

Labour Migration for Development in the Western Hindu Kush-Himalayas

Understanding a livelihood strategy in the context
of socioeconomic and environmental change



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Executive Summary

Migration is a traditional phenomenon in the western Hindu Kush-Himalayas (HKH), but in recent years, global changes have led to a considerable increase in migration in the region. Migration generates financial and human capital (skills and knowledge) which, if leveraged for development, can help reduce poverty. However, the full benefits of labour migration have yet to be seen in the western HKH. Before developing strategies that can help people benefit more from the migration that is already taking place, it is important to understand more about the process, the way it affects and is used by society, and the flows of remittances. However, there is little information available on labour migration in this region. To address this lack of information, three case studies were carried out in India, Nepal, and Pakistan looking at migration in general, and the flow of remittances in particular, at the different sites. Information was collected on the type, volume, and mode of transfer of remittances, the impact of remittances in terms of financial flows and the transfer of new skills, perceptions on poverty and development, and gender aspects.

This report provides a synthesis of the results of the three case studies. The major findings for the western HKH region were consistent with those in other parts of the developing world:

- Labour migration is an important livelihood strategy for mountain people in the western HKH and has a significant impact on reducing poverty in the region.
- Internal and south-south migration is predominant.
- Lack of employment and income generating opportunities in the place of origin, food insecurity due to low agricultural productivity, and poverty are the major reasons for migration.
- Lack of opportunities for skill development in the place of origin forces the majority of the unskilled mountain migrants into low paid jobs in the informal sector.
- The majority of migrants remit money through informal channels, mainly because of financial illiteracy and the limited outreach of formal credit institutions in remote mountain areas.
- The volume of remittances sent by the majority of individual migrants is low; but nevertheless, in many areas remittances make a significant contribution to household income.
- There is a lack of investment opportunities in remittance receiving areas due to lack of savings, entrepreneurship, infrastructure, and access to markets.
- Social remittances play a limited, yet positive, role in development in the region.
- Male outmigration has both positive and negative effects on the status, decision-making power, drudgery, and health of women.
- The poorer segments of mountain communities also migrate due to food insecurity.
- Moneylenders are the main source of credit for migration.

The study also identified reasons why labour migration has not yet been fully leveraged for poverty alleviation and development in the region and made the following recommendations as to how to address them.

1. Foster and manage skilled migration.
2. Make more financial services available in rural areas and build financial literacy.
3. Increase competition for remittance transfer and adopt new technologies.
4. Facilitate the investment of social and financial remittances in mountain areas.
5. Address the feminisation of mountain economies.

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Farmer in Thakuli, Uttarakhand, India

1 Introduction

Background

Migration in the western Hindu Kush-Himalayas (HKH), as in other mountain areas of the world, is a traditional phenomenon. However, in recent years, global changes have led to a considerable increase in migration in the region with almost half of the population migrating seasonally in some places.

Socioeconomic and environmental changes are taking place across the western HKH region, including increases in the extent and severity of natural disasters, declining crop yields and availability of mountain products, a reduction in the diversity of mountain agriculture, a decline in the water flow from local springs, and growing food insecurity and poverty. The region also suffers from low incomes, lack of employment opportunities, lack of infrastructure, and lack of access to basic amenities. The specific characteristics of mountains – poor accessibility, fragility, and marginality – have contributed to the impact of the changes. At the same time, rapid economic development in the western HKH region and other urban centres in Asia has increased the demand for cheap and flexible labour. Increased awareness of opportunities elsewhere, better communication technologies, and falling transportation costs have enabled previously immobile mountain people to migrate at unprecedented rates.

Migration generates financial and human capital (skills and knowledge), which, if leveraged for development, can reduce poverty. Results from macro-economic studies suggest that, on average, a 10 per cent increase in per capita official international remittances leads to a 3.5 per cent decline in the proportion of people living in poverty (Adams and Page 2005). Remittances are increasingly becoming the most direct, immediate, and significant contribution to the livelihoods of the mountain poor in the western HKH. Remittances provide a safety net for the large number of dependents left behind. Almost 35 per cent of households in the mountains and hills of Nepal receive remittances (HMGN 2004). Migration has become an effective strategy for livelihood adaptation in the HKH region.

The benefits of remittances are not limited to recipient households, but have a wider impact on the receiving society as remittances are spent, generating demand and jobs for local workers. Remittances improve living conditions, education, and health in the origin communities, and provide insurance against income shocks. Migrants acquire new ideas, skills, perceptions, and technologies from the host communities, which they carry back to their place of origin. Migrants act as powerful agents for transformation and social change.

Although there is a very large development potential from the sheer magnitude of labour migration and remittance flows in the western HKH, the awareness of this potential and action to exploit it remains weak. One of the main reasons for this is the lack of information and knowledge on migration and remittance patterns and volumes. Before developing strategies that can help people benefit more from the migration that is taking place, it is important to understand more about the process, the way it affects and is used by society, and the flows of remittances. Most of the data and information which is available relates to country and regional level statistics, which is insufficient for understanding and addressing the dimension of migration in the western HKH. There is an urgent need to understand labour migration and remittances, and its impact on development, in the mountain areas of the HKH in order to support informed policy advocacy and development planning. In the coming decades, migration will persist in the western HKH and other mountain areas of the world, driven by globalisation, food insecurity, climate change, and escalating income disparities. The development potentials of labour migration and remittances are too substantial to remain unaddressed due to a lack of understanding and awareness.

To address the lack of information, three case studies were carried out in India, Nepal, and Pakistan looking at migration in general, and the flow of remittances in particular, at the selected sites. Information was collected on the type, volume, and mode of transfer of remittances, the impact of remittances in terms of financial flows and the transfer of new skills, perceptions on poverty and development, and gender aspects. This publication presents a synthesis of the results of the case studies.

Approach

The three case studies on labour migration and remittances were carried out in mountain areas of India (hill state of Uttarakhand), Nepal (Far Western and Mid Western Development Regions), and Pakistan; with desk research for all three case studies, supplemented by community level field surveys in India and Nepal. The field surveys were conducted in cooperation with country projects of the International Fund for Agricultural Development (IFAD): the western Uplands Poverty Alleviation Project (WUPAP) in Nepal and Ajeevika in Uttarakhand, India.

The overall approach is summarised in Figure 1. The objectives of the study were to understand the impact of labour migration and remittances, on poverty, development and gender dimensions, in terms of both financial flows and the transfer of new skills and perceptions; to identify the major constraints to enhancing the impact of remittances; and to draw lessons and recommendations to improve the development impact of both financial and social remittances in mountain areas of the western HKH region.

Desk research and literature review

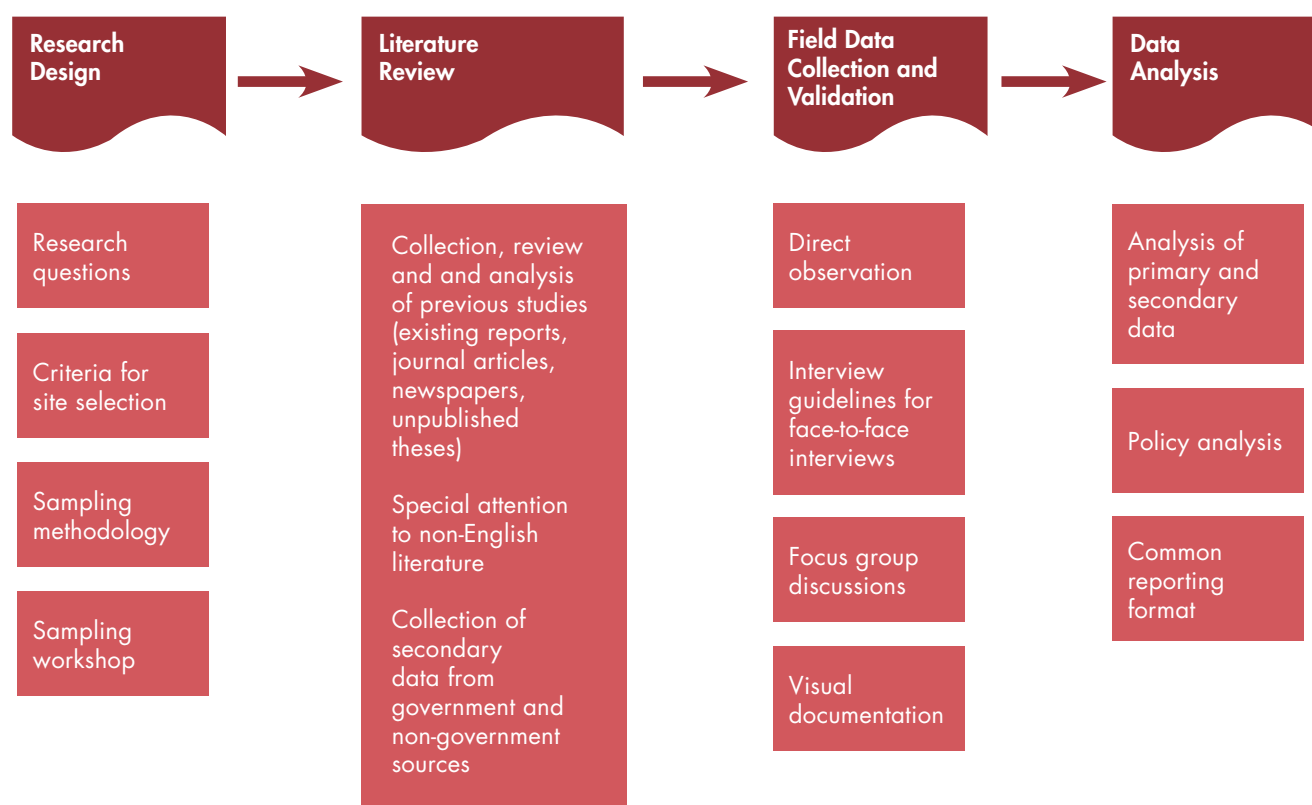
At a macro-level, secondary data were gathered to assess the various dimensions of labour migration and remittance flows from the western HKH over time. Census data and national livelihood surveys were consulted for national representative data on migration and remittance flows. Secondary and grey literature with a focus on the same study area offered valuable insights and a basis for comparison.

Field surveys

At a micro-level, the two community level field surveys examined the following questions:

- Who migrates and for what reasons? What are the consequences of migration for the dependent households? Have these reasons changed over time?
- How do migrants identify jobs? What are the strengths and challenges of various recruitment processes?
- What channels are used to transfer remittances and why?

Figure 1: **Methodological framework for labour migration and remittances study in the western Hindu Kush-Himalayas**



- What institutional arrangements are in place to offer financial services to migrants?
- What role do social remittances play in the mountain areas?
- What are the effects of expansive male outmigration on mountain societies, particularly women?
- What are the challenges to improving local investment in both financial and human capital acquired by migrants?
- What are the community demands and perceptions towards improving the development impact of labour migration and remittances.

In Uttarakhand the primary survey was conducted in six villages in the districts of Bageshwar, Chamoli, and Tehri Garhwal. The villages were selected based on discussions with the District Coordinators of the IFAD supported Ajeevika project (IFAD no date a) using criteria such as distance of the village from motorable road, distance from nearest urban area or market, and visible trend of outmigration from the village.

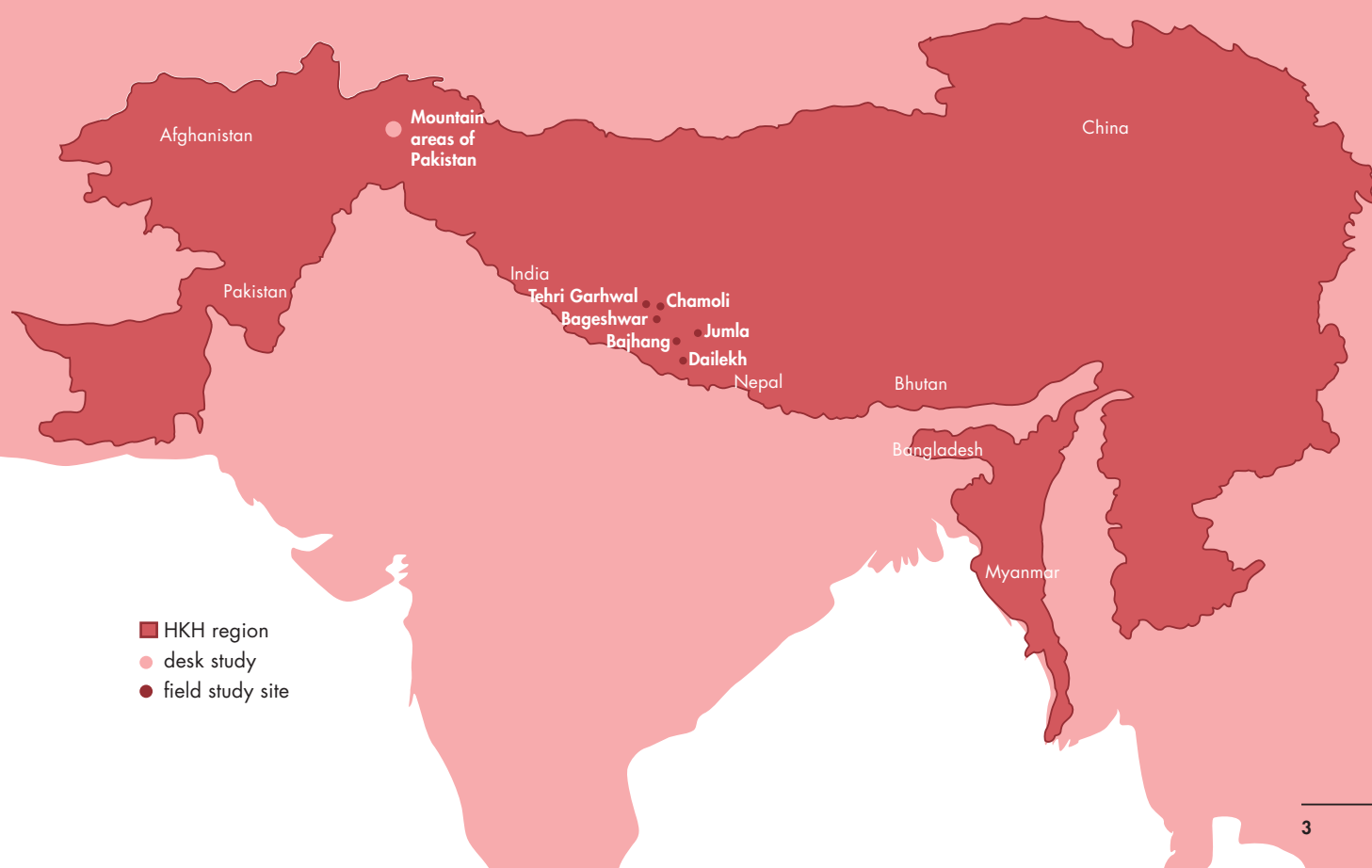
In Nepal, the districts of Bajhang, Dailekh, and Jumla were chosen based on their poverty status and dependence on migration as a means of survival. A primary survey was conducted in some of the poorest village development committees (VDCs) in these districts, where the western Uplands Poverty Alleviation Project (IFAD no date b) had been implemented.

The surveyed villages in Uttarakhand were comparatively better off (families' food grain from their own land was sufficient for 6-8 months) than those in the Mid Western and Far Western development regions of Nepal (where food from own land was barely sufficient for 1-2 months of the year). In total, 545 individuals were interviewed, either in face-to-face interviews or in focus group discussions.

Overall Findings

The findings from the literature review, the three desk studies, and the field surveys were analysed, synthesised, and linked to ongoing research to develop an overview of the situation, and regional differences, in the western Hindu Kush-Himalayas, which is presented in the following chapters. The detailed case studies are being published separately and will be available at www.books.icimod.org.

Figure 2: The Hindu Kush-Himalayan Region





Village in Baltistan, Pakistan

2 Drivers of Migration in the Western Hindu Kush-Himalayas

Why Do Mountain People Migrate?

Mountain people base their decision to migrate on a number of determinants. There are certain push factors, i.e., stresses and shocks at the place of origin, such as low productivity of agricultural production, lack of local investment and growth opportunities, and shocks from external and global process. Mountain factors like poor accessibility and marginality mean that in a time of general economic difficulty in a country, people in mountain areas can be affected more strongly, and have fewer resources to cope with problems like a downturn in employment opportunities and rise in commodity prices. Similarly, a changing and unpredictable climate, with floods and drought and unseasonal temperatures, can affect marginal and subsistence agriculture in the fragile mountain landscape to the point where not enough food is available. Food production in mountain areas is also limited by the fragility of the landscape and the need to maintain diversity to address yearly variations in climate, and cannot easily be intensified to fill the subsistence needs of an increasing population.

Pull factors such as the attractions of developing urban centres and aspirations for a better, different future are other strong determinants, enhanced by more awareness through improved technology and the widespread use of mobile phones, the radio, Internet, and television in mountain districts. The remoteness of mountain areas increases these attractions for a mountain population, and especially the young, who cannot easily travel to urban centres to enjoy the attractions on a short-term basis.

Migration is not just an outcome of 'push' or 'pull' factors, however. Individual, household, and community perceptions significantly influence the decision to migrate (Brown 2008). Network forces, generated by earlier migrants who supply information and support to new migrants, also strongly affect the decision to migrate (see Moore and Smith 1995; Ketel 2004; Reuveny 2005; Kniveton et al. 2008). Certain attributes such as age, education, marital status, occupation, and individual motivation also distinguish migrants from non-migrants at the place of origin.

Who Are the Migrants?

The studies showed that the majority of labour migrants in the western HKH are male, unmarried, young, and low skilled, and hold low paid jobs at their migration destination. There are few female labour migrants from the western HKH. Female migration is generally stigmatised due to the widespread incidence of human trafficking in the region. The low number of female labour migrants is also explained by conservative social norms, lack of education and exposure among women, and women's attachment to children and land. The average age of male migrants is around 21 years. In very poor areas, as in the Nepal case study, men start to migrate as early as 12 years of age. In Uttarakhand, the fairly high literacy rate is also reflected among the migrants from the state (Field Study India in Jain 2010). However, in Far Western and Mid Western development regions of Nepal, mainly unskilled people migrate as educated people have more job opportunities in the villages; although a few educated men migrate to neighbouring towns (Field Study Nepal Sherpa 2010).

Among other things, the research looked at whether the poorer segments of mountain communities migrate, in order to test the general assumption that the very poor are unable to migrate, for financial or other reasons. In Uttarakhand, there was a lower incidence of migration from economically and socially weaker sections of society. Youth from Rajput and Brahmin families, the socially dominant caste groups, have a greater tendency to migrate due to availability of funds for migration, better education, and better networks (Field Study India in Jain 2010). In Nepal, the study found that the community members with the lowest wealth ranking need to migrate to cover their basic consumption needs (Field Study Nepal in Sherpa 2010).

Internal and regional migration is high

Labour migration in the western HKH region is known to be mainly internal or south-south in nature. In Uttarakhand, migration is primarily internal, that is from remote rural areas to urban centres in the hills, or from the hills to the developed plains. About 71 per cent of the surveyed migrants from Uttarakhand were interstate migrants, while the remaining 22 per cent were intrastate (Field Study India in Jain 2010). A previous study for Pakistan reported that the predominant type of migration is from remote mountain districts to regional market towns and metropolitan cities within the country, and only a small number of migrants venture abroad (AKRSP 2002). Only in the Nepal case study was the transboundary migration rate high (70%), which is explained by the proximity to the open Indian border, as opposed to Nepali urban centres (Field Study Nepal in Sherpa 2010). International migration to Gulf countries and Southeast and East Asian countries is growing as earnings are higher. However, at the study sites, the numbers are still low as the cost of migrating internationally is extremely high.

The major determinants of labour migration from the western HKH are discussed in more detail in the following sections.

Determinants of Migration

Decreasing agricultural productivity – A traditional determinant intensified by new factors

Mountain agriculture is predominantly subsistence in nature, and people from mountain areas, including the western HKH, have been migrating for centuries for cash to supplement household income. However, in recent years there has been a progressive decline in mountain agriculture in the western HKH region, increasing the need to migrate. Agriculture in this region is characterised by small and fragmented landholdings, lack of irrigation, shallow soil, and lack of mechanisation and technology; all of which contribute to limiting yield. In some areas, a growing lack of interest and incentive to work the fields has also been observed. With increasing climatic stresses, particularly erratic rainfall, and global food price volatility affecting even remote mountain communities, mountain agriculture is increasingly becoming a less reliable livelihood strategy.

In the Indian case study (Uttarakhand), the majority of respondents claimed that agricultural productivity is decreasing (see Table 1), and 47 per cent claimed this as a major reason for migration. In all the sites surveyed, communities indicated that traditional hill agriculture is practised on small and fragmented terraced fields, which are uneconomic to operate. The rapid increase in population has been accompanied by increased family size and the subdivision of landholdings. The same and even smaller landholdings must provide for an increasing number of people. Small landholdings are also characterised by lack of irrigation, resulting in low crop yields and limited options for cultivating cash crops. Many claim that they do not have sufficient food grain to support their family (Field Study India in Jain 2010). During focus group discussions in Uttarakhand, respondents said that, nowadays, agriculture fulfils their food grain requirements for 6 to 8 months a year, whereas earlier, they could fulfil the complete annual household demand.

Decreasing productivity is a cause of higher food insecurity. As many as five (out of six) districts in the Northern Areas (NA) of Pakistan and four (out of eight) in Azad Kashmir (AK) were found to have very low access to food (South Asia Partnership-Pakistan 2007). In terms of food availability, the analysis ranked NA and AK as two of the top three food insecure areas in Pakistan (Hunzai 2010). In some areas of the Far Western and Mid Western development regions of Nepal, agricultural produce is sufficient for only 1 to 2 months of the year (Field Study Nepal in Sherpa 2010). Respondents in Nepal compromise on their food intake; some consume only half of what they require. Members of most of these households migrate to cover their basic consumption needs (Field Study Nepal in Sherpa 2010).

"We are dependent on agriculture, which is totally dependent on good weather conditions. The biggest problem we face is food insecurity. If the weather was good, with timely rain and better food security, we would never opt to migrate. Why would we want to leave our family and travel to another place and work like animals?"

VDC Secretary, Dailekh district, Nepal

"I feel that it is cheaper to buy food grains than to actually grow them on our unirrigated lands."

Mr Singh from Tehri Garhwal District in Uttarakhand

Table 1: Perceived decline in productivity of agriculture in Uttarakhand (over past 2–4 years)

Perceived decline in productivity	Percentage of respondents
10 to 25%	57
25 to 50%	10
More than 50%	7
No change	23
Productivity increased	3

Source: Field Study India in Jain 2010

The inaccessibility of mountain areas hampers the spread of extension services, access to agricultural inputs, and access to markets. There is a growing awareness about the uneconomic agricultural practices among mountain farmers.

Lack of local opportunities; attractive prospects elsewhere

Lack of local opportunities is a strong factor in the rising migration numbers, particularly among mountain youth. Greater awareness of outside prospects through radio, television, and education are increasingly attracting mountain youth to migrate, as options for local growth and investment seem limited. A general fatigue with the hardship and lack of facilities in mountains was observed and an attraction to city life.

In Uttarakhand, lack of employment in villages emerged as the strongest motive for migration among the respondents (90%) (Field Study India in Jain 2010). Alternative employment opportunities are limited by the lack of industrial development in the hill and mountain areas of the western HKH. The influence of migrant friends and relatives is another significant determinant for migration (66%), closely followed by low agricultural productivity (47%), and a lack of interest in working in agriculture (43%). Several migrants complained of lack of basic facilities in villages (44%) and cited better prospects in cities (Field Study India in Jain 2010) as other reasons for migrating.

In Nepal, sometimes even unskilled youth migrate to work as porters in India due to lack of opportunities in the villages (Field Study Nepal in Sherpa 2010).

What is there in our village? There is not even proper medical care for the ill.

Villager from Tehri Garhwal district, Uttarakhand

The livelihood options available to us are either to pursue agriculture, work as wage labourers, or maybe become drivers.

Villager in Bageshwar district, Uttarakhand

Lack of interest in agricultural work

A growing lack of interest in agricultural work was observed at all of the survey sites. In Uttarakhand, 43 per cent indicated that they had no interest in working in agriculture and were looking for alternative livelihood opportunities (Field Study India in Jain 2010).

Education has emerged as an important push factor among those disillusioned with agricultural work. Even young people with only an intermediate education feel that there are better livelihood opportunities for them outside their villages and are reluctant to take up agricultural work.

There is also a strong feeling among young people that agriculture is not meant for the literate; it is seen as a 'demeaning' occupation, only pursued by illiterate and less educated people. This perception is a major accelerator for population shifts towards urban centres and the plains. Perhaps, the current societal value system and the educational system are partly responsible for this trend, in which agriculture is being tagged as a socially demeaning occupation.

Climate change

Mountain people see climate change as an indirect driver of labour migration due to decreased land productivity. The western HKH region is comprised of highly fragile ecosystems, which are vulnerable to the impacts of climate change. Agriculture in the hills and mountains, particularly in the western HKH region, is predominantly rainfed, depending heavily on weather conditions and rainfall.

After completing my studies, I worked with my father for some time, but I do not want to become a farmer, and as there was no job available here I had to migrate to Delhi.

Young migrant from Chamoli district, Uttarakhand

"After studying for so many years it is pointless to go back to agriculture. If I had to be a farmer there was no need to study so much."

Migrant from Bageshwar district, Uttarakhand

During the field studies, locals said that they had observed a significant decrease in agricultural productivity over the last decade, and perceive changes in climatic condition as a significant cause. Decreasing agricultural productivity in turn increases the need to migrate.

As early as the 1990s, the First Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) reported that the greatest impact of climate change could be on human migration (IPCC 1990). Since then, several studies (Kritz 1990; Mcleman and Smit 2006; Stern 2007; Brown 2008; Kniveton et al. 2008; CARE 2009; ADB 2009) have indicated the potential for population redistribution, both internal and international, due to the effects of climate change. More recently, Working Group II of the Fourth Assessment Report of the IPCC recognised the potential of migration due to the impacts of climate change (IPCC 2007, p 18).

"We need rainfall during the winter [December to February], but there is very little rainfall then, while in March there are heavy showers, which is quite unusual."

Villager from Chamoli district in Uttarakhand, India

"We work on the farms for 12 months and, if the weather is favourable, the crops are enough for 5 months, but if not, there is hardly enough for 2 months. It has been very dry recently."

Villager from Bajhang district in Nepal

"Last winter, due to lack of rainfall, the winter crops were so poor that we were not even able to recover the cost of the seed."

Farmer from Takoli village of Tehri Garhwal in Uttarakhand, India

Respondents reported an erratic rainfall pattern during the past few years. Farmers in Uttarakhand and the Far Western and Mid Western development regions of Nepal complained about recent untimely and excessive rainfall, which damaged crops, leading to food insecurity in the region. Changes in the overall frequency and amount of rain and snowfall in the winter can cause significant damage to winter crops. The water flow in local springs in some villages has declined considerably; some now dry up during the summer. Rising temperatures can result in hotter summers and warmer winters. The elderly in the village said that earlier they used to wear warm clothes even during the summer months, but now they did not need them anymore.

Due to the changing climate, mountain farmers have shifted their cropping and migration patterns. Men now migrate for longer than they did 10 to 15 years ago, increasing the workload for women.

Policy Interventions to Retain Migrants for Local Development

The policy response to internal migration has been to discourage migration by increasing rural employment opportunities through livelihoods intervention programmes, such as the National Rural Employment Guarantee Programme (NREGP) in India and the Decentralised Rural Infrastructure and Livelihoods Project in Nepal. These livelihood intervention programmes usually guarantee wage employment to every rural household for a certain number of days in a year for local development. Migrants from Uttarakhand said that, while they could remit between INR 7,200 to INR 12,000 per year if they migrated for work, with the NREGP they could earn INR 10,000 in 100 days staying in their own village. The NREGP allows unskilled and less educated youth to earn by working in the vicinity of their village, while at the same time supplementing family income through agriculture and animal husbandry; together, the benefits of staying in the village are often higher than earnings generated through migration. These programmes have encouraged some people, who otherwise would have migrated, to stay in their villages. However, as the NREGP guarantees work for any one member of each household, it may not necessarily reduce migration.

3 Impediments to Leveraging Remittances for Development

Potentials of Remittances

Labour migration is an effective livelihood strategy for many mountain people. Migration generates financial and human capital, which, if leveraged for development, is a proven driver of poverty reduction.

Particularly social remittances, those benefits beyond the effects of financial flows such as the acquisition and transfer of new skills and improved knowledge, can play an important role in development. Migrants acquire new ideas, skills, perceptions, and technologies, which they carry back to their place of origin. Migration stimulates a flow and exchange, not only of financial resources, but also of ideologies, which influence and often challenge traditional structures at home (IOM 2005).

Equally, financial remittances are becoming the most direct, immediate, and significant contribution to the livelihoods of the mountain poor. They provide a safety net for the large number of dependents left behind. Results from macro-economic studies suggest that, on average, a 10% increase in per capita official international remittances leads to a 3.5% decline in the proportion of people living in poverty (Adams and Page 2005). In Nepal, remittances are responsible for almost 20% of the poverty decrease since 1995, against a background of armed insurgency and economic downturn (Lokshin et al. 2007). The benefits of remittances are not limited to recipient households, but have a wider impact on the receiving society, as remittances are spent, which generates demand and jobs for local workers (UNDP 2009).

Labour migration has yet to be fully leveraged for poverty alleviation and development in the western HKH region. The major impediments to an enhanced development impact of remittances in the western HKH that were identified are summarised in the following.

Impediments to Leveraging Remittances

The cost of labour migration

Migration from mountain areas is expensive. If migrants cannot rely on their informal network of friends and relatives to find jobs, they need to seek assistance from employment agencies, which considerably increases the cost.

The Nepal case study reported strong reliance on employment agencies for migration to the Gulf and Southeast Asian destinations. Many marginalised mountain people lack the capacity to find employment independently. Employment agencies offer a wide range of services: they arrange employment, visas, travel, and paperwork, and local accommodation and support at the destination. Through a network of brokers, who are usually returnees, the employment agencies reach even the remotest mountain village to advertise job opportunities abroad. Among the villages surveyed

Pakistan's policy intervention to lower the cost of migration

The migration management system introduced by Pakistan aims to control migration costs, mainly by regulating recruiting agencies. Pakistan introduced the system through the Emigration Ordinance of 1979, which established the Bureau of Emigration and Overseas Employment (BOE). The BOE was given regulating responsibilities, which include the authority to issue licenses to recruiting agents and ensure full compliance with the minimum standards in the foreign employment contract. The BOE also determines the rate of various charges, including the commission to be charged by recruiting agents, and the insurance rate to be paid by migrants as part of a 'welfare fund' to cover the possibility of death or disability incurred during employment abroad. Most of the recruiting agencies are located in city hubs. The case study for Pakistan could not identify any licensed recruiting agency in the mountain districts of Pakistan.

in Nepal, migrants claim that agencies charge as much as US\$ 1,200 for employment in Malaysia or the Gulf countries (Dreusse and Schlueter 2009, p 11). Returned migrants in Pakistan reported that a contract of two to three years was usually sufficient to cover the costs of migration and accumulate some savings (Arif 2009).

While recruiting agencies have an extensive outreach in Nepal, they are less relevant in the mountain areas of Pakistan and Uttarakhand in India. The outflow data from the Bureau of Emigration shows that 46 per cent of the Pakistani migrants in 2004 went abroad on a direct visa (Suleri and Savage 2006). Research also shows that migrants assisted by recruiting agents earn a lower salary than migrants who directly contact their employers for similar jobs (ODI 2006). In Uttarakhand, friends and relatives were the major source of information for 60% of the migrants surveyed. The same holds true in Nepal for migration to India. Direct contacts substantially reduce the overall cost of migration.

Table 2: Average cost of international migration from Pakistan

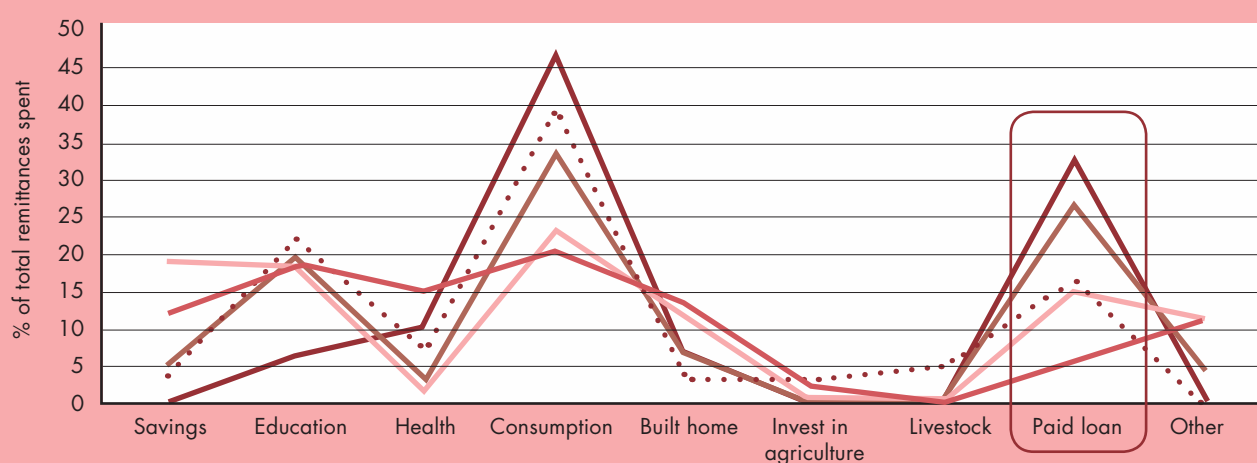
Route	Cost (approx USD)	Advantages	Disadvantages
Through agent	1,875–3,125	More likely that visa is approved Takes less time	High cost
Through relatives in destination country/ direct visa	1,000–1,375	Safe	Invitees must provide a guarantee letter
Directly on a tourist visa	625–1,000	Cost effective	Takes more time Visas often rejected

Source: ODI 2006

Financing migration

Many migrants are unable to meet the cost of migration on their own, and must borrow funds. But financial services in mountain areas are scarce and most have to take credit from moneylenders. Moneylenders throughout the western HKH charge exorbitant rates of interest, ranging from 5 to 10% or more per month, or up to 150% per year (Field Study Nepal in Sherpa 2010). Thus a great part of remittances are used to repay loans (see Figure 3). In Nepal, most respondents borrowed from local moneylenders because of the simple procedures and wide availability. But some migrants, particularly those with low paid jobs, run into trouble repaying high interest loans, and end up losing land and cattle, and have sometimes even become unpaid bonded labourers to the moneylender. Similar cases of migrants falling into debt traps, unable to pay even the interest, have been reported in other parts of Nepal (Dreusse and Schlueter 2009, p14) and Bangladesh (MigrationDRC 2009, p18).

Figure 3: Proportion of most recent remittances used on average by households in each spending quintile* for different purposes in Nepal in 2006



*HHs divided into five bands (quintiles) according to total amount spent: bottom 2 — 3 — 4 — top —

Source: Ferrari et al. 2007

What moneylenders charge per month, commercial banks bank charge per year. But the limited outreach, bureaucratic hassles, necessity of collateral, and problems in showing creditworthiness make banks inaccessible and unpopular among villagers. In the survey sites in Nepal, savings and credit schemes of community organisations and micro-finance institutions are gaining popularity because of their comparatively low interest rates (12-18 per cent per annum), non-requirement of collateral, and simple procedures (Field Study Nepal in Sherpa 2010). At the destination, Nepali migrants have developed financial self-help associations with saving and lending as primary functions, due to a lack of viable, formal alternatives (see Thieme 2003 for a detailed description of two savings and credit associations identified among Nepalese migrants in Dehli: Rotating Savings and Credit Association [RoSCA] and Accumulating Savings and Credit Association [ASCRA]). The value of these associations goes far beyond the frontiers of the financial landscape, as they contribute to social security, social life, and community development (Thieme 2003, 2006). See Table 3 for a comparison of major credit facilities in the western HKH.

In Uttarakhand, India, the surveyed migrants mainly arrange funds for migration from within their own household (54%) or borrow from friends (38%). Moneylenders are generally avoided and, hence, there were significantly less cases of migrant families being caught in debt traps (Field Study India in Jain 2010).

Table 3: Comparison of credit options for mountain migrants

	Local moneylenders	Banks	Community organisations
Interest rate per annum	Up to 150%	12%	18%
Accessibility	High	Low	Increasing
Collateral	Labour, land	Land, gold	Community organisation membership, goodwill
Process	Very fast	Slow	Fast
Potential for bad debt	Very high	Very low	Low
Repeat customers	Medium	Medium	High
Awareness among villagers of credit offers	High	Low	Increasing

Source: Field Study Nepal in Sherpa 2010

Unskilled labour – low paid jobs – low remittance transfers

The volume of remittances sent by individual migrants from the western HKH is low. The main reason for this is that most migrants are unskilled or semi-skilled and work in low paid jobs. The major share of their earnings is consumed at the migration destination. Among the surveyed migrants from Nepal, almost half of the earnings are consumed directly at the destination (Field Study Nepal in Sherpa 2010). The average remittance for 64 per cent of the surveyed migrants from Uttarakhand, India, is just under INRs 3,000 (US\$ 63) per month, while migrants from Nepal send less than NRs 1,000 (US\$ 13) per month (Field Study India in Jain 2010, Field Study Nepal in Sherpa 2010). On average, Pakistani migrants remit only US\$ 46 per month, but this is still significant in terms of local household income (Arif 2009).

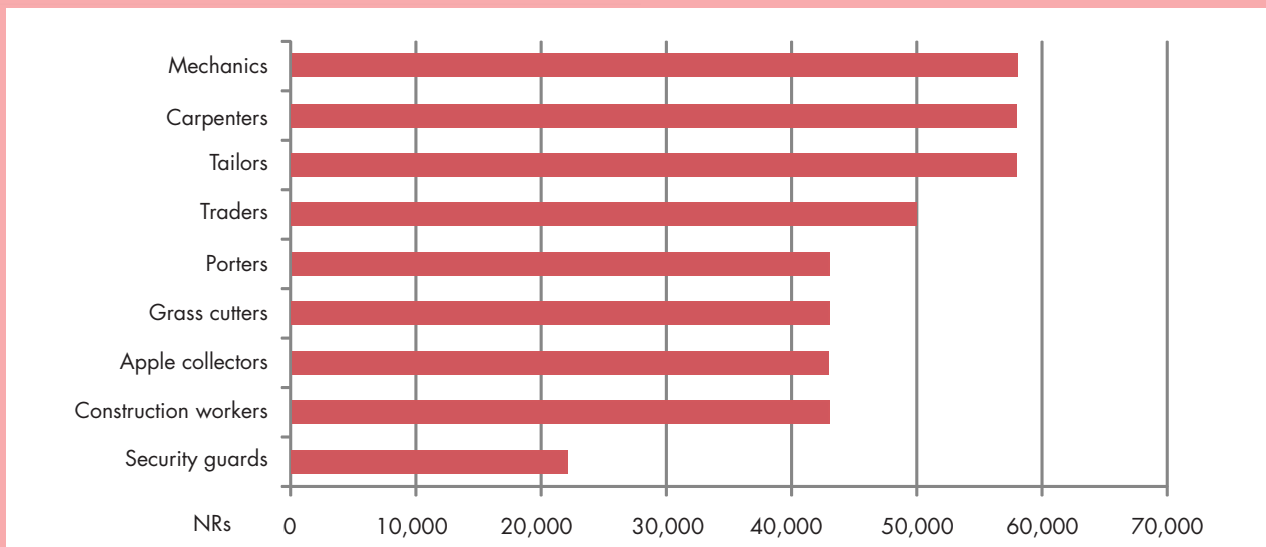
Uttarakhand has a fairly high literacy rate, which is reflected among the migrants from the state. Graduate and postgraduate migrants from the state were able to secure managerial jobs, while others with a higher secondary education were either in the armed forces (29 per cent of respondents) or entry level clerical jobs (16 per cent). The majority of less qualified migrants are employed in the informal sector as drivers, labourers, security guards, waiters, and chefs (28 per cent). The earnings of rural-urban migrants from Uttarakhand vary greatly, from INRs 3,000 (US\$ 63) per month to about INRs 18,000 (US\$ 375) per month. Only about 5 per cent of the Uttarakhand respondents worked as daily wage labourers (Field Study India in Jain 2010).

“We do not migrate to the cities to work as labourers, that work we can do in our own village”.

Migrant from Bageshwar district, Uttarakhand

Most migrants from the western Nepal are low skilled as the opportunities for education and vocational training are limited. Due to their lack of qualifications, most migrants work in low-paid jobs, such as portering, construction work, grass cutting, apple collecting, and so forth, with average earnings of about NRs 7,200 (US\$ 94) per month. If migrants had more opportunity for skill development they could earn significantly higher salaries; e.g., Nepali skilled labourers in Indian cities can earn up to NRs 9,600 (US\$ 125) per month (Figure 4) (Field Study Nepal in Sherpa 2010).

Figure 4: **Six-monthly earning scale of Nepalese migrants in India (in Nepali Rupees)**



NRs 10,000 = US\$ 130

Source: Field Study Nepal in Sherpa 2010

Cost of remitting to the western HKH

Technically, a migrant from the western HKH has various remittance transfer channels to choose from. The most prominent being the money transfer operators (MTO), banks, hand carry, and the hundi or hawala system. New technologies such as remittance transfers through mobile banking are on the rise.

Hand carry and hundi are informal channels. They are most widely used modes of remittance transfer in the western HKH, as other transfer modes lack sufficient rural outreach. The transaction costs are either zero or little and the remittances reach the door of the migrant's family. Hand carry is the most common mode of remittance transfer among the surveyed migrants from Uttarakhand (55%) and Nepal. However, the hand carry of remittances involves risk. For instance, Nepalese migrants have been robbed on their way home, and some report that their money was confiscated by police officials at the border.

The western HKH migrants in Southeast Asia, the Gulf, and western countries frequently use the hundi system to send remittances. The hundi or hawala remittance system is a major remittance system operating outside the formal banking system and is a cheap and easy way to remit money. It is an ancient system originating from South Asia and used today throughout the world by migrants to send remittances back home. Hundi is based on trust and the extensive use of informal networks. It does not involve the physical movement of money. The migrant at the destination informs a local hundi broker about the amount to be transferred and the hundi broker instructs his network to disburse the amount to the recipient at the migrants' place of origin. The system works on trust between brokers in the host and home country and does not involve any official or legal documents. The Hundi brokers make a profit on the currency exchange rate. Users appreciate the system's efficiency, reliability, and lack of bureaucracy and paper trail, and for reasons of tax evasion. However, the system is illegal in most countries and alleged to play a role in money laundering (Jost 2000).

According to a recent study by the World Bank (2009), 51 per cent of Pakistanis have financial access through informal financial systems whereas only 14 per cent use financial services through formal financial institutions. Formal remittances nearly tripled from 2001 to 2002 in Pakistan as many migrant workers using underground channels switched to banking channels to avoid being caught in the US-led investigations into terrorist financing (Gazdar 2003). This reveals another dimension to the volume of informal flows. Throughout the western HKH, formal channels are less popular than informal channels for transfers. Informal channels are generally quicker and cheaper, but can also be unreliable and risky (see Table 4). Formal means are often more expensive and time consuming, but safe and reliable. Banks are safe and offer low transfer costs, but have limited outreach in remote mountain regions.

Table 4: Comparative advantages and disadvantages of remittance channels to the western HKH

Remittance system	Advantages	Disadvantages
Hand carry	No transaction costs Money reaches directly to house People prefer to go home with money rather than empty handed (self-esteem) More convenient for women	Reported cases of robbery, pick-pocketing and misuse of money by friends Delays in sending remittance
Hundi	Quick Low transaction costs	Informal/illegal
Money transfer operators	Quick Increasing accessibility Reliable	Transaction costs relatively high Lacking outreach in remote areas
Bank transfer	Reliable Safe	Lacking outreach in remote areas Bureaucratic procedures, time consuming Difficult for migrants to access banking services Relatively high transaction costs
Post office	Safe	High transaction costs – 5% of total sum Time consuming (up to a month) Staff of post office unduly delay delivery of remittances

The financially illiterate members of a migrant's family are often discouraged by the bureaucratic procedures and paperwork involved in receiving money through banks. Others may be simply unaware of the benefits provided by banks and the additional financial services. A vast majority of western HKH households do not have a bank account.

“Many women and old people do not understand the policies and cannot sign, so they prefer not to use the banks to receive remittances. Women say that bank staff give them a lot of problems and ask for their signature everywhere. Moreover, the banks are located in the district headquarters, which makes it a time consuming and expensive exercise.”

Dechen Sherpa while carrying out the Nepal Survey

According to Rastriya Banijya Bank in Bajhang district, from April 2008 to April 2009 only NRs 250,000 (US\$ 3250) was received through money transfers (Field Study Nepal in Sherpa 2010). According to the Nepal Living Standards Survey (NLSS), almost 11,000 labour migrants left for Delhi from Bajhang. Considering that

“The process of sending money is not difficult at all. There are different mediums to remit such as International Money Express (IME), western Union, Express Money Transfer, Banijya Remit. As soon as money is remitted, a control number is given. The family member has to come with citizenship and the control number. Money can be remitted in one day.”

Manager, Rastriya Banijya Bank, Bajhang, Nepal

Mobile banking to reach the unbanked

In Pakistan, only 25 million people have bank accounts, which is less than 15% of the total population. Mobile banking (i.e., using a mobile phone to deposit, withdraw, or remit cash), such as being pioneered by Tameer Microfinance Bank, has the potential to increase the outreach of banking services to rural, previously 'un-bankable' areas (ADB 2008). Mobile banking links people's mobile phone number to their bank account, allowing them to make transactions through any ATM or authorised POS enabled banking agent. Mobile banking provides maximum liquidity for customers, with minimum cash-handling costs, making it highly suitable for rural customers.

Tameer Bank has recently teamed up with Telenor Pakistan (telecommunications company) to extend its operations to poor people in rural areas, especially those who do not have access to the formal banking system, using the mobile operator's extensive wireless coverage as part of a branchless expansion programme. The aim is to create mobile banking services that are highly customer friendly, fast, and secure (for more details see www.tameerbank.com and www.cgap.com).

In addition, the Microfinance Department of Pakistan plans to implement a 20-year, \$20 million endowment fund to complement the capacity building activities in rural areas. Part of the fund will be used to promote mobile money transfers and financial and basic literacy programmes for potential clients, as well as training for government authorities to support the development of an inclusive financial sector (ADB 2008).

In recent months, Nepal remittance stakeholders have been studying the Pakistani model to evaluate the potential for implementation in Nepal.

Pakistan's strategy to increase formal flows

The Pakistan Government encourages transfers through official channels by means of regulation and incentive schemes. Pakistan has allowed international migrants to open foreign currency accounts that pay preferential interest and to convert the holdings into local currency at premium rates. The wage-earner scheme provides privileges to migrants with remittances of US\$ 2,500 or more transferred through official channels, such as allowances for duty-free imports and issuance and renewal of passports free of charge (Hunzai 2010).

migrants to India remit on average NRs 9,000 (US\$ 120) per year (Kollmair et al. 2006), the transfer of remittances through official channels is probably less than 0.3 per cent. Official transfers to the neighbouring district Jumla are also low. In 2008, NRs 71,200, or less than US\$ 1000 entered Jumla via western Union Money Transfer, and another NRs 70,000 through Nepal Investment Bank, (Field Study Nepal in Sherpa 2010). Among the respondents from Uttarakhand, only 23% remit money through banks (Field Study India in Jain 2010).

Post offices are another transfer channel with potential. In Uttarakhand, 23 per cent of the migrants surveyed remit money through post offices. However, postal money orders have a high transfer cost (5 per cent) and a long processing time. Some cases of unnecessary delays caused by post office employees have also been reported (Field Study India in Jain 2010).

According to the community level study in Uttarakhand, migrants using formal channels remit money more regularly than migrants using informal channels. Almost 44 per cent of the surveyed migrants remitted quarterly, another 32 per cent monthly, and 18 per cent half yearly. Migrants with low savings prefer to remit quarterly or half-yearly, as over four to six months they can accumulate a reasonable amount to send back. In order to save on transaction costs they rarely use money transfer operators (Field Study India in Jain 2010).

Lack of local investment opportunities for financial and social remittances

A core finding of the community level studies is that migrants see few opportunities for investment of remittances, whether financial or social, at their place of origin. Saving rates, which are directly linked to investment capacity and credit availability, are low. In Uttarakhand, only 24 per cent of the recipient households surveyed generated any savings. On average, savings accounted for only 9 per cent of the total remittances (Field Study India in Jain 2010). In Nepal, saving rates are even lower as a major portion of remittances are needed to cover basic consumption and repayment of loans (Field Study Nepal in Sherpa 2010). Lack of investment ideas, entrepreneurship, infrastructure, and access to markets all contribute to the lack of motivation of mountain communities to save, which in turn leads to lack of availability of financial capital once investment opportunities arise.

"We do not have a habit of saving and we have no awareness of the importance of saving", said a 34 year-old migrant from Bajhang, Nepal, who claimed to have worked 13 years in a hotel in India, earning a total of NRs 750,000, without saving anything.

Pakistan's strategy to increase investment by migrants

Pakistan designed a scheme to encourage migrants to set up businesses in zones in 'backward areas' (OPF 2005 cited in Arif 2010). The Overseas Pakistanis' Foundation (OPF) established an Industrial Division to guide migrants settled overseas and returned migrants towards productive business investments, including joint ventures with the private and public sectors. The OPF published a 'Guide for Investment' for migrants, which provides information on government procedures and names and addresses of concerned departments and organisations. However, the scheme is struggling to respond to the further needs of migrants (Hunzai 2010).

Internationally, about 80 per cent of remittances are required for consumption, and only 20 per cent are used for investment (IFAD 2009). The picture for the Western HKH is similar. A large share of remittances is spent on household consumption such as food, clothing, health and education. In addition, funds are also used to build or improve housing, buy land, and to repay loans for migration. In Uttarakhand, 48 per cent of remittances are spent on food and clothing (Field Study India in Jain 2010) (Figure 5). Among the households surveyed in Nepal, 83 per cent of remittances are spent on consumption (Field Study Nepal in Sherpa 2010). The percentage of remittances spent on consumption tends to be higher for poorer households.

However, consumption should not be seen negatively. It is generally accepted that financial remittances, besides diversifying household income sources, also contribute to household welfare including nutrition, living conditions, education, and health (see, for example, Ghosh 2006; Rath 2007; De Haas 2007a; Dreusse and Schlueter 2009; MigrationDRC 2009; UNDP 2009). For poor households, remittances ensure immediate relief during food insecure periods. Furthermore, consumption has positive long-term benefits.

All case studies reported that many migrants were building new houses, which created demand for local services and has a significant multiplier effect. When remittances are spent on labour intensive goods and services, such as construction, or the establishment and expansion of a business, it benefits the migrant sending community as a whole, including non-migrants, through multiplier effects (De Haas 2007a, UNDP 2009). Human capital greatly benefits from remittances through enhanced nutrition and school attendance (UNDP 2003). In the surveyed households in Uttarakhand, 7 to 9 per cent of remittances are invested in education. The education status is observed to be higher among migrant households. The survey in Nepal indicated that, after consumption and repayment of loans, education receives the highest attention, making a considerable contribution to the development of human capital (Figure 2).

In the surveyed sites in Uttarakhand, only 8 per cent of remittances are invested in businesses such as animal husbandry, small shops, and roadside eateries. A higher percentage of respondents (19%) claimed to use some remittances to hire agricultural labour (Field Study India in Jain 2010). Similar findings hold true for Azad Kashmir, Pakistan, where remittances are used to upgrade farm equipment and hire labour. In rural Pakistan, remittances have a significant effect on the accumulation of two agricultural assets: irrigated and rainfed land (Khatr 2007).

Besides financial remittances, ideas, practices, skills, and identities also flow back to the home country (UNDP 2009, p 79). All survey results from the western HKH showed that migrants return with new skills, which can have a significant impact on the development of their home community.

Pakistani returned-migrants were ranked much higher in job performance by their employees compared to domestic workers with no overseas employment experience as they know modern techniques, allowing them to perform faster and more accurately, thus saving costs (Azam 2005). Overall, field appraisals showed that self-confidence, awareness, and the knowledge of the returnees had improved significantly. Many of the returned migrants are considered 'opinion leaders' in their villages, some even running for public office. In Uttarakhand, migrants had a particularly positive effect on the youth. They encouraged higher education, promoted the need for knowledge of computers and English language, and supported them to migrate. Nevertheless, concerns were also voiced that some returning migrants might not be fulfilling their role as a 'change agent' in the best interests of the community (Field Study Nepal in Jain 2010). Suresh Shahi, from Chhedui in Nepal, recently returned from India. He says he went to India, not just to earn money, but to learn skills. Overall, however, social remittances remain as unexploited human capital for development of the origin community (Field Study India in Sherpa 2010)

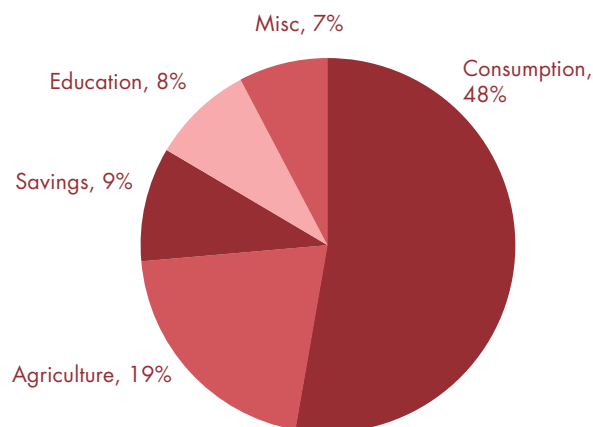


Figure 5: Utilisation of remittances by households

(Source: Field Study India in Jain 2010)

Social and financial remittances: A foundation stone for entrepreneurship

Ratan Bahadur Rawal (age 32) from Talhyum VDC in Jumla, Nepal, first went to India when he was 13 years old. He went to Kinor in Himachal Pradesh, where he worked on an apple farm. He soon learned different skills, like stem grafting, grading, and packing apples, and earned close to NRs 50,000 in six months. With the savings, he bought land in his village and started planting apples on a small plot. Today, his farm has 28,000 plant seedlings of apples, walnuts, peaches, pomegranates, and lemons, which he sells to the Agriculture Office. He makes around NRs 200,000 a year, and is optimistic that he can make NRs 500,000 a year. He has not gone to India since he started his own farm. He says, "I'm glad I went to India and earned money, as well as learning skills. But, there are plenty of opportunities here as well, although we do not see them. We think there is no other way besides migration".

Gender Challenges

Migration in the western HKH is a highly engendered process, with mostly men leaving and women staying behind. A primary objective of the field studies was to identify the gender effects of this predominantly male outmigration.

Migration has positive as well as negative impacts on the social status, drudgery, and decision-making capacity of women. A majority of the surveyed women (62 per cent) in Uttarakhand were happy about the migration of their husbands as they believed it was necessary to ensure a better future for their children, and because it increased household income, improved their social status in the village, increased their decision-making power, and provided them with more freedom. Male migration has led to an increase in the self-confidence of women, particularly those from nuclear families, as they have to perform a number of tasks outside the house (Figure 6a).

On the negative side, women cited an increase in workload, problems with in-laws, separation from their husbands, low income of their husbands, and marital insecurities as reasons for dissatisfaction (Figure 6b). A serious concern is the increase in drudgery for women in migrant households. On average, women in the western HKH work 16 to 18 hours a day. Due to male migration, women's work hours have increased on average by 2 to 4 hours a day. Besides daily household tasks, women in migrant households have an increased role outside the house, performing physically demanding tasks in the fields and forests. Both the field studies in India and Nepal concluded that the increased workload has a detrimental impact upon women's health, leading to a rise in mental tension and physical stress, particularly for women heading nuclear families, as they cannot depend on other male relatives in the absence of their husbands. Furthermore, some respondents in Uttarakhand expressed fear that their husbands may have developed extra-marital relations in the cities. In the remote Nepal sites, cases of HIV and fatalities are reported in relation to migrant labourers. In both study sites, villagers reported feeling shy and reluctant to seek medical care, and particularly women felt scared to go alone to hospitals. In Nepal, most of the villagers interviewed did not know about HIV or showed a lack of interest in the issue.

Status and decision-making power of women from migrant households varies with family structure

For the study site in India, the decision-making power of wives of migrants heading nuclear households increased, but that of wives of migrants from joint families decreased. The latter are either too shy or too scared to voice their views in the presence of male relatives who head the household. In Nepal, women who become the default head of their households are only allowed to take minor decisions, while the major decisions are deferred until the return of male members. Previous studies (Hampshire 2006; King et al. 2006; Kaspar 2005) in developing countries also concluded that migration may not always bring about a permanent change in established gender norms.

Findings from the community level studies indicate that the impact of migration is related to family structure. First observations from Uttarakhand suggest that joint families benefit more from migration than nuclear families. The primary reason for this is that in a nuclear family the wife of the migrant (who becomes the de facto head of the household) finds it difficult to manage agricultural operations on her own. Despite making additional investment in labour for agricultural operations, wives of migrants are, in many cases, unable to cultivate their entire landholding; fallow land represents an economic loss for such households. In joint families, other male members of the household are able to compensate for the loss of human capital due to the migration of one of its members.

In joint households, remittances often do not reach the wife of the migrant. In-laws spend the funds according to their own priorities. In Nepal, some of the wives of migrants received a small amount of money from their husbands without the knowledge of their in-laws.

Figure 6: Reasons for (a) satisfaction and (b) dissatisfaction of migrants' wives in Uttarakhand



Source: Field Study India in Jain 2010



Woman standing guard during blessing of the crops, Tangbe, Mustang, Nepal

4 Leveraging Labour Migration for Mountain Development

Recognising the Importance of Remittances

In the three case studies in the western HKH, migrants and their households voiced the same demands. They need assistance to obtain better-paid jobs; they require access to cheaper credit and safer ways to send remittances to their families; and they need better options for investing their earnings. Although the western HKH has one of the highest migration rates in the whole HKH region, few policy or development interventions have so far addressed these needs. To some extent, the contributions of migrant labour to economic development remain unrecognised, with migration perceived as having negative economic, political, and social impacts, resulting in a hostile attitude by governments towards migrants (Deshingkar 2005).

However, the trend is changing, and gradually more HKH governments are recognising the relevance of remittances and their positive impact on development. In line with broader empirical research, the case study for Uttarakhand clearly indicated a significant decline in the number of migrant families living below the poverty line (BPL). Among the sample households it was found that the percentage of BPL families decreased from 68 per cent (at the time of migration) to 35 per cent (at the time of the study), with migration and remittances being a strong factor in this change (see Table 5). Similarly, remittances account for almost 20 per cent of the decline in poverty in Nepal since 1995, against a background of armed insurgency and economic downturn (Lokshin et al. 2007).

Table 5: Financial status of migrant households before and after migration in Uttarakhand

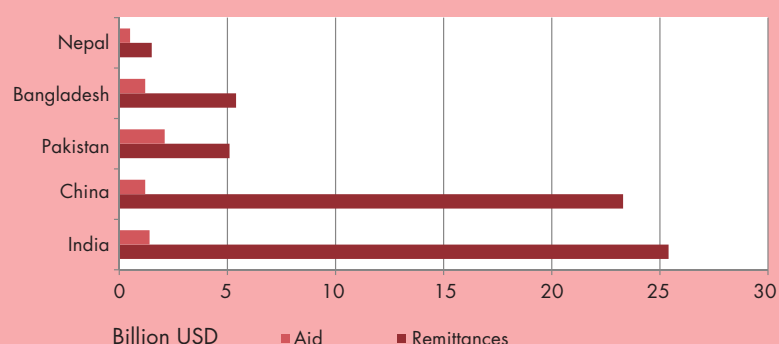
Village	Before migration			After Migration		
	BPL HHs	APL HHs	% BPL HHs	BPL HHs	APL HHs	% of BPL HHs
Kangsali	9	3	75	6	6	50
Takoli	10	1	91	5	6	45
Musoli	8	4	67	3	9	25
Dhapola sera	6	4	60	3	7	30
Kothi	6	5	55	2	9	18
Sawad	7	5	58	5	7	42
Total	46	22	68	24	44	35

BPL = below poverty line; APL = above poverty line; HH = household

Source: Field Study India in Jain 2010

Indeed, for many HKH nations, official remittances are a multiple of development aid (Figure 7). Field observations strengthen the assumption, that this is particularly pronounced in the mountain areas. In Nepal, almost half of some hill households receive remittances that represent close to 35% of their income (Hoermann and Kollmair 2009). In Pakistan, remittances account for half of household income for recipient families (Arif 2009). To families in the western HKH, remittances, unlike government or development aid, reach them directly and immediately; they are central to the basic subsistence needs of mountain people.

Figure 7: Formal remittances to some HKH nations compared to official aid flows, 2007



Data Source: World Bank 2008

Migration and remittances have progressively become more visible in the global development agenda. Several major international conferences in 2009 focused on how to improve the development impact of labour migration. At the International Forum for Remittances in Tunis, the Vice-President of IFAD regretted that there are not more such events in light of the sheer volume of remittances, as compared to development aid (Figure 7). The recommendations of the Forum are basically the same as the demands of the western HKH migrants, and target better management and utilisation of the potential presented by migration and remittances. The six recommendations were: (1) increase competition for remittance transfer; (2) empower market actors (particularly micro-finance institutions, credit unions); (3) achieve effective and efficient regulation for remittance transfers; (4) adopt new technologies; (5) expand access to financial services; and (6) make more financial services available in rural areas (IFAD 2009b). The Global Forum for Migration and Development (GFMD), an international forum established on the recommendation of Kofi Annan in 2006, joins policymakers and civil society from around the world annually to investigate methods through which migration can contribute towards development goals. Supportive policies and development interventions need to target both the immediate needs of migrants and their communities, and provide long-term orientation and planning that proactively addresses the continuously changing context.

Although HKH policymakers are paying increasing attention to the beneficial effects of managed migration, there is still room for improvement, particularly considering the high rates of labour migration within the region (see Figure 8). Some major recommendations on how to mitigate impediments and increase the development impact of migration in the western HKH are given in the following.

Recommendations to Increase the Development Impact of Remittances and Migration

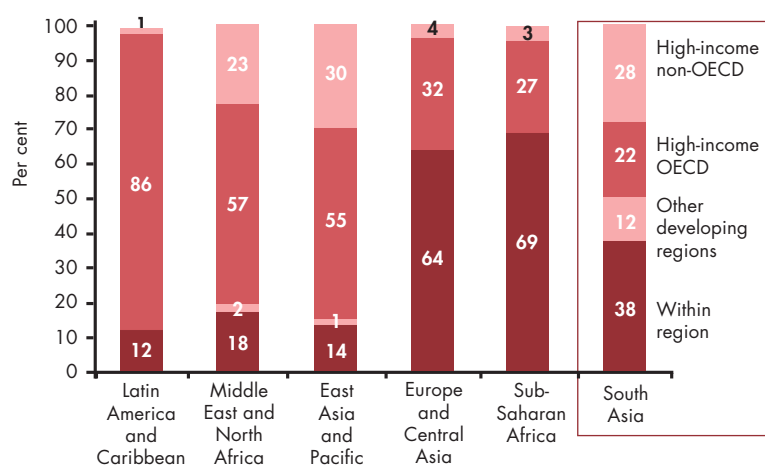
Foster and manage skilled migration

The outreach and quality of school education and vocational training in mountain areas is very low. The majority of migrants from the western HKH are unskilled and, as migrants, only qualify for low paid jobs. Low earnings make it difficult for migrants to save after covering consumption and accommodation needs at the destination. However, migrants learn skills at their destination. Unskilled labour is transformed into skilled labour with high potential for use at the place of origin. Nevertheless, these skills mostly find little opportunity for application in their origin communities (see Chapter 3).

Low savings, remittances lost in repaying loans, and unusable acquired skills or human capital for mountain areas are impediments to development that can be addressed by fostering and managing skilled migration:

- Increase the outreach of vocational training in rural mountain areas. Specific skills such as carpentering, stitching, metalwork, making tools, motor mechanics, plumbing, training in new technologies, and language competency are in demand and can help migrants to obtain jobs with higher salaries. Studies by the MigrationDRC (2009) reported similar demands for new skills and language competencies in other parts of South Asia. Currently, the education system does not impart vocational skills to students in the western HKH.
- Facilitate 'brain gain'. Evaluate what skills migrants can attain at their destination and which of these are relevant for the development of mountain communities. Focus vocational training thereon and facilitate respective job opportunities at their destination. Support the return of skilled migrants and the investment of their human capital.

Figure 8: South-south migration versus south-north migration by source region



Source: Ratha and Shaw 2007. Reprinted with permission from the International Bank of Reconstruction and Development, The World Bank (data source and data copyright holder)

- Improve the availability of knowledge and information on job opportunities. Increase the capacity of aspiring migrants to arrange jobs independently and simplify procedures to emigrate. Migrants often lack the knowledge or information on how to get a job and need to pay a broker to arrange it for them. Many take loans from local moneylenders at exorbitant interest rates to pay broker fees and struggle to pay the loan back.

Make more financial services available in rural areas and build financial literacy

The majority of migrants cannot rely on family and friends for funds to migrate and turn to moneylenders for credit as there are no formal lending services. Moneylenders charge up to 12 times the price of formal credit institutions. Savings among mountain people are low partly because they have low earnings and lose a substantial part of these earnings in paying back loans, but also because savings and investment opportunities are rare in rural mountain areas and thus there is no incentive to save. Overall, the western HKH lacks formal financial services for credit, saving, and investment. Of equal concern is the limited financial literacy among marginalised mountain communities. The studies found that, even where formal financial services are available, they are not used because people are either not aware of them or shy away from the bureaucratic procedures involved. The limited outreach of formal financial institutions in remote mountain areas is one of the main reasons why migration sometimes turns into a debt trap, rather than a successful livelihood strategy (see Chapter 3).

The recommendation is, hence, twofold:

- Extend the outreach of formal financial institutions, such as banks, micro-finance institutions (MFIs), and credit cooperatives to provide cheaper loans and financial services for micro-saving, investment, and insurance.
- Use the extended network of MFIs and credit cooperatives to raise financial literacy among mountain communities.

Himalayan community organisations offer saving and credit schemes

IFAD and ICIMOD support the formation of community groups through the Western Uplands Poverty Alleviation Programme, Nepal. The average size of a community organisation (CO) is about 20 people. Villagers collect and save NRs 10 (US\$ 0.7) per person every month, which is available as credit to other members. The CO charges an interest rate of 12 to 18% per annum. Although, the COs are at an early stage and face typical management problems, one CO in Bajhang has already collected net savings of over NRs 100,000 (US\$ 7,000). Respondents claimed that half of the savings came from remittances.

Increase competition for remittance transfer and adopt new technologies

The major challenge involved in transferring remittances to the western HKH is the limited outreach of payout locations. In the few cases where payout locations are, or could be, available, regulatory issues or the limited financial literacy and awareness of communities on how to use these services, prevent them from being used (see Chapter 3).

There is an urgent need for an increase in overall financial services in rural mountain areas. The following recommendations specifically address improving the transfer of remittances:

- Improve the rural outreach of micro-finance institutions (MFIs). Build the MFI regulatory framework and the capacity of post offices to act as payout locations.
- Increase awareness among migrants about the different methods of sending money back home and the risks involved in informal transfers.
- Adopt new technologies such as branchless banking and mobile banking in the western HKH to facilitate cheap, easy, and secure remittance transfers. There are already experiences of this in the Indian Himalayas. In the Hindu Kush, Vodafone-piloted mobile banking in Afghanistan and Pakistan is already in an advanced stage in expanding the outreach of mobile banking to the rural poor (see www.cgaporg).

Facilitate the investment of social and financial remittances in mountain areas

Migrants return with money and new skills. In most cases, there is little opportunity to invest either, or, as the case studies showed, migrants do not recognise local investment opportunities (see discussion in Chapter 3). The objective is to create investment opportunities that are tailored to the financial and human capital that migrants bring home.

The traditional path is to improve opportunities for agriculture or non-timber forest products (NTFPs). Such agro and non-timber forest product value chains require examination and intervention to increase the returns for mountain producers. Production technologies and marketing knowledge require upgrading. Farmers need greater support in soil and water conservation, improvement in irrigation, and agricultural financing and marketing, particularly through the wider outreach of extension services. In addition, an interesting finding for India was that in each village a sizeable chunk of land is lying fallow due to the permanent migration of land owners. Possibilities may be explored to facilitate the leasing of fallow land, through either the government or the private sector, to economically weak farmers with small landholdings (see Chapter 2).

At the same time, new investment opportunities require facilitation. The role of human capital, in the form of new skills and knowledge, which migrants attain at their destination is particularly relevant here (see Chapter 3). From the case studies, services such as those relevant to mountain tourism showed great potential. Both sites studied in India and Nepal are located in areas with good potential for the development of tourism, which is as yet unexploited due to lack of awareness of the opportunity, lack of skills among locals to materialise it, poor accessibility, lack of marketing support by the government, and limited business models and financing products. There is a strong need to recognise returned migrants for the capital they have acquired and are now interested in investing in their home communities by offering tailored support and guidance.

ICIMOD's role in migration

ICIMOD is working to raise awareness among public and private sectors and civil society about the significance of migration as a livelihood strategy in the western HKH region. Through studies, this regional Centre has highlighted the challenges and development potentials of social and financial remittances for the Hindu Kush-Himalayan mountain communities. ICIMOD is facilitating cooperation among regional and international stakeholders to leverage labour migration for mountain development.

Address the feminisation of mountain economies

The case studies clearly underline that labour migration in the western HKH is a predominantly male phenomenon. Women are generally left behind. As a result, any intervention to increase the development impact of labour migration in the origin communities, including in the migrants' households, requires a strong gender perspective.

The following aspects require consideration:

- Recognise that migration leads to the feminisation not only of mountain agriculture, but also of the overall mountain economy in the western HKH. Women take on more responsibilities at the place of origin, make decisions that are relevant to the development of their communities, and need stronger support targeted to their specific needs.
- The workload of the female members of migrants' households increases substantially. Agricultural techniques that women can handle and that save time must be developed, piloted, and scaled up.
- Capacity building initiatives need to target women. Migrants state that they would send more remittances on a regular basis if they were well invested in the place of origin. Currently, the practice is to save at the place of origin and invest only upon return. Keeping in mind that the more that is remitted regularly, the less will be consumed by the migrant at the destination, an urgent intervention is needed to build the capacity of women for financial literacy and financial products, and to build entrepreneurship.
- Only a few migrants are insured for injury or death, even though many work under hazardous conditions. More attention is needed to micro-insurance to offer basic protection for migrants and their dependent households. Awareness of HIV also needs to be increased.

These recommendations provide a guiding framework for leveraging labour migration and remittances to support development and poverty reduction in the western HKH region.

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Acronyms and Abbreviations

ADB	Asian Development Bank
AK	Azad Kashmir (Pakistan)
AKRSP	Aga Khan Rural Support Programme
BOE	Bureau of Emigration and Overseas Employment
BPL	below the poverty line
CO	community organisation
HKH	Hindu Kush-Himalayas/n
ICIMOD	International Centre for Integrated Mountain Development
IFAD	International Fund for Agricultural Development
IPCC	Intergovernmental Panel on Climate Change
IRs	Indian Rupees
MFI	micro-finance institution
NA	Northern Areas (Pakistan)
NRs	Nepalese Rupees
OECD	Organisation for Economic Co-operation and Development
VDC	village development committee
WUPAP	Western Uplands Poverty Alleviation Programme

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The International Centre for Integrated Mountain Development, ICIMOD, is a regional knowledge development and learning centre serving the eight regional member countries of the Hindu Kush-Himalayas – Afghanistan, Bangladesh, Bhutan, China, India, Myanmar, Nepal, and Pakistan – and based in Kathmandu, Nepal. Globalisation and climate change have an increasing influence on the stability of fragile mountain ecosystems and the livelihoods of mountain people. ICIMOD aims to assist mountain people to understand these changes, adapt to them, and make the most of new opportunities, while addressing upstream-downstream issues. We support regional transboundary programmes through partnership with regional partner institutions, facilitate the exchange of experience, and serve as a regional knowledge hub. We strengthen networking among regional and global centres of excellence. Overall, we are working to develop an economically and environmentally sound mountain ecosystem to improve the living standards of mountain populations and to sustain vital ecosystem services for the billions of people living downstream – now, and for the future.



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