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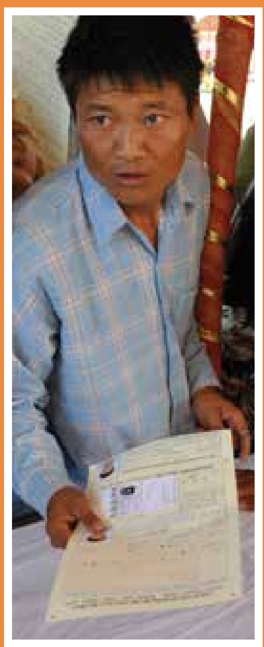
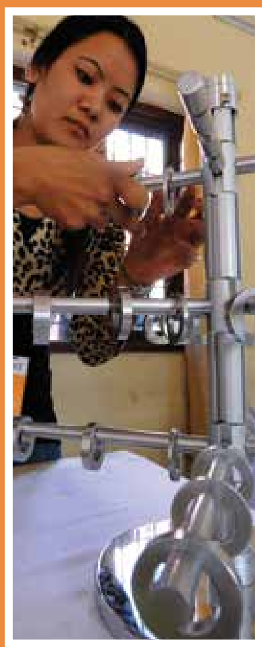
International Labour Organization

Analysis of Labour Market and Migration Trends in Nepal





BMZ Federal Ministry for Economic Cooperation and Development

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Analysis of Labour Market and Migration Trends in Nepal

Kathmandu, Nepal 2015

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SKILLS TEST
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Foreword

Over the years, labour migration for foreign employment has been a vital livelihood option for the Nepali population. While seasonal migration to India especially from certain areas of Nepal has had a long history, the liberalized economy and political environment of the nation after the 1990s formalized labour migration as an opportunity for employment. The lack of jobs and increasing income gaps acted as push factors for the youth to explore foreign markets for employment opportunities.

In the fiscal year 2013/14 alone, approximately half a million labour permits were issued for Nepalis, mainly youth, taking up foreign employment (excluding those migrating to India or those using irregular channels of migration). Volume of remittances received during the first nine months of the same fiscal year was calculated close to 30 per cent of the country's total GDP. This large-scale outflow of Nepali youths and the concurrent inflow of remittances have led the policy makers to consider opportunities for harnessing the potential of migration for the overall development of the country.

However, even as remittances continue to contribute to the stability of the Nepali economy, Nepal has a long way to go to make migration the triple-win that it is often touted to be. Enhancing the skills of Nepali migrant workers in order to make them more competitive in the international labour market and to supply migrant workers according to the demand in destination countries remain a challenge. The data collated from the Department of Foreign Employment indicates that migratory patterns to be majorly of unskilled workers. A staggering 74 per cent of migrant workers who received labour permits in the last fiscal year were categorized as 'unskilled'. The characteristic of low-skilled migration flow further stresses on the need to analyse Nepal's vocational and technical education situation.

While migration for foreign employment continues to experience a steady growth, there is a need to improve the quality of workers by enhancing their technical and vocational skills in order to sustain the demand and supply of Nepal workers. This requires an effective labour market information system which facilitates the possibility of matching the demand for migrant workers and occupation with the skills of the workers. Written by Bandita Sijapati, this report is a result of a partnership between the International Labour Organization (ILO) through it European Union-funded South Asia Labour Migration Governance Project and the Inclusive Development of the Economy (INCLUDE) Programme, a joint Nepal-German initiative under the guidance of the Ministry of Industry, Nepal with technical assistance provided by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ).

This report compliments the 'Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, Malaysia and India' report prepared by the ILO and GIZ Nepal. We hope this report will support Nepali policy makers and relevant stakeholders in formulating effective policies around skills of migrant workers to further enhance the development impact of labour migration in Nepal.

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Abbreviations and Acronyms

AHRCDF	Asian Human Rights & Cultural Development Forum
ASEAN	Association of Southeast Asian Nations
CBS	Central Bureau of Statistics
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CESLAM	Centre for the Study of Labour and Mobility
CMF	Centre for Microfinance
CoD	Country of Destination
CoO	Country of Origin
CSIDB	Cottage and Small Industry Development Board
CTVET	Council for Technical Education and Vocational Training
DCSI	Department of Cottage and Small Industries
DoFE	Department of Foreign Employment
EF	Employment Fund
EIG	Education for Income Generation (program)
ETP	Economic Transformation Plan
EVENT	Enhanced Vocational Education and Training
FEA	Foreign Employment Act
FEPB	Foreign Employment Promotion Board
FNCCI	Federation of Nepalese Chambers of Commerce & Industry
FNCSI	Federation of Nepal Cottage and Small Industries
GAMCA	GCC Approved Medical Centres Association
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GoN	Government of Nepal
ICMW	International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
INCLUDE	Inclusive Development of the Economy Programme
INGO	International Nongovernmental Organization
IOM	International Organization for Migration
JDMI	Joint Migration and Development Initiative
JITCO	Japan International Training Cooperation Organisation
J4P	Jobs for Peace Project for Youth Employment
KII	Key Informant Interview
MFIs	Microfinance Institutions

Abbreviations and Acronyms

MoCS	Ministry of Commerce and Supplies
MoE	Ministry of Education
MoFA	Ministry of Foreign Affairs
MoHA	Ministry of Home Affairs
MoLE	Ministry of Labour and Employment
MoU	Memorandum of Understanding
MTO	Money Transfer Operator
MRC	Migrant Resource Centre
MoWCSW	Ministry of Women, Children and Social Welfare
NAFEA	Nepal Association of Foreign Employment Agencies
NATHM	Nepal Academy of Tourism and Hotel Management
NCT (Delhi)	National Capital Territory of Delhi
NFEMA	Nepal Foreign Employment Medical Association
NGO	Nongovernmental Organisation
NHPF	Nepal Health ProfessionalS Federation
NIDS	Nepal Institute of Development Studies
NKEAs	National Key Economic Areas
NLSS	Nepal Living Standards Survey
NMS	Nepal Migration Survey
NPHL	National Public Health Laboratory
NSDC	National Skills Development Corporation
NSTB	National Skill Testing Board
People Forum	People Forum for Human Right
PMSAI	Promotion of Migrant Savings and Alternative Investment through Selected MFIs in Nepal
PNCC	Pravasi Nepali Coordination Committee
POEA	Philippine Overseas Employment Administration
RAs	Recruitment Agencies
RRHH	Returnee Migrants and Remittance-Receiving Household
SaMi	Safer Migration Project
SEP	Skills for Employment Project
TAF	The Asia Foundation
TVET	Technical Education and Vocational Training
UNIRP	United Nations Interagency Rehabilitation Programme
VSDTC	Vocational and Skills Development Training Center
WOREC	Women's Rehabilitation Centre


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Executive summary

Large-scale migration from Nepal and the concurrent inflow of remittances has led the government and its development partners to explore opportunities to harness the potential of migration for the overall development of the country. This paper analyses the trends and patterns of labour markets and migration in Nepal and provides an assessment of the roles and activities of the government and private sector organisations as they relate to existing policies and systems directed at the provison of information, and preparation and recruitment of labour migrants. The major findings of the research are as follows:

Nepal will continue to experience an exponential increase in the working-age population that need to be provided with employment opportunities. If the current levels of growth rate persist, the working-age cohort of the counry's population will exceed 20 million by 2025, meaning there will be an additional 5 million people entering the workforce by that period. In this context, foreign labour migration is likely to have equalising effects by reducing the supply pressure and providing alternative employment and livelihood opportunities for many, especially if the sluggish economic growth patterns within Nepal persist.

Labour migrants from Nepal are typically males from working-age groups and with low levels of educational attainment and skills qualifications. As this trend is likely to remain, a significant proportion of the working-age population will find it difficult to find desirable employment opportunities at home. As a result, these individuals are likely to seek employment abroad, particularly given the continued demand for unskilled or low-skilled labourers in the Gulf countries and Malaysia.

In the major destination countries, especially countries of the Gulf Cooperation Council (GCC) and Malaysia, demand pressures for foreign workers will continue in the short to medium terms because of the need to exploit oil and gas resources as well as sustain their current development trajectories. However, the combination of their own growing workforce, women's increased labour force participation rates, nationalisation policies, increasing control over visa trading, tighter control over visa requirements and employment quotas, and declining oil prices and supply, points to the volatility of the demand for foreign migrant workers, especially in the highly-skilled categories over the long term.

The current growth trajectories in the major labour-receiving countries suggest that a sizeable proportion of job creation will be in industries that rely heavily on low-skilled or even unskilled work (i.e., construction, agriculture, manufacturing, electrical and electronics, services), indicating an increase in the demand for migrant workers in these sectors. For these workers, prior work experience, physical and mental well-being along with other factors such as the cost of hiring, their availability, social networks and perceptions about the workers as well as prior experience of employers with certain nationalities, determine their recruitment and employment prospects.

In most of the sending countries, training programmes and skills certification may improve the quality of the workers but such qualifications are generally not recognised. Employers and recruiters in the destination countries are either unaware of the training programmes, do not value skills certification of workers, or do not require that workers utilise the skills these training programmes provide. This is either because of low reputation, perceived irrelevance, or lack of equivalence of certification provided by the training centres in the labour-sending countries. Thus, in the absence of a common understanding between Nepali stakeholders and the government, and employers and recruiters at the destination countries on a skills qualification framework, it is likely that the skills acquired by Nepali workers will go unrecognised.

The Technical and Vocational Education and Training (TVET) sector in Nepal is fragmented, with different stakeholders, including government, private sector, donor agencies and non-governmental organisations, providing skills training but without much coordination with each other. The Council for Technical Education and Vocational Training (CTEVT), the main government agency responsible for the overall management and supervision of vocational education and skills training in the country has till date been focused primarily on providing skills training targeted towards the domestic labour market rather than the international arena. However, with the emphasis placed on international markets in the recently enacted policies such as the Foreign Employment Policy 2012, Foreign Employment Promotion Board, Strategic Plan 2010/11–2014/15, and the Technical and Vocational Education and Training Policy 2012, this trend is sure to change.

> In the absence of a common understanding between Nepali stakeholders and the government, and employers and recruiters at the destination countries on a skills qualification framework, it is likely that skills certification of Nepali workers will go unrecognised.

The recruitment process in Nepal is costly, time-consuming and cumbersome, which has negatively affected the demand as well as timely supply of labourers from Nepal. The current procedural requirements in the recruitment process—establishing the demand for Nepali workers, attesting the demand request, obtaining pre-approval for the demand request, advertising the positions, acquiring visa stamping letter, securing final approval for sending workers abroad—are procedures that recruitment agencies and even migrant workers perceive as being cumbersome and lengthy. This has not only compromised officially sanctioned procedures and affected the governance of the labour migration sector but also impacted the perceptions and appeal of Nepali workers. The general perception in the destination countries of the Nepali government as overprotective and the labour recruitment process being over-regulated has meant that Nepal has not been able to establish a comparative advantage for its workers vis-à-vis other nationalities.

ABSENCE OF A HOLISTIC APPROACH TO MIGRATION.

In Nepal, existing policies on labour and migration have not envisaged the management of migration in a holistic manner and a broader framework for maximising the economic impacts of migration, remittance transfer, and skills enhancement of workers alongside protection of migrant workers is lacking. The law as well as bilateral agreements Nepal has signed with select destination countries are focused more on regulating the labour migration process rather than harnessing the benefits of migration and/or protecting migrant workers.

Despite a plethora of actors and institutions supporting the labour migration process, their concentration primarily in Kathmandu has caused the current institutional mechanism to be ineffective. The government agencies responsible for overseeing the labour migration process such as the Department of Foreign Employment (DoFE) and the Foreign Employment Promotion Board (FEPB) as well as the private recruitment agencies, pre-departure orientation training centres, insurance providers and medical testing centres are all concentrated in Kathmandu, making it difficult for most migrant workers to access the services provided by these agencies. Further, the concentration of recruitment agencies in Kathmandu and other urban areas has led to the dependence of prospective migrant workers on unlicensed, and often unscrupulous, agents, exacerbating the vulnerability, exploitation and abuse of migrant workers.

Resource constraints, human and financial alike, have severely restricted the effectiveness of government agencies both within Nepal and overseas. Stakeholders have charged the government with 'neglecting' or giving 'low priority' to the Ministry of Labour and Employment (MoLE) and the government agencies working with migrants despite the significant contributions the sector makes to government coffers. Remittances sent by migrant workers now stands at around 30 per cent of total GDP but the government has allocated less than 0.2 per cent of the total government budget to the MoLE for the fiscal year 2014/15. Similarly, while the Government of Nepal has a comprehensive national legal framework in relation to foreign employment, overseas assistance to migrant workers is quite limited. Lack of proper infrastructure, limited human resource capacity, insignificant budgetary allocation, and limited coordination and cooperation with different agencies in the destinations are some of the major impediments in the Nepali missions' ability to support migrant workers abroad.

Despite a wide range of actors and agencies supporting the labour migration process, their effectiveness has been limited. Nepal currently has a wide range of multilateral and bilateral organisations, international non-governmental organisations, civil society groups, trade unions and community-based organisations supporting the labour migration process. However, lack of effective collaboration and coordination within and between different stakeholders has meant that their impact has been limited.

Bearing in mind these findings, the study points to the following set of recommendations/ suggestions directed at policies, strategies and interventions that need to be developed or strengthened in order to harness the benefits of migration for the overall development of the country, at least in the short- and medium term:

- Develop a comprehensive framework for foreign labour migration that would broadly define the scope as well as actions for managing the labour migration process, protecting migrant workers and harnessing the benefits of migration and remittances.
- Develop a systematic approach to managing demand and exploring employment opportunities for Nepali workers in select countries of destination through a systematic and orderly interaction and record-keeping that would allow for regular forecasting of demand trends and information exchange between the concerned governments. This will allow Nepal to better organise skills-training programmes which will in turn enhance both the employment prospects and the quality of the migrant workforce in destination countries.
- Develop a skills-qualification framework that meets international standards so that there is greater recognition of migrants' qualifications as well as of their experience abroad.
- Simplify the process for the recruitment and employment of Nepali workers by examining the current procedures and identifying the areas where there are loopholes, bureaucratic hurdles and excessive red-tapesim, and accordingly amend the procedural requirements.
- Improve the labour migration governance system by decentralising the services provided by government agencies and the private sector; enhance the capacity of foreign employment line agencies through increased resource support, both human and financial; improve the service provisions for migrant workers in the countries of destination; enforce the existing monitoring mechanisms; and improve accountability and transparency in the foreign employment sector.
- Identify common grounds and coordinate activities between various civil society actors, donor organisations and government agencies that are supporting issues relating to labour migration in Nepal.

While for the short and medium terms, the aforementioned policy measures can help sustain the demand for Nepali workers, improve their quality, and maximise the benefits of migration by focusing on human resource development, in the long term, however, there is no alternative to introduce policy measures that would create employment and livelihood opportunities within Nepal.

Introduction

Section 1 Introduction

BACKGROUND

Migration has become an integral aspect of the development discourse in Nepal. In the fiscal year 2013/14 alone, approximately half a million Nepalis, mainly the youth, took up foreign employment.[1] (This figure excludes migrants to India, and migrant workers who went abroad without the government-issued labour permits.) The total remittances received during the first nine months of FY 2013/14 was approximately NPR 397.8 billion (USD 4.1 billion), or close to 30 per cent of the country's total GDP.[2] This large-scale outflow of Nepali youths and the concurrent inflow of remittances have led the government and its development partners to consider opportunities that would allow the harnessing of the potential of migration for the overall development of the country. However, even as remittances continue to contribute to the stability of the economy, Nepal has a long way to go to make migration a managed sector. To train or teach skills to migrant workers so that they can become competitive in the international labour market and to supply migrant workers according to the demands in destination countries remain a challenge to Nepal.

The primary objective of this study is to analyse the current trends and patterns of migration and provide an assessment of the roles and activities of government and private organisations in relation to existing policies and systems directed at the provison of information, and preparation and recruitment of labour migrants. It is expected that this assessment will inform recommendations directed at policies, strategies and interventions that need to be developed or strengthened in order to harness the benefits of migration for the overall benefit of the country.

The specific objectives of this study are as follows:

- Analyse the current patterns and trends of labour market conditions, migration and remittance transfers in Nepal;
- Examine the technical and vocational education and training (TVET) structure in Nepal with a focus on strategies and policies for training and skills development;
- Analyse existing policies and institutional mechanisms in relation to the labour migration process;
- Assess the role of the informal selection practices as well as formal skills training infrastructure with regard to labour recruitment practices; and
- Draw from the assessment conducted for destination countries to develop suggestions and recommendations for the way forward.

[1] Department of Foreign Employment, 'Monthly Progress Report.' Accessed August 23, 2014, http://dofe.gov.np/new/pages/details/34.

[2] Nepal Economic Forum 2014.

METHODOLOGY

In order to achieve the objectives of the study, the following methodology was adopted:

Literature Review: A review of existing literature relating to different aspects of labour migration in Nepal was conducted to gain an understanding of the current labour market situation, employment conditions, patterns and trends of migration, and the inflow of remittances. In addition, documentary analysis of policies and institutional mechanisms related to the TVET structure (e.g., system of providing accreditation, and assessment and skills certification) and foreign labour migration (e.g., recruitment process, visa requirements, and transfer of remittances and usage) was carried out. Further, bilateral agreements signed by Nepal with various destination countries and international conventions relating to labour, trade and migration that Nepal is signatory to were also analysed.

Analysis of National-Level Data: In order to provide projections for the supply of Nepali workers, existing data sources such as those available from the Department of Foreign Employment (DoFE), Population Census 2011, Nepal Living Standards Surveys (NLSS), annual Flash Reports released by the Department of Education, the report from the Nepal Migration Survey 2009, and data available from CTEVT were analysed. To the extent possible, time-series analysis was conducted to see patterns and trends over time and accordingly make projections for the future.

Key Informant Interviews (KIIs): Key informant interviews were conducted with various stakeholders, including prospective migrants, migrant returnees, recruitment agencies, experts on migration, government representatives, civil society organisations, the private sector and international organisations (see Annex C for details). The purpose of these interviews was to understand: (i) the demand-and-supply relationships with regard to employment opportunities abroad; (ii) the process of recruiting, selecting and preparing interested workers for labour migration; (iii) the nature of involvement of government institutions in labour migration; (iv) the types of services currently being offered to migrant workers and returnees; and (v) the general information services relating to migrant labour and labour markets.

STRUCTURE OF THE REPORT

The report is divided into eight sections. Following this introductory section, Section 2 discusses the population, labour and employment trends in Nepal, while Section 3 presents the migration trends and patterns of Nepali workers, including their profile and the destination countries they are migrating to. Section 4 of the report draws on the analysis conducted in destination countries as part of the larger study associated with this report[3] to provide an overview of the demand situation in destination countries and derive implications for Nepal. Section 5 examines the technical and vocational education sector in Nepal, particularly in relation to its ability to cater to international labour markets. Section 6 discusses the existing labour migration processes and support provisions available to migrant workers from Nepal followed by Section 7, which discusses the overall policy and institutional framework governing labour migration. The last section presents the conclusions and recommendations that emerge from the findings and analysis of this study.

[3] GIZ and ILO, 'Labour Market Trends Analysis for Labour Migrants from South Asia to Selected Gulf Cooperation Council Countries, Malaysia and India', 2015.

Section 2 Population, Labour and Employment Trends in Nepal

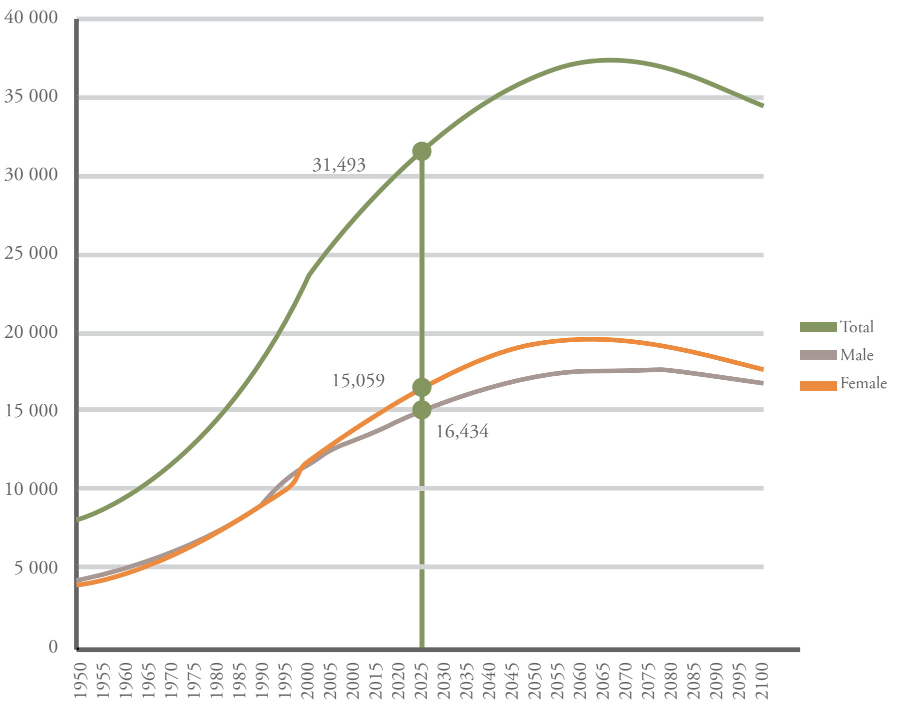
POPULATION, LABOUR AND EMPLOYMENT TRENDS IN NEPAL

An understanding of migration patterns and trends is incomplete without first discussing labour and employment trends in the country of origin. Accordingly, this section of the report will discuss population trends, and key features of the Nepali labour force and employment patterns to provide an analysis of the implications of the same for labour migration from Nepal.

POPULATION TRENDS AND GROWTH PROJECTIONS

According to the national census of 2011, the population of Nepal has reached 26.5 million, which not only indicates a steady increase from the earlier censuses of 2001 (23.3 million) and 1991 (18.5 million) but also a decline in the growth rate from 2.25 per cent in 2001 to 1.35 per cent in 2011.[4] Current population projections from the United Nations' World Population Prospects estimate that the population of Nepal will exceed 30 million by 2020 (see Figure 1).

Figure 1: Population Projection for Nepal (in '000)



Source: United Nations Department of Economic and Social Affairs, 'World Population Prospects: The 2012 Revision', http://esa.un.org/unpd/wpp/index.htm

[4] Central Bureau of Statistics 2012.

As shown in Table 1, of the total population of Nepal, 17 per cent live in urban areas and 83 per cent in the rural parts. The population density of the Tarai is more than double that of the Hills and more than 10 times that of the Mountains.[5] Among the five development regions, the Central Region, which hosts the capital, Kathmandu, is the most densely as well as numerously populated. Of the total national population, 36.4 per cent live in the Central Region while only 13.4 per cent do so in the Mid-Western Region, despite the latter being 1.5 times larger in terms of area.

Table 1: Population Distribution of Nepal

	Population			Number of Households	Average HH Size	Sex Ratio	Population Density
	Total	Male	Female				
Nepal	26,494,504	12,849,041	13,645,463	5,427,302	4.88	94	180
Urban/Rural							
Urban	4,523,820 (17.1%)	2,306,049	2,217,71	1,047,297	4.32	104	1381
Rural	21,970,684 (82.9%)	10,542,992	11,427,692	4,380,005	5.02	92.3	153
Ecological Belt							
Mountain	1,781,792 (6.7%)	862,592	919,200	364,120	4.89	93.8	34
Hill	11,394,007 (43.0%)	5,440,067	5,953,940	2,534,430	4.5	91	186
Tarai	13,318,705 (50.3%)	6,546,382	6,772,323	2,528,752	5.27	4	392
Development Region							
Eastern Development Region	5,811,555 (21.9%)	2,790,483	3,021,072	1,231,505	4.72	92.4	204
Central Development Region	9,656,985 (36.4%)	4,841,624	4,815,361	1,964,045	4.92	100.6	352
Western Development Region	4,926,765 (18.6%)	2,292,597	2,634, 168	1,066,362	4.62	87	168
Mid-Western Development Region	3,546,682 (13.4%)	1,706,450	1,840,232	695,419	5.1	92.7	84
Far-Western Development Region	2,552,517 (9.6%)	1,217,887	1,334,630	469,971	5.43	91.3	131

Source: Central Bureau of Statistics 2012.

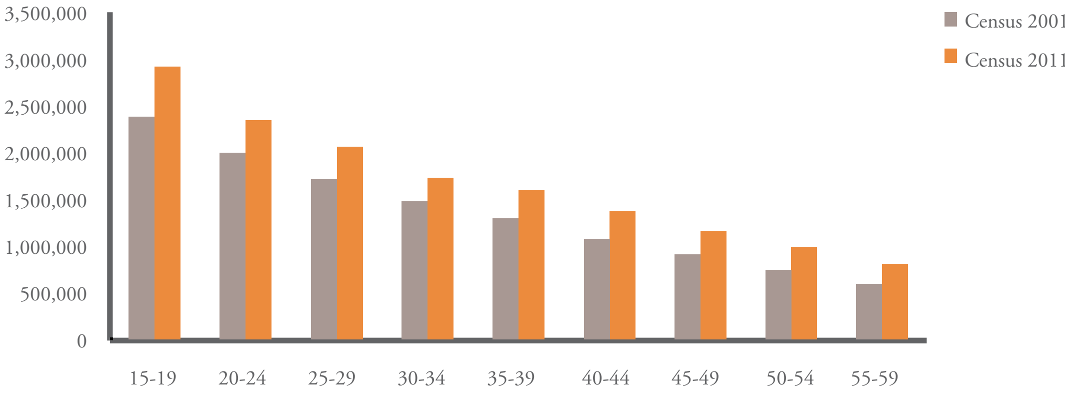
Between the 2001 and 2011 censuses, the average household size of the country decreased from 5.44 to 4.88. Further, according to the census of 2011, approximately one in four households is female-headed compared to approximately one in nine in neighbouring India. The increase in out-migration, which remains a male-dominated phenomenon, possibly accounts for this difference.

In terms of age distribution, the census data indicates that individuals less than 35 years of age account for approximately 70 per cent of the population (i.e., there are more people in the younger age categories) (see also Figure 2). This means that, despite the declining population growth rate between 2001 and 2011, the pressure of labour supply continues to remain strong.

KEY FEATURES OF NEPAL'S LABOUR FORCE

According to data from the national censuses, the working-age population (15-59 years)[6] increased by 2.7 million in the 10-year period from 2001 to 2011.[7] The average growth rate of the working-age population between 2001 and 2011 was about 2 per cent[8] and if this growth rate is assumed for the next few years, this population is expected to reach 18.1 million in 2020 and exceed 20 million by 2025.[9] To put it differently, a 2 per cent growth rate of the working-age population will mean that there will be an additional 5 million people entering the labour market by 2025.[10]

Figure 2: Changes in Population Distribution between 2001 and 2011



Source: National Population and Housing Census 2001 and 2011.

In terms of the quality of the workforce, Nepal has made significant progress in educational attainment, especially at the primary and secondary levels. According to the Nepal Living Standards Survey 2010/11, the total literacy rate for the population 5 years and above is almost 60 per cent, a notable improvement compared to 50.6 per cent in 2003/04. However, differences across gender, geographic regions and income quintiles are still significant. More specifically, female literacy rate is 20 percentage points lower than that of males; rural areas fare much worse than urban areas, with the differences between males and females in rural areas being even more pronounced; the Central and Far-Western Regions have the lowest rates of literacy; and the literacy rates in the poorest wealth quintile is almost half that in the richest quintile.[11]

With regard to the relationship between education and employment, as is the case in many other low-income countries, in Nepal, too, most of the illiterate population is employed and

[5] The Tarai holds 50.3 per cent of the total population followed by 43 per cent in the Hills and 6.7 per cent in the Mountains.

[6] Even though the working-age is considered 15-64, in the context of Nepal, it is defined as 15-59 since 60 is the government-mandated retirement age.

[7] 53 per cent (12,310,968) of the total population was the working-age population in 2001 and 57 per cent (15,091,848) in 2011.

[8] Growth Rate = 1/time * (Log e (Population of 2011/Population of 2001)) = 1/10 *(Log e (15,091,848/12,310,968)=0.0203.

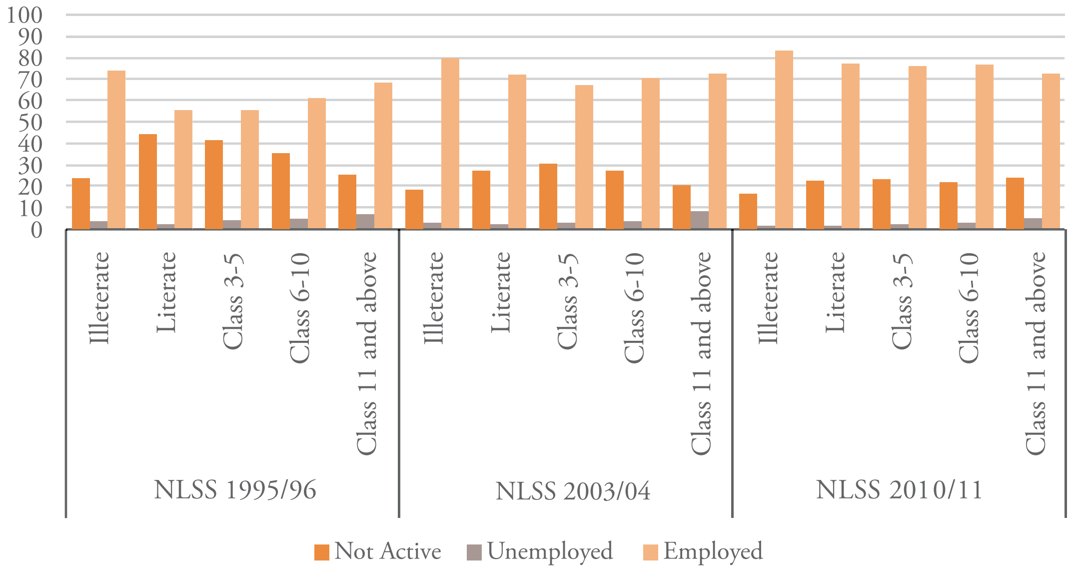
[9] The calculations were done by using the current growth rate of 2 per cent and using the mathematics of continuous compounding. Accordingly, the following calculations were carried out: Ratio of 2011 working-age population/ratio of 2001 working-age population=1.2258863803399. Growth rate K=1/t*LN(N/N0); K=0.020366416; Population after t1 years = N=N0e^(k*t1) or Population after t years = current population * et * growth rate. For more details, see Bartlett 1993.

[10] Notably, not everyone may decide to enter the labour market, and some may opt for other options such as pursuing higher education.

[11] For more details, see Sijapati 2013.

the non-activity and unemployment rate for them is also the lowest. Notably though, the rate of employment for the demographic group with higher levels of education has been increasing gradually over the years (see Figure 3 below).[12]

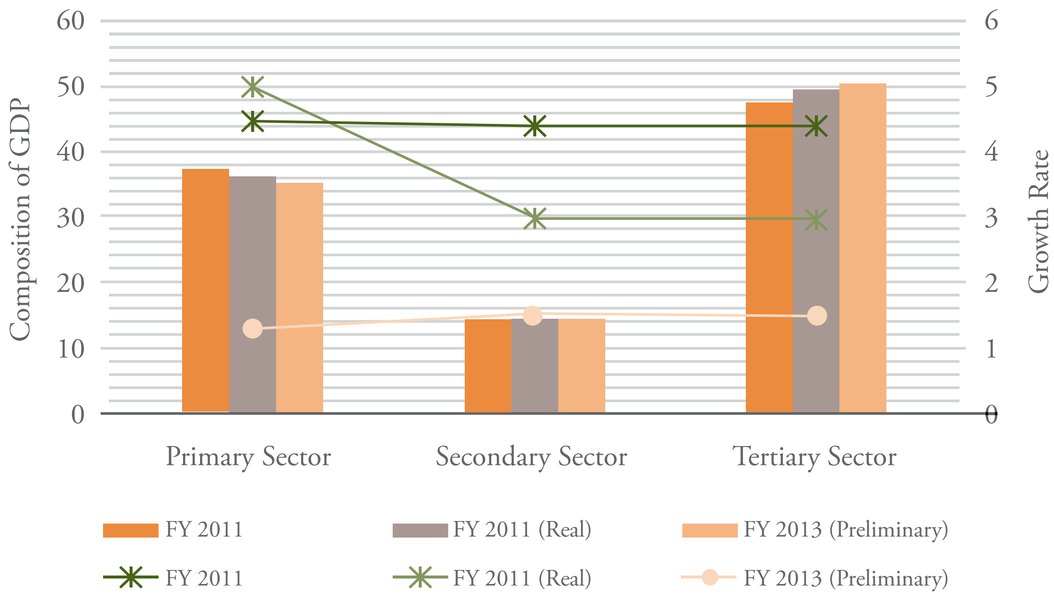
Figure 3: Education Attainment and Activity Status



Source: Central Bureau of Statistics, Nepal Living Standards Survey reports, 1995/96, 2003/04, 2010/11.

The economy of Nepal has also been shifting from agriculture to the services (or the tertiary) sector, and, to a limited extent, the industrial (or secondary) sector (Figure 4), meaning that job opportunities in the secondary and tertiary sector are likely to increase within Nepal.[13]

Figure 4: Economic Trends in Nepal

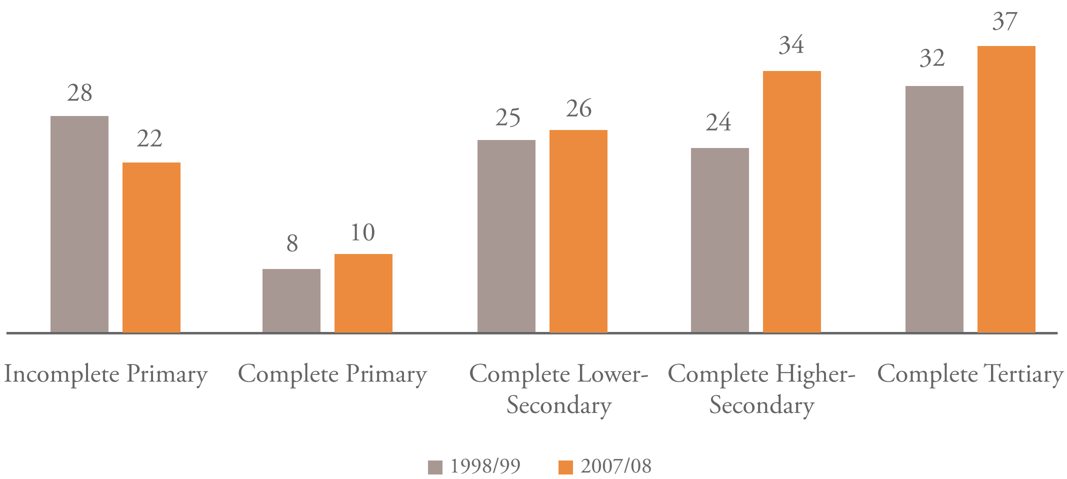


Source: Central Bureau of Statistics, 'Annual National Accounts of Nepal 2070-71 (2013-14)', http://cbs.gov.np/?p=2511.

Note: The x-axis represents the three sectors—primary, secondary and tertiary. The primary sector of the economy includes agriculture, fishing and extraction such as mining, the secondary sector is approximately the same as manufacturing while the tertiary sector of the economy represents the service sector. The axis on the left shows the percentage composition of the three sectors—primary, secondary and tertiary while the axis on the right shows the growth rate of these sectors over the years. The data indicates that while the percentage composition of the primary sector has been decreasing and the secondary sector has more or less remained the same, the tertiary sector indicates an increasing trend.

Further, recent data on educational attainment and wages also show that even with the increasing supply of educated workers (since enrolment rates in higher education institutions have been increasing), the wage premium has also been rising for those with higher levels of education. More precisely, as shown in Figure 5, over the years, the wage premium for lower levels of education has either been falling or rising insignificantly, while the wage premium for higher-secondary and tertiary education has been increasing. In a context where the educational attainment of the labour force has been improving, these patterns indicate that the supply of workers with lower levels of education is increasing at a faster rate than demand while the demand for workers with higher education is far greater than the increased supply.[14]

Figure 5: Wage Premiums in Nepal (in percentage)



Source: World Bank 2012; Calculations based on data from national labour force and household surveys.

Note: The first bar includes the wage premium for even some primary education relative to no education; the last bar reflects the wage premium for completing tertiary relative to completing upper-secondary education.

[12] For instance, in 1995, only 60 per cent of those with schooling between grades 6 and 10 were employed; in 2004, this figure increased to 69 per cent and further to 76 per cent in 2011. This is an indication of the increased capacity of the economy to absorb an educated workforce.

[13] Agriculture's share of GDP was around 60 to 70 per cent between 1965 and 1980, but this ratio had declined to 41 per cent by 1999. In the fiscal year 2013/14, agriculture was estimated to account for around 35 per cent of GDP, while the shares of the industrial and services sectors were 14 and 50 per cent respectively.

[14] Sijapati 2013. See also, World Bank 2012.

> Unless these women are engaged in agriculture, employment prospects for them in other sectors within Nepal are likely to be limited as well, especially as the economy moves increasingly to the service sector.

From these patterns, it can be expected that the population with no education is very unlikely to be seeking employment opportunities abroad, not at least beyond India, since the cost of migration to these destinations is too prohibitive. Likewise, those with high levels of education are likely be absorbed domestically, especially as the economy shifts from agriculture to the service sector and wages continue to increase for this population group. The population groups that are likely to have difficulties finding employment within the country are those with primary to secondary levels of education, and these groups are likely to be the ones who will be seeking employment opportunities abroad. As will be further elaborated in a subsequent section based on the findings of a parallel study conducted in the countries of destinations, the continued demand for low-skilled workers, especially in Malaysia and the Gulf Cooperation Council (GCC) countries, means that at least for the short- to medium-term, this population group will continue to find employment opportunities overseas. Thus, migration is seemingly leading to equalising effects on employment possibilities for those with low levels of education which would necessarily mean with limited skills training as well.

In terms of gender differences, the implications of these educational and employment trends are likely to be stronger because, going by the census figures, there is significant variation in the literacy rate of males (75.1 per cent) and females (57.4 per cent), implying that more than two fifths of the females are illiterate. Unless these women are engaged in agriculture, employment prospects for them in other sectors within Nepal are likely to be limited, especially as the economy moves increasingly towards the service sector. And, foreign employment possibilities requiring any kind of literacy do not seem too promising for illiterate females either. Hence, women who have no other option in the domestic market are likely to take up jobs in the foreign labour market that do not require any skills, are low-paying and perhaps even exploitative.

Section 3 MIGRATION TRENDS AND PATTERNS IN NEPAL

With 1,600 individuals leaving for foreign employment every day and remittances estimated to be 29.1 per cent of total GDP,[15] foreign labour migration has become an intrinsic part of the lives of many Nepalis. International migration from Nepal is a historical phenomenon with Nepalis having migrated primarily to countries of the Indian subcontinent and Tibet for centuries. Although there is no concrete study tracing the history of labour migration from Nepal as of yet, international labour migration from Nepal has increased quite remarkably in recent decades, primarily due to the oil boom in the Gulf countries and economic growth in countries of East and Southeast Asia.[16]

OVERALL TRENDS

As reported in the Nepal Living Standards Survey (NLSS) 2010/11, 53 per cent of households in Nepal have at least one absentee living within or outside the country. And it is the absentee population currently away from the country that has been increasing significantly over the years. According to the census data, between 2001 and 2011, there was more than a two-fold increase in the number of Nepalis living away from the country (see Figure 6). The implications of this trend is significant—the average annual growth rate of Nepal's absentee population between 2001 and 2011 was 9.2 per cent,[17] and if this growth rate is assumed to continue until 2025, by 2020 and 2025, the absentee population of Nepal will be approximately 4.4 million and 7 million, respectively.[18]

With 1,600 individuals leaving for foreign employment every day and remittances estimated to be 29.1 per cent of total GDP, foreign labour migration has become an intrinsic part of the lives of Nepalis.

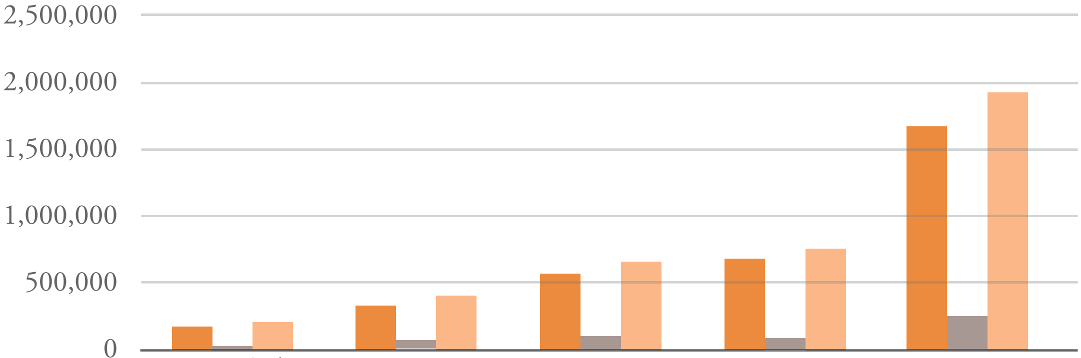
[15] Data is for the first 8 months of the fiscal year 2013/14 (Source: Ministry of Finance, Economic Survey: FY 2013/14, 2014, xxiv.)

[16] Sharma et al 2014.

[17] Growth Rate = 1/time * (Log e (Absent Population of 2011/Absent Population of 2001))

[18] The calculations were done by using the current growth rate of 9.2 per cent and using the mathematics of continuous compounding. Accordingly, the following calculations were carried out: Ratio of 2011 Absent population/ratio of 2001 Absent population=2.516. Growth rate K=1/t*LN(N/N0); K=0.0922; Absent Population after t1 years = N=N0e^(k*t1) or Population after t years = current population * et * growth rate. For more details, see Bartlett 1993.

Figure 6: Total Number of Absentees Residing Outside of Nepal[19]

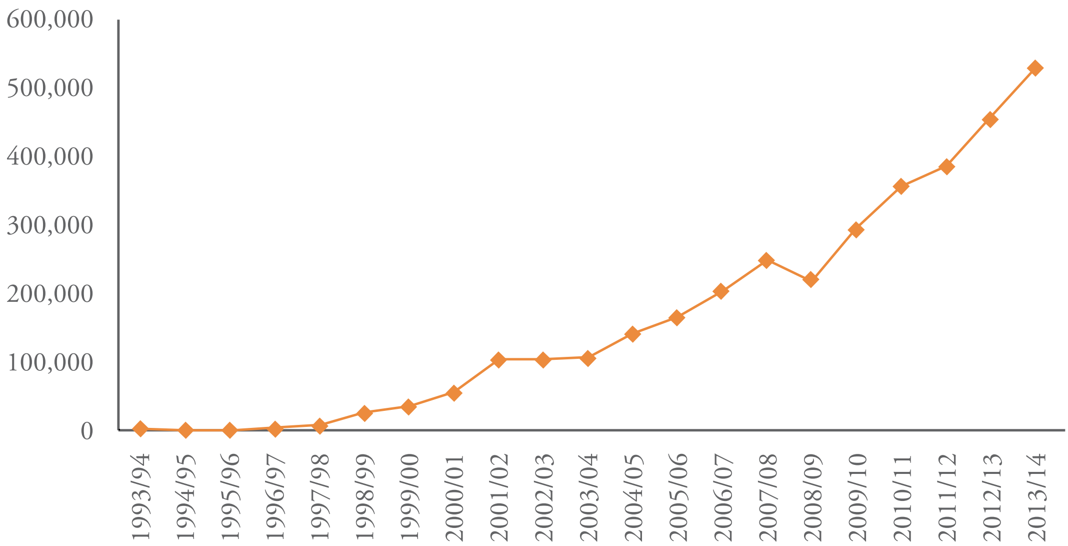


	1952/54	1981	1991	2001	2011
Male	173,919	328,448	438,002	679,469	1,663,237
Female	24,501	74,529	110,288	82,712	254,666
Total	198,120	402,977	658,290	762,181	1,917,903

Source: National censuses, various years

While Figure 6 above includes people currently residing in India as well as other countries, the data from DoFE (see Figure 7 below), which considers only those who have gone to places other than India, suggests the same increasing trend. In fact, the number of labour permits issued has increased by almost 150 times in two decades, from 3,605 in 1993/94 to 521,878 in 2013/14. The average annual growth rate of the number of labour permits issued by DoFE (between 2007/08 and 2013/14) is 12.5 per cent.[20] If this rate is sustained until 2020, by 2020/21, DoFE will be issuing about 1.3 million labour permits annually, thus pointing to not only the increased supply of workers seeking to go abroad but also growing constraints on the government and other stakeholders engaged in the labour migration process to manage the sector properly.[21]

Figure 7: Labour Permits Issued by the Department of Foreign Employment from 1993/94 to 2013/14



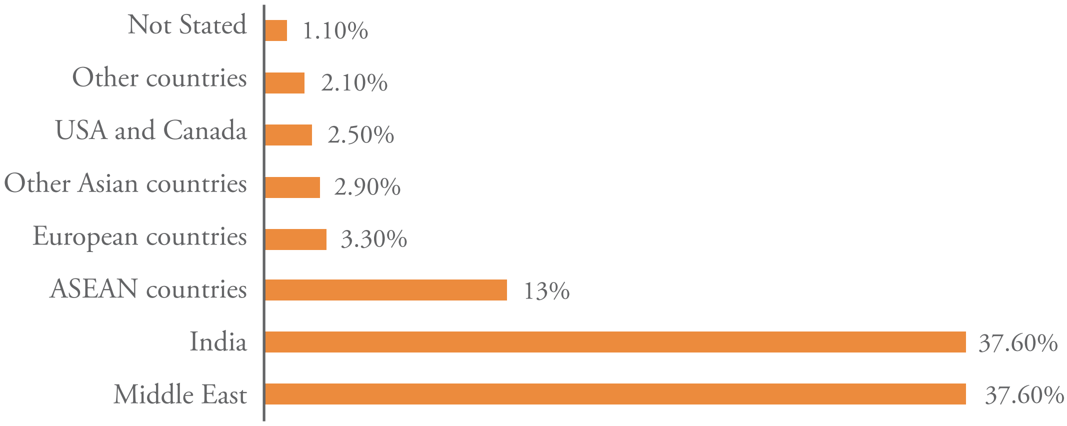
Source: Department of Foreign Employment.

Notably, while the data in Figure 7 indicates an increasing trend, in 2008/09, the number of individuals going abroad for employment actually decreased by around 12 per cent. This resulted from the 2008 global financial downturn, following which Malaysia, one of the major destination countries for Nepali migrants, tightened its immigration policies, restricting the entry of Nepali workers.[22] Shocks such as these are an indication of the susceptibility of the Nepali economy and labour markets to external forces that need to be borne in mind, especially as the country becomes progressively more dependent on foreign labour migration.

DESTINATION OF MIGRANTS

As seen in Figure 8 below, a majority of international migrants continue to go to India, possibly a reflection of geographic proximity, cultural ties, and the open border with India. Following India, most migrant workers are destined either for countries in the Middle East or ASEAN member states (primarily, Malaysia). In fact, during the Fiscal Year 2013/14, approximately 44.2 per cent of the total labour permits issued were to migrants going to the Gulf countries[23] and a further 39.6 per cent to those going to Malaysia.[24]

Figure 8: Destination Countries of International Migrants



Source: Central Bureau of Statistics 2012.

[19] The National Census defines the 'Absentee Population' as 'any member of a household who has been abroad for six or more months prior to the time of enumerations (i.e., external migrants only).' (Sharma et al 2014)

[20] The growth rate for each year was calculated by using the equation, Growth rate(K) =1/time * LN (Labour Permits issued in Year 2/Labour Permits Issued in Year1). The annual average growth rate was determined by taking the average of the six consecutive yearly growth rates.

[21] The number of labour permits issued in 2020/21 is estimated using the equation: Labour Permits issued after t years= Labour permits issued in a base year * EXP(t* growth rate)

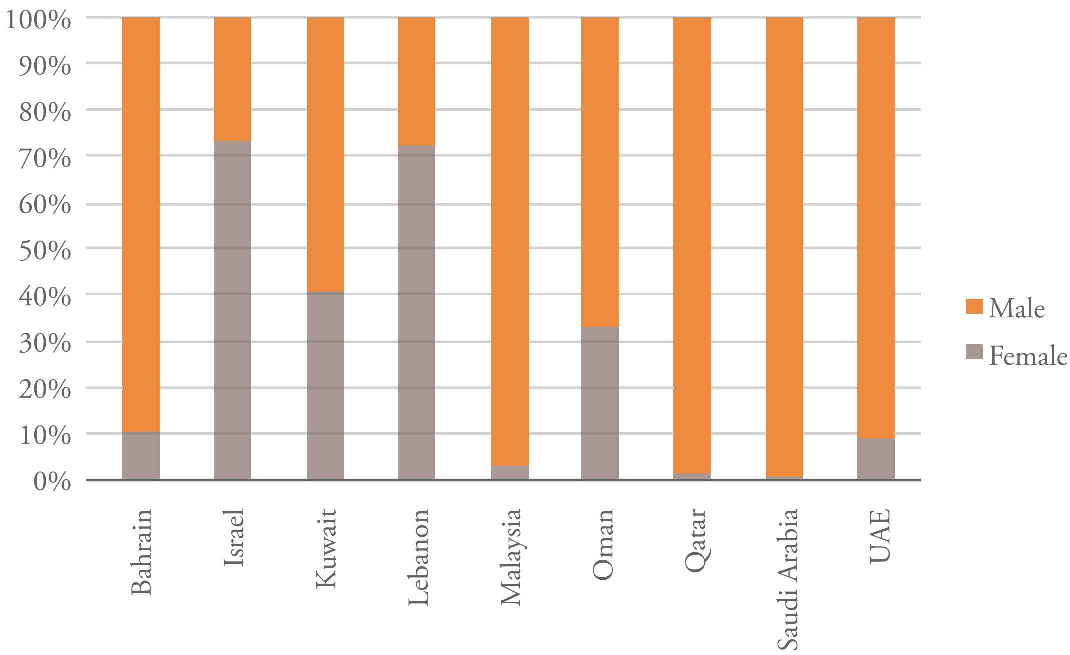
[22] Abidin and Rasiah 2009, as cited in Sharma et al 2014.

[23] 1.7 per cent to Kuwait; 19.9 per cent to Qatar; 14.4 per cent to Saudi Arabia; and 8.2 per cent to the UAE.

[24] Department of Foreign Employment (DoFE). 'Monthly Progress Report.' Accessed August 9, 2014. Available at http://www.dofe.gov.np/new/pages/details/34.

There are, however, significant differences between destination countries in terms of the gender of migrants (see Figure 9 below). For instance, in Saudi Arabia, the percentage of male migrants is significantly higher than that of female migrants while, in other countries like Lebanon and Israel, the reverse is true. In the latter cases, female migrants significantly outnumber their male counterparts since labour demand in these countries is restricted largely to domestic work.

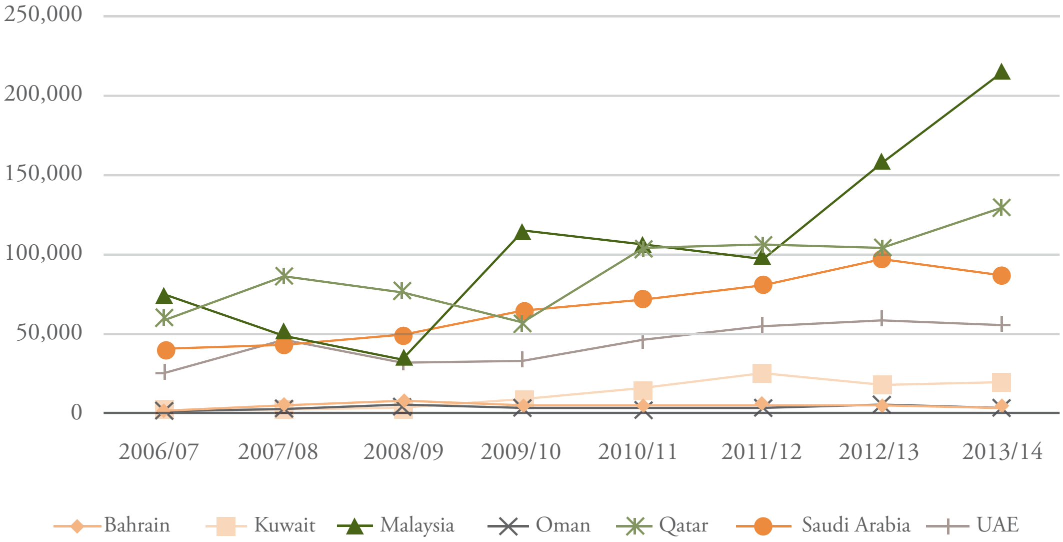
Figure 9: Gender Distribution of Migrants for Select Destination Countries (2013/14)



Source: Department of Foreign Employment (DoFE), 'Monthly Progress Report.' Accessed August 9, 2014. Available at http://www.dofe.gov.np/new/pages/details/34.

In terms of the outflow of migrant workers to certain countries over time, as shown in Figure 10 below, there has been some fluctuation in the numbers going to Malaysia and Qatar, while Saudi Arabia and the UAE have shown a steady but increasing trend and in the case of Bahrain and Oman, there has been almost no change from 2006 till mid-2014.

Figure 10: Migration Trends in Select Destination Countries [25]



Source: Department of Foreign Employment (DoFE), Yearly Progress Report fiscal year 2070-71, Kathmandu: DOFE

These divergent trends are explained by the policies as well as development pathways adopted by the destination countries. For instance, while the surge of migrant workers to Qatar can be attributed to the boom in construction work, especially in preparation for the football World Cup 2022, and the effects of the global financial crisis on Malaysia stemmed the outflow for some time, tighter regulation of visa policies (e.g., the quota system) by Saudi Arabia is possibly the reason for the relatively even intake there.

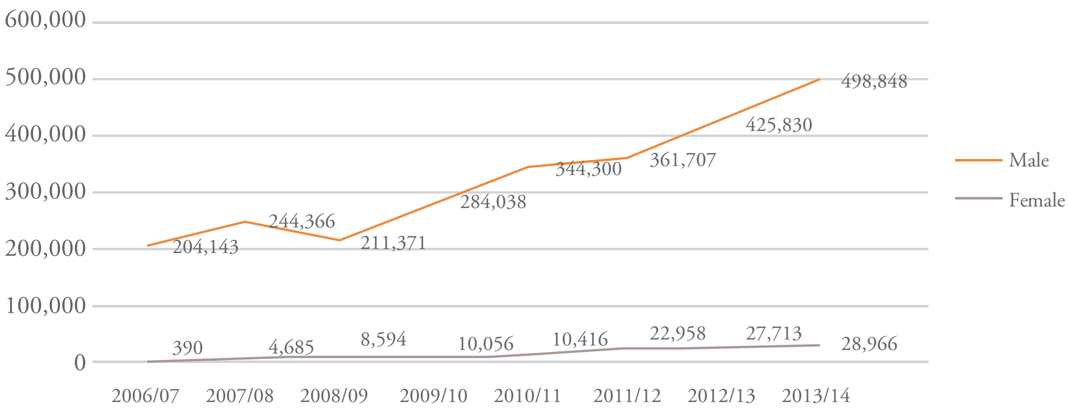
GENDER DISTRIBUTION OF MIGRANT WORKFORCE

In terms of gender distribution, most of the labour migrants to the Gulf and Malaysia tend to be males—in 2013/14, only 5.5 per cent of the individuals who received labour permits were females. Figure 11 below shows the total number of individuals, disaggregated by gender, that left for foreign employment between 2006 and 2014. While the data from DoFE on women is generally considered to be an underestimation given the large number of females who migrate using irregular channels, the national survey data which presumably would have captured this form of migration also indicates that the percentage of female migrants is relatively less. Of the total 1,921,494 migrants documented in the 2011 census, only 237,400, or 12.4 per cent, are women.[26]

[25] Data on the number of Nepali migrants going to India is not available because of open borders.

[26] Central Bureau of Statistics 2012.

Figure 11: Labour Permits Disaggregated by Gender



Source: Ministry of Labour and Employment 2014.

There are multiple factors that influence women's comparatively restricted mobility, but one of the reasons is the historical and patriarchal notion that men ought to shoulder the responsibility of providing for their families while limiting women's role to the realm of the household and family. The second aspect to this could be the ban that the Government of Nepal, like many other countries in South Asia, has introduced time and again to prohibit women from migrating to certain destinations (see Table 2 below). While these bans were introduced as a 'protectionist' measure to safeguard women from exploitation and abuse abroad, they have had the effect of not only restricting the mobility of females but also forcing women who see no option but to migrate 'illegally', i.e., using irregular channels.

Table 2: Restrictions on the Mobility of Female Migrant Workers in Nepal

Timeframe	Nature of restriction
1985-1998	Women require consent of a 'guardian' (parent, husband, or other relative) to go for foreign employment
1998-2003	Complete ban on migration of female workers to Gulf countries
2003-2010	Partial ban on migration of female workers to Gulf countries
Jan 2009 – May 2009	Complete ban on female domestic workers going to Lebanon
2012 – May 2014	Prohibition on women under 30 years of age to work as domestic workers in the Gulf
May 2014 – April 2015	Complete ban on female migrants to be recruited for domestic work in the Gulf countries[27]
April 2015 onwards (pending implementation)	Prohibition on women under 25 years of age to work as domestic workers in the Gulf countries

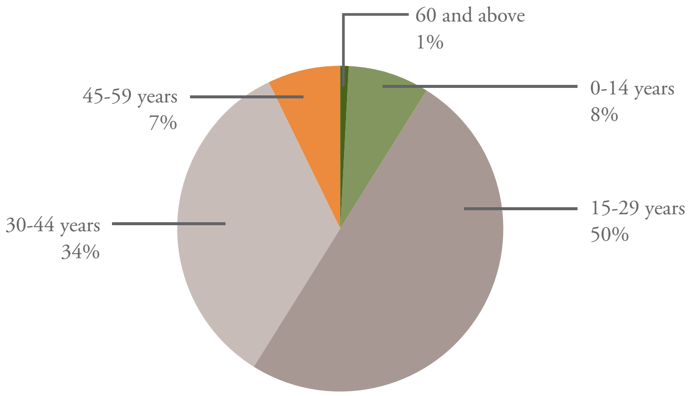
Source: Paoletti et al 2014; 'Guidelines for Sending Domestic Workers for Foreign Employment, 2072 B.S.' Accessed from http://www.mole.gov.np/ckfinder/userfiles/files/household.pdf, 2 June 2015.

Regardless of the prohibitions and despite the low number of female migrants, what is notable is that the increase in the number of female migrants (by 74 times from 2006/07 to 2013/14) is significantly higher than among males (just under two and a half times in the same period) suggesting that there is likely to be a substantial increase in female migration in the long run even though in the short term, the age ban on female migration will affect trends.

AGE DISTRIBUTION OF MIGRANTS

In terms of age distribution, the majority of international migrants are between the ages of 15 and 29 years (50.3 per cent of the total migrant population) (see Figure 12). While the percentage of female migrants across all age groups is lower in comparison to their male counterparts, the highest percentage of female international migrants is from the age group 15-29 years (19.3 per cent of all females from the age group 15-29 years are international migrants). As for males, international migrants represent a significant percentage of the working-age male population (15-59 years)—55.8 per cent of all males between the age group of 15-29 years, 45.8 per cent of those between the age group 30-44 years, and 7 per cent between age group 45-59 years are migrants.[28]

Figure 12: Age Distribution of Migrant Workers



Source: Calculations based on NLSS 2010/11 datasets.

SOCIO-ECONOMIC BACKGROUND OF MIGRANTS

In the current context of Nepal where migration is a major source of livelihood for many, it is perhaps not surprising that economic standing has a close bearing on international labour migration. However, the relationship between income and likelihood of migration is a non-linear one, with households from the fourth quintile (as opposed to those from the lowest wealth quintile as might be generally assumed) having the highest probability of having a migrant (41.6 per cent).

Further, the economic standing of the household also shares a strong relationship with the destination of migration. As can be seen in Figure 13 below, the probability of having a migrant

[27] Himalayan News Service, 'Govt to enforce old decision', *The Himalayan Times*, September 02, 2014. Accessed September 02, 2014, http://thehimalayantimes.com/fullTodays.php?headline=Govt+to+enforce+old+decision&NewsID=426097.

[28] Sharma et al 2014.

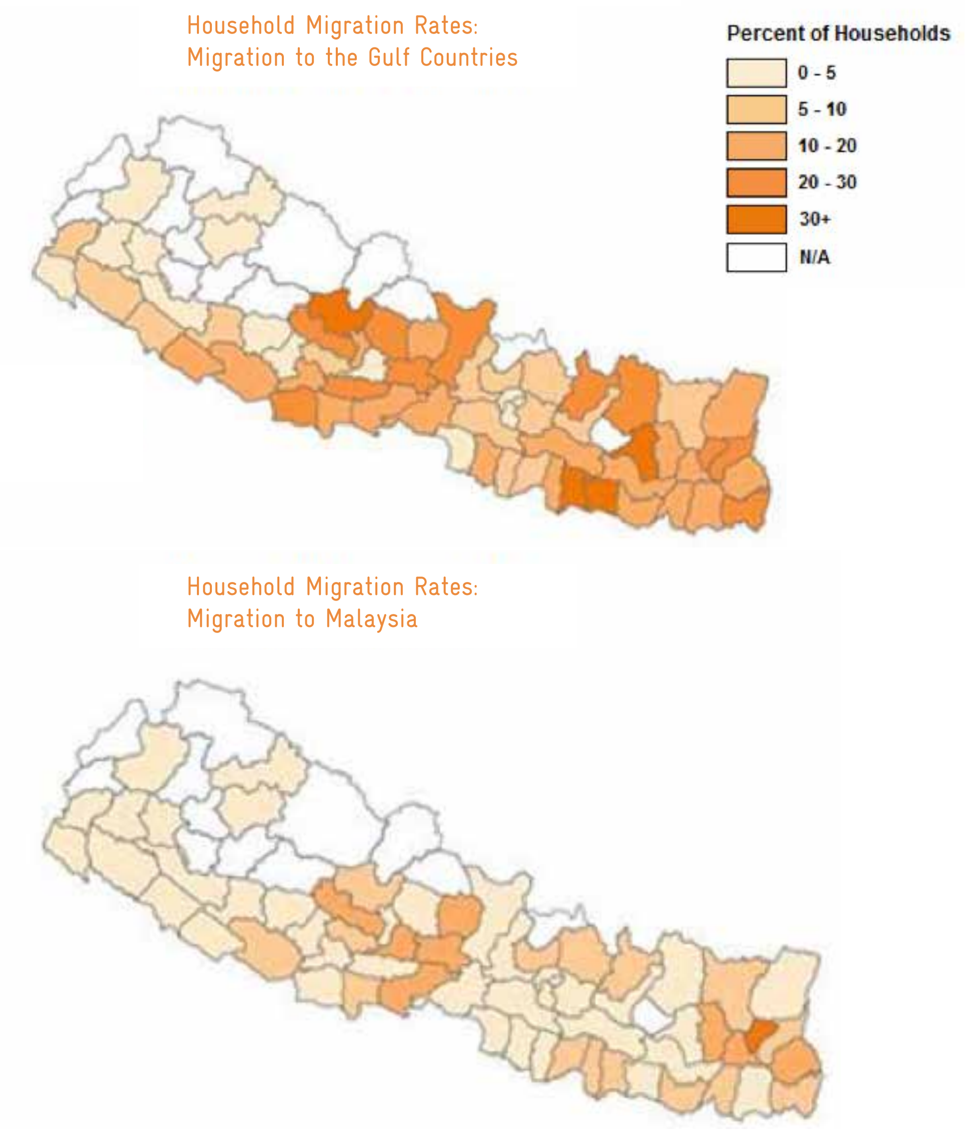
in India is higher in households with lower economic standing, while the converse is true for other countries (i.e., countries other than India, Malaysia and the Gulf). This can be attributed primarily to differences in recruitment fees, travel costs and related expenses while migrating to various countries; walking across the border to India is significantly cheaper than going to other countries.

Figure 13: Probability of Household Having Migrants (by economic quintile and destination)

Source: Results from the Nepal Migration Survey (NMS) 2009 as illustrated in World Bank 2011.

Additionally, as will be discussed at a greater length in later sections, the fact that government and private agencies involved in the labour migration sector are all concentrated in Kathmandu and other urban areas[29] means that it becomes more costly for residents of rural areas to go for foreign employment. Given this context, it is perhaps not surprising that international labour migration also has a geographical dimension to it. As seen in Figure 14 below, migration rates to the Gulf countries and Malaysia are the lowest for the Mid-Western and Far-Western development regions—two regions that are remote, farthest from Kathmandu, and where road penetration is also minimal. Besides, while those leaving the country historically as labour migrants were typically males from the Hill region, recent data released by the government suggests that most of the individuals going for foreign employment are from the Tarai districts of Nepal. Some of the possible reasons for this are better sourcing of information, easier access to recruitment agencies, and higher disposable incomes in the Tarai districts.[30]

Figure 14: Household Migration Rates by Geographic Distribution



Source: Nepal Migration Survey 2009 as illustrated in World Bank 2011.

[29] For instance, the Department of Foreign Employment (DoFE) that is responsible for issuing the labour permits is located in Kathmandu and does not have offices in other parts of the country. In addition, all of the recruitment agencies (RAs) are headquartered in Kathmandu, around 80 per cent of their branch offices are concentrated in just three districts, and all of the pre-orientation departure training centres are located in the Kathmandu Valley.

[30] DoFE, 'District-wise Reporting.' Accessed August 11, 2014, http://dofe.gov.np/new/uploads/article/districtwise-070-071.pdf.

SOCIAL IDENTITY OF MIGRANTS

With regard to the social background of migrant workers, as shown in Table 3, marginalised groups such as Muslims and other minorities along with Hill Dalits show the highest probability of having a labour migrant in their household.[31] On the one hand, this trend speaks to the exclusion of these groups from domestic labour market opportunities but on the other it also points to the possibility of migration and remittances serving as a basis for their future social and economic upliftment.

Having said that, there is significant variation in terms of migrants' social backgrounds and the destination countries they work in. For instance, the highest proportion of Nepali migrants to India are Hill Dalits, in the Gulf countries it is the category Muslims/Other Minorities, in Malaysia it is the Madhesi Middle Castes, and in other countries, it is Hill Janajatis.

Table 3: Probability of Household Having Migrants

Caste/Ethnicity	Households with at least one migrant abroad	India	Gulf Countries	Malaysia	Others
Brahman/Chhetri	33.1%	13.6%	12.5%	4.2%	3.7%
Madhesi Middle Caste	30.6%	15.1%	10.9%	7.4%	0.0%
Hill Dalit	39.4%	27.6%	9.2%	1.5%	2.5%
Tarai Dalit	24.0%	8.2%	15.8%	0.0%	0.0%
Newar	20.9%	5.4%	6.1%	4.5%	4.9%
Hill Janajati	34.5%	9.1%	17.4%	6.5%	5.4%
Tarai Janajati	22.0%	8.0%	12.0%	1.9%	0.4%
Muslim/Other Minorities	44.1%	10.8%	34.3%	2.3%	2.0%

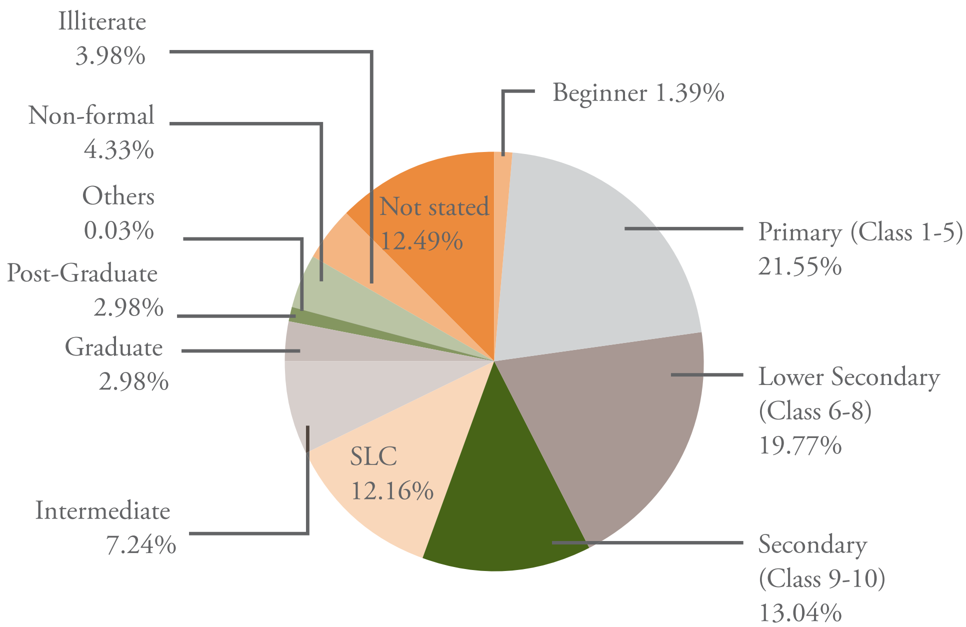
Source: Nepal Migration Survey 2009 as illustrated in World Bank 2011.

The variation in the destination for migrants across religious and ethnic groups can be largely attributed to the cost of migration. For instance, going to the Gulf countries or Malaysia requires more investment than going to India, which may be why a large percentage of Dalits, 40.9 per cent[32] of whom live under the poverty line, end up in India. Another factor affecting the concentration of particular groups in certain countries may also be the nature of demand. According to a recruitment agency, the demand for individuals from the Muslim community is high in countries like Saudi Arabia, which may explain the high Muslim population in the Gulf compared to any other region.

EDUCATIONAL ATTAINMENT

The educational attainment at the higher levels is low amongst migrant workers as shown in Figure 15 below. Only 4 per cent have a university degree and 7.2 per cent have received higher secondary education (Grades 11-12). Going further down the scale, while about 36.5 per cent of the migrants have attained at least secondary-level education and about 22 per cent have received primary education, about 4.3 per cent do not have any formal schooling. A comparison of the education level of migrant workers and of the domestic population (aged 5 and above) shows some differences; while about 33 per cent of the nation's population is illiterate, only 4 per cent of the migrant population is;[33] and while 21.4 per cent of the population has completed lower secondary or secondary education, that figure is 32.8 per cent for the migrant population, thus indicating that the general educational attainment of the migrant workforce is slightly better than that of the domestic workforce.[34]

Figure 15: Education Level of International Migrants



Source: Central Bureau of Statistics 2012.

There, however, is some variation in the distribution of migrants in the education levels depeding on the country of destination. For instance, while the education attainment level is similar for

[31] It is not possible to disaggregate information on Muslims and other minority groups separately since the data presented in Table 3 was illustrated in a World Bank publication, and access to raw data is not publicly available. For more details, see World Bank 2011.

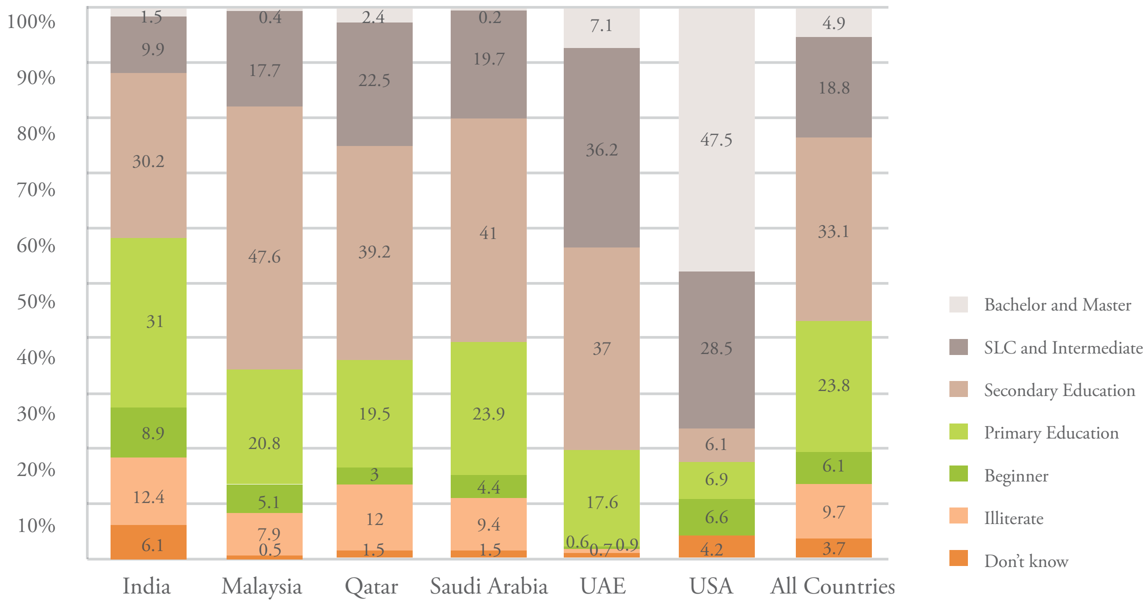
[32] GoN and UNDP 2014, and Dalit Welfare Organisation, 'Dalits'. Accessed August 25, 2014, http://www.dwo.org.np/dalit.php.

[33] Central Bureau of Statistics 2012.

[34] Ibid.

workers going to Malaysia, Qatar and Saudi Arabia, it is slightly different for those going to India and the USA. The majority of migrants going to India have primary education or lower and about three fourths of the migrants going to the USA have education levels of SLC or above (see Figure 16).

Figure 16: Education Level of International Migrants by Destination



Source: Calculations based on NLSS 2010/11 datasets

SKILLS LEVEL OF MIGRANT WORKERS

According to DoFE's classification of migrant workers done in 2013/14, 74 per cent of migrant workers are 'unskilled', 12 per cent 'semi-skilled', about 14 per cent 'skilled', and less than 1 per cent 'highly skilled' or 'professional'. Trends over the past five years, as seen in Figure 17 below, indicate that the percentage of 'unskilled' workers has, in fact, increased from about 70 per cent in 2007/08 to about 74 per cent in 2013/14. The high number of unskilled workers amongst the migrant population might be explained by the fact that a high percentage (66.4 per cent) of migrant workers are involved in the agricultural sector prior to migration,[35] and hence the country is able to supply primarily unskilled workers.

Figure 17: Skills Classification of Migrant Workers

Source: Department of Foreign Employment (DoFE), 'Yearly Progress Report Fiscal Year 2017-71', Kathmandu; and data obtained directly from DoFE.

It is worth noting that in the fiscal year 2013/14, the number of 'skilled' workers, for the first time since 2007/08, exceeded the number of 'semi-skilled' workers. It is possible that as the economy of Nepal gradually transforms from an agricultural base to the service/industrial sector, the proportion of unskilled workers among migrant workers will decrease.

[35] Nepal Migration Survey 2009 as quoted in World Bank 2011.

OVERVIEW OF THE DEMAND SITUATION IN DESTINATION COUNTRIES AND IMPLICATIONS FOR NEPAL

Section 4

OVERVIEW OF THE DEMAND SITUATION IN DESTINATION COUNTRIES AND IMPLICATIONS FOR NEPAL

The earlier sections discussed the major trends and patterns of Nepali workers from a supply perspective. This section draws on the findings from the 'Labour Market Trends Analysis for Labour Migrants from South Asia to Select Gulf Cooperation Council Countries, Malaysia and India',[36] conducted by the German Development Cooperation (GIZ) in collaboration with the International Labour Organisation (ILO) to briefly discuss the nature of demands for foreign workers, particularly from the demand side and their implications for migrant workers from Nepal.[37]

POPULATION TRENDS AND DEMAND FOR MIGRANT WORKERS

Broadly speaking, in most of the GCC countries, with the exception of Saudi Arabia, the indigenous population is small in relation to the total population, the extent of natural resources, and the growing need for human resources to meet the demands of their growth industries. Malaysia, on the contrary, is characterised by a relatively low indigenous-to-migrant ratio, and the demand for foreign workers seems to arise more from its development trajectory rather than the absence of labour as a factor of production (see Table 4).

In either case, this means that most of the labour-receiving countries, particularly GCC countries, are likely to continue facing demand pressures in order to keep up with their growth pathways. Earlier, these needs were met by bringing in migrant workers from other Arab countries like Yemen, Egypt, Jordan and Syria. But, following political tensions in these countries, the Arabs have gradually been replaced by workers from other parts of the world, primarily South Asia, who are regarded as politically less risky and also less costly to recruit and employ.

Table 4: National and Foreign-born Populations in Select Countries

	Kuwait (2013)	Saudi Arabia (2013)	UAE (2010)	Qatar (2012)	Malaysia (2010)
Total Population	3,965,144	29,994,272	8,264,070	1,341,193	28,960,000
Percentage of Non-Nationals	68.7%	32.4%	88.5%	93.8%	7.8%
Percentage of Females in Foreign Population	34.9%	28.4%	22.3%	11.2%	n/a

[36] With regard to the GCC countries, the study focused on Saudi Arabia, Kuwait, Qatar and the United Arab Emirates.

[37] GIZ and ILO, 'Labour Market Trends Analysis for Labour Migrants from South Asia to Selected Gulf Cooperation Council Countries, Malaysia and India', 2015.

While this means that the demand for workers from Nepal will probably persist in the short- and medium-terms, demographic shifts in these countries means that this trend is likely to undergo a reversal in the long run. In the GCC countries, where the size of the indigenous population has been increasing followed by their higher levels of educational attainment, there has been a rise in the proportion of youth entering the domestic labour market. For instance, in Saudi Arabia alone, every year 400,000 young job-seekers are reaching working age and require to be absorbed into the labour markets. Additionally, in countries where long-term migrants have become de facto, though not necessarily legal, permanent residents, there is a potential for future supply of labourers through their families. Likewise, while the workforce participation of indigenous women is low due to religious and cultural norms and traditions, improvements in the education of women, later marriage, declining fertility rates, economic needs as well as changing cultural attitudes, have caused more women, especially in Kuwait and the UAE,[38] to enter the workforce. Combined, these trends are likely to result in labour-substitution effects as native workers take up positions occupied earlier by foreign labour migrants, reducing the demand for the latter.

The response from the governments of the GCC countries to these trends has been to directly secure jobs for indigenous youth, often by restricting migrant labour or fencing off employment in certain sectors. However, despite these policy shifts, the population growth in these countries is not likely to be adequate to create a domestic labour force capable of sustaining the respective countries' growth patterns. On the one hand, the development trends of these countries suggests an over-reliance on labour-intensive growth sectors such as construction and mining, while, on the other, the vast majority of the indigenous population are not willing to work in low- or semi-skilled work. For instance, the employment preferences of indigenous women remain very different from that of migrant workers—the former focus on employment in the public sector and on highly skilled and lucrative jobs in the private sector while most workers, especially from Nepal, are typically low-skilled, menial labourers. Thus, the demand for foreign labour migrants, including Nepalis, is likely to remain high in most of the GCC countries as well as Malaysia, at least into the near future.

GROWTH TRENDS AND SECTORAL DEMANDS

The patterns of growth and economic development in the labour-receiving countries are critical indicators of the likely course of demand of migrant workers. As outlined in Table 5, since countries like the UAE, Kuwait and Qatar have embarked on large-scale infrastructure development, the demand for foreign workers seems likely to remain. For example, due to the preparations for the World Cup 2022 and the World Expo 2020, the demand for construction workers in Qatar and the UAE, respectively, is unlikely to flag. The demand for migrant workers is not limited to these countries; on the contrary, a survey conducted by the Philippines Overseas Employment Administration (POEA) found that demand for migrant workers is the highest in Saudi Arabia, followed by Qatar, the UAE, Kuwait, Iran, Singapore and Brunei.[39]

Table 5: Sectors of Growth and Occupational Demands in Select Destination Countries

Destination Countries	Sectors/Occupational Categories
Kuwait	The delayed 2010–2015 development plan includes substantial infrastructure development projects such as the construction of a new airport, electricity plant, hospitals, etc.
Malaysia	Tourism, wholesale and retail, education, agriculture (particularly, palm oil and rubber), electrical and electronics, and domestic work.
Qatar	World Cup 2022 leading to huge job opportunities in the construction sector; and, in the medium term, job opportunities in the service sectors (e.g., hotels, restaurants, housing, maintenance, cleaning, security providers).
Saudi Arabia	Trade (wholesale and retail), hospitality industry, construction, agriculture, manufacturing (technology-intensive), domestic services, human services (health and education), automobile manufacturing and 'green construction'.
UAE	Construction of Abu Dhabi Island leading to demand in infrastructure development, construction and operation of hotels, hospital, etc; World Expo 2020 fuelling demand for workers in the construction and tourism sectors.

In 2010, the Malaysian government initiated the Economic Transformation Plan (ETP), one of several efforts[40] undertaken in an effort to attain the status of a fully developed nation by 2020. Under the ETP, a total of 131 projects are to be implemented across 12 National Key Economic Areas (NKEAs), and, consequently, it is estimated that an additional 3.3 million jobs will be created across these sectors.[41] As illustrated in Table 6 below, a sizeable proportion of job creation will be in industries that rely heavily on low-skilled workers (i.e., construction, palm oil, agriculture, electrical and electronics, etc), indicating an increase in the demand for migrant workers in these sectors. In fact, in Malaysia, the growth in the construction industry has already led to an increase in the share of migrant workers engaged in construction from about a tenth of the migrants in 2000 to about a fifth by 2013.

Table 6: Number of Jobs Expected to be created in Malaysia in Key Economic Areas by 2020

National Key Economic Areas (NKEAs)	Number of new jobs created	% of jobs created
Oil, gas & energy	52,300	1.6
Palm oil	123,400	3.7
Financial services	275,000	8.3
Tourism	497,200	15.1

[38] Workforce participation of women is 44.8 percent in Kuwait and 27.5 per cent in the UAE and only 11.5 per cent in Saudi Arabia.

[39] Manpower Development Division. Analysis of In-Demand Skills and Hard-to-fill- Positions for Overseas Employment, Manila: Philippine Overseas Employment Administration, 2010.

[40] These include the Strategic Reform Initiatives (SRIs), and Government Transformation Program (GTP)

[41] For more information on the Economic Transformation Plan (ETP), see, http://etp.pemandu.gov.my/About_ETP-@-Overview_of_ETP.aspx.

National Key Economic Areas (NKEAs)	Number of new jobs created	% of jobs created
Business services	245,500	7.4
Improving electronics & electrical	157,000	4.8
Wholesale & retail	595,000	18.0
Education	536,000	16.2
Healthcare	181,000	5.5
Communications content & infrastructure	43,162	1.3
Agriculture	74,000	2.2
Greater Kuala Lumpur	520,438	15.8
Total	3,300,000	100.0

Finally, with regards to India, with the long-standing history of Nepalis going to India for employment primarily due to factors such as geographic proximity, economic ties, cultural links, and an open border, the demand as well as supply of Nepali workers to India is likely to persist. But, recent developments suggest some important shifts in the Indian economy which, over the long term, are likely to affect the demand for Nepali workers in India. Estimations on the supply side at the semi-skilled and low-skilled levels in India indicate a surplus of domestic labour supply. Further, in 2009, India embarked on a major skills development initiative aimed at creating a skilled workforce of more than 500 million people by 2022. With the Indian government doing its utmost to train and place its own citizens, coupled with its own surplus labour, it is not clear to what extent Nepali workers will be able to enter this market.

To conclude, while the growth trajectories in the countries of destination suggests that demand for low-skilled workers, including from Nepal, is likely to increase at least in the short- and medium-term, the fact that economic developments in the GCC countries remain closely tied to its oil reserves and the capital markets leaves the long-term labour demand prospects subject to the volatility of oil prices and the likelihood of financial crises, unless, of course, other sectors such as manufacturing, tourism or agriculture are able to sustain the growth.

OCCUPATIONAL DEMANDS, SKILL REQUIREMENTS AND WORKER PREFERENCES

In general, none of the GCC countries have a systematic approach to collecting labour market information, making it difficult to predict the future demands for different occupations and skills requirements. However, based on current development trends in the major destination countries, especially the planned infrastructure projects, it is likely that most of the demand for workers will be in the unskilled and semi-skilled categories. Table 7 below lists the top skills/occupational categories that are in demand in various destination countries based on the aforementioned study conducted by POEA and the findings from the GIZ/ILO report on the destination countries.[42]

Table 7: Highly Demanded Skills/Occupation Categories

Construction Sector	Civil engineer	Saudi Arabia, Qatar, UAE, Kuwait, Singapore, Brunei
	Mason	Saudi Arabia, Malaysia, Qatar
	Welder	Saudi Arabia, Qatar, UAE, Kuwait
	Plumber	Saudi Arabia, Qatar
	Construction worker, Foreman	Saudi Arabia, Malaysia, Qatar, UAE
	Construction supervisor	Saudi Arabia, Qatar, UAE
	AutoCAD operator	Saudi Arabia, Qatar
	Architect	Saudi Arabia, Qatar, UAE, Malaysia
	Crane operator	Saudi Arabia, Qatar, Kuwait, Malaysia
Electronics and Manufacturing	Electrical engineer	Saudi Arabia, Qatar, UAE, Kuwait, Singapore, Brunei
	Mechanical engineer	Saudi Arabia, Qatar, Malaysia, UAE
	Electrician	Saudi Arabia, Malaysia, Qatar, UAE
	Skilled carpenter	Saudi Arabia, Malaysia, Qatar, UAE, Kuwait
	Instrument pipe fitter	Saudi Arabia, Qatar, UAE, Kuwait
	HVAC (heating, ventilation and air conditioning) technician	Saudi Arabia, Qatar
	Steel fixer	Saudi Arabia, Malaysia, Qatar, UAE
	Maintenance engineer	Saudi Arabia, Qatar, UAE, Kuwait
	Aluminium fabricator installer	Saudi Arabia, Qatar, UAE, Kuwait
Service Sector	Waiter/Waitress	Saudi Arabia, Qatar, UAE, Kuwait
	Heavy duty driver/Operator	Saudi Arabia, Kuwait, Malaysia
	Domestic worker	Qatar, UAE, Malaysia
	Cleaner, Housekeeper	Saudi Arabia, Qatar, UAE, Kuwait
	Driver	Saudi Arabia, Malaysia
Agriculture	Tiller	Malaysia
	Agriculture labourer	Saudi Arabia, Qatar, UAE
Health Sector	Nurse	Singapore, India, Kuwait
	Caregiver	Saudi Arabia
	Paramedic	

Adapted from: Manpower Development Division, Philippine Overseas Employment Administration, 'Analysis of In-Demand Skills and Hard-to-fill- Positions for Overseas Employment', Manila, 2010; and GIZ and ILO, 'Labour Market Trends Analysis for Labour Migrants from South Asia to Selected Gulf Cooperation Council Countries, Malaysia and India', 2015.

[42] While most of the skills/occupations included below are based on demand for Filipino workers, they are indicative of the overall demand for migrant workers from different countries.

In general, formal training programmes in most of the labour-sending countries, with the exception of the Philippines, may improve the quality of the workers but employers and recruiters in the destination countries are either unaware of these programmes, do not value them, or do not require that workers make use of the skills they receive. This is either because of a negative reputation, perceived irrelevance, or lack of equivalence of certification provided by the training centres in the labour-sending countries. In India, however, the certificates issued by educational and vocational institutions in Nepal are generally recognised. But, the majority of Nepali migrants to India lack certified skills, making it difficult for them to access formal jobs. This is changing gradually though with second-generation migrants from Nepal taking advantage of the academic and skill development infrastructure in India.

With the exception of the Nepal-India experience, in general, rather than skills certification, most destination countries give greater weight to the prior work experience of the worker and other physical and mental attributes. For instance, in Malaysia, where low-skilled workers are employed in the agriculture and plantation sectors and the semi-skilled in the manufacturing, construction and service sectors, the assessment of workers is very rudimentary and differs by sector of work. For the agriculture and plantation sectors, candidates are assessed on the basis of their physical and mental attributes in order to judge their ability to work in tough conditions in remote areas. The construction sector, on the other hand, hires both general and semi-skilled workers such as welders, brick-layers, carpenters, etc, and potential candidates are requested to show proof of their skills, either through basic training certificates or through previous employer attestation. In the case of manufacturing industries, workers are screened for their ability to respond to instructions from their supervisors. Hence, candidates must have a minimum of secondary education and must pass simple IQ and mathematics tests apart from the physical tests.

Besides prior experience and physical and mental attributes, the other determinants of demand for workers in the labour-receiving countries appear to be the cost of hiring workers, their availability, social networks and perceptions about the workers as well as the previous experience of employers with certain nationalities. For instance, in all the destination countries, Filipino workers are considered the most favourable, a fact that recruiters are able to market at a higher price. This is primarily due to positive perceptions of Filipino training organisations, targeted advertisement campaigns carried out to improve the image of the Filipino migrants, and workers' command of English, which together provide them with a competitive advantage over other workers, especially in technical and administrative roles.

On the contrary, Nepali workers are known to possess very little, if any, skills sets, and there have been very few initiatives, if at all, to improve the negative perception of Nepali workers or to access the market for high-skilled workers. Instead, the wages of Nepali workers are not far below Indian or Bangladeshi workers, and the latter are at least considered much more skilled. Thus, even though Nepali workers are usually regarded as hard-working, obedient and dependable, the comparable costs of recruiting Nepali workers combined with the general view of the Nepali government as overprotective and the labour recruitment process in Nepal as over-regulated has meant that Nepal has not been able to establish a competitive advantage vis-à-vis other countries.

In the context of creating continued demand for Nepali workers, this is particularly crucial since there is evidence of a growing trend to employ workers from African countries such as Ethiopia and other Southeast Asian countries like Vietnam and Cambodia, who are considered equally credible but also cost less.

Yet, the foreign labour market is also quite volatile and the demand for certain nationalities also comes in ebbs and flows. For instance, in the case of Malaysia, Indonesian workers have traditionally occupied the largest share of the migrant workforce (in 2000, 75 per cent of low-skilled migrant workers in Malaysia were from Indonesia). However, the improved performance of the Indonesian economy meant that their share amongst the migrant labour population in Malaysia decreased to about 45.4 per cent in 2013, leading to a greater demand for workers from South Asia. In this context, Nepal has emerged as the second-largest source country for migrant workers in Malaysia (approximately 17 per cent), which is likely to increase as the demand for workers in the security, manufacturing and retail sectors continues to grow. Notably, however, Nepalis constitute only 0.4 per cent of the high-skilled migrant workforce in Malaysia, pointing to the fact that Nepal has been able to capture only the unskilled and semi-skilled occupational categories in most destination countries, including Malaysia.

RECRUITMENT TRENDS AND IMPLICATIONS FOR FOREIGN LABOUR DEMAND

Initially, the recruitment of foreign labour to the GCC countries was through government-to-government mechanisms. But, with the increase in the number of foreign workers, the involvement of the private sector in managing the foreign employment sector has increased. Since the private actors are driven by profit, there is less emphasis on skills and quality of workers. For instance, in the case of unskilled and low-skilled workers, which is what the majority of the workers from Nepal are, recruitment decisions are primarily based on the willingness of the workers to work for the low wages on offer. As mentioned earlier, employers and recruitment agencies in the different GCC countries generally do not assess potential workers and the recruitment and final selection are instead based on verbal communication with local recruitment agents in the country of origin.

In Malaysia, following the executive order 'Strengthening Protections against Trafficking in Persons in Federal Contracts' signed by the US President in 2012, in December 2013, the government effected a parliamentary decision to discontinue the services of recruitment agencies and outsourcing companies, requiring all recruitment to be managed directly by employers. There is also the phenomenion of what is called 'visa trading', curbs on which are likely to have an impact on recruitment. Visa trading has arisen in the Gulf countries mainly because under the existing *kafala* system every expatriate worker has to be sponsored by a host individual or institution, the *kafeel*, leading RAs and other brokers to pay the *kafeel* for such sponsorship. Countries like Saudi Arabia and the UAE have centralised all recruitment through ten 'mega-recruiters' in the case of Saudi Arabia and 'manpower supply companies' in the case of the UAE in an effort to reduce visa trading and also to streamline the recruitment process. While the precise impact of these shifts is not yet known, the strength of these recruitment agencies and the market share they are able to capture is likely to have an impact on the cost of hiring unskilled workers, especially from countries like Nepal.

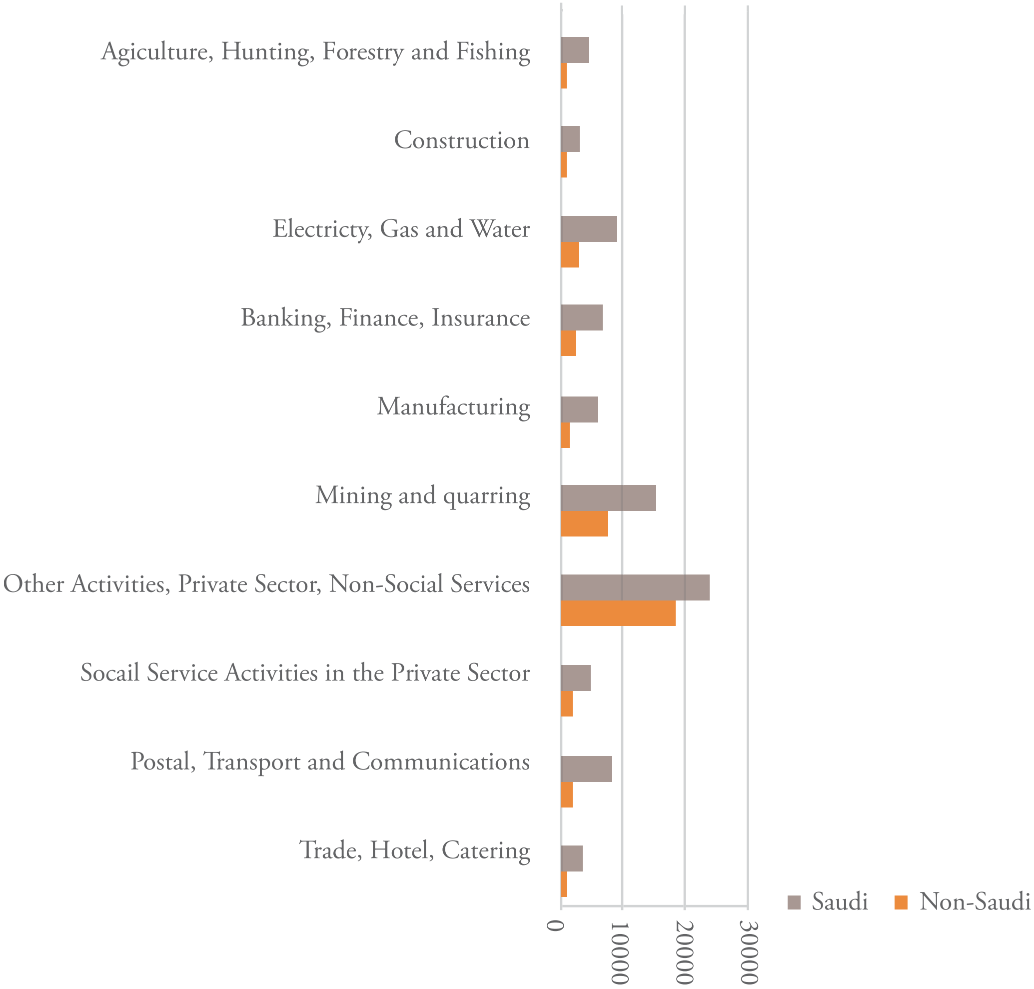
Thus far, recent trends suggest that despite the aspirations of GCC countries to emerge as 'knowledge economies', their reliance on labour-intensive sectors such as construction means that companies in the GCC countries, at least in the short term, have little incentive to move towards more capital-intensive and technologically-driven business solutions. However, in the medium term at least, the combination of nationalisation policies, the increasing control over visa trading, and the concentration of recruitment in the hands of large and more expensive recruitment agencies may increase the price of low-skilled labour and trigger a shift towards 'higher skilled' labourers who are more productive and have higher earning potential.

POLICY CHANGES AND IMPLICATIONS FOR FOREIGN LABOUR DEMANDS

As mentioned above, both the GCC countries and Malaysia have adopted policies that seek to reduce their dependence on migrant workers. In the GCC, efforts to nationalise their labour market started in the 1990s when unemployment rates were found to be above 10 per cent across all countries. Since then, the governments have instituted policies that increased the cost of hiring migrant labour, incentivised the hiring of the indigenous population (e.g., introduction of quota system for national workers in the private sector, wage subsidies, and mandatory employment of natives in certain sectors), limited the number of immigrant visas issued (e.g., in Saudi Arabia, the *nitaqat* system has been introduced to regulate the number of foreign workers a company can employ), and initiated the deportation of irregular workers.[43] Accordingly, for instance, in 2005, a cabinet decision in the UAE introduced a rule regulating workforce diversification wherein companies were grouped into three categories (Category A: not more than 30 per cent of the same nationality; Category B: 31-74 per cent; and Category C: more than 75 per cent) with administrative fees going up for a more homogeneous workforce.

However, such efforts have been largely ineffective till date due to the small size of the native GCC population which enjoys high levels of wealth and also to the low cost of hiring foreign workers (see Figure 18). Further, most nationals of GCC countries prefer employment in the public sector (e.g., 84 per cent of Kuwaitis and 86 per cent of all Qataris nationals held public-sector jobs in 2010) and so the demand for foreign workers is likely to remain, especially in the rapidly expanding private sector.

Figure 18: Average Saudi and Non-Saudi Salaries by Sector



Source: London School of Economics and Dubai Economic Council, 2012.

Malaysia, on the other hand, presents a different scenario. Migrant workers there constitute only a small fraction of the country's total population which makes it easier for Malaysia to wean off its reliance on migrant labour. Via the ETP, Malaysia is categorically focusing on the development of industries such as tourism, education, wholesale and retail, etc, which require workers with higher skill levels and will hence necessitate the reduction in the intake of low-skilled migrant labour.

[43] GIZ and ILO, 'Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, Malaysia and India', 2015.

OVERVIEW OF TVET SECTOR IN NEPAL AND IMPLICATIONS FOR FOREIGN LABOUR MIGRATION

Section 5

OVERVIEW OF TVET SECTOR IN NEPAL AND IMPLICATIONS FOR FOREIGN LABOUR MIGRATION

Available evidence indicates that an overwhelming majority of Nepali labour migrants to the Gulf countries and Malaysia are low-skilled workers. In this context, this section assesses the overall situation of the vocational and technical education environment in the country and its relationship to demand trends in countries of destination (CoDs), including the policy framework surrounding the TVET sub-sector in Nepal as it relates to migrant workers; an overview of the Technical and Vocational Education and Training (TVET) sub-sector in Nepal; the sector-wise demand situation in the CoDs; and quality assessment of the TVET sub-sector in Nepal.

TVET POLICY FRAMEWORK AND FOREIGN EMPLOYMENT

The Labour and Employment Policy 2005 is the principal document guiding all labour-related policies in the country. One of the policy 'objectives' laid out in the document is the development of a trained and skilled labour force: 'To enhance the prospects of employment and self-employment by developing high-quality multi-skilled human resources.' The slate of activities prescribed under the said objective puts the focus on linking skills training to 'lifelong learning' in order to address the mismatch between the supply and demand of skilled labour. For our interest, the Policy recognises the need to link TVET programmes to the demand situation in both the domestic and international labour markets:

> The vocational training and skill development training programmes shall be decentralized to the extent possible by linking them with the demands of the training practitioners and groups with specific needs, as well as by linking them with the needs of local and foreign labour markets as well as community development.[44]

Apart from the Labour and Employment Policy, numerous other government policies address the inter-linkages between the TVET sub-sector and foreign employment, a summary of which is provided in Table 8.

[44] Sub-section 3.4.3 under 'Policy and Policy Actions', in Labour and Employment Policy, 2062 (1999).

Table 8: Legislation Linking Foreign Employment and the TVET Sub-Sector

Policy	Content
Foreign Employment Policy 2012	The Policy recognises the 'inability to produce skilled and vocationally trained human resources' as one of the 'problems' in the foreign employment sector. It also recognises the fact that since an overwhelming majority of Nepali migrants are low skilled, the competitiveness of Nepal in the international labour market has weakened and has also increased the vulnerability of migrant workers. To address the aforementioned issues, one of the policy objectives aims 'to produce competitive labour force for maximizing the benefits of foreign employment' by: • Conducting research to study/analyse the demand trends in the international labour market; • Organising training programmes 'according to the demand of the labour market'; • Collaborating with the Council for Technical Education and Vocational Training (CTEVT) and other training centres to provide training programmes; • Increasing accessibility to 'foreign employment oriented' training programmes, especially for disadvantaged groups; and • Promoting and utilising the skills and technology brought back by returnee migrants.
Foreign Employment Promotion Board, Strategic Plan (2010/11–2014/15)	The Strategic Plan also recognises the overwhelming prevalence of low-skilled individuals going for foreign employment as one of the major policy challenges and lists 'Skill Development [of migrant workers]' as one of the strategies for future action. In order to address the aforementioned shortcoming, the plan envisages an approach to enable 'multi-faceted skill development of individuals going for foreign employment' by: • Studying and identifying the skills 'necessary during foreign employment' and to accordingly develop curriculum for skill-development training programmes; • Organising skill-development training programmes, including language training for female domestic workers going abroad; • Monitoring training programmes; and • Organising other training, workshop and interaction programmes as required.

Technical and Vocational Education and Training Policy (2012)	The Policy recognises that the inability of skill-development training programmes to adjust to the demands of the labour market has rendered Nepali workers less competitive in the international labour market. To address this issue, the Policy aims to provide 'appropriate, relevant, and high quality' technical and vocational education training based on the demands of the domestic as well as the international labour market. To this end, the document lists a number of working policies, namely: • Regularly revise and improve the TVET curriculum under the aegis of the national technical and vocational qualification mechanism while ensuring that the demands of both the national and the international labour markets are addressed. • In order to align the TVET curriculum to the demand situation in the national and international labour markets, ensure that research and development form integral components of curriculum development. • Utilise experienced and skilled returnee labour migrants as resource persons during the development of the TVET curriculum. • Develop qualification guidelines and organise training programmes based on various skill categories while keeping in mind demands of the internal and the international labour markets as well as traditional occupations. • Encourage prospective labour migrants to receive skills certification and make certification mandatory for labour migrants within the next five years.

Evidently, the policy measures discussed above point to the need to provide skills training to prospective migrant workers in order to make Nepali workers competitive in the international labour market; to understand the nature of demand for different skills set and occupations; and to provide training according to the demands of both the national as well as international labour markets. However, as the findings from the CoD report suggest, the absence of effective labour market information centres in the countries of destination means that it is extremely difficult to arrive at precise demands for skills and occupations in those countries. Further, in the absence of an understanding between Nepali stakeholders and the government as well as employers and recruiters at the destination countries on a common skills qualification framework, it is likely that the skills certification of Nepali workers will go unrecognised.

OVERVIEW OF THE TVET SUB-SECTOR IN NEPAL

The TVET sub-sector in Nepal can be sub-divided into three broad categories: (i) public-sector agencies; (ii) private-sector agencies; and (iii) donor-supported agencies.[45] Table 9 below presents a list of the major actors/projects from each of the three categories.

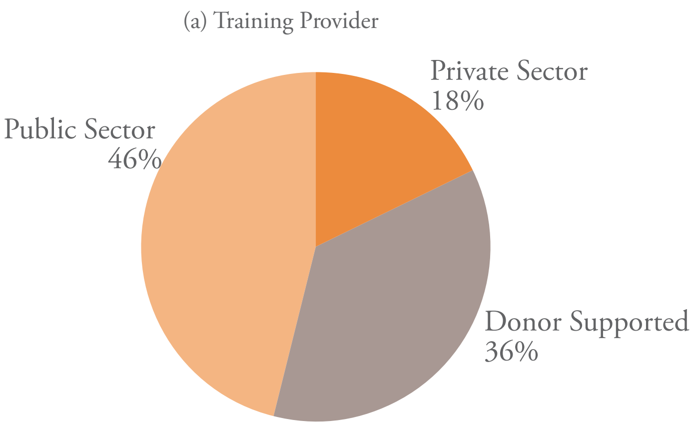
Table 9: List of Training Providers

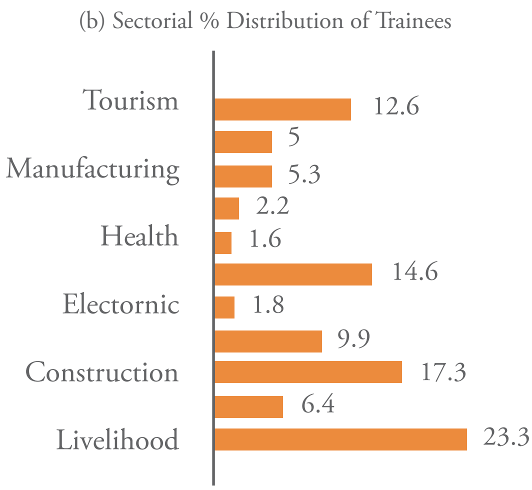
Public Sector	Private Sector	Donor Supported[46]
Council for Technical Education and Vocational Training (CTEVT)	Federation of Nepalese Chamber of Commerce and Industry (FNCCI)	Skills for Employment Project (SEP)
Vocational and Skills Development Training Centre (VSDTC)	Federation of Nepal Cottage and Small Industries (FNCSI)	Jobs for Peace Project for Youth Employment (J4P)
Nepal Academy of Tourism and Hotel Management (NATHM)	independent training centres	United Nations Interagency Rehabilitation Programme (UNIRP)
Department of Cottage and Small Industries (DCSI)		Education for Income Generation (EIG) Program
Cottage and Small Industry Development Board (CSIDB)		Employment Fund (EF)
Foreign Employment Promotion Board (FEPB)		Inclusive Development of the Economy (INCLUDE) Programme
		Safer Migration Project (SaMi)
		Support to Peace Process
		Enhanced Vocational Education and Training (EVENT)
		High Impact Tourism Training Programmed for Jobs and Income (HITT)
		Ilam Project
		Rojgari (Raising Opportunities for Jobs in Gramin Areas for Rural Income)
		YUW Access Program, PlaNet Finance

Source: Poudyal 2013a.

Between 2008 and 2012, the estimated combined training output of the three groups of providers totalled 303,900 graduates, i.e., an average annual total of around 60,870 graduates, which is far less than the number of workers going for employment abroad—in the fiscal year 2013/14 alone, there were slightly more than half a million workers who received foreign employment labour permits to countries other than India. Of the total number trained, 45.6 per cent were provided training by the public sector, 36.1 per cent by donor-supported projects, and the remaining 18.3 per cent by private institutions which speaks of the heavy reliance of skills training programmes on external funding (see Figure 19[a] below).[47] With regard to the sectoral distribution of trainees, 'livelihood' training was the most popular, followed by 'general services' training, indicating that skills training in Nepal has been catered primarily to the domestic market rather than those demanded internationally (e.g., only 17.3 per cent of the workers were trained in the construction-related sector when in fact, much of the demand for migrant workers in destination countries is in the construction sector related to large-scale infrastructure projects) (see Figure 19[b] below).[48]

Figure 19: Distribution of Training Providers and Trainees





Note: The estimates above represent total graduates between 2008 and 2012. Source: Poudyal 2013a, pp 66-67.

[45] For further details, including program description of individual agencies, see Poudyal 2013a, pp 27-47.

[46] Some of the donor supported projects listed in Table 9 are no longer in operation. Skill for employment project was completed in 2012 (Source: 'Asian Development Bank', Skill for Employment Project, Accessed April 10, 2015. http://adb.org/projects/details?page=overview&proj_id=36611-013). Jobs for Peace Project for Youth Employment was completed in 2011 (Source: Kumar-Range, Sanjay and Harihar Acharya. Independent Final Evaluation of the 'Jobs for Peace Programme: 12,500 Youth Employed and Empowered through an Integrated Approach' in Nepal), NEP/09/01M/UND. 2011. Accessed April 10, 2015.)

[47] Poudyal 2013a, pp 66-67.

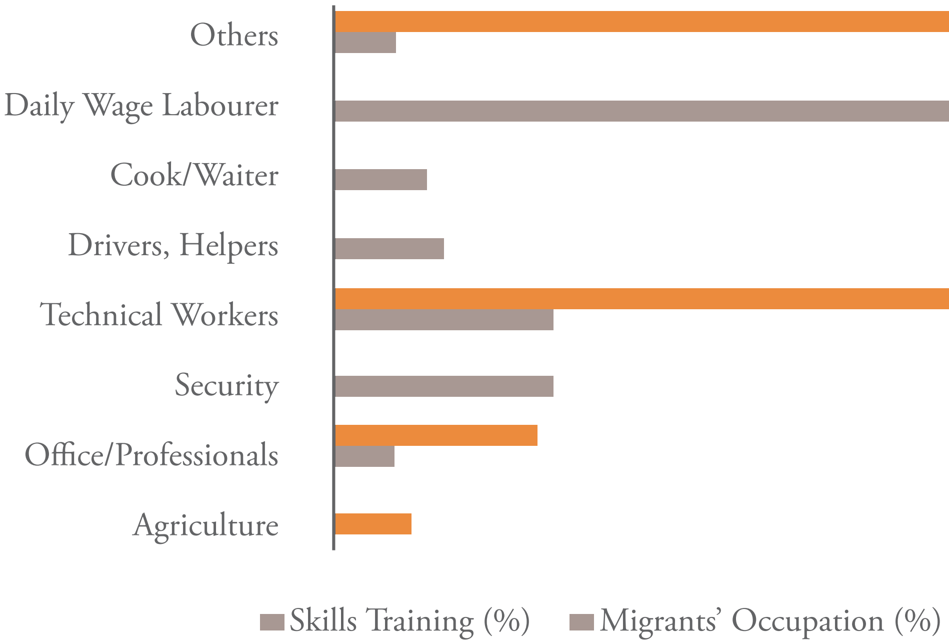
[48] See Annex B for a breakdown of the occupations falling under each of the sectors.

With regard to the value of TVET certification, some of the recruitment agency (RA) officials or representatives interviewed during the course of this study noted that the workers who have TVET certification from Nepal still have to pass a skills test and the preference for skills certification only applies at the initial ‘filtering’ stage. Another RA official, however, noted that his firm did not give any preference to CTEVT certificate holders at all and all applicants had to sit through a skills test. These RA officials noted that CTEVT certification had limited value since the technology in use at destination countries was more ‘advanced’ or ‘modern’ than the ones being used at TVET institutions in Nepal. However, all RA officials unanimously agreed that previous (relevant) job experience at a labour-receiving country was highly desirable, especially for skilled and semi-skilled positions, and experienced applicants did receive preferential treatment during selection from RAs and from employers in the labour-receiving countries. They also highlighted that applicants with previous international experience typically earned more on average than first-time applicants, even for the same position.

This lack of recognition of CTEVT certification could be explained by the fact that CTEVT is primarily focused on providing skills training targeted at the domestic market, as confirmed by CTEVT officials interviewed for this study. They indicated that their organisation was primarily concerned with the labour market needs of Nepal rather than that of the international market. One of the officials noted that CTEVT closely adheres to the strategic vision of the National Planning Commission (NPC) while designing its programmes. However, the general consensus at CTEVT was that it is difficult to design curricula based on the needs of destination countries as the skills set demanded would be different from one country to another but the shift in direction is also evident. For instance, CTEVT teams recently visited a number of Gulf countries to study labour demand trends and assess related skill-level requirements.[49] Accordingly, CTEVT currently operates two specialised electrical training centres, one in Butwal and another in Banepa, with curricula specifically based on the demand requirements of labour-receiving countries.

Even then, there are indications, as also mentioned above, suggesting that there is a significant mismatch between the nature of skills trainings provided by the TVET sector in Nepal, and the kind of occupations migrant workers are engaged in abroad. A comparison of jobs held generally by Nepali migrant workers and the skills training provided by the government-run training institute, Vocational and Skills Development Training Centre (VSDTC),[50] for instance, indicates that while 43 per cent of the training is provided in the technical field, only 14 per are engaged as technicians while abroad (Figure 20). Notably, most workers are involved in occupations such as manual labourers (44 per cent) for which training needs is minimal, if not completely unnecessary,[51] or as security guards (14 per cent) where prior experience in the security forces is more appropriate, thus indicating a disparity between the supply and demand in the TVET sector vis-à-vis migrant workers.[52]

Figure 20: Skills Training and Migrant Occupation



Source: Calculations based on Nepal Migration Survey data and information retrieved from Poudyal 2013b.

While there is scope as well as the need to address the existing mismatch, there are other broader-level issues with the TVET sector that need to be taken into consideration. A summary of the strengths and weaknesses of the sector is provided in Table 10.

[49] However, CTEVT officials were unable to provide our research team with the assessment report of the said field visit.

[50] VSDTC, a government-run institute, has 16 training centers spread across the country under its directorate. While the nature and content of the trainings differ significantly from short-term training courses conducted in 7 days to more long-term 6-month training, every year, there are approximately 16-23 thousand trainees who undergo the training provided by VSDTC.

[51] Manual laborers here entail those workers who are categorized as 'unskilled'. Generally speaking, specialized skill training is not required for the types of jobs they perform such as carrying heavy loads, picking vegetables, cleaning, and so forth.

[52] Data from CTEVT was not made available to the research team, despite the assistance from the ILO. There are problems working with percentage figures as opposed to actual numbers but since DoFE has not yet classified the various occupations, it is not possible to do the calculations accordingly.

Table 10: Existing Strengths and Weaknesses of the TVET Sector

Strengths	Opportunities
• Skilling of job-seekers, particularly youth, is a national priority. • TVET Policy 2012 emphasises the consolidation and coordination of inter-ministerial skilling effort. • Existing institutions like CTEVT, VSDTC and other private training providers have had long experience in the TVET sector. • MoLE, the nodal ministry, has been playing a facilitative role in foreign employment promotion.	• TVET Policy 2012 requires mandatory skilling of migrant workforce in the next five years. • Number of youths migrating for employment opportunities abroad is increasing. • Skilled migrant workers is a priority mentioned in the Foreign Employment Policy 2012. • The government and major donor agencies have made improvements in quality of skills training one of their priority areas. • Employer institutions are seeking skilled graduates.
Weaknesses	**Constraints**
• Increasing trend of unskilled migrant workforce leaving the country. • Skill certification not honoured by recruitment agencies or employers abroad. • Mismatch of skills with occupation. • Lack of coordination among ministries. • Absence of Labour Market Information System has let to employment plans being formulated without adequate information. • Fragmented TVET sub-sector management system (under different ministries). • Limited monitoring of outcomes after training.	• Limited government spending (less than 3 per cent of the education budget has been allocated to the TVET sub-sector). • Increasing donor dependence in the sector. • Skills training is supply driven.

Source: Adapted from Poudyal 2013b.

Table 11: Student Enrolment in Higher Education Institutions

Faculty	Number of Campuses	Number of Students	Density
Ayurved	3	86	28.67
Agriculture	2	1,444	722.00
Buddhism	6	302	50.33
Education	519	226,477	436.37
Engineering	42	15,404	366.76
Forestry	4	1,122	280.50
Humanities & Social Sciences	322	84,350	261.96
Law	6	4,203	700.50
Management	733	194,846	265.82
Medicine	60	18,847	314.11
Sanskrit	12	1,151	95.92
Science & Technology	95	21,433	225.61

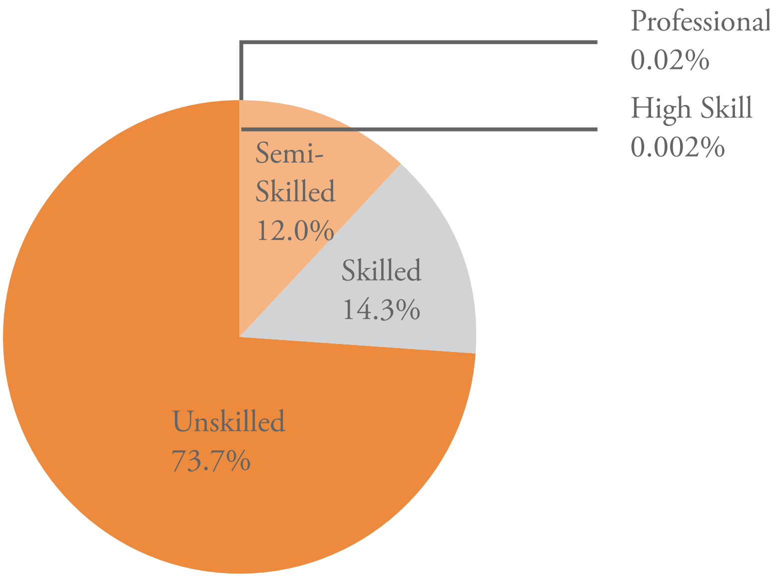
Source: University Grants Commission, 'Education Management Information System: Report on higher education 2012/13(2069/70) Nepal', 2014. Accessed April 10, 2015. http://www.ugcnepal.edu.np/reports/EMIS%20071.pdf

As seen in the Table 11, most students are enrolled in disciplines like education, humanities and social sciences which might not necessarily be in demand in the labour-receiving countries. In contrast, the enrolment figures in disciplines like engineering, medicine, science and technology, sectors that could potentially absorb professional migrant workers, are low.

PREPARATIONS FOR MIGRATION: SKILLS AND EDUCATION

According to the information provided by a CTEVT official, amongst the migrant workers from Nepal, the proportion of individuals with TVET-qualification is only 10 per cent compared to the 90 per cent who go abroad without any vocational or skill-development training.[53] This is corroborated by the data from DoFE which suggests that most of the Nepali labour migrants are engaged as 'unskilled' workers (see Figure 21 below).

Figure 21: Skill-Level of Labour Migrants in the Fiscal year 2013/14



Source: Department of Foreign Employment (DoFE), 'Yearly Progress Report fiscal year 2070-71.'

An overwhelming majority, about 73.7 per cent, of labour migrants going abroad in the fiscal year 2013/14 were classified as 'unskilled', followed by the semi-skilled. The number of 'professionals' going abroad is significantly low compared to the other categories of migrants. However, according to interviews conducted with recruitment agencies, the DoFE data on skills level trends of migrant workers does not reflect the facts on the ground. They cited two reasons for this discrepancy. First, in most cases, the employers and recruiters in the destination countries have to pay a certain fee to their respective governments in order to procure visas for migrant workers they seek to bring in to the country. According to RA officials, this fee is higher for high-skilled positions. Second, there is a quota set by the governments of certain destination countries like the UAE on the number of skilled workers a given employer can bring in from other countries and they cannot exceed this quota even if they have a preference for workers from certain countries for various reasons.

The main reasons behind these measures are: (i) governments of GCC countries enforce a quota system to promote the participation of their own nationals in the country's private sector given that the private sector in the GCC countries stand dominated by migrant workers;[54] and (ii) some labour-receiving countries such as the UAE have enforced a workforce diversification policy to limit the over-reliance on workers from any one country.[55] But the end result is that there is an incentive for employers and recruiters in the CoD to report to their respective governments that they seek to bring in low-skilled workers when in fact they are planning to bring in skilled workers. But since they procure visas for low-skilled workers at the CoD, the official Demand Letter they forward to the RA in the country of origin mentions a demand for low-skilled workers. The CoD RAs forward a separate, unofficial, Demand Letter outlining their 'real' demand which consists of a demand for skilled workers. Accordingly, the RAs in Nepal, as informed by one of the RA officials interviewed for the study, ask workers to sign the 'official' contract document with the counterfeit job title and remuneration information while unofficially informing the workers what their 'real' position and salary/benefits would be. It is the 'fake' Demand Letter that is subsequently used by the recruitment agencies in Nepal to get pre-approval and final approval from DoFE and which is also the source of DoFE data on the skills level of migrants.

[53] Interview taken on 30 July, 2014 with a CTEVT official.

[54] Stephen Hertog, 'The GCC's national employment channel', *The Washington Post*, July 31, 2014. Accessed September 2, 2014, http://www.washingtonpost.com/blogs/monkey-cage/wp/2014/07/31/the-gccs-national-employment-challenge/

[55] In the case of the UAE, the policy was introduced through a cabinet decision in July 2005.

Section 6 LABOUR MIGRATION PROCESS AND SUPPORT PROVISIONS

This section of the paper details the entire process of labour migration beginning with the establishment of the demand for migrant labour, followed by the mechanisms, official and unofficial, via which this demand is connected to the supply and the consequent processes through which labourers are selected and recruited to fulfil it. It also outlines the support service available to migrant workers at the various stages of the migration cycle, including pre-departure, at the destination country, and after return.

PROCESS OF LABOUR MIGRATION

The Foreign Employment Act 2007 (FEA) outlines the processes and procedures that need to be observed by migrant workers as well as recruitment agencies (RAs) during the migration process. The experience of Nepal suggests that there is a wide difference between the officially sanctioned procedures and the actual process of sending migrant workers abroad. The following sections outlines these procedures while also highlighting some of the gaps and challenges relating to the management of labour migration in Nepal.

ESTABLISHING DEMAND FOR MIGRANT LABOUR

The labour migration process in Nepal generally begins with the labour demand procured by RAs primarily via two channels: (i) directly from the employer in the country of destination; and (ii) from placement agencies in the CoD.[56] Most RA officials interviewed for this study noted that they periodically send representatives to the CoDs in order to network with CoD-based employers and recruiters while a few RAs have an office/representative that is 'permanently' based at the CoD, a fact apparently dependent on the size of the RA. The representative is responsible for networking with and gathering information on CoD employers and placement agencies. Similarly, RAs are also in constant communication with CoD employers (usually, the human resources manager) and placement agencies through email and telephone.

Once a need for workers has been identified or established, the CoD employer/placement agency makes a demand request to their RA contact in Nepal. Once such a demand request has been made available, the RA in Nepal has to purchase the demand quota from their CoD contact that oftentimes involves making informal payments. For instance, one study found that the commission to the 'recruitment service company or middleman' in Qatar was NPR 30,000

[56] RAs sending migrants primarily to Malaysia tend to work mostly with placement agencies based in the CoD while RAs focusing on the Gulf tend to have direct networks with CoD employers (based on interviews with RA officials).

(USD 300) per worker. This amount is not officially sanctioned according to Qatari laws but gets passed on to the migrant workers and represents around 43 per cent of the total expenses incurred by the migrant in the migration process.[57] Another method of procuring demand, as noted by an RA official, was through 'open bidding'—a CoD placement agency or employer puts forward a 'public' demand for workers from all nationalities approved by the government, and then sells the demand to the highest bidder (a RA) in the country of origin. The RA selected through this process is often the one that can supply workers at the most cost-efficient price—either by paying the highest commission to the CoD contact or offering the lowest salary quotation for the said positions or both. Though this method signifies a pure market demand and supply dynamics, the absence of any government regulations or oversight (e.g., minimum wage requirements, skills standards, working conditions, etc) means that migrant workers often lose out to the market forces over which they have no control.

Once a RA secures a demand request, the CoD contact forwards a number of documents for processing with the relevant government agency in Nepal. These documents[58] include a Demand Letter, a Guarantee Letter, Power of Attorney, Agreement Letter (between the RA and the CoD contact), and an Employment Agreement (between the worker and the employer) attested by the relevant government agencies in the CoD such as the Foreign Ministry, and the Chamber of Commerce.

It is worth noting that demand requests are forwarded by CoD employers/recruiters to RAs in Nepal well in advance of the date the workers are expected to begin employment. This is done in order to allow RAs in Nepal sufficient time to fulfill all the procedural requirements. According to an RA representative, it takes up to three months to 'clear' one demand request (for any number of workers) through the government bureaucracy, so any demand request that leaves insufficient time for processing risks being discarded which in turn opens space for bribery and corruption. According to the same official, once the relevant documents are forwarded by the CoD contact to the RA, the latter applies for pre-approval from DoFE, which requires about one month for processing. Once the RA receives pre-approval for the demand request, it is required by law to advertise the demand details in a national daily. RAs can only apply for a 'visa stamping letter' eight days after the advertisement is published. It takes about two days for the RA to receive the visa stamping letter, following which it applies for visas at the relevant embassy, which takes another two to three days. After securing the visa, they apply for a final approval from DoFE, which takes around five days.[59]

To conclude, the process of receiving approval to send workers to destination countries is highly time-consuming and even cumbersome. In fact, as discussed in the subsequent section, the entire procedure is considered 'overregulated' and 'overprotected' by employers and recruiters in the destination countries which negatively affects the demand for Nepali workers while also creating opportunities for corruption and bribery.

CONNECTING LABOUR WITH DEMAND

As mentioned above, RAs tend to work with dozens of agents at any given time. According to most RA officials interviewed for this study, agents are the primary 'suppliers' of prospective migrants. After receiving information about an upcoming demand request from their CoD contacts, RA officials noted that they contact agents (usually by phone or text messaging) and ask them to supply them with workers as per the requirements of the demand request. Following the notification from RAs, agents send prospective migrants in their contact and/or networks to the RAs for screening and further processing.

Another method of locating prospective migrants mentioned by some RA officials was by maintaining a database of workers, 'workers' data bank', comprising prospective migrants who have either personally visited the RA to query about employment opportunities or who have 'registered' with the RA via their website. The official further noted that prospective migrants also visit their office after seeing (the government-mandated) newspaper advertisements regarding job opportunities abroad.

However, most migrants interviewed for this study got their preliminary information regarding foreign employment from friends and family as opposed to advertisements in national newspapers as required by law. Prospective migrants made use of social networks to inquire about job opportunities abroad, expected salary, type of work, and so forth. Furthermore, the migrants' choice of an agent and/or a recruitment agency is largely based either on personal acquaintance or on the recommendation of friends and family (usually returnees).

Table 12: Aspirant Migrants – Making Contact with the Person Who Helped Processing Documents

How the Person Was Contacted	Nepali Aspirant	
	No.	%
Already a personal acquaintance	25	34.7
Through family/relative	20	27.8
Through friends	16	22.2
Suggested by friends working abroad	1	14.0
Through a neighbour	-	-
Recruiting agents/Training centres	-	-
NA	10	13.9
Total	72	100

Source: The Asia Foundation, 2013, p. 13.

[57] World Bank 2011, p. 98.

[58] In the documents acquired by the research team for a demand request from Saudi Arabia, a base salary of SR 1000, overtime payment 'per as [sic] Saudi Arabia law', and 'free' accommodation is specified, the skill category is simply stated as 'Labor' without any specifics/description on what the job actually entails, the contract duration is stated as '2 years starting from the day of Arrival in Saudi Arabia' without mention of the possibility of future extension.

[59] A flow chart outlining the recruitment process can be found in Annex A.

These findings are consistent with other studies. For instance, as seen in Table 12 above, an overwhelming majority of prospective migrants ('Nepali Aspirants') and migrant returnees interviewed for a study supported by the Asia Foundation revealed that migrant workers generally are either already acquainted with the 'person arranging travel documents' (i.e., the Agent or Recruitment Agency) or they come into contact with the person via friends/family. Once the prospective migrants 'selects' an agent/RA, the agent/RA would then act as the primary source of information for the migrant and also help them process all necessary paperwork for their onward journey.

SIGNING ON: THE RECRUITMENT AND SELECTION PROCESS

As mentioned above, the RAs publish demand advertisements in a national daily once they receive 'pre-approval' from DoFE. But RA officials interviewed for this study indicated that they start looking for potential candidates, primarily via agents, well in advance of receiving pre-approval and the subsequent newspaper advertisement. The migrants are then called to the RA office for an interview/briefing. The RA officials noted that representative from the CoD employers are generally not present during these interviews/briefings except in cases involving high-volume and/or high-skill positions.

Some of the migrants interviewed for this study noted that they were not interviewed but rather directly briefed on the nature of work and the country they would be going to. This was supported by some RA officials who said that not all migrants were interviewed per se, especially those going for low-skill positions for which generally only height and weight measurements were taken and/or a test conducted to see if the prospective migrant could lift a certain amount of weight. But for some of the highly skilled positions (electricians, for instance), the migrants would have to sit through interviews—usually involving a CoD employer representative—followed by a skills test in a specialised testing centre.

The fact that the final selection of the workers is done on the basis of the interviews and/or tests also means that for low-skill positions, educational and other certification appear to be less relevant. RA officials noted that they rarely check certificates and/or educational transcripts for such positions. On the other hand, for skilled positions, TVET certification appears to have limited merit (see Section 5 on the relationship between TVET certification and the RA selection process for more details).

COSTS OF RECRUITMENT

As seen in Table 13 below, the maximum recruitment fee that RAs can legally charge a prospective migrant headed to the Gulf region and Malaysia is NPR 70,000 (with the exception of Qatar at NPR 20,000) and NPR 80,000 respectively. This is a significant sum for an average Nepali given that the mean per capita annual income in Nepal is only NPR 41,659 and the median per capita income is NPR 25,093.[60]

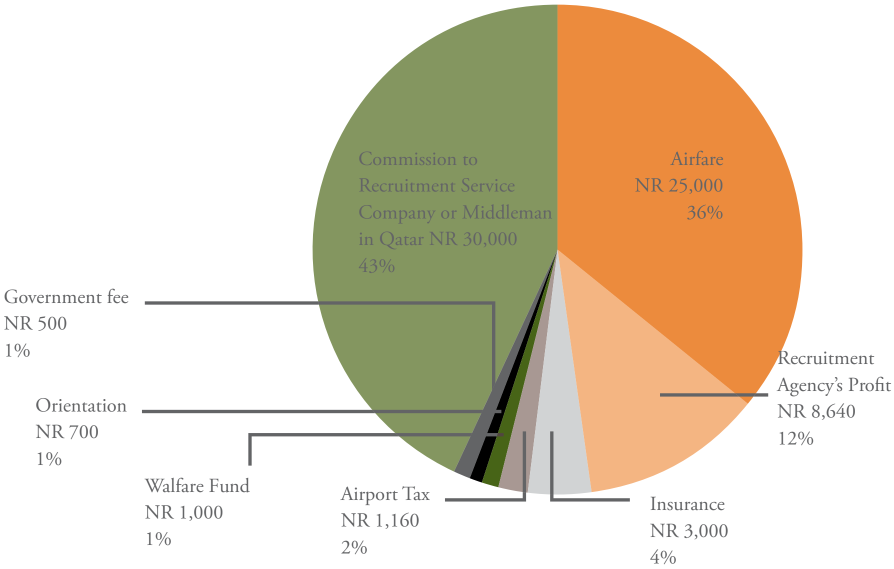
Table 13: Maximum Fees for Various CoDs

SN	Country	Maximum Fee	
		NPR	USD
1	Malaysia	80,000	800
2	Bahrain	70,000	700
3	Kuwait	70,000	700
4	Oman	70,000	700
5	Qatar	20,000	200
6	Saudi Arabia	70,000	700
7	UAE	70,000	700

Source: Department of Foreign Employment.

Even then, prospective migrants actually pay a sum much higher than the legally mandated maximum. For instance, a 2009 study found that Nepali migrants to the Gulf paid NPR 103,000 on average and migrants to Malaysia NPR 134,000;[61] a breakdown of migrants' expenses while going to Qatar is shown in Figure 22 below. The fact that although Article 33 of Qatar's Labour Law prohibits recruitment companies from receiving commissions from migrant workers and the Qatar-Nepal bilateral agreement requires Qatari employers to cover the full travel expenses, that these two items constitute approximately 80 per cent of the expenses borne by migrant workers headed to Qatar speaks to the lapses in the implementation of the law as well as possible exploitation and abuse of workers at the hand of RAs.[62]

Figure 22: Estimated Breakdown of Overall Migration Expenses to Qatar



Source: Illustration from World Bank 2011.

[60] Figures are for 2010/2011. Central Bureau of Statistics 2011, p. 44.

[61] These figures have been quoted from World Bank 2011, p. 52, but are now dated. Findings from this research indicate that the average costs of migrating to the Gulf countries and Malaysia have increased to at least NPR 150,000 to NPR 250,000

[62] Ibid, p. 98.

This is further exacerbated by the fact that most migrants are forced take out loans at exorbitant interest rates to finance the costs of recruitment. For instance, as shown in Table 14 below, approximately 47 per cent of all migrants take out loans from village merchants while another 22 per cent rely on friends and relatives. The average interest rate charged by these two sources are approximately 30 per cent and 23 per cent respectively.

Table 14: Means for Funding for Work/Migration Abroad

Sources of Funds for Migration Abroad	All	India	Gulf	Malaysia	Other
Own savings	17.0%	27.6%	7.0%	11.6%	23.4%
Sale of assets	2.2%	1.2%	1.9%	3.8%	5.1%
Help from family members in Nepal	4.7%	7.8%	2.7%	0.6%	5.1%
Help from family members abroad	2.2%	2.1%	2.5%	2.1%	1.7%
Loan from friends, relatives	21.7%	20.4%	25.7%	17.3%	15.1%
Bank loan	5.5%	1.5%	6.8%	5.8%	16.6%
Loan from village merchants, etc.	46.8%	39.4%	53.3%	58.9%	33.1%
Interest Rates on Loans for Migrants to go Abroad	**All**	**India**	**Gulf**	**Malaysia**	**Other**
Family, friends abroad or in Nepal	20.9%	28.2%	12.7%		22.2%
Loan from friends, relatives	23.3%	20.6%	24.9%	23.3%	20.7%
Bank	15.4%	18.3%	16.1%	14.2%	13.6%
Local merchants	29.8%	24.9%	32.9%	31.6%	27.4%
Other sources	26.9%	23.8%	29.1%	28.8%	22.2%

Source: NMS 2009 as illustrated in World Bank 2011.

In conclusion, contrary to the economic rationale for labour migration—labour shortages in richer countries being met by a surplus of qualified workers in the countries of origin—existing evidence suggests that the process of labour migration is guided by a complex network of recruitment intermediaries in countries of origin and destination that are driven by rent-seeking behaviour rather than facilitating supply-demand linkages. This has had significant distorting effects such that the demand for workers is defined by whom the recruiters want to recruit based on the recruitment fee and commission they are able to pay rather than specific skills requirements in CoDs.[63]

SUPPORT MECHANISMS FOR MIGRANT WORKERS

PRE-DEPARTURE SERVICES

The FEA 2007 makes it mandatory for workers to undergo orientation training from a government-licensed institution prior to leaving for foreign employment (and an orientation certificate is mandatory to receive labour permits). The Foreign Employment Promotion Board (FEPB) is responsible for providing a licence to such institutions, designing the curriculum, and setting standards of the training course.[64] Privately operated training centres provide migrant workers with the government-mandated, two-day pre-departure orientation (21 days in the case of domestic workers). The orientation training manual contains information on migrant rights (35 rights under international law), on the legal framework for foreign employment in Nepal, and on organisations (government agencies, civil society organisations, recruitment agencies, trade unions in Nepal as well as abroad, and Nepali diplomatic missions) that can provide workers with assistance if they experience problems in Nepal or abroad. The workers themselves pay for the orientation training (NPR 700) for which female trainees can claim a full reimbursement from the FEPB.[65] Additionally, women intending to work as domestic workers must participate in a 21-day training programme based on the 'Skill Development Curriculum for Migrant Domestic Workers – 2012', in which 12 hours are devoted to information related to safe migration.

Currently, there are 60 government-licensed institutions providing orientation training, all of which are located in the Kathmandu Valley.[66] Nevertheless, the impact of orientation training requirement is minimal since a majority of prospective migrants are unable to undergo the training session as they have to incur out-of-pocket costs for travel to and accommodation in Kathmandu, where all such centres are located. In fact, a study found that an estimated 77.3 per cent of migrants did not take this training prior to departure.[67] But since pre-departure orientation training certificates are mandatory to acquire the final labour permit, it appears that these certificates are illegally 'purchased' from training centres without actually undertaking the training. For instance, one RA official noted that 'one can find people selling [pre-departure orientation training] certificates around the DoFE premises'.

IN-COUNTRY SUPPORT

Government Services: Despite a comprehensive national legal framework related to foreign employment, the Nepali government exercises limited authority in terms of protecting the rights of the workers at the CoD given that Nepal cannot exercise extra-territorial jurisdiction to protect its migrant workers or prosecute foreign individuals or organisations under its law. The FEA places the onus of bringing back workers who are unable to exercise the rights and facilities mentioned in the employment contract on the sending agency.[68]

[63] See also, GIZ and ILO, 'Labour Market Trends Analysis and Labour Migration from South Asia to Gulf Cooperation Council Countries, Malaysia and India', 2015.

[64] Sijapati and Limbu 2012.

[65] Paoletti et al 2014.

[66] Foreign Employment Promotion Board, 'Abhimukhikaran Taleem Pustika [Orientation Training Manual]'. Accessed September 2, 2014, http://www.fepb.gov.np/downloadfile/Manual%20final%203_1400486436.pdf.

[67] World Bank 2011.

[68] Sijapati and Limbu 2012.

At present, there are 31 Nepali embassies around the world[69] and eight labour attachés (in Bahrain, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, South Korea and the UAE).[70] Some of the duties of the labour attaché include providing information to the Government of Nepal on labour and employment conditions at the CoD,[71] resolving disputes, negotiating bilateral agreements, consulting with Nepali workers in countries of destination, and supervising activities such as making arrangements to repatriate stranded workers or bodies of deceased workers.[72] RA and trade union officials interviewed for this study were, however, extremely critical about the effectiveness of labour attachés. They claimed that labour attachés were typically nominated on the basis of political patronage and the appointees were neither labour nor migration experts with the relevant experience and/or credentials. According to them, the typical labour attaché was of very little assistance to migrant workers in need.

Further, there are no regulations or formal government guidelines outlining the services to be provided to migrant workers by Nepali missions overseas. The law does not specify whether supporting migrant workers is the task of the embassies (under the Ministry of Foreign Affairs [MoFA]) or of the attachés (under the MoLE).[73] This poses a serious concern given that Nepali workers abroad require assistance on numerous issues and support provided by the embassies has been ad hoc at best.[74] Admittedly, this is because Nepali missions overseas have faced several challenges such as lack of infrastructure to accommodate migrant workers seeking help and expensive legal procedures, hence, limiting the extent of their support.[75] Furthermore, an official with the MoFA noted that labour attachés generally lack the diplomatic and negotiation skills possessed by MoFA consular staff. The official blamed this on the fact that since labour attachés were appointed by MoLE, they did not have to undergo a rigorous testing process with regards to such skills.

Remittance Services: In the context of Nepal, the remittance market is considered to be fairly well developed with a number of banks, money transfer operators (MTOs) and other financial institutions providing services. Together, the share of non-bank remittance service providers and international MTOs is estimated to be around 70 per cent, while banks account for the remaining 30 per cent.[76] The channels of remitting money vary according to the country of destination. As seen in Table 15, close to two thirds of workers sending money from India carry their remittance in hand, either personally or through friends and relatives. Workers in the Gulf make use of official channels such as money transfer companies and banks. The majority of the workers in Malaysia use money transfer agencies and banks but a somewhat significant 10 per cent also opt for the *hundi* system.[77] The study also revealed that about 30 per cent of workers in 'developed countries' preferred to carry their remittance personally or send them through friends and relatives.[78]

Table 15: Channels Used to Send Remittances by Current Migrants Abroad

Destination of current migrant:	All	India	Gulf	Malaysia	Other
Brought himself/herself	28.5%	62.2%	4.7%	6.9%	7.6%
Through friends, relatives	33.8%	69.8%	6.4%	9.7%	21.7%
Through *hundi*	4.9%	3.4%	4.3%	10.3%	6.7%
Through money transfer companies	47.7%	3.8%	81.5%	72.9%	67.5%
Destination of current migrant:	**All**	**India**	**Gulf**	**Malaysia**	**Other**
Transfer to own bank account	8.0%	4.1%	9.9%	2.7%	25.1%
Transfer to other's bank account	3.7%	0.4%	5.0%	9.5%	5.4%

Note: It is possible for the migrant to remit via multiple channels. Source: NMS 2009 as illustrated in World Bank 2011.

The relatively high percentage of people using formal channels to remit their income indicates that the cost of sending remittances is fairly low. To cite an example, the fees for sending remittances from Qatar to Nepal have decreased by about 50 per cent over since 2001. In 2011, the average cost for a remittance transfer from Qatar to Nepal was 3.41 per cent for a USD 200 transfer (2.89 per cent for the fee + 0.52 per cent for foreign exchange margin). This compares favourably with the global average of 8.83 per cent for a USD 200 remittance transfer in the first quarter of 2010.[79] Further, the legal and regulatory framework for remittance services in Nepal is also regarded as being conducive to enhancing the integrity of these transfers. However, problems such as the continued use of *hundi* for sending remittances, weak compliance capacity of Nepali banks and MTOs, and lax licensing requirements for remittance service providers, are some of the challenges that confront the remittance market in Nepal.[80]

[69] Ministry of Foreign Affairs (MoFA). 'Nepalese Missions Abroad.' Accessed August 11, 2014, http://www.mofa.gov.np/en/mission_consuls/index/1.

[70] Foreign Employment Promotion Board, 'Nepalese Embassies & Labour Attache.' Accessed June 24, 2015, http://fepb.gov.np/content.php?id=96; Embassy of Nepal in Bahrain, 'Embassy Staff.' Accessed June 24, 2015. http://www.eonbahrain.org/embassy-staff/; Embassy of Nepal in Oman, 'Embassy Staff.' Accessed June 24, 2015. http://oman.mofa.gov.np/?page_id=276.

[71] According to Section 68, Sub-Section (2)(a) of FEA 2007, labour attaches are responsible 'To give information to the Government of Nepal about the condition of labor and employment, factual information about immigration of the country where Nepalese workers are working and steps taken by that country for the protection of labor and international human rights and interests of workers'

[72] Sijapati and Limbu 2012.

[73] The attaches work in coordination with the embassies, but they have specific jobs to cater the issues of the migrant workers at the destination.

[74] Paoletti et al 2014.

[75] Ibid.

[76] Endo and Afram 2011.

[77] 'Hundi is a traditional system of money transfer widely practised in the Indian subcontinent whereby individuals in destination countries give money to an agent, who instructs his/her associate back home to deliver the money to the concerned individual referred by the remitter. Hundi is illegal in most countries but still very common.'

[78] World Bank 2011.

[79] Endo and Afram 2011.

[80] Ibid.

[81] World Bank 2011.

SERVICES FOR RETURNING MIGRANTS

Migrant workers acquire a range of skills overseas, including business skills, technical knowledge and account-keeping. Table 16 below from a World Bank study on migration and entrepreneurship in Nepal shows estimates of skills acquired by the youth while working overseas.[81]

Table 16: Skills Acquired While Working Overseas

Skill Acquired	All	Qatar	Malaysia	Dubai (UAE)	India
Business	12.9%	6%	7.4%	25.9%	19.4%
Technical	33.3%	41.8%	48.1%	29.3%	22.6%
Domestic	14.5%	11.9%	9.3%	13.8%	25.8%
Care-giving	2.6%	0%	0%	0%	0%
Other skills	6.3%	3%	13%	8.6%	0%
Did not learn any skills	33.7%	38.8%	27.8%	25.6%	35.5%

Source: World Bank, 2013, p. 30.

Officially, one of the tasks of the Foreign Employment Promotion Board (FEPB) is to open avenues for migrant workers to utilise the skills they acquire abroad and also conduct programmes to ensure productive utilisation of remittances but very little work has been done in this regard. In the 2013/14 progress report released by the FEPB, there is no mention of any significant programmes targeted at returnees or towards productive utilisation of remittances except for general awareness programmes through radio, television and newspapers.[82]

Some NGOs, such as Pravasi Nepali Coordination Committee (PNCC), Asian Human Rights & Cultural Development Forum (AHRCDF) and Pourakhi, have been working to promote entrepreneurship among returnee migrants' networks across the country. For instance, PNCC provides training on enterprise development, facilitates technical training on skill enhancement, conducts market study and research, and runs capital generation and mentorship programmes for aspirant returnee migrant entrepreneurs.[83]

Similarly, the MoLE, the Ministry of Federal Affairs and Local Government (MoFALD) and UN Women conducted a joint project under the aegis of International Fund for Agriculture Development (IFAD) funding on 'Economic Security of Women Migrant Workers' (2009-2011). The project was focused on providing alternative livelihood opportunities by enabling women migrant workers as well as some women from migrant families for entrepreneurship development. By the mid-term review, a total of 497 women had taken part in the training, of whom 297 had already set up their enterprises and 158 were in the process of initiating their enterprises. IFAD also funded a project implemented by the Centre for Microfinance (CMF), Nepal from March 2009 to May 2011 called 'Promotion of Migrant Savings and Alternative Investment through selected MFIs in Nepal' or the PMSAI. The project aimed to provide improved financial services for the rural poor and migrant worker families by promoting migrant savings and investment using community-based MFIs located in the migrant workers' home villages.[84]

Another NGO, Pourakhi, with the support of UN Women conducted a pilot programme, 'Economic Security of Returnee Women Migrant Workers and Their Families in Nepal', in Sunsari, Kaski and Kathmandu districts, in order to enhance the economic security of women migrant workers and their families through productive investment of remittances as well as to create alternative livelihood options for returnee women migrant workers. The entrepreneurs' development training saw the participation of 736 individuals out of whom 45 per cent had invested their remittance in business.[85]

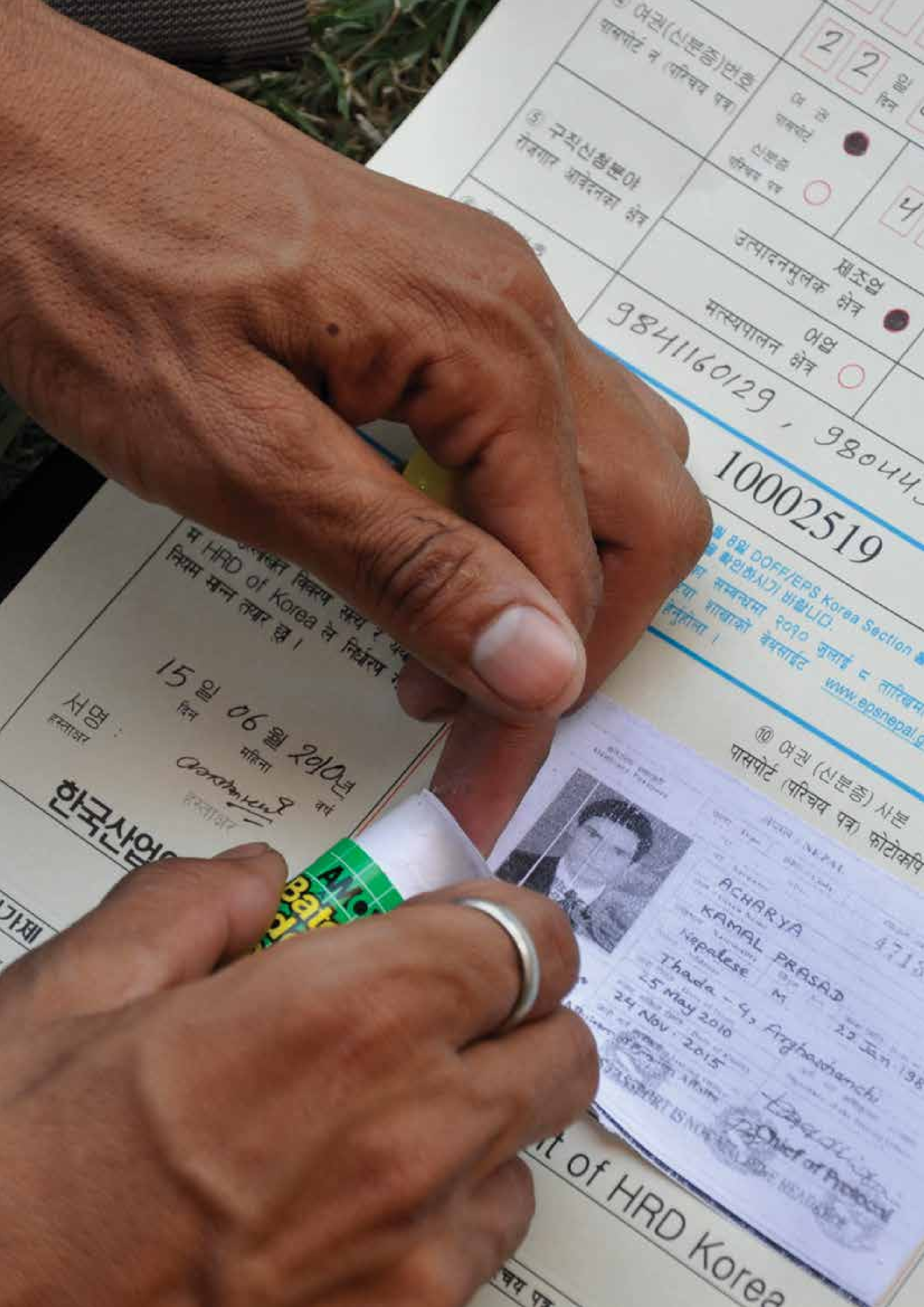
The National Skill Testing Board (NSTB), under the aegis of CTEVT, has an open testing provision whereby any individual, including returnee migrant workers, can take a skills test and get certified in their area of expertise. The test is divided into five levels depending on the amount of training and experience of the applicant and is open both to individuals who have been trained formally as well as those trained non-formally. The experience garnered by returnee migrants at the CoD, however, appears to give them an insignificant edge over migrant workers. According to an FNCCI official, since the industrial technology in use at CoDs tends to vary quite significantly from the technology used by Nepali industries, the expertise of returnee migrants is not very fungible in the domestic market. The FNCCI official also claimed that returnee migrants expect a salary/wage that is higher than the going rate for non-migrants doing the same work which acts as a disincentive for employers in Nepal to hire migrant returnees.

[82] Foreign Employment Promotion Board, 'Annual Progress Report (2070/71).' Accessed September 2, 2014. http://fepb.gov.np/downloadfile/Yearly%20Report%20070-71_1406528055.pdf.

[83] Pravasi Nepali Coordination Committee, 'Introduction.' Accessed September 2, 2014. http://www.pncc.org.np/?content&id=21.

[84] Bhadra 2013. Another project document mentions that of the '736 trained, 608 immediately started small scale enterprises'. http://www.ifad.org/events/remittances/2013/kathmandu/3_UNWOMEN.pdf.

[85] Pourakhi. 'Remittances in Nepal: Strengths and Opportunities.' Accessed September 2, 2014. http://www.ifad.org/events/remittances/2013/kathmandu/6_Pourakhi_NGO.pdf.



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Section 7 POLICY AND INSTITUTIONAL FRAMEWORK REGULATING MIGRATION IN NEPAL

POLICY AND INSTITUTIONAL FRAMEWORK REGULATING MIGRATION IN NEPAL

POLICY FRAMEWORK

Broadly speaking, in Nepal, migration is governed by an amalgamation of national, bilateral and international policy instruments. However, the major legislations that regulate labour migration are the Foreign Employment Act 2007 (FEA)[86] and the Foreign Employment Rules 2008.[87] Besides the national laws, the Government of Nepal is also party to some bilateral agreements, international conventions, and regional consultative processes, all of which influence the management of labour migration from Nepal.

NATIONAL LEGISLATION

The introduction of the FEA 2007 marked an unprecedented initiative by the Nepali government to not only consolidate and regulate the process of foreign employment but also represented an effort to protect the rights of migrant workers. The FEA contains provisions for better preparing the migrant workforce and has accordingly made it mandatory for all aspiring migrant workers to undertake pre-departure orientation training from a government-recognised institution. The Act has also mandated the appointment of labour attachés in destination countries with 5,000 or more Nepali workers to be tasked with resolving disputes, entering into bilateral agreements, etc. It also calls for the establishment of the Foreign Employment Tribunal to adjudicate foreign employment-related cases and the creation of the Foreign Employment Promotion Board (FEPB) to regulate and organise foreign employment. Further, the Act has also assigned the responsibility of monitoring the recruitment process to a specialised department, the Department of Foreign Employment (DoFE).[88] The FEA has also called for the establishment of a Foreign Employment Welfare Fund, which consists of the mandatory NPR 1000 (USD 10) that every worker has to deposit with the FEPB prior to receiving the final labour permit. The proceeds of the Fund is to be used, in part, to provide skill-oriented training to workers going for employment abroad.

Although the preceding few years have seen the establishment of various institutional mechanisms that seek to safeguard the process of migration in compliance with the Act, the ground realities leave a lot to be desired. Some of these point to gaps in the existing legislative framework such as the 'gender-neutral' nature of the law and the lack of explicit recognition of migrant workers as rights holders. Similarly, the law does not elaborate on the specific terms that should be included

[86] Government of Nepal. 'Foreign Employment Act, 2064 (2007).' Accessed August 12, 2014. http://www.dofe.gov.np/new/uploads/article/foreign-employment-act_20120420110111.pdf.

[87] Government of Nepal, 'The Foreign Employment Rules, 2064 (2008)', Accessed August 12, 2014, http://www.lawcommission.gov.np/site/sites/default/files/Documents/foreign-e-r-english.pdf.

[88] Sijapati and Limbu 2012, p.37-48.

in contracts between migrants and the recruitment agencies or employers, other than 'terms and conditions of service', remuneration, and terms to be observed by parties.[89]

Besides gaps in the law, others point to implementation gaps primarily caused by both financial and human resource constraints. To begin with, despite the much-touted contribution of migrant workers' remittances to the national coffers, the total budgetary allocation for the Ministry of Labour and Employment (MoLE) for FY 2014/15 was only 0.18 per cent of the national budget—an increase of just 0.02 per cent from the previous fiscal year. The implications of this are reflected in the resource constraints experienced by the concerned government institutions. To cite an example, the DoFE, which is responsible for handling complaints/cases relating to compensation, contract violations, charging of excessive recruitment fees, and other offences related to foreign employment, had only had one investigative officer as of March 2014[90] dealing with all complaint cases, which totalled 2,551 during the fiscal year 2013/14.[91] Further, reportedly due to resource constraints, the Government of Nepal has largely fallen short in terms of regulating and monitoring the recruitment agencies which continue to provide false or substituted contracts and collect fees which significantly exceed the maximum permitted by law.[92]

At present, the government is in the process of amending the existing Foreign Employment Act. While it is possible that the revised Act will address some of the shortcomings of the existing provisions as well as implementation challenges, the issue of resource constraints remains.

BILATERAL AGREEMENTS

In an effort to expand its extra-territorial jurisdiction and accord more protection to its citizens abroad, the Government of Nepal has signed Bilateral Agreements/Memoranda of Understanding (MoU) with Qatar (2005),[93] the UAE (2007),[94] the Republic of Korea (2007),[95] Bahrain (2008),[96] and Japan (2009).[97] While each of these bilateral instruments is different in its specific terms, all are based on a commitment to cooperate in the sending and receiving of labour, and include the following:

- Nepal's responsibilities before departure;
- Procedures for recruitment of workers;
- Provisions pertaining to payment of a worker's travel and recruitment costs;
- Provisions related to the contents and form of contract;
- Method for resolving disputes;
- Framework for monitoring of agreements; and
- Validity of agreements and terms and conditions for mutually agreed extensions or revocations.

There are, however, numerous differences. For instance, the MoU with Bahrain allows licensed Nepali recruitment agencies to establish offices in Bahrain but does not specifically envisage a role for MoLE, while others hold MoLE solely responsible for recruitment procedures. The agreements with Bahrain and the UAE specify that migrant workers should be provided with accommodation facilities by employers but the conditions in the agreement with Qatar is more flexible (requiring provisions for facilities only where applicable). The agreements with Qatar, Bahrain and the UAE outline procedures for settlement of disputes in receiving countries but those with Japan and South Korea do not contain any such specific clause. Finally, the agreements with South Korea and Japan are comparatively more elaborate and have requirements on language proficiency and cultural orientation, and specific requirements to be fulfilled, including by the workers/interns, sending organisation, employer, relevant ministries, Nepali embassies, etc (see Table 17 for other details).

Table 17: Major Pvrovisions of Bilateral Labour Agreements

Nepal and Qatar	• Terms and conditions of employment defined in individual employment contract. • Contract to be drafted in Arabic, Nepali and English. • Authentication of contracts in Qatar and Nepal, depending on where it is concluded.
Nepal and UAE	• Contract to be authenticated by the Ministry of Labour in the UAE. • Only contracts in Nepali, English and Arabic considered valid. • Employer in UAE to provide periodic information about the workers to Nepali Embassy.
Nepal and South Korea	• DoFE required to prepare roster of job-seekers and send it to Human Resource Development Service of South Korea. • DoFE to announce names of selected candidates after receiving employer's draft of labour contract.
Nepal and Bahrain	• Contract between Bahraini employers and Nepali recruitment agencies. • Another contract between Bahraini employer and Nepali worker • Bahraini employer responsible for making arrangements for employment and accommodation of Nepali worker prior to arrival.

[89] Paoletti et al 2014, p. 83.

[90] Ibid, p 51.

[91] 'Department of Foreign Employment (DoFE). 'Monthly Progress Report.' Accessed August 23, 2014. http://dofe.gov.np/new/pages/details/34.

[92] Amnesty International. False Promises: Exploitation and Forced Labour of Nepalese Migrant Workers. London: Amnesty International, 2011.

[93] Government of Nepal, 'Agreement between His Majesty's Government of Nepal and the Government of the State of Qatar concerning Nepalese Manpower Employment in the State of Qatar, 2005.' Accessed August 11, 2014, http://ceslam.org/mediastorage/files/Agreement%20between%20the%20Government%20of%20Nepal%20and%20the%20Government%20of%20the%20State%20of%20Qatar.pdf.

[94] Government of Nepal, 'Memorandum of Understanding between the Government of Nepal and the Government of United Arab Emirates in the Field of Manpower, 2007.' Accessed August 11, 2014. http://ceslam.org/mediastorage/files/Memorandum%20of%20Understanding%20between%20the%20Government%20of%20Nepal%20and%20the%20Government%20of%20the%20United%20Arab%20Emirates.pdf.

[95] Government of Nepal, 'Memorandum of Understanding between the Ministry of Labour and Transportation Management [now, Ministry of Labour and Employment], Government of Nepal and the Ministry of Labour of the Republic of Korea on the Sending of Workers to the Republic of Korea under the Employment Permit System, 2007.' Available at http://ceslam.org/files/MOU%20with%20SouthKorea.pdf.

[96] 'Memorandum of Understanding in the areas of Labour and Occupational Training between the Government of Nepal and the Government of the Kingdom of Bahrain, 2008.' Accessed August 11, http://ceslam.org/mediastorage/files/Memorandum%20of%20Understanding%20between%20the%20Government%20of%20Nepal%20and%20the%20Government%20of%20the%20Kingdom%20of%20Bahrain.pdf .

[97] Government of Nepal, 'Directive (With First Amendment, 2010), 2009 for sending Nepali technical interns to Japan.' Available at http://ceslam.org/files/JITCO%20Directive.pdf.

Nepal and Japan	• Contract between technical interns and sending agency. • Another contract between technical interns and receiving organisation.
Nepal and Saudi Arabia (proposed)[98]	• A minimum monthly salary of USD 300 for all Nepali migrant workers. • At least one day off every week. • Arrangement of a recreation/community site. • Transportation allowance to travel to recreation/community site.
Nepal and Kuwait (proposed)	• No recruitment cost for prospective migrants.[99]

Source: Paoletti et al 2014; and Sijapati and Limbu 2012.

While these agreements have afforded some level of protection to workers by specifying the basic requirements in a contract for employment in these countries, the standard requirements in the MoUs are generally vague. Further, the legal status of the bilateral agreements, i.e., the extent to which they are binding or not, is unclear. These instruments also place greater emphasis on recruitment procedures and less on labour services, welfare and protection, such as social security provisions. Gender concerns are not specifically addressed in any of the agreements and equal treatment of migrant workers and nationals in the arenas of wages, medical care, etc, are also absent. Return and re-integration issues have also not been addressed. Further, these MoUs are due for renewal and the government has not yet signed MoUs with some of the major labour migrant destinations such as Malaysia,[100] Saudi Arabia and Kuwait.

INTERNATIONAL CONVENTIONS AND REGIONAL CONSULTATIVE PROCESSES

Nepal is also party to several International Conventions and Regional Consultative Processes that contribute towards management of migration. Notably, Nepal has ratified 11 ILO Conventions to date and, to our interest, is also a signatory of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979, which among others contains recommendations on women migrant workers who may be at risk of abuse and discrimination.[101] However, neither Nepal nor any of the major migrant destination countries have ratified the major international Conventions which serve specifically to ensure the rights of migrant workers and their families and protect them from discrimination on the basis of sex, race, colour, language, religion, ethnicity, nationality or other status, namely, the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ICMW), 1990;[102] ILO Convention 97 – Migration for Employment Convention (revised), 1949;[103] and ILO Convention 143 – Migrant Workers (Supplementary Provisions) Convention, 1975.[104]

Similarly, Nepal is also a member of several Regional Consultative Processes, such as the Colombo Process, a forum for Asian labour-sending countries to share experiences and best practices as well as optimise development benefits from organised overseas employment;[105] the Bali Process, a consultative process that aims to combat smuggling, trafficking and transnational crime;[106] and the Asia-EU Dialogue, an inter-regional forum aimed at enhancing exchange of ideas between policy-makers, NGOs and researchers on issues pertaining to migration.[107] As a result, on the domestic front, Nepal has revised as well as introduced new policies catering to the welfare of migrant workers[108] and also been involved in the sharing of information and good practices through regular dialogue on the international front. The focus of these initiatives thus far has been on ensuring better quality of work and safety for migrant workers. However, Nepal is not party to any international conventions or consultative processes that caters specifically to the much-needed enhancement in dialogue between labour-sending and -receiving countries, especially in areas of migrant worker quota, skills level and wage negotiation.

ACTORS AND INSTITUTIONS

Besides the policy framework, Nepal also has a variety of actors and institutions performing different roles—primary as well as supporting—in relation to labour migration. The following analysis focuses on the main actors and their roles, responsibilities, and achievements.

MIGRANT WORKERS

The Foreign Employment Act 2007 lists the following criteria/specifications to be eligible to go abroad for employment:

- Only nationals of Nepal can be registered as 'Foreign Workers' (Section 2).
- Migrant workers must be aged 18 or older. It is an offence for a recruitment agency or the government to send a minor abroad for foreign employment (Section 7).
- Discrimination on the basis of gender is prohibited when sending workers abroad unless an employer requests workers of a particular gender (Section 8). (Nevertheless, women

[98] Roshan Sedhai, 'Government to sign labour pact with Saudi Arabia', *The Kathmandu Post*, February 2, 2014. http://www.ekantipur.com/2014/02/21/business/government-to-sign-labour-pact-with-saudi-arabia/385666.html.

[99] 'Govt working on zero recruitment cost for migrant workers', *Republica* Accessed August 11, 2014, http://www.myrepublica.com/portal/index.php?action=news_details&news_id=81238.

[100] The Government of Nepal (GoN) is reportedly in the process of signing two separate Memorandums of Understanding – one regarding 'general' migrant workers and another regarding domestic migrant workers – with the Malaysian governments by August, 2015. ('Nepal closer to labour pact with Malaysia', *The Kathmandu Post*, 22 June 2015.)

[101] Sijapati and Limbu 2012.

[102] United Nations Human Rights. 'International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families.' Accessed September 02, 2014, http://www.ohchr.org/EN/ProfessionalInterest/Pages/CMW.aspx.

[103] International Labour Organization. 'C097- Migration for Employment Convention (Revised), 1949 (No.97).' Accessed September 2, 2014. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C097.

[104] International Labour Organization. 'C143- Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143).' Accessed September 2, 2014. http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C143.

[105] 'Colombo Process', Objective, Accessed September 2, 2014. Available at http://www.colomboprocess.org/index.php?option=com_content&view=article&id=8&Itemid=4

[106] The Bali Process. 'About the Bali Process.' Accessed September 2, 2014. http://www.baliprocess.net/

[107] EU-Asia Dialogue, 'Introduction.' Accessed September 2, 2014. http://www.eu-asia.eu/the-project/introduction/.

[108] For instance, Nepal enacted the Foreign Employment Act, 2007, Foreign Employment Rules, 2008 and instituted labour attaches in various destination countries.

are currently prohibited from travelling to the GCC countries, Lebanon and Malaysia to work as domestic workers if they have not reached 25 years of age, pursuant to a decision of the Minister of Labour and Employment.[109])

- The Government of Nepal may make 'special facility' for minority and disadvantaged groups who 'go for foreign employment'. These groups include women, Dalits, indigenous groups, 'oppressed' persons, victims of national disasters and those living in remote areas (Section 9[1]). All institutions must 'provide reservation' to these groups in the numbers prescribed by the government (Section 9[2]).

While these specifications are in line with the Government of Nepal's labour standards as well as the spirit of affirmative action policies that have recently been enacted in Nepal such as the Interim Constitution of Nepal 2007 and the amendment in 2007 to the Civil Service Act 1993, they seemingly have very little effect on the demand for Nepali workers in the destination countries, especially when they are not raised as important considerations during bilateral negotiations.

RECRUITMENT AGENCIES AND INDIVIDUAL AGENTS

Recruitment agencies (RAs) are the main point of contact for migrant workers in the country of origin, at least on paper. They serve as intermediaries between the migrant worker and the placement agencies/employers in the country of destination. RAs are involved in seeking employment opportunities (labour demand) in the labour-receiving countries and then supplying the necessary human resources from the origin countries to meet the demand. At present, an umbrella organisation of recruitment agencies, the Nepal Association of Foreign Employment Agencies (NAFEA), is responsible for protecting the interest of its members, the RAs, and supporting the labour migration process in Nepal.

Currently, around 760 recruitment agencies are registered with the Department of Foreign Employment (DOFE).[110] Most RAs operate exclusively out of Kathmandu while a small number have branch offices outside of Kathmandu—as of July 2014, a total of 47 branch offices of RAs had been registered with the DoFE.[111] Even then, 41 out of these 47 branch offices are located in just four districts out of the 75 in Nepal.[112] In 2012, however, due to 'widespread breaches of the law (namely recruitment agencies opening branch offices without permission)', the government suspended the licensing of RA branch offices and has not reinstated it since.[113] The concentration of RAs in Kathmandu means that they are unable to provide effective services to aspiring migrant workers in other parts of the country.

As a result, RAs largely depend on individual 'agents', 'sub-agents' and 'brokers', mostly unlicensed, to supply them with workers.[114] Hence, for a majority of migrant workers from Nepal, agents are the first point of contact in the labour migration process.[115] A recent study supported by the Asia Foundation revealed that an agent (as opposed to a recruitment agency/manpower agency) was the person helping a significant majority of both potential ('aspirant') and returnee migrant respondents in arranging travel documents and providing support in the labour migration process (see Table 18).

Table 18: The Person Helping to Arrange Travel Documents

Source	Nepali Aspirant		Nepali Returnee	
	No.	%	No. [115]	%
Broker/Agent	60	59.4	37	72.5
Manpower	19	18.8	9	17.6
Relatives	5	5.0	3	5.9
Relatives working in the country	-	-	2	3.9
Brother	4	4.0	-	-
Husband	3	3.0	-	-
Friends	2	2.0	1	2.0
Neighbour	1	1.0	-	-
Self (no one)	7	6.9	-	-
Total	101	100	51	100

Source: The Asia Foundation 2013, p. 13.

There are several reasons why migrant workers begin the migration process with an individual agent rather than directly through an RA: (i) as discussed above, most RAs are concentrated wholly in Kathmandu and the branch offices that do exist outside of Kathmandu are based in a handful of districts, making it is costly for workers to engage directly with RAs in the beginning as they would have to bear travel, room, and accommodation costs on their own; (ii) since brokers/agents usually hail from the same communities as the potential migrants, the latter seem to place more faith in agents compared to RAs; (iii) it is also less costly for the workers to engage with the agent, as compared to RAs; if there are problems later during the migration process since the agents are more accessible as they live nearby; and (iv) RAs also prefer workers to come through agents who, being locals, are able to better vet potential migrants.[117] For instance, one potential migrant interviewed for the study noted:

> If something goes wrong [during the migration process], we know him [the agent] and his residence. If there are problems later, it is not feasible for us travel back and forth to Kathmandu to deal with the manpower agency [i.e., the RA].

[109] Ministry of Labour and Employment (MoLE), 'Directive for Sending Domestic Worker for Foreign Employment 2015.' http://www.mole.gov.np/uploaded/materials/1435126170_2795_document_file.pdf.

[110] Conversation with DoFE official

[111] Department of Foreign Employment, 'Manpower branches.' Accessed May 1, 2014, http://dofe.gov.np/new/uploads/article/manpower_branches_20121122072918.pdf.

[112] They include Sunsari [13], Jhapa [12], Kaski [12], and Rupandehi [4]. Op cit.

[113] Paoletti et al 2014, p. 53.

[114] Interview with RA officials.

[115] Amnesty International 2011, p, 22; The Asia Foundation 2013, p. 13.

[116] The values in the column actually add up to 52. The error is in the original report. Source: The Asia Foundation 2013, p. 13.

Most RA officials interviewed for this report mentioned working with dozens of agents and sub-agents at any given time and most also admitted that these agents were unlicensed, in contravention of Section 74 of the FEA.[118] Additionally, they also indicated that they do not pay any 'commission' to their agents but instead, the agents charged a 'service fee' directly to potential migrants. Two reasons most frequently cited by RA officials for preferring unlicensed agents over licensed ones were: (i) RAs are required to deposit a large fee of NPR 200,000 (USD 2,000) with the DoFE for every agent they register;[119] and (ii) the Foreign Employment Act 2007 renders the RA 'responsible for any acts and actions done and taken by such an [licensed] agent'.[120] RA officials also noted that agents have a high rate of 'turnover', that their collaboration with a given agent was ad hoc and temporary in nature, and that agents worked simultaneously with numerous RAs at any given time.

CONCERNED GOVERNMENT AGENCIES

The Ministry of Labour and Employment (MoLE) governs the policies that pertain to labour and employment in Nepal.[121] MoLE has, since its establishment, been engaged in both domestic and foreign labour issues. With regard to foreign labour migration, it has been engaging in the promotion of foreign employment, and as per the mandate of the Foreign Employment Act 2007, a separate department to deal with all functions relating to foreign employment, the Department of Foreign Employment (DoFE), was established under its aegis.[122]

The Ministry of Foreign Affairs (MoFA) is another government institution that is directly engaged in issues relating to migrant workers. The major activities of MoFA include negotiating labour agreements with destination countries and providing various services to current migrants through Nepali embassies located in destination countries. However, there are no regulations or formal government guidelines outlining the services to be provided to migrant workers by Nepali overseas missions. This is a major gap in the current institutional framework and has often led to coordination problems between the embassy staff and labour attachés representing MoLE. Further, even in cases where missions abroad have attempted to assist migrant workers in distress, several logistical challenges such as lack of long-term shelters and expenses involved in repatriation of workers, serve as barriers.[123]

As the apex body of all educational organisations, the Ministry of Education (MoE) is responsible for the overall development of the education sector in the country. It formulates educational policies and plans, and manages and implements them across the country via institutions under it.[124] Education in Nepal has been structured as school education (up to the 12th grade) and higher education (bachelors and higher). Similarly, a technical stream has been developed to develop basic and mid-level human resources necessary to carry out the task of national development. These trainings are currently being conducted by the Council for Technical Education and Vocational Training (CTEVT) through its constituent and other affiliated schools (see below for more details on CTEVT).

In term of issues relating to migrant workers, the Technical Education and Vocational Training for Skill Development Policy of 2007 mentions that the low productivity in the domestic as well as foreign employment sector has negatively affected employment opportunities and hence emphasises the provision of vocational and technical education to the workforce, including to school dropouts.[125] However, even when some of the activities of MoE directly focus on improving the skill level of the domestic workforce, MoE lacks a comprehensive strategy in providing training to prospective migrants based on the demand of the Nepali workforce in destination countries.

The primary responsibilities of the Ministry of Commerce and Supplies (MoCS) include the management and development of the commerce sector and the management of the supply of goods of daily use.[126] Currently, MoCS has not initiated any programmes or policies vis-à-vis migration and remittances but as remittances and trade (import) are linked, MoCS could assist the government achieve greater economic stability if it were to incorporate migration and remittances into its plans and projects.

The Department of Foreign Employment (DoFE) is the nodal government body overseeing labour migration from Nepal. In accordance with FEA 2007, DoFE is responsible for monitoring recruitment agencies (including providing agencies with licences, monitoring them for compliance with laws, and penalising infringements) as well as for providing workers with labour permits and receiving complaints against recruitment agencies.[127] The most significant problem DoFE is currently facing is in the strict enforcement of existing laws relating to foreign employment, particularly because of the gaps in the law as identified above.[128] Other challenges most frequently reported include: lack of adequate human and physical resources, centralised mechanisms (i.e., DoFE having an office only in Kathmandu), and the absence of a coordination mechanism at the local level, to name a few.[129]

The Foreign Employment Promotion Board (FEPB) is the other government body also established under the aegis of the FEA. The FEPB, which is chaired by the Minister of MoLE,[130] has the responsibility, among other things, of collecting, processing and publishing information on

117 Paoletti et al 2014, pp. 59-61; Amnesty International 2011, pp. 22-25; Interview with a migrant worker.

118 Interview with RA officials

119 Foreign Employment Rules 2008, Rule 48, Sub-Rule 3; Approximately USD 2,000.

120 Foreign Employment Act 2007, Section 74, Sub-Section 3

121 Ministry of Labour and Employment, 'Background.' Accessed August 7, 2014, http://www.mole.gov.np/nep/page/background.html.

122 Sijapati and Limbu 2012.

123 Paoletti et al 2014.

124 Ministry of Education, 'Ministry of Education: A Glimpse 2010', June 2010. Accessed September 2, 2014, http://stepsinnepal.files.wordpress.com/2011/01/ministry-of-education-a-glimpse.pdf.

125 Ibid

126 Ministry of Commerce and Supplies, 'Introduction.' Accessed September 2, 2014, http://www.mocs.gov.np/index.php?lang=np&obj=index

127 Paoletti et al 2014, p. 51.

128 Ibid.

129 Interview with Badri Kumar Karki, the then Director, DoFE. Interview taken on 13 July 2014.

130 Foreign Employment Promotion Board, 'Board Establishment.' Accessed August 11, 2014, http://fepb.gov.np/content.php?id=2.

foreign employment; utilising the Foreign Employment Welfare Fund in a way as to protect the interest of migrant workers; and formulating, implementing, monitoring and evaluating programmes to make use of the human capital of returnee migrants.[131] The FEPB has had some commendable impact at the ground level, especially in terms of providing support to distressed workers, launching awareness programmes on safe migration, and providing social security and re-integration support to migrant workers.

Nevertheless, FEPB has received criticism for not fulfilling all of its functions. It is the sole body authorised to utilise the Welfare Fund by carrying out programmes and activities for the welfare of migrant workers such as skills training for workers, employment programmes after workers' return, medical treatment for workers' families, and so on. However, it has failed to use the money in the Fund in an effective manner. Despite having collected NPR 1.3 billion by August 2012, the FEPB had only spent NPR 150 million on migrant welfare activities.[132] Although the Fund can be invested in a wide range of activities, the main focus has been on rescue, repatriation and compensation in death cases.[133] In addition, the FEPB is based in Kathmandu with no branches at the regional or district levels and local governing bodies such as the District Administration Offices and Village Development Committees have very limited, if any, role in the regulation or management of foreign employment under the FEA or the 2008 Rules.[134]

The Council for Technical Education and Vocational Training (CTEVT) is the government agency responsible for the overall management and supervision of vocational education and skills training in the country. Some of its major responsibilities include: (i) providing vocational and skills training, either directly or through affiliated institutions; (ii) designing and updating the curricula for the various training courses; (iii) conducting research and analysis of the labour market situation; and (iv) conducting skills-testing and certification, among others tasks. Thus far, CTEVT has been running various courses on health, engineering and agricultural trades at the bachelor's and higher secondary level.[135] A wide range of courses are offered in the sectors of health, agriculture, engineering, social mobilisation and office management but the extent to which these courses are aligned to the demand for specific skills/occupations either within Nepal and/or abroad, is not clear. Regardless, the spread of CTEVT-constitutent and -affiliated schools is wide, covering 72 districts. By the end of June 2011, CTEVT had produced around 119,184 graduates in Technical School Leaving Certificate (equivalent to completion of Grade 10) and 16,190 in higher secondary and bachelor's-level programmes.[136]

OTHER PRIVATE ACTORS

Pre-Departure Orientation Training Centres are tasked with the responsibility of providing prospective migrants with a two-day course on their rights and responsibilities before, during, and after departure for foreign employment. Among other things, the course covers the following topics: steps and procedures to be undertaken while preparing for foreign employment; steps to ensure a safe journey to the destination country; methods to prevent the transmission of HIV and other sexually transmitted diseases; work safety and labour rights; methods of remitting money back home; and agencies to contact in case of problems in the destination country.[137]

The National Public Health Laboratory (NPHL) is the main body authorised by the FEA to issue licences to Nepali health institutions, i.e., the medical examination centres, for medical check-up of Nepali workers. The cost of such an examination varies according to the kind of tests required by the government of the labour-receiving country or the employer institution. Currently, the NPHL has authorised 179 laboratories to conduct medical check-ups for Nepali migrant workers. However, several countries such as Saudi Arabia and Oman have their own arrangements as well.[138] Workers going to these countries for employment are required to undergo testing through a GCC Approved Medical Centres Association (GAMCA)-authorised laboratory. Numerous stakeholders, including NAFEA and the Nepal Health Professional Federation (NHPF), have accused GAMCA of establishing a 'monopoly' in medical testing since a large number of NHPL-approved medical centres—which are also NHPF members—are not eligible to test workers headed for Oman and Saudi Arabia.[139]

Migrant workers are required by law to purchase term-life and disability insurance prior to their departure. According to the FEA, either the migrant workers themselves or the concerned RA is required to 'procure insurance of at least five hundred thousand rupees with validity for the term of contract so that such worker can claim damages for death or mutilation, if such worker who has gone for foreign employment pursuant to this Act dies from any cause at any time or gets mutilated'.[140] Currently, there are nine insurance companies that have been authorised by DoFE to sell insurance policies to prospective migrant workers.[141] According to an official representing one of these authorised agencies, the premium for the insurance policy is a one-time payment of NPR 1,835 (USD 18) and covers a period of two years. According to the same official, their agency receives around 300 foreign employment-related claims in a year (representing about 0.2 per cent of the total number of policies sold) out of which 90 per cent are 'death claims', 6 per cent are claims for 'total disability', and between 1 and 2 per cent represent 'medical' claims. Furthermore, the official also noted that around 10 per cent of the claims pertained to workers who went to Malaysia and about 90 per cent to workers who went to the Gulf countries.

131 Sijapati and Limbu 2012, pp. 44-45.

132 Sedhai, Roshan. 'Failure to utilise welfare funds adds to migrant workers' woes', *The Kathmandu Post*, 17 August 2012.

133 Paoletti et al 2014, p. 123.

134 Ibid, p. 51.

135 Ministry of Education, 'Ministry of Education: A Glimpse 2010', June 2010. Accessed September 2, 2014, http://stepsinnepal.files.wordpress.com/2011/01/ministry-of-education-a-glimpse.pdf.

136 Poudyal 2013a.

137 Foreign Employment Promotion Board, 'Abhimukhikaran Taleem Pustika [Orientation Training Manual].' Accessed September 2, 2014, http://www.fepb.gov.np/downloadfile/Manual%20final%203_1400486436.pdf.

138 Nepal Health Professional Federation, 'GCC okays unauthorized labs for workers' checkup.' Accessed September 2, 2014, http://www.nepalhpf.org/newsblock.php?r=1&id=16.

139 'Manpower agencies decry GAMCA monopoly', *The Himalayan Times*. Accessed September 2, 2014, http://www.thehimalayantimes.com/fullNews.php?headline=Manpower+agencies+decry+GAMCA+monopoly&NewsID=240043

140 Foreign Employment Act (2007), Section 26.

NON-GOVERNMENTAL ORGANISATIONS

There are several non-governmental organisations working in the sector of foreign employment and for the most part their focus is on the promotion and protection of migrant rights. Pravasi Nepali Coordination Committee (PNCC), established in 2009, was founded by a group of returnee workers that advocates the protection and promotion of migrant workers' rights at the national, regional and international levels.[142] The People Forum for Human Right (People Forum) is another such advocacy-oriented organisation. They provide free legal aid, conduct research on issues of law, justice and human rights, and work to protect the rights of migrant workers.[143] Similarly, POURAKHI, established in 2003, works to ensure women migrant workers' rights through the process of counselling, advocacy and empowerment.[144] Women's Rehabilitation Centre (WOREC) is another human rights organisation which caters to women and works to ensure women's rights by addressing issues of safe migration and human trafficking.[145] Asian Human Rights & Cultural Development Forum (AHRCDF) works on a wide range of issues, raising awareness among those seeking foreign employment. They also run migrant centres.[146] F-SKILL has been working towards providing employment-oriented training and creating employment and livelihood opportunities for the youth in Nepal.[147] Other non-governmental organisations such as the Nepal Institute of Development Studies (NIDS)[148] and the Centre for the Study of Labour and Mobility (CESLAM)[149] are research centres that conduct research on issues related to migration.

Collectively, these organisations have been providing various services to migrant workers and their families. While counselling and advocacy are the most visible forms of services they provide, they have also been working for the empowerment of migrant workers, their rehabilitation and restitution into society, especially targeting those who have faced problems abroad. However, many of these face chronic shortage of trained human resources to effectively address the many issues of migrant workers. Further, since migrants also face problems both within and without the country and since the reach of these organisations is limited outside the country, the efficacy of their interventions is also limited.[150]

[141] Department of Foreign Employment, 'Insurance Company.' Accessed September 2, 2014, http://dofe.gov.np/new/pages/details/26.

[142] Pravasi Nepali Coordination Committee, 'Introduction.' Accessed September 2, 2014, http://www.pncc.org.np/?content&id=21.

[143] People Forum for Human Rights, 'Welcome to People Forum for Human Rights.' Accessed September 2, 2014, http://www.humanrightsnepal.org.np/.

[144] Pourakhi, 'About Us.' Accessed September 2, 2014, http://pourakhi.org.np/about-us/.

[145] WOREC Nepal, 'About Us.' Accessed September 2, 2014, http://www.worecnepal.org/about-us.

[146] AHRCDF, 'Programs.' Accessed September 2, 2014, http://www.ahrcdf.org.np/index.php?linkId=3

[147] F-SKILL, 'Welcome to Franchising Skill,' Accessed September 2, 2014, http://www.fskill.org.np/

[148] Nepal Institute of Development Studies, 'NIDS.' Accessed September 2, 2014, http://www.nids.org.np/

[149] Centre for the Study of Labour and Mobility, 'About'. Accessed September 2, 2014, http://www.ceslam.org/index.php?pageName=content&contentId=145

[150] Paoletti et al 2014. Also, interview with official from Pourakhi on 10 July 2014.


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SKILLS TEST
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Section 8 CONCLUSION AND RECOMMENDATIONS

In conclusion, the analysis presented in the report suggests that in the short- and medium-term, the supply pressures within Nepal due to the exponential increase in the working-age population, lack of decent employment opportunities, and continued pressure exerted by poverty and livelihood constraints, will continue. Likewise, in the major destination countries, the demand for foreign workers, especially in the low-skilled and unskilled categories, is also likely to persist because of the need to exploit oil and gas resources as well as sustain the current development trajectories of these countries, especially in the infrastructure, manufacturing and services sectors.

To sustain the demand and supply of Nepali workers, there is, however, the need to improve the quality of workers by enhancing their education qualifications as well as by providing skills training. This will require developing an effective labour market information system in close coordination with stakeholders in the destination countries that will increase the possibility of matching the demand for migrant workers, occupations and skills categories with the supply. Findings from the study also indicate that the recruitment and employment prospects of workers, especially in the low-skilled and unskilled categories, are determined primarily by factors such as their prior work experience, physical and mental attributes, cost of hiring workers, social networks, and perceptions about the workers as well as previous experience of the employers with certain nationalities. These determinants point to the need to improve the governance of the labour migration process within the country. Perceptions about the labour recruitment system within Nepal as being highly regulated, lengthy and cumbersome have not only affected the demand for Nepali workers but also compromised the governance of the labour migration system.

In the long run, the risks of remittance-led growth, especially in the absence of increases in domestic production coupled with policy shifts in the destination countries towards greater nationalisation of its workforce, stricter control over visa regulations, introduction of employment quotas and shifting development pathways, indicates that the current reliance on export of workers for the country's development is not sustainable. While foreign employment is inevitable, the Government of Nepal needs to invest in productive employment sectors within Nepal such as manufacturing and construction so that the economy is able to provide opportunities to its citizens domestically.

Bearing in mind these findings, the study points to the following set of recommendations/ suggestions directed at policies, strategies and interventions that need to be developed or strengthened in order to harness the benefits of migration for the overall development of the country, at least in the short- and medium-term:

Develop a comprehensive framework for foreign labour migration that would broadly define the scope as well as actions for managing the labour migration process, protecting migrant workers, and harnessing the benefits of migration and remittances. Existing policies related to labour and migration issues have not envisaged the management of migration in a holistic manner. As a result, policies on economic development, poverty reduction, human development, migration, labour and employment, youth as well as sectoral growth are disjointed and do not consider the inter-linkages between and among them. Given the near-lopsided importance of migration to the country's development, there is a need to develop a comprehensive framework that would seek to harness the impact of migration on these sectors and vice versa. This will also require establishing mechanisms to maximise the economic impacts of migration and remittance transfer, skills enhancement of workers, and/or measures to ensure the safe migration of Nepali workers. Some of the key areas in this regard could include:

- Collaboration with the Ministry of Education on education and skills training of potential and returnee migrants.
- Coordination with the Ministry of Commerce and Supply on measures to maximise the benefits of migration through trade agreements and support to migrant families and migrant returnees in areas of entrepreneurship development, community development activities, and access to financial intermediaries.
- Partnering with the Ministry of Home Affairs on improving the existing redress mechanisms for migrant workers who have experienced rights violations, and with the Ministry of Women, Children and Social Welfare on issues concerning female migrant workers.

Develop a systematic approach to managing demand and exploring employment opportunities for Nepali workers in select countries of destination. Such a move would ensure a systematic and orderly interaction and record-keeping between the country of origin and the country of destination. In order to achieve this, stakeholders might consider developing systems for the regular forecasting of demand trends and information exchange between concerned governments so that Nepal as well as other countries of origin can better organise skills training programmes which will in turn enhance both the employment prospects and the quality of the migrant workforce.

Develop a skills qualification framework that follows international standards. Given that in most of the labour-receiving countries, training programmes and skills certification of Nepali workers are generally not recognised points to the need to develop a common understanding between Nepali stakeholders and the government as well as employers and recruiters at the destination countries on a skills qualification framework. This will mean:

- Revising the current skills certification system in Nepal to meet international standards.
- Developing a mechanism to coordinate between different organisations involved in the TVET sector in Nepal to ensure standardised trainings, skills certification and, to the extent possible, avoid duplication, especially as the number of actors involved in this sector, including donor organisations, is increasing.

- Coordinating with the major destination countries and other countries of origin prior to any modification of the current accreditation and skills certification system. Bilateral negotiations with countries of destination along with regional-level discussions and consultative processes can provide a forum for such agreements and discussions.
- Preparing migrant workers better and enhancing the quality of the migrant workforce even if skills training might not accord better employment opportunities to Nepali workers in the short run. This could take the form of improving the quality of pre-departure orientation training, language skills, and basic orientation training in different jobs/sectors.

Simplify the process for the recruitment and employment of Nepali workers. Since one of the main concerns of recruitment agencies in Nepal and of employers and recruiters in the destination countries is the lengthy and difficult recruitment process in Nepal, there is a need to consider revising the existing procedural requirements. This will require critically examining the current procedures to identify areas where there are loopholes, bureaucratic hurdles, and excessive red-tapesim, and rectify them.

Improve the labour migration governance system. The real and perceived dysfunctionality of the labour migration governance system of Nepal has negatively affected the supply as well as demand of qualified migrant workers. Improving the governance of the labour migration process will require:

- Decentralising the government and private sector service providers, including recruitment agencies, pre-departure orientation training centres, insurance providers and medical testing centres, to the district or at least the regional levels in order to ensure that some of the basic services are accessible and available to migrant workers outside of Kathmandu.
- Prioritising line agencies involved in overseeing foreign employment in order to seriously address the concerns and challenges associated with it. This will require providing more resources, human and financial alike, to nodal agencies like the Ministry of Labour and Employment and the Department of Foreign Employment to improve their effectiveness.
- Enhancing support to migrant workers in the countries of destination. This will require clearly laying out the roles and responsibilities as well as the division of labour between labour attachés and embassy staff; providing more financial and human resources to embassies; organising capacity development and orientation training to labour attachés and embassy officials; and developing networks of support with migrant associations in the countries of destination and other civil society groups.
- Enforcing existing monitoring mechanisms and improving accountability and transparency in foreign employment by creating effective mechanisms for checks and balances, and bringing to justice those apprehended on charges of corruption.

Identify common grounds and coordinate activities between various civil society actors, donor organisations and government agencies that are supporting matters related to labour migration in Nepal. This could involve enhancing cooperation among the various international donor organisations, especially in the interest of streamlining financial resources and technical assistance to specific areas of priority. Areas that require immediate support from donors include: assisting in the infrastructure development of MoLE, DoFE, FEPB and Nepali embassies abroad; providing technical assistance for orderly record-keeping at MoLE, DoFE, FEPB and diplomatic missions abroad, an area that can also initiate an information-sharing platform; facilitating transnational collaboration to support the resource constraints of the government; and capacity development of civil society organisations in Nepal and destination countries.

Another area that could improve coordination and cooperation amongst different stakeholders is the establishment and enhancement of joint inter-agency initiatives. There are entities such as the Safe Migration Network and the Kathmandu Migration Group that are currently in operation and such initiatives needs to be enlarged and membership expanded to include other stakeholders such as government agencies, the media, trade unions, etc, at least on a need basis. However, for these initiatives to be effective, the government will first have to develop a concrete strategy and implementation plan for the promotion of labour migration in Nepal.

For the long-term, introduce policy measures that would create employment and livelihood opportunities within Nepal. Finally, as Nepal continues to grow as a remittance-driven economy, the uncertainties about demands for Nepali workers and the increased susceptibility of the economy to external shocks means that there is a dire need to create decent employment opportunities within the country. This will require supporting productive sectors such as agriculture, manufacturing and tourism as well as focusing on employment-centric growth.

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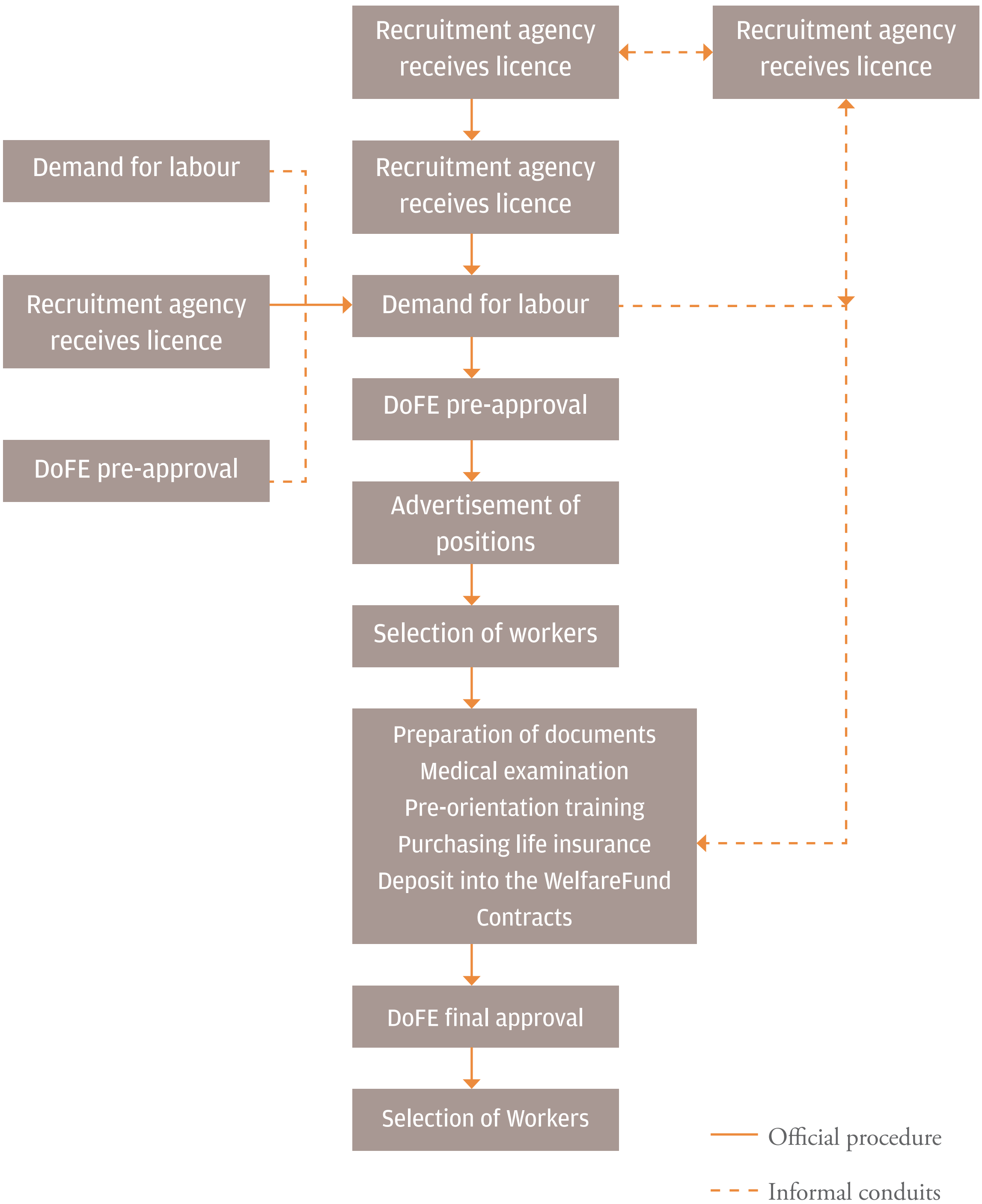
Annex | Annex A

LABOUR MIGRATION PROCESS



Annex

Annex B

Number of Persons Trained Under Different Sectors of Development between 2008 and 2012

Sector/Trade	No. of	Sector/Trade	No. of
A. Agriculture	19,366	Agriculture Worker	397
Allo Processing	322	Animal Health Worker (AHW)	108
Areca nut Processing & Grading	68	Banana Fiber Processing	135
Bee Keeping; Bee-Hive Construction	901	Bhangro Processing/Weaving	12
Cheese/Dairy Products	34	Community Agriculture Assistant (CAA)	856
Community Livestock Assistant (CLA)	2,068	Compost Manure Maker	34
Daley Chuk Maker	30	Dhatelo Collection/Processing	10
Fishery	40	Floriculture; Flower Decorator	695
Fruit & Veg Preservation	40	Fruit Processing	150
Gardener	1,100	Ginger Processing	212
Goat Farming	97	Hand Made Tea Processor	65
Herbal Farm Technician/Worker	2,400	Herbs-Processing Training	10
Junior Technical Assistant (Poultry)	99	Junior Technician (Agriculture)	19
Milk Processing	1	Mushroom production	225
Natural Fibers Processing	290	Nepali Paper/File Maker	22
Nursery Establishment Training	205	Vegetable Production (Off Season)	4,156
Orchard Establishment and Development Training	140	Pasture Development	19
Pesticide application	20	Pig Farming	196
Post-Harvest Technician (Fruit)	1,299	Post-Harvest Technician (Vegetable)	800
Poultry Farm Worker	1,083	Rural Animal Health Worker	33
Skilled Tea Worker	31	Slaughter House Technician	200
Tea/Coffee Plantation	500	Tomato production training	21
Village Animal Health Worker	193	Vegetable Processing	10
Ginger Production Training	20	B. Construction	52,520
Bar Bender (Steel Fixture)	5,673	Plumber	11,581
Construction Worker	997	Brick Molder	8,998
House/Building Painter	2,184	Carpentry	2,564

Cement Block Maker	10	Mason (brick laying/earthquake resistance)	16
Stone Layer Mason	60	Draftsmanship	16
Gabion Weaver	264	Gypsum Installer	50
Local Road Construction Supervisor	101	Marble/Chips Polisher	540
Pit Latrine Construction Training	30	Plasterer	139
Scaffolder	4,337	Shuttering Carpenter	5,104
Suspension/Trail Bridge Technician	91	Tile and Marble Fitter	1,269
C. Manufacturing	16,141	Agri-Tools Maker	62
Leather Goods Technician	22	Auto-Mechanics	87
Bag Maker	343	Bamboo Artisan	3,624
Bangle Designer	71	Briquette Manufacturing	123
Carpet Weaver	667	Ceramics	189
Cotton Processing	44	Cushion Making	185
Dhaka Maker	1,246	Furniture Maker	3,062
Garment	998	Hand Made Hosiery Maker	167
Handicraft Maker	372	Handmade Paper Processing	226
Ornament/Jewellery Making/Stone Cutting	196	Jute Craft	29
Leather Goods Maker (including shoes)	927	Machine Embroidery	96
Nettle Processing	240	Pashmina Knitter	40
Plastic material Production	20	Wooden Furniture Polisher	20
Pottery Training	130	Statue Carving	11
Steel Furniture Maker	60	Textile Weaving	140
Thanka Painting	1,691	Tharu Handicraft	33
Tin Box Maker	10	Upholstery (sofa making)	213
Wood Carving	539	Wooden Crafts	88
Woolen Goods Maker	162	Woolen Thread Cutting	8
D. Tourism	38,241	Agro-Tourism	84
Airlines Ticketing	363	Cook (Chinese, Indian, Continental and Mixed Cooking)	13,021
Bakery	2,881	Bar Tender	1,253
Barista	177	Food & Beverage Service	1,851
Front Office	687	Hospitality/Housewife Course	127
Hotel Assistance	169	Hotel Management	173
House Keeping	4,169	Housemaid	484
Khaja-Nasta Vendor Training	35	Tourist Guide	1,319
Lodge Management Training	818	River Guide (Rafting)	118
Travel Agency Operation	229	Trekking Guide/Canoeing	1,619

Waiter/Waitress	8,664	E. Electrical	30,167
House Wiring	4,441	Building Electrician	12,530
Electrical Appliances Repairer	460	Electrician	9,181
Industrial Electrician	1,261	Motor Rewinding	300
Solar Energy Technician (including PV)	1,994	F. Electronics	5,620
Electronics Assembling and Repair	2,381	Color TV Receiver Technician	140
Industrial Electronics	19	Inverter Repair	11
Mobile Repairing	1,732	Radio/TV/VCD/CD Player Repair Technician	1,337
		F. General Services	44,254
Advance Tailoring	400	Art and Painting	285
Beautician	5,123	Barber/Gents Hair Cutting	1,055
Boutique	150	Cloth Sewing/Knitting	10
Community Technician	47	Cosmetic Shop	4
Digital Photography	9	Dress/Fashion Design	323
Driving	71	Embroidery	1,800
Fabric Painting	462	Hair Cutting Saloon (Ladies)	5,203
Felt Training	60	FM Studio Technician	60
Hand Embroidery	3,908	Hand Made Hosiery	714
Jari Painting	22	Journalism	57
Kadai Talim	427	Knitting	10
Cushion Weaving	125	Laundryman	7
Library Science	15	Management Skills Training	2,406
Marketing Training	37	Master Tailoring	580
Mehendi Art	84	Mithila Arts/Print	148
Offset Press	35	Paper Binding Technician	19
Photography	181	Printing Press	35
Screen Print and Metal Itching	81	Security Guard	1,968
Sewing/Cutting/Tailoring	15,931	Sign-Board Painting	357
Sweater Weaving	27	Sweets and Dairy Products	1,528
Thread Spinning	60	Three Wheel Driver	20
Videography	40	G. Health	4,856
Auxiliary Nurse Midwife (ANM)	3	Community Medical Assistant (CMA)	43
Community Health and First Aid	140	Dental Chair side Assistant	496
Dental Lab Mechanic	500	Public Health	79
Lab Assistant (LA)	1	Maternal and Child Health (MCH)	62

Reproductive Health	82	Sudeni (midwife)	11
H. Information Communication	82	Auto CAD	459
Computer Course (Software)	4,963	Computer Hardware and Networking	245
Digital Accounting Package	27	Sound Editing	15
Telecom Technician	1,088	I. Mechanical	15,081
A/C/Refrigeration Technician/ Mechanic	279	Aluminum fabricator	300
Arc Welder	1,009	Auto-Mechanics	1,833
Basic Welder	500	Bicycle and Rickshaw Repairer	490
L-4 Biogas Technician	327	Bus/Truck Body Maker	100
Diesel Mill Repair	10	Duct Fabricator	160
EV Driving Cum Repairing	68	General Mechanic	1,014
Grill/Shutter Maker	10	Improved Cook Stove	142
Lathe Setter Operator	88	Motor/Light Vehicle Driving	603
Light Vehicle Service Mechanic	41	Mechanical Fitter	318
Metal Fabrication	39	Micro Hydro Assistant	36
Motor Cycle Mechanics	3,539	Pipe Fitter	140
Pump Set Mechanic (including submersible pump)	370	Household Appliances Repairer	82
Sailor Mills Operator	76	Sewing Machine Repair	439
Structure Fabricator	216	TIG/MIG Welding	748
Tractor Maintenance	11	Welder	1,953
Structural Fabricator	140	J. Livelihood	70,857
Bakery	2	Candle Maker	2,337
Chalk Maker	52	Chhwali Babiyo Dhakia (Basket) Maker	43
Doll Maker	106	Entrepreneurship Development	641
Foot Wear Shop	3	Formal Education	277
Gift Items Production	13	Incense Stick Maker	4,357
Jam/Jelly Maker	10	Katauti (harvester)	20
Khoto Collection	120	Laligurans Juice Processing	16
Leaf Miner Training	24	Livelihood Skill Developer	161
Livelihood Training (Local Market Based)	55,324	Livelihood Training (Foreign Employment Based	5,224
Livestock Assistant	19	Liyu Weaving	10
Noodle Making	175	Pickle (Achhar) Maker	494
Retail Shop	31	Salesmen/Salesgirls	7
Sea-buck Thrown Juice Maker	20	Sisnu Powder Making	11
Smoke Free Stove Design	10	Snacks/Chips Making	496

Soap Making	456	Spices Processing/Shop	11
Squash Maker	34	Stool/Basket Maker	12
Stove/Gas Repair	31	Sweet Box Maker	32
Tika and Beads Making	172	Tirchu Juice Maker	13
Tomato Ketchup/Achhar Maker	83	Tyre/Tube Repair	10
Inverter Repair	11	Mobile Repairing	1,732
Radio/TV/VCD/CD Player Repair Technician	1,337		
Grand Total			303,900

Source: Table adapted from Poudyal 2013a.

Annex

Annex C

Institutions/Individuals	Number of Respondents
Returnee Migrants	10
Prospective Migrants	10
Recruitment Agencies	6
Council for Technical Education and Vocational Training (CTEVT)	2
Department of Foreign Employment	1
Foreign Employment Promotion Board	1
Ministry of Foreign Affairs	1
Enhanced Vocational Education and Training Project (EVENT)	1
F-Skill	1
Nepal Association of Foreign Employment Agencies (NAFEA)	1
Pourakhi	1
National Life Insurance	1
Asian Orientation Training Centre	1
Asian Human rights and Culture Development Forum	1

With more than half a million Nepalis, mainly the youth, leaving the country every year to seek employment opportunities abroad, it has become important to leverage the benefits of migration by examining the labour market situation in both sending and receiving countries. This study presents an in-depth overview of Nepal's labour migration sector in Nepal, including trends and patterns of the population, growth and labour markets; the demand situation in countries of destination; the technical and vocational education and training sector in Nepal and its relationship to labour migrants; and the process of labour migration and support provisions in place for workers. The focus of the report is on the examination of the various inter-linkages between these different aspects of Nepal's labour migration sector.

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