relative, had obtained the loan at no cost (zero interest rate); the average interest rate for the rest of the migrants who borrowed from a friend or relative was about 26 per cent. There was one case in which the friend or relative charged 60 per cent interest, but this is an exception. When this outlier is removed, the average interest rate drops by 5 percentage points to 21 per cent. The second reason has to do with the collateral and stringent lending requirements and cumbersome procedures for obtaining a loan. A land deed (land ownership certificate) is the most common form of collateral. Perhaps these households did not have enough land or land valued high enough to meet this requirement or simply were reluctant to mortgage a prized asset.

For prospective migrants who need money and cannot arrange it from other sources, taking a loan from a moneylender is the only option. For some it may also be a preferred option: in most cases, moneylenders do not require collateral, and the process is much quicker. The average interest rate was 35 per cent, and the maximum rate was 60 per cent (table 6). Moneylenders charge a high interest rate because it includes the risk premium: There is risk of default and without collateral, it is difficult to recover the money should the borrower fail to pay.

4.5 OCCUPATION AND SALARY

Occupations vary by sex, education level and destination (table 7). Although only a small number of female migrants were included in the survey, the majority worked as domestic workers (maids, cooks, nannies) in Gulf countries. The male migrants in the study, on the other hand, worked in the manufacturing and construction sectors. They were also found in the services sector as security guards, drivers, masons and carpenters. Less educated or illiterate current migrant workers were employed in Kuwait, Malaysia, Oman, Qatar, Saudi Arabia and the United Arab Emirates, whereas those who had a higher level of education (grade 11 and above) were employed in Australia, Japan, the Republic of Korea and the Russian Federation.

Table 7. Major occupation for top-five destination countries, by sex of migrants

	Malaysia		Qatar		Saudi Arabia		United Arab Emirates		Kuwait	
	Male (n=127)	Female (n=9)	Male (n=111)	Female (n=1)	Male (n=89)	Female (n=2)	Male (n=39)	Female (n=9)	Male (n=10)	Female (n=7)
Construction workers	7.9	11.1	38.7	0.0	30.3	50.0	7.7	0.0	20.0	0.0
Agriculture workers	1.6	0.0	0.9	0.0	1.1	0.0	0.0	0.0	0.0	0.0
Security workers	7.1	0.0	5.4	0.0	4.5	0.0	20.5	0.0	0.0	0.0
Services sector workers*	11.0	22.2	15.3	100.0	16.9	0.0	48.7	33.3	40.0	28.6
Drivers	1.6	0.0	11.7	0.0	10.1	0.0	5.1	0.0	10.0	0.0
Masons	0.8	0.0	1.8	0.0	4.5	0.0	0.0	0.0	0.0	0.0
Carpenters	1.6	0.0	4.5	0.0	4.5	0.0	0.0	0.0	0.0	0.0
Manufacturing workers	67.7	66.7	17.1	0.0	24.7	0.0	17.9	22.2	20.0	0.0
Domestic workers	0.8	0.0	4.5	0.0	3.4	50.0	0.0	44.4	10.0	71.4

Note: The table excludes 47 migrants in other occupations. *= Services sector includes hotel, restaurants and retail stores.

Nepali migrants abroad work mostly in low-paying low-skilled jobs in a handful of sectors. About 70 per cent of the migrant workers in the sample had not had any training prior to their employment abroad. The majority of Nepali migrants worked in the manufacturing, construction and services sector (hotels, restaurants and retail stores) (table 8). These three sectors alone accounted for the employment of two-thirds of the sample. Some major occupations, in descending order, included security guard, commercial driver, electronics-related factory worker, carpenter, domestic worker, caretaker, maid, agriculture worker and mason.

Table 8. Occupation and salary of migrant workers

Occupation	% of migrants	Monthly salary (NPR)		
		Average	Minimum	Maximum
Manufacturing	27.7	27 391	9 000	110 000
Construction	19.5	26 245	10 000	350 000
Services sector	18.6	40 929	10 000	200 000
Security guard	6.2	42 500	17 000	120 000
Commercial driver	6.0	40 333	15 000	80 000
Electronics factory worker	4.2	41 263	20 000	150 000
Carpenter	2.9	41 000	15 000	150 000
Domestic work or caretaker	2.0	35 556	20 000	80 000
Housemaid	2.0	22 889	15 000	35 000
Agriculture	1.8	56 625	20 000	180 000
Mason	1.6	33 571	18 000	60 000
Gardener	1.3	36 667	20 000	50 000
Garment factory worker	1.1	18 600	13 000	25 000
Domestic driver	0.7	31 667	20 000	40 000
Beautician	0.7	25 000	15 000	35 000
Others	2.7	40 389	15 000	70 000

Note: Services sector includes hotels, restaurants and retail stores. The table excludes "don't know" responses. "Others" includes occupations not listed.

Table 8 shows the percentage of migrants in the various occupations or sectors and the minimum, average and maximum salary. The average salary of the migrant workers (by occupation) in the sample ranged from NPR18,600 (\$170) per month to NPR65,000 (\$595) per month. Migrants working as agriculture workers and security guards had among the highest average salary, while garment workers had the lowest. On average, migrants working in agriculture earned about twice more than what migrant garment workers made. In fact, the maximum salary of the garment workers was only NPR25,000 (\$229) –14 times lower than the highest salary.

The monthly salary of the migrants in the study ranged from as little as NPR9,000 (\$82) to as high as NPR350,000 (\$3,202). However, the six-figure salary is an exception, with only 13 out of the 451 migrants earning at least NPR100,000; excluding these 13 reports, the average monthly salary was NPR29,927 (\$274), and the median was NPR27,000 (\$247). The monthly salary with the highest frequency (60 migrants) was NPR30,000 (\$274).

Salary across various occupations varied by country. Overall, drivers and security service workers had the highest average salary. The salary for Nepali migrants in the Republic of Korea was the highest. Malaysia had the highest salary for Nepali migrants employed in the manufacturing sector, whereas drivers, security guards, masons and carpenters had a higher salary in Gulf countries (table 9).

Table 9. Salary, by occupation or sector for top-six migrant destination countries (n=305)

Country	Occupation/sector	No. of migrants	Salary Average	Minimum	Maximum
Malaysia	Manufacturing	92	25 896	9 000	70 000
	Services	16	29 000	12 000	60 000
	Construction	11	22 636	18 000	27 000
Qatar	Security service	9	36 333	22 000	50 000
	Construction	43	22 721	10 000	40 000
	Manufacturing	19	26 158	15 000	40 000
	Services	18	36 778	10 000	135 000
	Drivers	13	43 077	25 000	80 000
Saudi Arabia	Security service	6	33 500	17 000	50 000
	Carpentry	5	38 000	15 000	70 000
	Domestic work	5	26 000	15 000	40 000
	Construction	28	21 271	10 000	35 000
	Manufacturing	22	29 591	10 000	60 000
	Service	15	28 800	15 000	50 000
	Drivers	9	37 000	15 000	70 000
	Security service	4	43 000	32 000	50 000
	Mason	4	32 000	18 000	40 000
United Arab Emirates	Carpentry	4	30 000	20 000	45 000
	Domestic work	4	32 500	20 000	50 000
	Services	22	43 409	25 000	100 000
	Manufacturing	9	32 000	25 000	40 000
	Security service	8	46 250	30 000	70 000
Republic of Korea	Domestic work	4	25 750	20 000	35 000
	Construction	3	22 333	10 000	30 000
	Agriculture	3	106 667	50 000	180 000
Kuwait	Manufacturing	3	120 000	100 000	150 000
	Services	6	45 833	30 000	75 000
	Domestic work	6	29 667	18 000	35 000
	Construction	2	23 000	18 000	28 000
	Manufacturing	2	22 500	20 000	25 000

The average monthly salary of female workers, at NPR33,512 (\$306), was higher than that of the male workers, at NPR31,894 (\$291). Similarly, the minimum monthly salary of female workers was also higher: NPR14,000 (\$128), compared with NPR9,000 (\$82) for male workers.

As outlined in section 4.4, the average cost of migration for a Nepali worker was NPR150,089 (\$1,373). In other words, considering the average reported monthly salary of NPR29,927 (\$273), it took migrants in the sample approximately five months to earn the average cost incurred for migration. Assuming that the money was borrowed at a 13 per cent annual interest rate – the lowest rate in the sample – at least six months of salary was needed to pay off the principal and the interest, with time required increasing with interest rates.

4.6 TRANSFER OF REMITTANCES

About half (51 per cent) of the migrants in the sample sent money home every three months, while 21 per cent sent money monthly. The amount sent varied by country of employment (table 5) and occupation. In the 12 months prior to the survey, the amount received by households ranged from as little as NPR9,000 (\$82) to NPR1.8 million (\$16,468). The mean amount sent was about NPR241,000 (\$2,205); the median amount was NPR200,000 (\$1,830), and the amount with the highest frequency was NPR200,000 (\$1,830) (at 11 per cent of migrants). The average remittance received in the 12 months preceding the survey indicates that it was enough to cover the average cost of migration. In other words, looking at the remittance transfer, for the average migrant in the sample, it took one year to pay off the loan for foreign employment.

Most migrants used a money transfer agency (90 per cent) as their channel for remitting money to Nepal (figure 8) because they are quick and efficient (table 10). Others chose a money transfer agency because it was located close to home (16 per cent). A bank was the second choice, at 8 per cent; these households chose the bank because they had a savings account in that facility. Although the sample size is small, this has possible implications for the ways in which remittances may be sent to Nepal – if more of the population had access to banks.

While hundi, an informal way of transferring money was popular among migrants in the past due to better exchange rates and the speed of transfer, only 2 per cent of the sample used it. Because hundi works on trust with no proof of payment and lack of legal recourse, it can be risky. In the majority of households, the remittance was received by the spouse of the migrant worker (48 per cent), followed by parents and siblings (41 per cent).

Figure 8. Methods of sending remittances

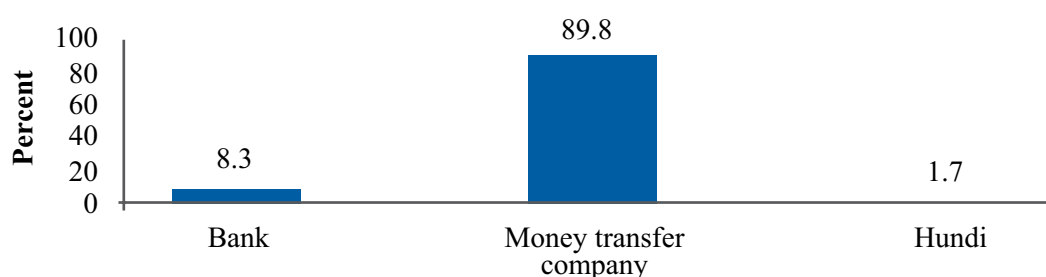


Table 10. Household reason for remittance channel choice

Reason	Bank (%) (n=35)	Money transfer company (%) (n=378)	Hundi (%) (n=7)
Decision of migrant	14	17	0
Having a bank account	57	<1	0
Proximity to household	14	16	0
More cost effective	3	2	71
Quick and efficient service	9	61	14
Less documentation	0	3	0
Door-to-door service	0	<1	0
No other channel available	0	0	14

4.7 USE OF REMITTANCES

With a big rise in the number of Nepali migrants seeking jobs abroad, there has been a steep increase in remittance income overall flowing into the country. Remittance inflows exceed exports of goods and services as well as foreign direct investment by far (table 1). While remittances do not directly show up in GDP calculations, it is accounted for when the money is spent or invested otherwise. Remittances are crucial in reducing the poverty headcount ratio and fostering development.

Based on the household survey conducted for the purpose of this study, this section analyses the use of remittances, looking at how decisions were made and if remittances were used for consumption, savings or investments.

Table 11 shows that in slightly more than a quarter (27 per cent) of the surveyed households, the migrant decided how remittances were used; in 34 per cent cases, it was the collective decision of the family, followed by the migrant's parents (12 per cent), spouse (11 per cent) and children (8 per cent). In 12 per cent of households with a male migrant, decisions regarding remittance use were made by the wife, who in many cases was regarded as the (de facto) household head. In about one in three cases (34 per cent), the spending decision was made collectively. In a minority of cases (3 per cent), the remittance sender was not involved in deciding how the remittance should be spent.

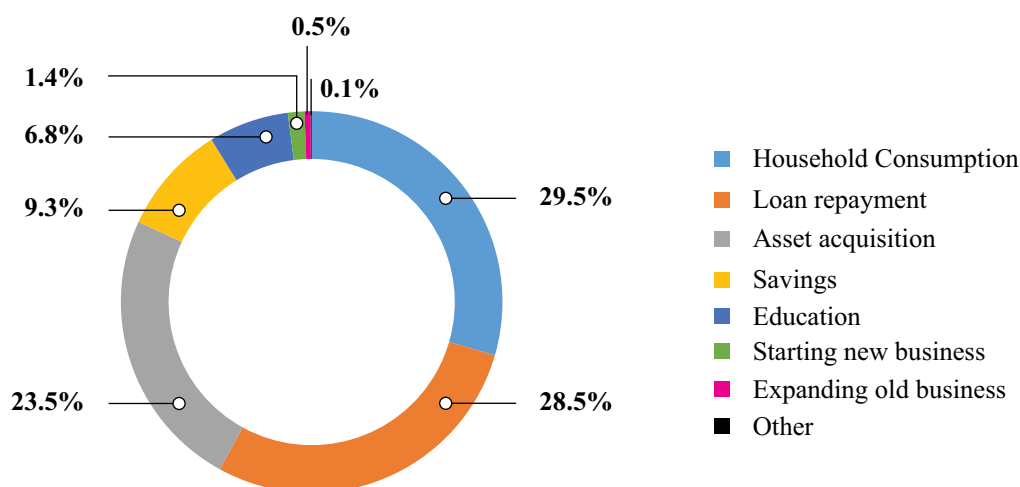
Table 11. Who decided how a household spent its remittance income?

Who decides?	Share of households (%) (n=421)
Migrant	27
Spouse of migrant	11
Children of migrant	8
Parent of migrant	12
Siblings of migrant	4
Collective decision of the family	34

As figure 9 shows, most households in the sample used remittances for household consumption (30 per cent) or loan repayment (29 per cent). Other expenditure categories, in descending order, were asset acquisition (24 per cent), savings (9 per cent), education (7 per cent), starting a new business

(1 per cent) and expanding an existing business (1 per cent). These findings are broadly in line with the NLSS III findings in which household consumption was the largest expenditure item, followed by loan repayment, asset acquisition, education and schooling. A major difference between the findings of this study and the NLSS III is the relative share spent on these items. In comparison, the NLSS III found a larger share of remittances received spent on consumption (79 per cent, compared with 30 per cent) and a smaller share used for loan repayments (7 per cent, compared with 29 per cent) and savings (3 per cent, compared with 9 per cent).

Figure 9. Household expenditure of remittance income



Note: Records with missing data or where the difference between reported remittance income and the total of remittance expenditure was more than 5 per cent were excluded from this analysis.

Some possible explanations for these differences include the time period considered in this study. Respondents were only asked to comment on remittances received during the past 12 months and during the current contract period.¹⁰ One can assume that loans, particularly those with high interest rates, are considered the priority of many households. Furthermore, the sample size of the NLSS III was much larger. Nevertheless, it is clear that, at least at the outset, high migration costs result in a significant share of initial remittance income being channelled into debt repayment. A comparison of the use of remittances during the 12 months prior to the survey and during the current contract period shows that the expenditures were consistent between most items, except for slight differences in the use of remittances for asset acquisition (20 per cent, compared with 24 per cent) and savings (11 per cent, compared with 9 per cent). Buying assets, such as a house or land, is expensive. This implies that households would need to save first to afford the acquisition of assets at a later stage. This explains why the share of remittances used for asset acquisition was larger in the current contract period and why the share of savings was smaller compared with spending in the previous 12 months.

¹⁰ The current contract period was generally between one and three years.

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Table 12. Comparison of household use of remittance income

Expenditure category	Current contract period (%)	Previous 12 months (%)
Household consumption	29.5	30.0
Education	6.8	7.9
Loan repayment	28.5	28.7
Business	2.0	2.1
Asset acquisition	23.9	19.9
Savings	9.3	11.3
Other	<0.1	<0.1

One recurring complaint against the use of remittances in Nepal is that a large share goes towards household consumption and therefore little is saved and invested (Central Bureau of Statistics, 2011). This is, however, not necessarily a bad outcome. Remittance transfers from family members abroad are private funds, and households make spending or saving decisions based on their own circumstances, needs and preferences. Consumption has beneficial impact on the local economy if the demand of local goods and services increases, resulting in job creation, lower unemployment rates, increased income and a greater willingness to invest (Durand, Parrado and Massey, 1996, p. 341). In a country like Nepal, where the demand for domestic products is considerably low and imports exceed exports by far, the benefits of consumption spending might be more difficult to achieve (CBS, 2013).

Money spent on education and health care is an investment in human capital, which is considered a means for social and economic mobility and to increase skill levels, access to needed medical care and the quality of life. In the long run it raises the productivity of workers, which is beneficial for

¹⁰ The current contract period was generally between one and three years.

¹¹ The sampling followed the Living Standards Measurement Survey methodology developed and promoted by the World Bank (CBS, 2015, p. 5). “The sample size for the survey was estimated at 7,200 households in 600 primary sampling units (PSUs). Among them, 100 PSUs with 1,200 households interviewed in the NLSS I or NLSS II were selected for reinterviewing in the NLSS III. And, 500 PSUs with 6,000 households were selected as the cross-section. The PSUs were selected with probability proportional to size, the measure of size being the number of households in each ward” (CBS, 2015, p. 6).

the economy. The study finds that 7–8 per cent of remittance income was spent on education and 4–5 per cent on health care. In many cases, family members of migrants received better education as well as better medical care or medical care that would not have been possible in the absence of the remittance income. Between 1995–96 and 2010–11, for instance, there was a significant improvement in school enrolment rates among children at all levels. In addition, gender gaps in school enrolment have been narrowing with time (CBS, 2014). This coincides with the rapid rise in foreign employment and remittance inflows into Nepal.

A closer look at remittance income being saved revealed that almost a third of all households (30 per cent) reported saving at least a small proportion of what was received. The median amount saved was NPR60,000 (\$558) in the current contract period. Approximately three quarters (73 per cent) of households that saved deposited these savings into a bank account or with a finance company; 16 per cent of them saved it at a cooperative and about 8 per cent kept it at home.

It is important to consider how remittance income is saved because when it is deposited into a bank or financial institution, then it leads to higher capital formation. This is not the case when savings are deposited elsewhere. In Nepal, 60 per cent of the adult population does not have or use a regulated bank product or service (NRB and Finmark Trust, 2014). For various reasons, one being a low level of financial literacy, households keep their savings at home, lend out to borrowers or invest in other ways. Hence, savings do not always equal investment or capital formation.

A larger percentage of households with female heads (at 36 per cent) saved at least some proportion of their remittance income, compared with the male-headed households (at 27 per cent). This finding is consistent with other research findings that show that females are more likely to use remittances for financing the family's food consumption and children's education and to save (Caritas Internationalis, undated). Bhadra (2007) examined the impact of remittances sent by female Nepali migrants on poverty reduction. She found that female migrants and their families used the remittances predominantly for educating their children and consuming food. In many cases, education of family members depended on the remittance income, which was particularly important for female family members to access education. In addition, a "substantial number" (Bhadra, 2007, p. 30) of families with female remittance senders saved the money sent home or invested the earnings in land acquisition. Altruistic behaviour is a common explanation for gendered differences in remittance use (Vanwey, 2004), although this dynamic needs further examination.

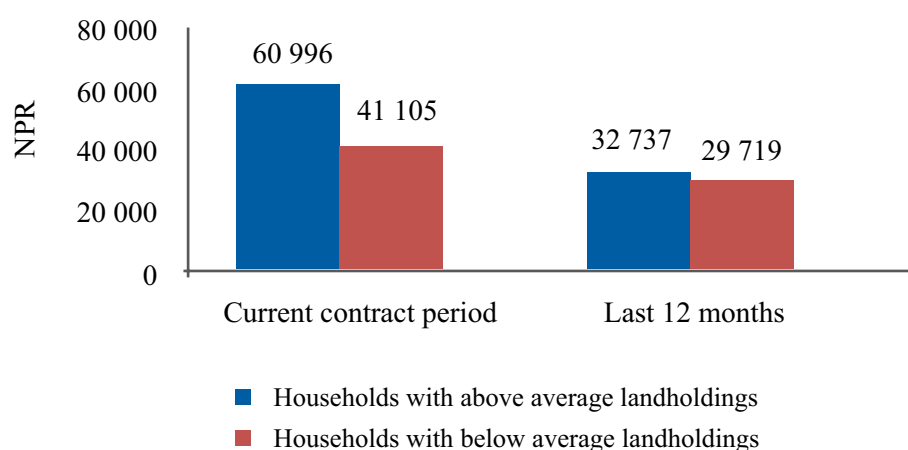
Table 13 compares how households in the sample spent their remittance income, disregarding the size of expenditure but looking at whether the household head was male or female. The findings are in line with the literature on the gendered nature of remittance use. Generally in the 12 months prior to the survey, a statistically significant share of households with a female head used the remittance income for education (54 per cent, compared with 41 per cent for male-headed households) and for future household consumption, including higher education and medical care (24 per cent, compared with 12 per cent for male-headed households). More households with male heads saved for future events like weddings and other festivities (14 per cent, compared with 7 per cent of female-headed households). A statistically significant share of households with a male head spent the remittance income to repay the loan to fund the migration journey (59 per cent, compared with 49 per cent for female-headed households).

Table 13. Expenditure items with remittance income, by sex of household head

	Generally (%)			In 12 months prior to survey (%)		
	Male (n=225)	Female (n=196)	Total (n=421)	Male (n=225)	Female (n=196)	Total (n=421)
Consumption (food, clothes, transportation)	77	82	79	73	79	76
Education	46**	58**	51**	41***	54***	47***
Health	58	58	58	49	49	49
Repayment of loans (except loans to fund migration)	24	27	25	16	16	16
Repayment of loans to fund migration	79	76	77	59**	49**	54**
Purchase assets (house, land, kettle)	40	38	39	31	30	30
Reconstruct own house	24	24	24	16	17	17
Invest in new business	2	4	3	1	2	1
Expand existing business	6	3	5	6	4	5
Save for future consumption (higher education, medical care)	15**	24**	19**	12***	24***	18***
Save for future business investment	13	17	15	13	16	14
Save for special events (festivals, weddings)	14**	7**	11**	11	7	9

Legend: *p<0.1; **p<0.05; ***p<0.01

Remittance-receiving households with above-average landholding) saved more from the remittance income than those with smaller holdings (figure 10) because they could live off the land and spent less of the remittance income for consumption.

Figure 10. Average savings of migrant households from remittance income

In terms of the investments made, most remittance-receiving households in the sample reported preferring to invest in real estate – land or houses – or in a business enterprise. Real estate, especially land, is perceived as an attractive investment for several reasons. The first has to do with safety of the investment – land is a physical asset. Even if land prices do not increase, people can farm and live off the land. In addition, people also consider insurance products and loaning out money a preferred choice of investment.

Only a small percentage of remittance-receiving households (15 per cent) owned or operated a business enterprise, with wholesale and retail business being the most common type (38 per cent), followed by farming (20 per cent). Others were involved in raising livestock and poultry (8 per cent), garment and handicraft industry (9 per cent) and owning a gold shop (9 per cent). Almost half (approximately 45 per cent) of the households who were involved in a business used the remittances received as seed capital.

A low level of financial literacy among households is another potential explanation for the limited investments made by remittance-receiving households, in addition to the loan repayment priority. Around one in five households (22 per cent) reported being aware of investment possibilities, such as the purchase of company shares or the foreign employment bond. Those without financial knowledge were three times more likely to favour real estate as an investment. Increasing financial literacy could change the savings and investment behaviour of Nepali households, which would be favourable for the country's development prospects.

4.8 RETURN MIGRATION AND SKILL TRANSFER

In addition to the remittances, migrant workers also acquire knowledge, skills and new ideas while working abroad. Nepal benefits if returnee migrants use their new knowledge or ideas to start businesses or engage in other economic activities. The knowledge transfer aspect of migration is also valuable because it leads to a more efficient way of doing things or making more productive use of resources.

Knowledge can be defined as “what people know” (UNDP, 2010, p. 21). Scholars distinguish between explicit and implicit, or tacit knowledge. The former refers to recorded knowledge while the latter is rather informal and therefore more complex (Kuschminder, 2011). Knowledge transfer can be defined as “the process through which one unit [...] is affected by the experience of another” (Argate and Ingram, 2000, p. 151). This includes both explicit and tacit knowledge. Accordingly, knowledge transfer in the context of return migration relates to the process through which non-migrants are influenced from returnee migrants' experiences and potential skills acquired abroad. Although much of the academic literature on the topic focuses on skilled migration, knowledge transfer does not necessarily depend on the skill level of a migrant because the “smallest innovative changes can make the biggest difference” (Siegel and Kuschminder, 2012, p. 17).

Upon return, highly skilled as well as low-skilled migrants can share their new knowledge within their personal and professional environment. Considering the low level of industrialization and mechanization in Nepal (Shrestha, undated), low-skilled returnee migrants who learned how to use certain value-added machines can equally transfer their knowledge and contribute to development just like a returnee engineer who knows how to build those machines. The transfer of knowledge can be formal and informal. The latter occurs more frequently; for instance, by sharing ideas and learning by doing, while formal transfer often takes place in academic settings through formal

education and trainings (Kuschminder, 2011; Kuschminder, Sturge and Ragab, 2014; UNDP, 2010).

It is important to consider the impact of potential barriers to knowledge transfer. On the one hand, micro-level barriers can occur in the form of limited motivation to share experiences or learn from returnee migrants. Lacking infrastructure, on the other hand, is an example of a micro-level barrier that does not allow returnee migrants to apply their knowledge gained abroad to the context of the home country (Mitton et al., 2007).

In this study, the experience of returning to Nepal from the perspective of skill transfer was explored through six focus group discussions with a total of 74 returnee migrants.

The majority of the returnee migrants worked in the manufacturing sector or in the services sector while abroad. However, in most cases, their profession abroad differed from their economic activities in Nepal prior to migration. Approximately one out of two returnee migrants was from an agricultural background, and many of them reported returning to work in agriculture due to difficulties in securing other employment.¹² Securing employment upon return was a reported difficult by many returnee migrants, and many focus group participants reported that they were currently unemployed. Additionally, many of the focus group participants reported that they did not acquire skills abroad or acquired skills that were not relevant for Nepal. For these reasons, many returnee migrants, approximately one in three, were considering remigration.

A mismatch between the skills acquired abroad and domestic needs and capacities

Among the returnee migrants reporting that they had gained skills abroad (such as driving heavy equipment, cooking foreign foods, welding, sewing with electric machines), the overwhelming majority agreed that these were not applicable in Nepal or at least in their hometown. For example, several participants worked as a chef abroad and had learned how to make a range of foreign dishes. But the lack of demand for these skills in most parts of Nepal (exceptions include Kathmandu and other large cities) limited their application upon return.¹³ The main obstacle to the application of their skills – and thus to knowledge transfer – was the difference in level of industrialization and mechanization of work between Nepal and the other countries. In areas such as construction and manufacturing, this was particularly true because automated tasks performed in the destination countries were still done by hand in Nepal. For many focus group participants who had gained experience and skills (such as chefs and machine operators), this had them considering remigration.

Inability to realize plans upon return

Many focus group participants cited specific ambitions that they had for using the money earned during their migration, some of which included the import of ideas and skills from abroad. However, many returnee migrants faced barriers in realizing these plans – few of them reported successfully executing their plans. These barriers can be broadly categorized as insufficient capital or seed money, inadequate basic infrastructure and an unfavourable business environment.

¹² This was particularly true in Udayapur, Salyan and Kanchanpur districts.

¹³ Herein lies a potential link between international migration and internal migration because workers from the provinces who have acquired skills abroad may not return to their origin community but may migrate onwards internally towards the larger cities.

Participants reported not having saved enough during their migration to enable them to do anything significant upon return (box 1). Many participants, upon their return to Nepal, found prices to be much higher due to inflation and that they had insufficiently budgeted for their intended business. Additionally, several respondents reported that many households had become accustomed to an increased standard of living through the remittance income, and this continued upon return, despite the remittance income no longer being available. They thus depleted their savings, and the local wages were not high enough to sustain prior spending patterns.

BOX 1

Returnee migrant discourages others from going abroad

Born in a neighbouring district (Rolpa) to a family of farmers, Man Bahadur Oli (aged 40) moved to Salyan District at a young age. Losing his parents while a child, Oli was not able to complete his education; he dropped out after finishing primary school. This limited his work opportunities, both in Nepal and abroad; however, he still opted to go abroad in the hope of improving his life.

Oli spent two years and three months in Qatar, earning about NPR25,000 (\$229) per month. He arranged his foreign job through a local agent. To cover the expenses, he borrowed NPR110,000 (\$1,006) from the agent, at a 20 per cent interest rate. Initially, Oli was dissatisfied with his job, which primarily involved cleaning lavatories. He voiced his dissatisfaction and was transferred to another position with the same employer. Although Oli's job was not difficult or physically demanding, it was not well paid.

It took Oli six months to pay back his loan. Once the loan was paid, Oli was able to send modest savings to his wife in Nepal via the International Money Express service. In total, Oli managed to save about NPR200,000. Dissatisfied with his salary and the general environment and climate in Qatar, Oli decided to return to Nepal. He used his savings to continue his old business – buying and selling goats. While his earnings vary month to month, he makes NPR30,000–NPR35,000 (\$274.47–\$320.22) a month, more than he was able to earn in Qatar.

Returning to Nepal was a smooth process for Oli. He was able to pick up where he left off; working with his wife, he makes enough money now to cover their household expenditures. Oli is satisfied and happy to be back with his family. In his opinion, his migration experience did not add value to his business. His story is likely to be true for many Nepali migrant workers who go abroad with limited experience and skills and work in manual jobs with low salaries. Oli discourages others from following in his footsteps. He laments that many Nepalis are ashamed to do menial jobs, like cleaning the toilet in Nepal; yet they do them in foreign countries. He discourages those who do not have a vocation (plumbers, electricians or drivers) from migrating, believing that those who work hard and persevere in Nepal can make similar levels of money and make a greater contribution to Nepal's development.

Many respondents reported difficulties in starting and in operating businesses related to difficulties obtaining a loan from a bank due to the strict collateral requirement and cumbersome procedures. Lack of availability of agriculture insurance was also mentioned as a major impediment for those wanting to engage in commercial farming using innovative farming techniques (box 2). Additionally, few focus group participants were aware of government or non-government programmes to help them find jobs, access loans at cheaper rates or start a business.

A main impediment to starting and operating businesses relates to the lack of adequate basic infrastructure, such as electricity or water supply. For example, one returnee migrant in Jhapa District wanted to start up a welding business, which would require uninterrupted electricity. Severe electricity shortage with long hours of load shedding and interruption meant that his business plan was not economically viable. Similarly, some returnee migrants in Salyan District had plans to start a fishery but because of the water shortage in their area, it could not be done.

Those who did manage to start their business, experienced operational challenges related to competition and access to markets. Popular business activities reported included goat rearing, pig and poultry farming, vegetable farming and operating a retail store. Some participants faced exclusion from specific markets, however. For example, India blocked the import of pigs from Nepal, and pig farmers in Jhapa suffered. Some lacked the proper connections and networks to maximize the potential of their businesses and to embed themselves within a supply chain that

BOX 2

Returnee migrant uses business knowledge gained from abroad

Kumar Gautam migrated to Israel approximately eight years ago after earning a bachelor's degree in agriculture. His migration cost him NPR700,000 (\$6,404), which was financed largely through family savings and by taking out a loan. In Israel, Gautam earned approximately NPR100,000 (\$915) working in the agriculture sector. During his time in Israel he gained knowledge of innovative farming techniques, such as tunnel farming and drip irrigation.

From Israel, Gautam moved onwards to Poland, where he was employed in the hospitality sector. It was during a return visit to Nepal to see his family that he was encouraged to stay and to establish a business. He decided to set up an organic farm in Jhapa using the techniques he had learned in Israel. This went well for many years, and he was soon employing 12–15 workers. However, his business was severely damaged by winds, and it was not financially possible to continue. Undefeated, Gautam decided to turn his hand to hospitality, building on his experience in Poland. With friends he bought and renovated a hotel, which now employs 30–40 workers.

Gautam continues to face challenges in operating his business. His hotel business currently suffers from a shortage of skilled labour (such as chefs) as well as electricity shortages. To maintain high levels of service, he has invested in generators to provide backup electricity for his guests, but this takes away from his profit margins. He is slowing down his plan to expand his hotel as a domestic chain across Nepal.

would allow them to identify markets and to sell their products at profitable prices. For example, returnee migrants operating poultry farmers in Dhanusha reported difficulties in finding markets for their chickens.

Remigration

The responses in the focus group discussions reinforce the importance of the country context in promoting the development potential of migration. If a migrant returns to an environment that is not conducive to investment or business formation, then they are unlikely to invest in or start a business. Thus, improvements are needed in the basic physical infrastructure (better roads, reliable electricity, banking infrastructure and financial services such as loans and insurance) to capitalize on the positive impacts that migration can have. Furthermore, if returnee migrants are unable to apply the skills they have gained abroad and perceive higher wage premiums abroad, then remigration becomes a logical prospect.



5 International good practices

This chapter discusses policies, programmes or products targeting migrants and their families in various stages of the migration journey in different country contexts. These practices aim to enhance the development impacts of migration (either by mitigating negative impacts or by facilitating and enhancing positive impacts) and could be of relevance in the Nepali context. While there is merit in looking at the experiences of other countries in approaching such topics as remittance and development, close attention must also be given to the context in which these policies and programmes were implemented, along with the ways in which their “success” is defined.

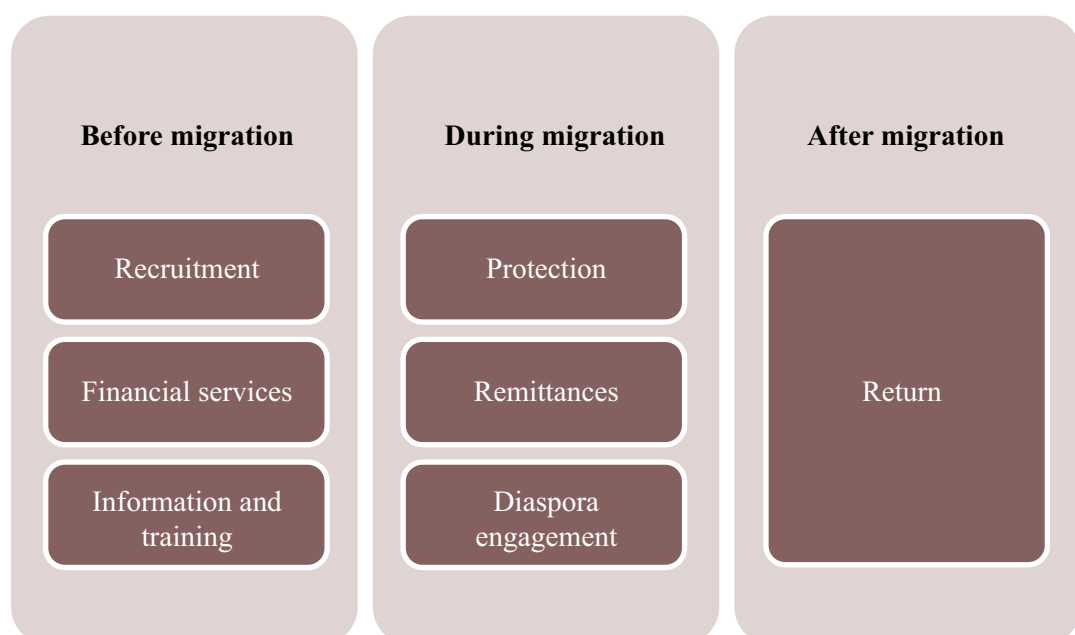
Figure 11 provides a summary overview of the types of practices reviewed in this section. Some of the areas discussed overlap. For example, the recruitment process has implications for the working conditions of migrants in their country of destination, which in turn has implications for the ability to send remittances home or save enough to implement a business idea upon return. It should thus again be emphasized that the ways in which migration impacts development is both contextually dependent and requires a holistic approach to the topic.

5.1 BEFORE MIGRATION

5.1.1 Recruitment

One way to enhance the beneficial impacts of migration is by ensuring migrant safety and protecting them from exploitation and fraud during the recruitment process. Nepali migrant workers experience fraud and exploitation at the hands of employment agencies or agents in Nepal and from employers in the destination country. Many end up in jobs different from what they signed up for, are paid

Figure 11. International good practices for maximizing the development impact of migration



salaries lower than what they were assured and do not get the benefits they were promised (contract substitution) (Gurung, 2004). Others experience abuse and difficult working conditions. Particularly those working as caregivers or domestic workers (often women) are typically not protected by national labour law and thus more vulnerable to exploitive practices (CARE International, 2014). Subagents, who in the case of Nepal are unregulated by the recruitment law, are widely held responsible for increasing the vulnerability of migrant workers to these kinds of issues (Gurung, 2004). Thus practices that address the regulation of employment agencies, including subagents, would be of relevance in the Nepali context.

To protect migrants from unethical practices and to ensure that the process of migration is safe, combined efforts from all relevant actors are necessary, including the government, trade unions, employment agencies, employers, NGOs, international organizations and, not least of all, migrants themselves. In recent years, there has been increasing attention at the international level to recruitment issues. For example, in 2014, the ILO launched the Fair Recruitment Initiative as part of its Fair Migration Agenda (ILO, 2014a). The International Organization for Migration (IOM) has been addressing issues of recruitment through its International Recruitment Integrity System (IOM, 2015). There have been efforts to promote partnerships between international organizations and the private sector. In January 2014, IOM and the International Organization of Employers formed an alliance to campaign for the ethical recruitment of migrant workers by employment agencies (IOE, 2014).

Recruitment has also been a topic discussed at the Colombo Process,¹⁴ and many of its members (Afghanistan, Indonesia, the Philippines and Viet Nam) have introduced laws intended to improve the regulation of recruitment. Many countries have capped the amount of fees that employment agencies are allowed to charge. For example, in the Philippines, employment agencies are only legally permitted to charge migrant workers a fee equivalent to one month's salary, although the Government is reviewing the no-fee legislation (McGregor, 2015). The Philippines 2010 amendment to its 1995 Migrant Workers and Overseas Filipinos Act calls for harsher penalties for illegal recruitment and stipulates guidelines for what recruiters are allowed to do (IOM, 2011a). The Philippines Overseas Employment Administration introduced an awards system to reward agencies that uphold strong ethical standards. The awards are the result of performance evaluations conducted every four years; however, in 2014, an evaluation identified some challenges in the way in which the awards were administered, with the main concern being that agencies were rewarded for the number of individuals that they placed as opposed to other more relevant indicators of ethical recruitment (Asis and Go, 2014). As a means of monitoring recruitment from the Philippines, the awards system is thus being reviewed to improve its effectiveness.

There is positive action taking place among employment agencies, particularly in Asia. The Alliance of Asian Associations of Overseas Employment Service Providers (AAA-OESP), which was established in 2008, is an Asia-wide alliance of overseas employment providers, of which Nepal is a member. In 2008, the AAA-OESP adopted the Commitment to Action on Ethical Recruitment. During its second conference in 2014, the dialogue focused on innovative ways of promoting and ensuring the implementation of ethical recruitment practices and self-regulation through the adoption of an industry code of practice (IOM, 2014). A major challenge of a self-administered code of

¹⁴The Colombo Process is a regional consultative process of 11 member countries (Afghanistan, Bangladesh, China, India, Indonesia, Nepal, Pakistan, the Philippines, Sri Lanka, Thailand and Viet Nam) and eight observer countries (Bahrain, Italy, Kuwait, Malaysia, Qatar, Republic of Korea, Saudi Arabia and the United Arab Emirates). For more information, see www.colomboprocess.org (accessed 31 Aug. 2016).

conduct in the recruitment industry, however, is the lack of enforcement of standards. For example, while the Foreign Employment Act in Nepal outlines regulations for recruitment companies and subagents, the Nepal Association of Foreign Employment Agencies, which developed an ethical code of conduct, cannot enforce standards – it requires government support in doing so (McGregor and Marchand, 2015). Herein lies an important role for the Government of Nepal.

There also have been efforts to monitor employment agencies from the grass-roots level. Centro de los derechos del Migrante (Center for Migrant Rights), an NGO based in Mexico, launched *Contratados*,¹⁵ which is a website on which migrants can post their recruitment experiences and review their recruiters. This forum both gives voice to migrant workers and has become a resource for prospective migrants to inform their choice of recruiter. Similar models are being explored and piloted in other parts of the world, including with domestic workers from Indonesia. As well, the ILO along with the International Organization of Employers have been exploring the feasibility of developing a tool akin to Trip Advisor that could be used on a global scale to monitor employment agencies from the ground up (McGregor, 2015). Successful implementation of such projects in the Nepali context depend upon internet penetration, which is currently low among the population. Efforts to digitize the complaints mechanism against employment agencies that is currently being developed by the Government of Nepal is an important first step in addressing challenges in the recruitment process that diminish the developmental impact of migration. But much work remains to be done.

Bilateral agreements can be an important way of monitoring and regulating recruitment, although at present few Nepalis go through the government channel. The Employment Permit System of the Republic of Korea has been relatively successful – it is merit based and thus considered fair ad costs significantly less than going through a private recruiter. The migration cost through the Employment Permit System is about NPR50,000 (\$460).

5.1.2 Migration costs

Nepal's Free Visa, Free Ticket policy for migrant workers may be good at reducing migration costs in principle, but in practice it may lead to the recruitment of workers from alternative countries of origin (Sedhai, 2015b). Thus, there is a clear need for measures to address issues in the recruitment process at a bilateral, if not at a regional or global level, to ensure that they do not lead to substitution in the patterns of migration but to substantial changes to improve the conditions for migrant workers, which in turn can have positive developmental implications. For Nepal, engagement with regional processes, such as the Colombo Process, and with regional bodies, such as the South Asian Regional Trade Union Council and the AAA-OESP process, are important.

Within the South Asian Association of Regional Cooperation (SAARC) region, the labour migration agenda was recognized as a common issue and included in the 18th SAARC Summit in 2014. The summit was concluded with the endorsement of the 36-point Kathmandu Declaration; under item No. 21, the SAARC Heads of States and Governments agreed to collaborate and cooperate on safe, orderly and responsible management of labour migration from South Asia to ensure safety, security and well-being of their migrant workers in the destination countries outside the region. Under item No. 19, governments also agreed to take effective measures for preventing trafficking in women and children and their exploitation. As a next step, a draft SAARC Plan of Action on Cooperation on

¹⁵ See www.contratados.org/ (accessed 31 Aug. 2016).

Labour Migration was developed and endorsed through a SAARC regional consultative workshop conducted by the FEPB, together with the Ministry of Labour and Employment, the Ministry of Foreign Affairs and the SAARC secretariat. The plan of action calls for ensuring fair and ethical recruitment as a key issue for regional cooperation and for developing a common understanding and framework on fair and ethical recruitment appropriate to the South Asian context.

Other than reducing the monetary costs of migration, measures to reduce the amount of debt that potential migrants accrue in accessing financing is another area for potential intervention. This study found that a majority (about 87 per cent) of the surveyed migrants took out loans to finance their foreign employment journey (section 4.4). Moneylenders were the preferred source, even though they charged higher interest rates than banks. Collateral requirements as well as limited banking infrastructure prevent many prospective migrants from accessing loans from banks and other financial institutions in Nepal.

In Indonesia, some cooperatives provide members with supportive facilities, such as pre-departure loans, savings accounts and a money transfer system. Migrants open accounts at the cooperative before they go abroad. One such cooperative, Koperasi Citra Kartini, is a women's cooperative in a subdistrict of Malang. It is a one-stop shop offering pre-departure loans, savings accounts and money transfer services for its members, provided they maintain a savings account and make regular loan repayments. The loan is repaid by migrant workers abroad in instalments and through bank transfers to the cooperative's account in a commercial bank. This reduces debt burden because the cooperative charges a low interest rate, compared with the moneylenders, possibly freeing up more remittances for savings (IOM, 2010). Particularly given that rural women are disproportionately affected by collateral requirements than men (CARE Nepal, 2015), this may be an interesting model for Nepal to consider.

In Bangladesh, the Probhasi Kalyan Bank (Expatriate Welfare Bank), which was started by the Government of Bangladesh in 2011, provides collateral-free loans to potential migrants as a way of reducing the cost of migration (Ullah et al., 2015). The bank provides two types of loans: migration and rehabilitation loans. The migration loan requires a personal guarantee, whereas the rehabilitation loan requires a personal guarantee and collateral as security against possible default. The loans range from about \$1,000 to \$1,500 (Migration News, 2015).¹⁶ So far the bank has made loans totalling \$5.5 million. The Probhasi Kalyan Bank model may be suitable for Nepal because the countries share economic similarities: Both are poor countries with growing populations, high domestic unemployment rates and high levels of foreign employment (Khan, 2015). Moreover, prospective migrants in Bangladesh and Nepal share the experience of high migration costs for foreign employment and being compelled to borrow at high interest rates (Kibria, 2011; Migration News, 2015). There were plans in Nepal to create a Labour Bank to provide low-cost loans without a collateral requirement to prospective migrants; plans to open such a bank by the end of FY 2014–15 did not come to fruition, however (Pun, 2014).

5.1.3 Information and training

Employment agencies have a critical role in matching migrant workers with jobs abroad by addressing asymmetrical information between potential workers and potential employers. Where information gaps exist, there is room for rent-seeking behaviour, which pushes the cost of migration

¹⁶ Also based on auditor's reports and audited financial statements of Probhasi Kalyan Bank as at 30 June 2015.

upwards (Ahsan et al., 2014). Migration resource centres have been established in many countries as places where prospective migrants can obtain information about destination countries. These centres can perform a multitude of functions, depending on the country context. Tacon and Warn (2009) assessed good practices through an assessment of the work of resource centres across different country contexts, and the ILO assembled guidelines for evaluating the functioning of such centres (ILO, 2014c).

In some countries, these centres are situated in close proximity to employment services, where they are able assist in job matching, training and in the recognition of qualifications. Enhancing skills and knowledge of migrant workers through various training and vocational education can be a good way of improving their job prospects and earning potential. For example, in 2007 the Philippines provided training for domestic workers and then increased their minimum contract value to \$400 per month with a provision that stated that the employer must pay the recruitment fee. In the short term, the Government of Saudi Arabia imposed a ban on workers from the Philippines due to this policy. However, in recent years there has been growing acceptance of the policy in Saudi Arabia (Ruiz, 2012). The Ministry for Foreign Employment Promotion in Sri Lanka, in partnership with IOM, also developed similar training for domestic workers (GMG, 2010).

Some resource centres have engaged in information gathering in the area of remittance costs and identified opportunities for the investment of remittance incomes. Other resource centres have advocated for the reduction of remittance costs. For example, the Filipino Overseas Workers Resource Centre provides information on cheaper remittance transfer options but has engaged with money transfer agencies to reduce costs and speed up the transfer process. This has led to the reduction of costs in certain contexts, including remittances sent from Libya to the Philippines (Tacon and Warn, 2009).

Migrant resource centres often provide a pre-departure training course. Pre-departure training for migrant workers are generally considered to be a good way of providing prospective migrants with information about their destination countries, including details of their rights. While pre-departure courses are typically mandatory, great numbers of migrants still do not participate. For example, in a survey of more than 500 domestic workers from Ethiopia, Nepal, the Philippines and Sri Lanka in Jordan and Lebanon, significantly fewer than half (38 per cent) had completed a formal pre-departure training or information session provided by employment agencies, government bodies or NGOs. It also found that those who had participated in a course lacked some basic information, which thus called into question the comprehensiveness and effectiveness of such programmes (Frantz, 2014). In Bangladesh, the Bureau of Manpower Employment and Training conducts skill training and pre-departure orientation briefing for all migrants who are processed by licensed recruiting agencies with group visas. The certificate of attendance in the pre-departure orientation training is mandatory for them to get clearance to leave the country (Siddiqi et al., 2008). In Nepal, all migrants going abroad through recruiting agencies and the government channel are required to participate in a two-day pre-departure orientation course. This mandatory orientation, conducted and overseen by the FEPPB, is very basic and covers such topics as immigration requirements, cultural aspects and advice on sending remittances and saving money.

Another way in which different actors have sought to provide information to prospective migrants is through information campaigns. Talk shows, theatre productions and interviews on radio and television networks spreading awareness about safe migration practices and possible dangers that migrants can face along with the experiences of returned migrants provide valuable information to prospective migrants. For example, in Sri Lanka, information campaigns on safe migration include

community-level interventions, drama shows, talk shows and discussion programmes in the mass media and consultations with returned migrants, which are carried out by the Government, NGOs, trade unions and church groups (Siddiqui et al., 2008). However, again the local context needs to be taken into consideration along with an evaluation of the effectiveness of such campaigns in reaching hard-to-reach groups. What is important is that information is communicated and available through a variety of channels. For example, in a study on domestic workers in Lebanon and Jordan, many participants had access to mobile devices, and the majority actively used the radio; yet radio is often an underutilized medium in an era of smartphones and social media (Frantz, 2014).

Market development can be a way of developing and maintaining up-to-date information on destination countries and for identifying possible opportunities for overseas employment. The Government of the Philippines (through its Overseas Employment Agency) is involved in such market development. It carries out research and planning to prepare comprehensive profiles of destination countries, takes a personalized approach to marketing the skills of its prospective migrants, advertises the information about prospective employers and the assistance offered by the government and carries out other forms of corporate promotions (GMG, 2010). Such activities not only inform potential migrants about destination countries with safe migration environments but also enable governments of countries of origin to gather and analyse information about their migrants and their employment situation and provide services and legal assistance to its migrants if and when necessary. In Nepal, the FEPB explores and analyses potential markets for Nepali migrants as part of its job of promoting foreign employment.

5.2 DURING MIGRATION

Next to ensuring the protection of migrants prior to departure by reducing the cost of migration, negotiating standard contracts through bilateral agreements and ensuring that information is well disseminated, governments also have a role in the protection of migrants abroad. A variety of evidence sources shows that “integrated” migrants who fully understand their rights are better able to contribute to development (UNDP, 2009; Sinatti et al., 2011; Laczko, 2013). However, integration is not in the policy vernacular of many of the main destination countries for Nepali migrants (McGregor, 2014). While restricting migration for certain groups of migrants was an appropriate tool of protection at one point in time (ILO, 1997), increasingly, evidence is showing that such restrictions can put aspiring migrants in more vulnerable positions if people opt to migrate through unregulated channels (ILO, 2015). Current migrants are also key players in the migration cycle in the sense that they are the ones who are remitting money to their families.

5.2.1 Protection

Welfare funds

Governments of countries of origin can support their citizens at home and abroad through welfare funds and insurance schemes. The funds are usually co-financed by migrants, employers and/or recruiters and managed by the government. Migrants and their families can benefit from it in mainly two ways. First, welfare funds are a means to fund inherently expensive needs, for which it would be difficult to allocate resources in the absence of such funds, including for life and medical insurance as well as emergency support and repatriation. Second, effective welfare funds support activities beyond the general idea of welfare: Such activities target all stages of migration, from pre-departure orientation training and loan provision to reintegration programmes, business entrepreneurship

and career development. And welfare funds facilitate the education of migrant workers' children. Currently, these funds exist in seven Colombo Process countries (Bangladesh, India, Pakistan, the Philippines, Nepal, Sri Lanka and Thailand). Based on their experiences, it seems wise for governments to consider the following seven aspects when designing welfare funds: legal support; medical services and health care; pre-departure training; educational support to migrants' children; contact points at international airports in the country of origin; cooperation with other insurance providers; and simplified migration services using technology (IOM, 2011a).

Support services

In addition to the consular services of foreign ministries, trade unions are important actors in ensuring the protection of migrant workers abroad. One example is that of the Malaysian Trade Union Confederation (MTUC), which operates the Multimedia Super Corridors¹⁷ in Malaysia but also gets involved in bringing cases from migrant workers to the Malaysian Department of Labour. For example, in a specific case in which a Vietnamese migrant worker was not receiving her wages, her family contacted the ILO in Malaysia, who forwarded the concern to the MTUC. Union representatives visited her employer and, through mediation between human resources and the Malaysian Department of Labour, were able to get compensation for the worker and for 81 other workers of the same employer (ILO, 2014d).

GEFONT¹⁸ has been engaging with MTUC regarding specific protection issues for Nepali workers in Malaysia and has a support office within the MTUC building in Kuala Lumpur. GEFONT has support groups in many destination countries, which have had a key role in providing information and referral service to Nepali migrant workers (section 2.2). GEFONT promotes their existence to migrant workers prior to departure and in many destination countries, although membership in trade unions is not permitted in many host countries. Increasing awareness of support services that are available in cases of rights violations, such as wage or passport retention, could be a way of responding to the development-impairing effects that rights violations can have. An institutionalized relationship between GEFONT and the DOFE, which has existed in the past through a memorandum of understanding, would be a useful step forward (McGregor and Marchand, 2015)

5.2.2 Remittances

Remittances have one desirable feature over other forms of financial flows in that they are found to be stable and much more resilient to external shocks (Grabel, 2008). Remittances sent through formal channels have several benefits over informal channel transfers. Banks and financial institutions facilitate the pooling of small amounts of savings from many individuals into one large amount that then can be invested by banks or loaned out. Recognizing the importance of the development potential of such a huge amount of financial flow, governments have come up with various innovative policies, programmes and tools to maximize the potential of remittances. These can be broadly divided into remittance costs, financial services and financial education. Governments can also encourage migrants to invest their remittance income (see section 3.3).

¹⁷ MSCs are Special Economic Zones and high-technology business districts in Malaysia.

¹⁸ See www.gefont.org/ (accessed 31 Aug. 2016).

Remittance costs

Cost comparison websites

In several parts of the world, websites have been developed that provide information to consumers on the costs of making a transfer to their country of destination. Notable examples of these include geldnaarhuis.nl (the Netherlands), sendmoneyhome.org (the United Kingdom), www.enviacetroamerica.org (Central America), sendmoneypacific.org (Australia and New Zealand). Some websites provide additional information about financial services. For example, a website promoted by IOM Italy allows customers to compare the costs and services of sending remittances from Italy to 13 countries of origin. Additionally, the website provides a glossary of financial terms and financial products that are available to migrants in each of the countries (IOM, 2009). The use of such websites by remittance senders has been limited in the past (Siegel et al., 2010), and thus a needs assessment should be conducted to establish whether this would be the best way of providing information on remittance costs to Nepali migrant workers.

Mobile transfers

Improved technologies (such as wire transfers, debit cards and mobile banking) have reduced the cost of sending money across borders (De, 2015). However, the effectiveness of many of these services rest upon the assumption of a developed banking infrastructure. Mobile banking is the exception here. The advantages of mobile transfers are that they rely on fairly basic technology and yet can dramatically reduce the costs of remitting as well as provide access to the “unbanked” population (those with no bank relationship) (Siegel and Fransen, 2013). Mobile money may be of particular relevance to Nepal, given the country has a high unbanked population (at 60 per cent) (NRB and Finmark Trust, 2014). Actually, it is an idea that is gradually taking off in Nepal. Western Union has partnered with Nabil Bank and Phone Pay to offer money transfer services to migrant workers (eSewa Mobile Wallet). The technology allows the remittance sender to almost instantly transfer money, using their cell phone, to a recipient who can then use the funds to make purchases and payments at eSewa-accepted websites or receive cash from approximately 1,200 money service providers attached to Nabil Bank across the country (The Kathmandu Post, 2013). Implementation of mobile money services in Nepal still requires further development, however. At the moment, the number of eSewa-accepted websites is limited, and while mobile phone penetration is high, the number of internet users is comparatively low.

Financial services

Improving financial services is important for Nepal, given that more than half of the population does not have access to a bank. Not having access to a bank makes it harder for an individual to generate a credit history, which can make it hard to utilize other services on offer at financial institutions. At a macro level, the lack of banking infrastructure means a lack of access to loans and finance for entrepreneurship ventures. Next to improving access to banking, savings enable households to acquire assets, such as real estate, financial capital and durable goods, or to make investments in human capital, such as education and health care. Savings also cushion families against economic shocks, such as loss of income or illness, and help lift them out of poverty. Offering suitable financial instruments to encourage and enhance savings can substantially enhance the lives of migrants and their families.

Multifunctional identification cards

The Department of Labor and Employment of the Philippines issues a free identification card to overseas Filipino workers (the so-called OFW E-Card), through the Overseas Workers Welfare

Administration (OWWA) and the Philippine Overseas Employment Administration. The card has various functions from which a migrant worker can benefit in dealing with government and private actors in the Philippines as well as abroad. These benefits include simplified procedures in receiving OWWA services. Migrant workers can use it as an ATM or debit card and as a remittance card, which limits the transfer costs of remittances. Thus, the OWF E-Card is considered an important contribution to migrants' social protection and welfare (DOLE, 2013; O'Neil, 2004).

Saving incentives

One way to increase household saving is to offer incentives, in addition to the interest on deposits (Karlan and Zinman, 2014). In Ecuador, cooperatives provide incentives, such as free insurance or matching deposits to remittance clients who deposit fixed amounts of money at regular intervals (Inter-American Development Bank, 2014). Migrants' Savings and Investment Trust in Armenia is an attempt to partially solve the rural economic depression problem by mobilizing migrants' savings and reinvesting them into their own communities, with the aim of stimulating their family's interest in building homes (Alpha Plus Consulting, 2009).

Dual currency bank accounts

In recognition of the beneficial impact of financial remittances for economic growth, the governments of Bangladesh, India, Pakistan and Sri Lanka allow non-resident citizens to maintain bank accounts in both foreign and local currencies without tax implications. This provision encourages non-resident citizens to transfer remittances and open accounts in their country of origin (Pant, 2008).

Microfinance institutions

Microfinance institutions provide financial services as an alternative system to banks (which have a limited or non-existent presence in rural areas), offering savings accounts, loan options and insurance schemes. A study of microfinance institutions in Mexico revealed that remittances were responsible for 27 per cent of the capital invested in microenterprises nationwide; in areas of high migration, it was up to 40 per cent (Oroczo, 2004).

Bangladesh is a pioneer of microfinance institutions, and the country receives \$15 billion in remittances annually. The Bangladesh Rural and Advancement Committee (BRAC), the second largest microfinance in Bangladesh, has lowered the total transaction time for remittance transfer to within 24 hours and costs to just \$2 on an average transaction of \$500. In 2012, BRAC supplied an average of \$2,000 in lending to 27,000 migrants (IFAD, 2013), which was paid off through the BRAC bank in instalments. The bank also made mobile wallet services available for domestic money transfer via mobile phones. However, international transactions were restricted by the central bank because of the risks of funding terrorism and money laundering.

In Nepal, migrant savings and alternative investment projects were developed by cooperative microfinance institutions offering services, such as unemployment insurance, pension plans and credit for starting businesses (Centre for Microfinance, 2011). This was successful in channelling remittances into remote areas, incentivizing savings and creating jobs by providing credit for microenterprises.

Financial literacy training

Financial literacy is the ability to make informed decisions about the use and management of money and savings. Financial literacy training has increasingly been adopted by governments in such countries as China, India, Indonesia, Mexico and the Philippines as a way of promoting savings among remittance-receiving households (Atkinson and Messy, 2015; Gibson, McKenzie

and Zia, 2012). Doi, McKenzie and Zia (2012) conducted a randomized controlled experiment on the impacts of financial literacy training in Indonesia and found positive effects (financial literacy training led to a rise in savings); they also noted that the impact of training depends on who is targeted. They found that training only migrants has no impact on household expenditure patterns, but other household members should be included.

Developing financial literacy training holds relevance in Nepal because most migrants and their households have low financial literacy (Pourakhi Nepal, undateda). According to IOM, low levels of financial literacy result in families being unable to maximize the potentially positive development outcomes of migration: “A lack of knowledge about the importance of savings means that much of that money is spent by families on consumer goods, rather than being reinvested into income generating activities. Consequently, migrants who have moved abroad at considerable cost end up stuck in a vicious cycle of poverty and re-migration” (IOM, 2014).

While financial literacy training has been provided in Nepal, the provision is often adhoc, project based and geographically targeted. For example, in 2014, IOM in partnership with the Ministry of Labour and Employment, provided financial training to government officials, NGO trainers, officials of financial cooperatives and a private bank using the training of trainers modality. The training covered ways to receive remittances through formal channels, managing remittances, setting up small businesses, savings plans and budgeting. Subsequently, each trainee worked with up to 200 remittance-receiving families to deliver financial literacy training (IOM, 2014). As part of the Private Sector Participation in Labour Migration Management in Nepal, IOM Nepal and Pourakhi¹⁹ delivered financial literacy training to 100 remittance-receiving households in Jagatapur and Sukranagar Village Development Committees of Chitwan. The participants showed significant improvement in financial literacy (Pourakhi Nepal, 2015). An interesting country for Nepal to learn from is the Philippines because “of all the countries receiving substantial remittances payments, it now appears to have progressed furthest in its national efforts to support migrant workers through financial education” (Atkinson and Messy, 2015, p. 27).

5.2.3 Diaspora engagement

Diaspora communities are often seen as natural partners in development. They may have vested interests in the development of their country of origin in light of their possible return, family remaining in the country or a sense of altruistic duty. In destination countries it can be advantageous to engage with diaspora communities in development efforts because of their ability to identify needs and priorities, to engage with local stakeholders, to invest in high-risk economies that other investors may avoid and to use the knowledge and networks that they have established to promote development (Brinkerhoff, 2012).

Nonetheless, diaspora engagement is not easy. Many of the diaspora members may no longer have a legal connection with their country of origin. As Khadka (2015) observed, the “[emotional and family connection] alone [are] not enough for most to invest their hard-earned money and savings in Nepal. They also require a legal connection, and guarantee of security of their investment, which citizenship right provides”. One way to establish a legal connection is through the provision of dual citizenship, which grants property and other rights. Other ways of encouraging diaspora engagement include supporting diaspora organizations and networks and by offering investment opportunities and incentives.

¹⁹ Pourakhi is a member-based organization supporting the rights of returned female migrants in Nepal (Pourakhi Nepal, undatedb).

²⁰ See for example Tunisia (Ragab et al., 2013); Kenya (Bongifio et al., 2015); and Nigeria (Marchand et al., 2015).

Diaspora organizations and networks

Diaspora organizations

Many countries have also invested efforts in supporting diaspora communities. In Germany, for example, one of four components of the Centre for International Migration and Development's programme on Migration for Development has been the promotion of activities among migrant organizations (CIM, 2013). Recognizing the homogeneous nature of diaspora communities, one activity within the programme has been the mapping of different diaspora communities²⁰ to identify opportunities for development cooperation.

With the growth of the Nepali diaspora community, it has organized itself under an umbrella organization, the Non-Resident Nepali Association (NRNA), with the goal of safeguarding and promoting diaspora issues and interests. In addition, the NRNA is genuinely interested in Nepal's progress and wants to aid and contribute to development using the skills, education and experience acquired abroad as well as the financial resources. Among the NRNA's strategic goals is to attract and facilitate non-resident Nepali investment, including foreign direct investment, for economic and social development of Nepal and mobilize the knowledge, skills, capital and other resources within the disposal of non-resident Nepalis for the socio-economic development of Nepal (NRNA, undated).

NRNA has been actively involved in various charity work, such as building *kriyaputribhawans*,²¹ infrastructure upgrades (such as new trolleys at the Tribhuvan International Airport) and trade schools. For the victims of the devastating earthquake of 2015, NRNA provided a significant amount of relief materials. NRNA is also building 10,000 earthquake-resistant and eco-friendly homes for earthquake victims in eight districts, with a total investment of about NPR350 million (The Kathmandu Post, 2015). In addition, the Nepali diaspora community has made millions of dollars of investment in Nepal to start businesses and create jobs. The services and hydropower sectors have been the major beneficiaries of the investment. According to the Society of Economist Journalists, non-resident Nepalis have invested about NPR30 billion (\$300 million) in nine districts (Kathmandu, Lalitpur, Bhaktapur, Baglung, Makwanpur, Kaski, Gorkha, Chitwan and Siraha) and created more than 8,000 jobs (Giri, 2015).

With the engagement of many donors in Nepal, there are opportunities to reach out to Nepali organizations abroad. A good first step would be a mapping of the diaspora in such countries as Australia and the United States.

Diaspora networks

With the spread of the internet and mass communication technology (cell phones, VOIP, Skype) and faster travel, the potential impact of diaspora networks has expanded. For example, knowledge transfer can occur without the physical transfer of individuals to a country (IOM, 2011b) or through temporary periods of return (Siegel and Kuschminder, 2012). Chinese universities, for instance, have used financial incentives to attract Chinese scholars from abroad, encouraging them to visit and give lectures in China (Luckanachai et al., 2010).

IndUs Entrepreneur is a network of overseas Indian IT entrepreneurs established in California's Silicon Valley in 1992. Since its creation, the network has expanded to 12 countries and has upwards of 11,000 members organized in 53 chapters. The network supports Indian start-ups in the

²¹ Mourning homes for the kin of the deceased.

IT sector, where local investors are paired with members of the network. The network is estimated to have raised \$200 billion in business financing and to have created more than 200,000 jobs. Many observers attribute the growth of the Indian IT sector to the activities of the network, which has been widely supported by local governments, chambers of commerce and universities across India (Luckanachai et al., 2010).

The Balik Scientist Program has allowed Filipino science and technology experts abroad to share their expertise in the field of science, agro-industry and economic development (BSP, undated). Additionally, the Link for Philippine Development Program (LINKAPIL) has been in existence since 1988 and engages Filipinos abroad in national development efforts. The LINKAPIL programme relies on cooperative links among Filipinos overseas, the national Government, local government units, NGOs and the private sector to enable the transfer of resources and skills from overseas to beneficiaries in the Philippines (Commission on Filipinos Overseas, undated). In its first 20 years of existence, the network attracted 2.49 billion pesos, or \$62,250 million worth of assistance that has reached an estimated 14.8 million beneficiaries. These donations were directed to rehabilitation and reconstruction projects in communities all over the Philippines, such as infrastructure, livelihood, education, calamity relief assistance, skills transfer and health care.

Encouraging investment

Diaspora bonds

A diaspora bond is debt investment sold by a country to its diaspora community abroad in order to raise funds for domestic development. Recent examples of countries tapping into this resource are India, Israel and Ethiopia – countries with significant diaspora populations. India and Israel raised more than \$35 billion through diaspora bonds for development projects (Ketkar and Ratha, undated). El Salvador, Ethiopia, the Philippines, Rwanda and Sri Lanka have also issued diaspora bonds to bridge financing gaps during difficult times (UNDP, 2011). Ethiopia, for instance, offers diaspora bonds to Ethiopian nationals residing abroad as well as to foreign nationals with Ethiopian origin. The interest rates on the bonds are 4 per cent, 4.5 per cent and 5 per cent for five-, seven- and 10-year bonds, respectively; the face value is \$100, and the minimum investment is \$500 or its equivalent in selected convertible currencies. Investment in the bond can be used as a deposit for borrowing from local banks, and the interest is tax exempt (Plaza, 2011).

Matching schemes

In Mexico, a matching contributions programme, TresPorUno, was implemented to encourage diaspora members to make investments in the country. In the programme, the Government added a dollar from the municipality and state to match each dollar sent by migrants. The funds were used in development projects, like water supply, electrification, road construction, health care and education. In an evaluation of TresPorUno, Duquette-Rury (2014) established a significant and positive link to improved sanitation, water and drainage but a decrease in household remittances as a result of the matching scheme. Aparico and Mesguer (2012), however, found the programme to be regressive because it only benefits communities from which migrants originate, which are usually not the poorest communities. Thus, if something similar was to be implemented in Nepal, due attention would need to be paid to ensuring that the programme did not reinforce existing inequalities. Furthermore, the Mexican funds were often used to invest in cultural goods, such as statues, and there is a need to specifically target funds towards infrastructure projects that are needed in Nepal, such as better roads.

5.3. AFTER MIGRATION

5.3.1 Returnee migrant entrepreneurship

Facilitating returnee migrant entrepreneurship is one form of reintegration, which is “the least developed policy area” (IOM, 2011a, p. 66). Only a minority of returnee migrants establish their own business. This can be regarded as a waste of human capital because it disregards migrants’ “valuable work experience and new skills that the home country can use” (IOM, 2011a, p. 70). Encouraging returnee migrants to actively contribute to the economy and society of their home countries is a way to use migrants’ experiences effectively. Entrepreneurship among returnee migrants can be achieved through several means by different actors. Countries have put in place policies and institutional mechanisms to encourage entrepreneurship training for returnee migrant workers on business skills and financial planning and institutions, such as commercial and rural banks, microfinance institutions and cooperatives (IOM, 2010).

Governments can promote investments through business establishment by providing financial benefits to returnee migrant entrepreneurs, as in the case of India, where they have “preferential access to capital goods and raw material imports” (IOM, 2011a, p. 66). The Government of India, through its Indian Investment Centre, promotes returnee migrants’ investments. The centre assists investments, technical collaborations and joint ventures. In addition, there are local government support schemes to stimulate returned-migrant entrepreneurship by offering loan packages. The Government of Pakistan and the Bangkok Bank in Thailand pursue similar strategies (IOM, 2011a). The Philippine Overseas Workers Welfare Administration, a government agency linked to the Department of Labor and Employment, also provides pre-departure orientation to prospective migrants on financial education and provides reintegration programmes for returnee workers. It also provides returnee migrants with access to credit and financial literacy training (Atkinson and Messy, 2015). Returnee migrant entrepreneurship is not only encouraged by government agencies but also by NGOs and other actors. The Indonesian trade union *Buruh Migran Indonesia* links migrants to microfinance institutions or government programmes to encourage entrepreneurship. It also helps improve financial literacy, which is key when establishing a business (IOM, 2011a).

There is a need for such programmes to consider gender-based differences in reintegrating returnee migrants. Women might have problems “accessing credit or financial services as well as regarding their perceived role within a given local context” (IOM, 2011a, p. 67). The Government of Nepal in cooperation with UN Women, among others, developed an Entrepreneurship Development Training programme for returned female migrants in Kathmandu, Kaski and Sunsari. The majority of the participants (70 per cent) started a business in painting, artisanal handicrafts, animal husbandry, retail or hotel services (IOM, 2011a, p. 67).

For returnee migrants, the ILO recommends several ways to enhance young entrepreneurs’ access to financing:

- provide grants to help aspiring returnee migrants secure their livelihood during the initial phase of a start-up business;
- encourage private companies or NGOs to provide cash-based awards to successful or promising entrepreneurs;
- provide loans with little or no collateral requirements; and
- provide no-interest or low-interest loan rates, with strict eligibility criteria in the form of a viable business plan, adequate commitment and responsibility and reasonable equity participation (ILO, 2014e).

In addition to financial incentives to encourage returnee migrant entrepreneurship, entrepreneurs might benefit from mentoring programmes for developing and maintaining their business. One example is the NGO Fundación Impulsar in Argentina, which helps entrepreneurial-minded young people between 18 and 35 years of age with a good idea for a business. It focuses particularly on youth from economically disadvantaged backgrounds and provides interest-free loans up to \$7,000, funded primarily through bank partnerships. In addition, it provides support in business planning, development and mentoring services. So far it has helped more than 800 people start businesses that created almost 2,000 jobs (YBI, 2012). While the seed money provided to promising entrepreneurs is critical, the support and mentoring in the process of starting and developing a business is also important because success depends on careful planning and marketing. In the case of Fundación Impulsar, mentors are volunteers with experience in businesses who support the entrepreneurs (Fundación Impulsar, undated). Accordingly, such a mentor programme not only provides opportunities for young individuals, be it non-migrants or returned migrants, to start their own business, it encourages returnee migrants or diaspora members to transfer their knowledge gained abroad by becoming a mentor.

Similarly, the Commonwealth Youth Credit Initiative in India provides employment opportunities to disadvantaged youth through training and provision of microcredit and also investing in increasing the awareness of young people and youth-related organizations about available credit programmes (YEI, undated).

5.4 CONCLUDING REMARKS

What is evident from this brief, non-exhaustive review of some good practices in the area of migration and development is the following:

- context matters;
- many different actors have a role to offer; and
- Nepal has already taken measures in many of the areas outlined in the cited examples.

There is a need to step away from language that speaks of mobilizing diaspora and tapping remittances in the area of migration and development. Certainly diasporas and remittances are important, and there is a need to recognize the potential to further maximize the positive development impacts of migration for Nepal. But it is critical that efforts primarily focus on creating enabling environments (Brinkerhoff, 2012).

सामुदायिक संचेतनाका उद्देश्य

- > किमैकपूर्ण मूल्य / मान्यताएकले विभिन्न लक्ष्य
नकारात्मक प्रभावनालाई निरमिच्छा गर्ने
करण विचार गर्ने।
- > दौर्भाग्य र देखा
शून्य गर्ने बलाका
मा उपलब्ध गर्ने
धनैत गर्ने।
- > गति गर्ने सर्वे शान्ति कायक
नाम पाउनु पर्ने गर्नामा
आमा लागि गर्नामा
सवार उत्पादन जोस्ना काम गर्ने।
- > रूख रित्त सार्नाकित अरुका कामकाज



6 Conclusions

Through the survey of 421 remittance-receiving households, six focus group discussions with 74 returnee migrants, eight informant interviews with relevant stakeholders and a review of global good practices, this report provides a starting point for policy dialogue on migration and development in Nepal. No strategy currently exists in the country to promote the positive developmental implications of migration or to mitigate its negative outcomes. In recent years, Nepal has engaged in different activities that could be scaled up. This final section of the report draws together some concluding thoughts and makes recommendations for moving forward.

6.1 CHALLENGES

The main challenges identified in Nepal are as follows.

Limited banking network and large proportion of an “unbanked” population

One main challenge in making better use of remittances for development is the lack of access to banks and financial services. In Nepal, where 80 per cent of the total population lives in rural areas, there is a limited number of banks or none in most villages. About 60 per cent of the adult population is unbanked, according to a FinScope survey (2014). Banks are the critical link between remittance, savings and investment. More than half of the adult population operating outside the banking sector is a major roadblock to channelling remittances into savings and investments.

High levels of poverty, unemployment and illiteracy

The prevalence of deep and chronic poverty and a high unemployment rate are driving forces behind the rise in foreign employment. This translates to a large amount of remittance inflows into Nepal. However, the same condition also acts as an impediment to use of remittances as well as skills and ideas for Nepal’s development. Because of the high poverty rate, a large portion of the remittance income goes towards meeting basic household necessities and other services. This reduces the potential for savings, which could be otherwise channelled to investments. Even when households save, low levels of financial literacy prevent savings from being deposited into a bank account. Raising the population’s literacy and financial literacy levels is essential.

Poor and inadequate infrastructure

Poor and inadequate infrastructure hinders economic progress and lowers people’s standard of living. Infrastructure is the foundation on which business and commerce run and operate. Even when good policies are implemented, bottlenecks, like electricity shortages, poor and limited road and transportation networks, inadequate irrigation systems and drinking water shortages stand in the way, seriously undermining their effectiveness and impact. Weak infrastructure reduces business opportunities and prevents entrepreneurs from using their knowledge or ideas to start business. It affects the use of savings (from remittances and other sources) and the transfer of knowledge, skills and ideas.

Weak policy and institutional coherence

According to the OECD (2009), policy coherence for development consists of three building blocks: political commitment, policy coordination mechanisms and instruments, and monitoring, analysis and reporting systems. According to several of the informants interviewed, these are lacking in Nepal.

High migration costs

The study found that the average migration costs for a migrant worker exceeded the average annual income in Nepal. Due to lack of collateral or other reasons, most households borrow from moneylenders and pay high interest rates, at an average of about 35 per cent per annum. Based on the amount of remittances received by households in the sample, this meant that it took an average of one year for survey respondents to pay off the loan they took to pay for their foreign employment journey.

Low levels of education attained

The returns for migration are higher for migrants with higher skill levels, and yet the study found that most Nepali migrants have little education and few technical skills. This limits their earning potential abroad. Investing in the human capital through technical and vocational training would not only serve the country through those that stay but also potentially raise the earnings of migrants abroad.

6.2 RECOMMENDATIONS

Without addressing some of the major development challenges facing Nepal, efforts to “channel” remittances or mobilize diasporas will have limited to no impact if the general environment is not considered. While migration offers development potential, it is important that attention to migration and development does not come at the expense of broader development goals and complements rather replaces these efforts. Thus, government efforts to develop physical infrastructure (such as roads and electricity), combined with the development of education (for example, through an improved technical education and vocational training system) should underpin the more specific recommendations offered here.

Recruitment

- Explore ways of monitoring employment agencies and subagents and ensure that adherence to the industry code of conduct is enforceable.

Migration costs

- Offer collateral-free loans to finance migration journeys overseas.
- Negotiate bilateral agreements similar to the Korean Employment Permit System, which has reduced migration costs.

Information and training

- Deliver financial literacy training that targets both migrants and their families.

Protection

- Bilateral agreements can be used to stipulate minimum standards and standardized contracts.
- Assist GEFONT in the provision of support services to Nepali migrant workers through partnerships with consular services and the DOFE.

Remittances

- Develop banking infrastructure, especially in rural areas of Nepal.
- Build confidence in banking systems by offering deposit insurance.
- Pilot incentives to encourage savings.

Diaspora engagement

- Support diaspora networks so that it helps unlock their potential to contribute to the development of Nepal by promoting foreign direct investment and trade, transferring new knowledge and skills and by stimulating entrepreneurship in Nepal.
- Encourage the temporary return of qualified nationals (such as university lecturers) to facilitate the transfer of knowledge.
- Evaluate the success of foreign employment bonds thus far, in terms of effective outreach as well as efficient use of the finances. Use the evaluation to develop an action plan that may include:
 - better marketing and targeting; and
 - competitive interest rates.

Returnee migrant entrepreneurship

- Investigate ways of facilitating returned migrant entrepreneurship by:
 - providing grants to help returnee migrants secure a livelihood during the initial phase of a start-up business;
 - offering cash-based awards to successful or promising entrepreneurs by private companies or NGOs;
 - offering loans with little or no collateral requirement;
 - offering loans at no or low interest rates, with strict eligibility criteria in the form of a viable business plan, adequate commitment and responsibility, and reasonable equity participation; and
 - develop entrepreneurship training.

Further research

While the review of global good practices is a worthwhile endeavour, it is not always possible to directly transfer ideas between different geographical contexts and to achieve the same impact. Developing a culture of monitoring and evaluating and of testing what works would ensure that policies in Nepal make sense. For instance, the Government is discussing the idea of opening a Labour Bank that would provide collateral-free loans to migrants at rates lower than the commercial banks. This is an opportunity to further test the relationship between migration and development in Nepal. During a pilot phase, the Labour Bank could experiment with different ways of incentivizing potential migrant workers to take a loan from the Labour Bank rather than from a moneylender. It could also pilot different products that might incentivize households to save money.

Further research should seek to expand the scope of this study in terms of sample size as well as through the collection of data from a broader range of households to gain further insight into the relationship between migration and development in the Nepali context. An important omission from this study was in-kind remittances (smart phones, laptops or other goods). This should be reviewed because the receipt of these goods may be important in driving business creation and thus have an important role in the development of small and medium-sized enterprises. For example, the receipt of a printer could lead to the formation of a printing company that provides livelihood opportunities and potentially creates jobs. Finally, the study focuses on international migration. Internal migration and urbanization are also important areas to discuss when looking at the role of migration in development processes in Nepal.



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Annex I: Survey questionnaire

A joint study by International Labour Organization Nepal and Institute for Integrated Development Studies

REMITTANCE-RECEIVING HOUSEHOLD SURVEY QUESTIONNAIRE

SURVEY CONSENT

Namaste! My name is _____. I have come as a member of a research team lead by Institute for Integrated Development Studies (IIDS) with support from the International Labour Organization (ILO) to understand the linkages between migration and development in Nepal. Labour migration generates substantial benefits for Nepal, primarily in the form of remittances as well as knowledge, skills and expertise gained during overseas employment. Through the findings of this study, we aim to work with national policymakers and relevant stakeholders to develop strategies to maximize the development potential of labour migration and remittance through productive usage of remittance income and returned-migrant skill transfer and through development of remittance-backed savings and investment products. Therefore, your participation in the survey is crucial. Please provide us some information about your household. We will convey the information you have given to government and non-government stakeholders involved in facilitating effective labour migration policies and programmes in Nepal. As per Nepal's Statistics Act 2015, the information you have given will remain confidential, and the use of the information given be limited to statistical use.

Thank you very much for your valuable time.

Common coding

N/A – Questions not applicable to respondent

99 – Respondent refused to answer

98 – Respondent does not know

Household No.

Interview result:

1. Complete

2. Refused

3. Partial complete

4. Other (specify)

BASIC INFORMATION

101. District	
102. Municipality/ VDC	
103. Ward	
104. Name of the respondent	
105. Total number of male family members	
106. Total number of female family members	
107. Total number of family members in active working group (between 15 and 64 years of age)	
108. Interviewee ID #	
109. Contact number	
110. Interview date: 2071/ /	

1. RESPONDENT PROFILE

SN	QUESTIONS	CODING
201 202	Age Caste/ethnicity	_____ Years 1. Brahmin/Chhetri (Hill) 2. Dalit (Hill) 3. Janajati (Hill) 4. Janajati (Madhesi) 5. Dalit (Madhesi) 6. Others (Madhesi) 7. Brahmin (Madhesi) 8. Muslims 9. Others - Please specify
203	Sex	1. Female 2. Male 3. Third gender/sex
204	What is the highest level of education you have completed?	1. Illiterate 2. Under SLC 3. SLC pass 4. Class 12/intermediate level pass 5. Bachelor pass 6. Master level pass 7. Vocational degree 8. Non-formal education
205	What is your position in the household?	1. Household head 2. De facto head in the absence of the household head 3. Others
206	Type of house in which members of the HH reside	1. Pakki 2. Ardha-pakki 3. Kachchi 4. Others (Please specify)

SN	QUESTIONS	CODING
207	House ownership	1. Owned 2. Rented 3. Rent-free 4. Institutional 5. Others Please specify
208	Total land holdings	.....(Bigha/Kattha/Dhur) .....(Ropani/Paisa/Dam)
209	Is your family engaged in farming?	1. Yes 2. No
209	If Yes, number of months of consumption supported by own agriculture production	1. Less than three months 2. Three to six months 3. Six to nine months 4. More than nine months
210	Household assets	1. Automobile such as bus, car, truck, motorcycle 2. Houses, buildings, etc. 3. Cattle, poultry etc. 4. Jewellery 5. Bonds, stocks, and/or shares 6. Loans given to be received 7. Savings 8. Cash at hand 9. Others _____ Please specify
211	Household headed by	1. Male headed 2. Female headed

3. MIGRANT PROFILE

301. For each family member who is currently working abroad, please complete the tables below. (Note: The serial numbers, S.N., in the two tables should correspond with each other.)

SN	Name	Relationship with HH head	Sex	Age	Education level	Country of migration	Occupation abroad	Vocational training related to job	Marital status	Number of children*
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1										
2										
3										
4										
5										

(3) Sex	(5) Education level	(7) Occupation in migration	(8) Training	(9) Marital status
1. Male 2. Female 3. Third 4. gender/ sex	1. Illiterate 2. Primary level (Class 1 – Class 5) 3. Secondary level (Class 6 – Class 10) 4. Higher level (Class 11 and above) 5. Vocational degree 6. Non-formal education	1. Construction worker 2. Agricultural worker 3. Security worker 4. Service sector worker (hotel, restaurants, stores etc.) 5. Domestic worker – Housemaid 6. Domestic worker – Gardener 7. Domestic worker – Driver 8. Domestic worker – Caretaker 9. Domestic worker – Other (Please specify) 10. Garment worker 11. Transport worker – i.e. Driver 12. Manufacturing/factory worker 13. Electrician 14. Carpenter 15. Mason 16. Others(please specify)	1. Yes 2. No	1. Single 2. Married 3. Separated 4. Divorced 5. Widow 6. Abandoned 7. Other

*Note: Please indicate “0” (zero) if the migrant worker does not have any children.

SN	Migration duration	Migration status	Monthly income (NPR)	Frequency of sending remittances	Total remittance sent in the last 12 months (NPR)	Total remittance sent during this migration period** (NPR)	Medium used to send remittances	Funding source for migration	Total expenses for foreign employment (NPR)	If source is loan, interest rate (%)	Migration channel	Whose decision was is to migrate?
(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	
1.	Migration duration	Migration status										
2												
3												
4												
5												

SN	(11) Migration duration Status	(12) Migration Status	(14) Frequency of sending remittances	(17) Medium used to send remittance (most frequently used in the last 12 months)	(18) Funding source for migration	(21) Migration channel	(22) Who took the decision to migrate
	1. Recently migrated (less than a year) with contact 2. Migrated between 1 and 2 years ago with contact 3. Migrated more than 2 years ago with contact 4. Migrated but no contact	1. New migrant 2. Remigrant	1. More than once per month 2. Monthly 3. Every three months 4. Bi-annually 5. Annually 6. Upon request from household head	1. Banks 2. Money transfer agencies (IME, Western Union, Prabhu Money Transfer, Money Gram, etc.) 3. Microfinance company 4. Local savings and credit cooperatives 5. Hundi 6. Deposits made to an account where the family can withdraw 7. Through friends, relatives and acquaintances 8. Self (migrant himself/herself) ----- Need to separate this from the above option 9. Others(Please specify)	1. Loans from banks and/or finance companies 2. Loans from relatives, friends 3. Loans from local money lenders 4. Loans from agent sending the HH member abroad 5. Household income	1. Through government channel 2. Through manpower agencies 3. Through local agents 4. Through travel agents 5. Through relatives 6. Through neighbours and acquaintances 7. Self-explored 8. Others (Please specify)	a. Self b. Spouse c. Parents d. Parents-in-law e. Siblings f. Children g. Others (please specify) (choose as many that apply)

02	Through which medium does your household receive remittances? Choose the one most used medium.	<ol style="list-style-type: none"> 1. Banks 2. Money transfer services (IME, Western Union, Prabhu Money Transfer, Money Gram, etc.) 3. Microfinance company 4. Local savings and credit cooperatives 5. Hundi 6. Through friends, relatives and acquaintances 7. Migrant themselves 8. Others .....specify
303	What is the reason for the medium indicated in the question above? Choose the most important reason.	<ol style="list-style-type: none"> 1. Family member sending remittances chose the medium 2. Household has a bank account 3. Close proximity to the household (in terms of traveling distance) 4. More cost effective (relatively cheaper service cost) 5. Quick and efficient in service (in terms of service time) 6. Relatively less documentation needed 7. Door-to-door service provided by medium 8. Others _____ Please specify 98. Don't know
304	Who is the main receiver of the remittances sent? Choose the person who received the most frequently.	<ol style="list-style-type: none"> 1. Spouse of migrant worker 2. Father 3. Sibling(s) of the migrant worker 4. Children of migrant worker 5. Parents-in-law of the migrant worker 6. Siblings of the spouse of the migrant worker 7. Others _____ Please specify
305	How much fee (in per cent) does the money transfer service charge?	<ol style="list-style-type: none"> 1. No charge 2. Less than 1 per cent 3. 1 to 2 per cent 4. 2 to 4 per cent 5. 4 to 6 per cent 6. 6 to 10 per cent 7. Above 10 per cent 98. Don't know

306. How much did this household spend on the following areas?

SN	Areas	306. So far in this migration contract	307. In the last 12 months
1	Current household consumption (food, clothes, transportation)	.....	.....
2	Education and schooling	.....	.....
3	Medical treatment	.....	.....
4	Repayment of household loan (except loans taken out to fund migration)	.....	.....
5	Repayment of loan taken out to fund migration	.....	.....
6	Purchase of assets such as new house, land, vehicles, cattle, etc.	.....	.....
7	Upgrade or expansion of existing house	.....	.....
8	Investment in new business	.....	.....
9	Investment in expansion of existing business	.....	.....
10	Saving for future expenses (higher education, medical care, etc.)	.....	.....
11	Savings to invest or start future business when migrant family members return home	.....	.....
12	Saving for future events or social functions, such as festivals, wedding, etc.	.....	.....
13	Others _____ (Please specify)	.....	.....

308	Who decides how remittance received by the household is spent?	1. Remittance sending migrant 2. Spouse of the remittance sending migrant 3. Children of the remittance sending migrant 4. Parent of the remittance sending migrant 5. Sibling of the remittance sending migrant 6. Best on Household decision 7. Others _____ (Please specify)
309	Are the migrant workers who send the remittance consulted regarding the use of the remittances?	1. Yes 2. No
310	In comparison to previous years, how did remittance flow to your household change in the last 12 months?	1. Same as before 2. Increase in remittances 3. Decrease in remittances N/A (if in migration for less than a year) 98. Don't know
311	Over the next two years, how do you expect remittance income to change?	1. Same as now 2. Increase in remittances 3. Decrease in remittances 4. No remittances 98. Don't know
312	Have you moved to a city or district headquarter or have plans to move to a city or district headquarter?	1. Yes 2. No 98. Don't know

4. SAVING BEHAVIOUR

400	How far is the closest bank, finance company or cooperative from your house? (in kilometres)	.....km
401	Do you currently have an account in a bank, finance company or a cooperative?	1. Yes 2. No
402	If yes, what type of account is it?	1. Savings 2. Current 3. Fixed deposit 4. Others _____ (Please specify)
403	Approximately what percentage of your non-remittance income do you save annually?	_____ per cent
404	Approximately what percentage of the savings, from the non-remittance income (mentioned above), do you keep in a bank and/or finance company?	_____ per cent
405	What do you do with the surplus remittances income?	1. Deposit at bank and/or finance company 2. Deposit at cooperative 3. Loan out to others (non-household members) 4. Keep at home 5. Others _____ (Please specify) N/A No savings
406	Approximately what percentage of your remittance do you save annually?	_____ per cent
407	What are the primary reasons for not keeping all the savings in the bank and/or finance company?	1. Tradition of keeping the savings at home 2. Mistrust in banks and/or finance company 3. Low returns on savings 4. Use other saving mediums such as local savings and credit cooperation to save, personal saving schemes 5. Remoteness and/or inconvenience of banks and/or finance companies 6. Saving is small 7. Others _____ (Please specify)
408	Are you aware of different savings services and/or accounts offered by banks or financial institutions?	1. Yes 2. No 3. Some what
409.	If your household does save, then what are the main reasons for savings? Indicate the top three reasons and rank in order of importance (1= most important).	1. Income security for old age(- ---) 2. Health care needs (- ---) 3. Education of children (- ---) 4. To buy assets (house, land) (- ---) 5. Start a new business/enterprise(- ---) 6. To purchase shares, bonds of companies (- ---) 7. Expand existing business/enterprise (- ---) 8. Purchase of durables (vehicles, motor cycle, TV, mobile phones, etc.)(- ---) 9. Marriage of household members and other social events (- ---) 10. Others (Please specify) _____ (- ---)
410	In addition to the remittance sent home, does the migrant worker save some money from his/her earnings abroad?	1. Yes 2. No 98. Don't know

5. INVESTMENT BEHAVIOUR

501	Are you or any member of your household involved in any business or enterprise? (If not go to Q.N. 507)	1. Yes 2. No
502	If yes, what type of business/enterprise is it? Choose the option that best describes it.	1. Farming 2. Livestock and poultry 3. Manpower agency 4. Handicrafts /Garment 5. Transportation 6. Hospitality industry (hotel, restaurant, trekking, etc.) 7. Retail/wholesale business 8. Opened school/college 9. Construction related 10. Real estate business 11. Others _____
503	In what capacity or role is your involvement?	1. Sole owner 2. Part owner with household members as partners 3. Part owner with non-household members as partners 4. Others _____
504	If funded by remittance income, what percentage of the total investment came from remittances?	----- per cent
505	How important is the remittance income for starting this business?	1. Very important 2. Important 3. No difference 4. Not important
506	If very important or important, how have remittance been important? Please indicate the most important factor.	1. Source of capital to start the business or enterprise 2. Source to pay back loans occurred related to business or enterprise 3. Access to remittance backed loans 4. Financial funding to expand business or enterprise 5. Others (Please specify) _____
507	Are you aware of bond, stock or share schemes, or foreign employment bond issued by the government or the private sector?	1. Yes 2. No 3. Somewhat
508	Which of the above products have you invested or have plans to invest?	1. Bonds 2. Investment in capital goods (vehicles, machinery etc.) 3. Shares of companies 4. Loan out money 5. Insurance (“bima”) products 6. Fixed term deposits 7. Foreign employment bond 8. Real estate 9. Entrepreneurship 10. Others _____ Please specify
509	If you answered No above, why?	1. Not aware of these products 2. Lack of information about where and how to buy/sell 3. No savings 4. Lack of trust in them 5. Banks and other financial services are far 6. Others (Please specify) _____

510. Which of the following factors would help you start or expand your investment plan/s?
Indicate top three in order of importance

Factor 1	Factor 2	Factor 3

Codes

1. Knowledge about investment options
 2. Access to loans for investment
 3. Lower interest rates for loans
 4. Better market information
 5. Subsidies for business or entrepreneurial ventures
 6. Better financial literacy (accounting knowledge, etc.)
 7. Entrepreneurial training
 8. Others _____ Please specify
- NA (Not Applicable)

511	Who is the primary decision maker in your household regarding savings and investments from remittances?	<ol style="list-style-type: none"> 1. Migrant worker him/herself 2. Migrant worker who is the household head 3. Spouse of the migrant worker 4. Spouse of the household head migrant worker 5. Joint decisions of household members, including migrant worker 6. Parents of the migrant worker 7. Other _____ Please specify
-----	---	---

512 Indicate whether male female migration workers are involved in the following decision making processes?

Decision making role	Male migrants	Female migrants
Use of remittances		
Purchase of assets		
Education of children		
Health and medical treatment		
Marriage of children		
Migration of other family members		
Nutrition of children		
Savings and investment options		
Entrepreneurship options		
Taking out loans		
Others -----please specify		

6. OTHERS

601	To what extent do you think migration of your kin has changed your family's situation/status? (If answer is 2. same-no difference, go to Question 603)	1. Positively 2. Same – no difference 3. Negatively
602	In what way has the family situation/status changed? (Multiple answer possible)	1. Enhanced economic well being 2. Decreased economic well being 3. Better education for the household members 4. Better health care of the household members 5. Better nutrition for the household members 6. Moved to a relatively urban area or city 7. Undertaking business initiatives/enterprises 8. Absence of proper childcare 9. Negative effect on the education of the children 10. Family disputes 11. Enhanced social status and standing 12. Decreased social status and standing 13. Others ----- Please specify
603	Do you feel that this change in your status or wellbeing is temporary or permanent?	1. Temporary 2. Permanent
604	Do you expect your family member(s) who is/are currently working abroad to return to Nepal for good?	1. Yes 2. No 98. Don't know
605	If yes, under what condition will the family member(s) return to Nepal for good?	1. Enough savings/capital to start business/enterprise 2. Access to loans to start business/enterprise 3. Job training 4. Availability of jobs related to skills being used at work abroad 5. Political stability and better business environment 6. Others(Please specify_____)
606	Do you think your family member(s) who is/are currently working abroad will be able to use skills, expertise acquired abroad in Nepal?	1. Yes 2. No
607	Please explain why answer above is Yes or No.	----- ----- -----

608. Household Assets. Please indicate the number of the following assets in possession

Assets	Before remittance from migration	After remittance from migration
1. TV 2. Cell phone 3. Computer/laptop 4. Motorcycle 5. Vehicle 6. Tractor 7. Gas Stove 8. Fridge 9. Land 10. Solar Power		

7. CONSUMPTION PATTERN

701	How has expenditure and/or consumption at your house changed after receiving remittance income?	
1	Food	<ol style="list-style-type: none"> 1. No change 2. Better food variety 3. Buying food items more 4. Growing less food 5. Eating at restaurants
2	Clothing	<ol style="list-style-type: none"> 1. No change 2. Buying more 3. Buying more expensive 4. Buying more frequently
3	Schooling	<ol style="list-style-type: none"> 1. No change 2. Children go to private English medium school 3. Relocation of children to cities for education 4. Studing beyond level that was possible before remittance <p>N/A Not applicable</p>
4	Health and medical care	<ol style="list-style-type: none"> 1. No change 2. Seek care at private hospitals/clinics 3. Seek care at private hospitals/clinics in Kathmandu 4. Seek care abroad
5	Recreation and vacation	<ol style="list-style-type: none"> 1. No change 2. Movies, picnic, etc. 3. Visiting places in Nepal (internal tourists) 4. Visiting places outside Nepal as tourists <p>N/A Not applicable</p>

Annex II: Interview participants

List of participants for informant interviews.

1. Ram Hari Lamichhane, Member Secretary, Center for Technical Education and Vocational Training
2. Janak Raj Regmi, Acting Director General, Department of Foreign Employment
3. Nar Bahadur Thapa, Executive Director, Research Department, Nepal Rastra Bank
4. Bharatendu Mishra, Member, National Planning Commission
5. Dilli Aryal, Senior statistician, Ministry of Finance
6. Suman Pokharel, CEO, Global IME Bank
7. Arirang Cooperative, Jayabageshwori, Kathmandu
8. Tewa Cooperative, Hattiban, Lalipur

Annex III: Focus group discussion guidelines

Guiding questions for focus group discussions with returnee migrant workers

Note: “Returnee migrant worker” is defined as Nepali migrants who returned to Nepal more than a year ago after having worked abroad as a low-skilled or semi-skilled worker.

1. Why do migrants working abroad return back to Nepal? In your assessment, what percent of migrants return to Nepal and settle down? What percent of returnee migrants go abroad seeking work again? What are the reasons behind those two different choices?
(Probe: Capture discussions around issues that influence migrant workers’ return to Nepal, why some returnee migrant workers settle down while others leave Nepal for work again.)
2. What were your expectations when you decided to return back to Nepal? Do you think other migrant workers have similar expectations? What did you plan to do upon returning to Nepal? How and in what ways was the reality different from what you had expected?
(Probe: Capture the expectations that respondents had before returning back to Nepal. The discussion should be focused on the kind of work, investment or business they were interested to do upon returning to indicate what they thought they would do upon return to Nepal. Capture the difference, if any, in expectation and reality along with the reasons behind.)
3. Did you take any skill-based trainings which was related to your job/occupation in the country of destination prior to leaving Nepal? If you did, how did you know about the training(s)? Did taking this training help you perform better at work at the destination? How?
(Probe: Capture any training or capacity building activities they had before going abroad. These can be work related and/or work un-related, like financial, which help migrants better manage their earnings.)
4. Did you gain or acquire any new skills or expertise during your work abroad as a migrant worker? How did it affect your work or job prospects abroad?

(Probe: Capture discussions around specific skills and experience in general and impact on job prospects.)
5. Do you think the skills and experience acquired abroad will be useful in Nepal? If not, why and if yes, how and in what ways? What are some of the challenges? What factors can enable returnee migrant workers to effectively use their acquired skills and experience to find suitable jobs?
(Probe: Details of how the returnee migrants have applied the skills. For example, starting a business, working at a company with similar work responsibilities, etc. Capture how the returnee migrants have used similar skills and/or if the experience received during the work have supported them in Nepal to do anything productive.)
6. To what extent can the knowledge, experience, and skills acquired abroad be transferred to and applied in Nepal? Do returnee migrants engage in starting a business or entrepreneurship upon

arriving home? What can be some factors that can facilitate this process and some factors which can hinder this process?

(Probe: Capture discussions around the perception towards the possibility of finding a job after return, how the skills and experience from the work abroad can help them with employment opportunities.)

7. How can the remittance transfer process be tailored to the need of the migrant workers and their families? How can the remittance transfer process be made more saving-friendly?
8. What factors can encourage migrant workers and the families to invest in productive ways?
9. How can returnee migrant contribute towards the development of their local communities? What are some of the factors which can help in increasing the positive contribution? What are some of the factors which restrict the positive contribution returnee migrants can make?
10. Do you know of any governmental and/or non-government programmes, projects and activities that support returnee migrants? What kind of support do these programmes, projects and activities provide? How useful and effective do you think these interventions are? What additional support can be given to returnee migrants?
(Probe: Capture discussions around any work related to support given to returnee migrant workers with setting up and/or operating businesses or enterprises, trainings, matching skills to find employment, etc.)
11. Do you have any questions for us?

Coding reference

Common coding

N/A – Questions not applicable to respondent

99 – Respondent refused to answer

98 – Respondent does not know

Sex	Ethnicity	Education level	Occupation in migration
1. Male 2. Female 3. Third Gender/Sex	1. Brahmin/Chhetri (Hill) 2. Dalit (Hill) 3. Janajati (Hill) 4. Brahmin (Madhesi) 5. Dalit (Madhesi) 6. Janajati (Madhesi) 7. Others (Madhesi) 8. Muslims 9. Others (Please specify)	1. Illiterate 2. Primary level (Class 1 – Class 5) 3. Secondary level (Class 6 – Class 10) 4. Higher level (Class 11 and above) 5. Vocational degree 6. Non-formal education	1. Construction worker 2. Agricultural worker 3. Security worker 4. Service sector worker (Hotel, restaurants, stores etc.) 5. Domestic worker – Housemaid 6. Domestic worker – Gardener 7. Domestic worker – Driver 8. Domestic workers – Caretaker 9. Garment worker 10. Transport worker i.e. Driver 11. Manufacturing/ Factory worker 12. Electrician 13. Carpenter 14. Mason 16. Others (Please specify)

Legal status at destination country	Current employment status	Extent of utilization of skills acquired during migration
1. Regular throughout 2. Regular followed by irregular 3. Irregular throughout 4. Domestic work	1. Unemployed 2. Self-employed 3. Full-time employed worker 4. Part-time employed worker 5. Seasonal worker	1. All skills acquired 2. Majority of the skills acquired 3. Minimum skills acquired 4. None of the skills acquired

PROMOTING INFORMED POLICY DIALOGUE ON MIGRATION, REMITTANCE AND DEVELOPMENT IN NEPAL

Migration from Nepal is not a new phenomenon, but it has been on the increase in recent years, with the majority of flows consisting of low-skilled migrants moving to Malaysia or the Middle East for temporary work contracts in such fields as construction and domestic work. One of the more celebrated positive consequences of migration abroad is the level of workers' income remitted to the country. Nepal is heavily dependent on this remittance inflow, with money sent home representing almost a third of the gross domestic product. By far, the remittance inflow exceeds other financial inflows, such as foreign direct investment and net official development assistance.

But an important global discussion regarding the complex relationship between migration and development is ongoing. Along with the positive, migration certainly has a hefty share of negative impacts on development at the micro, meso and macro levels. Simultaneously, development can lead to more migration.

To look at migration and development within the Nepali context, this study investigates the complexities between the two dynamics by drawing on the analysis of the findings from remittance-receiving households, returnee migrants, mapping of global good practices, and relevant stakeholders. The analysis thus discusses possible ways that Nepal can maximize the positive developmental impacts of migration.

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Promoting safe migration and protecting migrant workers

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