

Monthly Bulletin



RIGHTS Nepal

Human Security | Good Governance

RIGHTS Nepal is a think tank founded in 2020, based in Kathmandu with the mission of focusing on nationwide policies, decisions, plans, actions and their justified need, development and outcome.

This publication has been specifically designed to assess the important events of the past month on the basis of two major pillars: **Good Governance and Human Security**



RIGHTS Nepal

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Human Security

Abuse of Nepali Migrant Workers in Qatar

Since winning the right to host the 2022 World Cup, Qatar has brought in hundreds of thousands of migrant labourers to build hotels, stadiums, and roads in preparation for the tournament. Nearly 2 million of Qatar's workforce, or 95% of the total, are migrant labourers. Around 800,000 workers, or 40% of all workers in the construction industry, are migrant labourers from Nepal. The majority of migrant workers in Qatar are from Nepal, where they fill the gap left by the nation's labour shortages. According to Qatari authorities, they had invested around \$500 million every week in infrastructure improvements relevant to the World Cup. Migrant workers work with barely any human rights protection in an environment of exclusion and isolation. Nepalese employees in Qatar are also forced to work 10 to 14 hours a day, frequently in extreme heat environments with only four hours of sleep, and to live in small spaces without even the most basic of amenities. Time magazine claimed that each day a Nepali worker in Qatar dies as a result of the extreme working conditions there. While the preparations for the 2022 FIFA World Cup in Qatar were being closely watched, no deaths at the actual workplaces associated with the enormous event were reported.

In December, around three dozen human rights organizations wrote to Gianni Infantino, the president of the international governing body FIFA, the World Cup organizer, in response to Qatar's refusal to adequately compensate the Nepali workers engaged in building the infrastructure for the ongoing football World Cup. They urged Infantino to take action to ensure that the workers receive compensation. The letter read “We call on you to focus on the workers and use all the financial and political resources at your disposal to set up a programme to compensate workers and their families who lost so much so that others—including FIFA—may win”. It also highlighted difficulties in accessing a compensation fund set up by Qatar in 2018 for compensation of stolen wages and compensation to families of loved ones whose cause of death had not been investigated. The groups had also put up billboards with their message all throughout Kathmandu, notably at Tribhuvan International Airport, where workers from Qatar frequently return without their pay and where the bodies of deceased migrant workers are frequently brought home. Among the many written letters, Amnesty International Nepal, Accountability Watch Group and National Network for Safe Migration had said, “Our concerns for the rights of Nepalis in Qatar did not start when FIFA awarded the World Cup and will not end when the tournament is over. The stories of stolen wages and broken dreams are part of our everyday life. We are far too familiar with images of coffins arriving at Tribhuvan airport,”

Som Prasad Lamichhane, the Executive Director of the Pravasi Nepali Coordination Committee says, “We have come together to call on Gianni Infantino to make good on FIFA’s promises to respect workers’ rights and agree to compensate workers who have suffered abuses and families who have lost loved ones. We know the real human costs of the abuses faced by so many workers in Qatar. Families have spiralled into poverty, children have been taken out of school, and workers forced to migrate again to pay off debts. FIFA cannot be blind to this reality and must act to make things right.”

Since 2010, when FIFA selected Qatar to host the 2022 FIFA World Cup, around 400,000 Nepalese workers have travelled to Qatar for employment purposes. Heavy tasks such as building roads, stadiums, and metro lines would not have been possible without Nepalese migrant workers. According to human rights activists, this opportunity had provided the means to support families back home to some workers but for others, it had led to poverty, debt, abuse and even death. Migrant workers have been continuously suffering from labour

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abuses as they have no choice but to pay illegal recruitment fees of over \$1000 to secure their jobs. Many human rights organizations have regularly documented cases of unpaid wages and labour abuse in Gulf countries. Because of hard labour tasks and dangerous working conditions, the deaths of workers are rarely investigated. A study 'Heat Stress Impacts on Cardiac Mortality in Nepali Migrant Workers in Qatar' conducted in 2019 found that the deaths of at least 200 Nepali construction workers could have been prevented between 2009 and 2017 with adequate protection from extreme heat.

In an effort to curtail abuses, Qatar has recently strengthened its labour standards and created a new immigration centre in Nepal. Still, abuse of workers continues to occur on a considerable scale despite some progress. In 2022, many human rights organizations, and trade unions have called on FIFA and Qatar to set up a remediation programme that would act on reducing future abuses and would also compensate current workers. This call had also been supported by 12 Football Associations, four FIFA sponsors, and many fans' opinion polls. According to Nirajan Thapaliya, Director of Amnesty International Nepal, "There is a huge danger that when the final whistle is blown on the World Cup, the contribution and sacrifice of so many migrant workers will be forgotten, and their claims for justice and compensation ignored. If FIFA wants to show respect towards the people who made this tournament possible, Gianni Infantino should finally agree to ensure workers and their families are compensated. Their claims must not be dismissed any longer."

Nepal reviewing import ban after IMF Prodding

After the International Monetary Fund (IMF) questioned the wisdom of lengthening Nepal's import ban on certain products because it was harming commerce and the economy, Nepal is reviewing its seven-month-old import ban. Following it, IMF has delayed the second instalment of a \$400 million loan to Nepal till February 2023, stating that it had not fulfilled the conditions. Nepal has received \$110 million as the first instalment. The 38-month financing package has been provided to Nepal for the Covid-19 response in reducing and controlling the pandemic's impact on health and economic activity, supporting sustained growth, preserving macroeconomic and financial stability, protecting vulnerable groups and poverty reduction.

According to Ishwori Prasad Aryal, joint secretary at the Ministry of Finance, Nepal has fulfilled all the conditions set by the IMF when the terms of the loan were agreed but now IMF is concerned about Nepal's import restriction policy. He also stated that the IMF has informed the Finance Ministry that they will start the first review on Nepal by November-end to release the second instalment. The IMF approved a \$395.9 million extended credit facility for Nepal on January 2022. As per the agreement, the IMF will provide around \$55 million in the second disbursement.

IMF also insisted on taking other monetary measures to deal with the issue of depleting foreign exchange reserves as such an import ban on luxury items can bring negative impacts on the economy.

The import ban was affecting many businesses, especially the automobile industry. According to Dhruba Thapa, president of the Nepal Automobile Dealers Association, because of the import ban, more than 75 car showrooms have shut down and another 70 are on the verge of closing down, more than 8000 people involved in the automobile sector have lost their jobs. With no vehicles in their inventory, the dealers are finding a hard time in paying the bank's interest, employee salaries and rent.

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Good Governance

The rising case of Money Laundering and weak Control Protocols

Compared to the prior fiscal year, in 2021/22, the number of suspicious transactions in banks increased by 81 per cent, according to an annual report released by the Nepal Rastra Bank's Financial Information Unit (FIU). Nepalese banks reported 2,380 cases of suspicious transactions to NRB's FIU during the FY 2021/22 as compared to 1,533 cases in the previous year. The cases of suspicious transactions in commercial banks are increasing, despite the Nepal Rastra Bank's (NRB) initiatives about the need to tighten anti-money laundering regulations.

Nepal Rastra Bank recently warned Nepali Banks and Financial Institutions to exercise caution when handling suspicious transactions, citing an increase in occurrences of unlawful transactions. According to the NRB, these transactions may have also been used to fund terrorism, drug trafficking, organised crime, extortion, arms-related offence, fraud, counterfeiting of currency, environment-related crime, smuggling and forgery. NRB has given banks and other financial institutions instructions to evaluate the possibility of financing terrorism and money laundering through the banking system. They are expected to estimate the likelihood of vulnerability and the possible severity of the effects if the risk is not appropriately managed. The banks and financial institutions have been instructed to create a risk matrix that includes the possibility, severity, and scope of such a threat, vulnerability, and the scope of consequences, according to a set of risk assessment guidelines released by NRB.

Nepal Rastra Bank has decided to establish the Money Laundering Prevention Supervision Division in its initiation to prevent suspicious transactions and money laundering. The division has resolved to inspect and monitor the prevention of financial investment in money laundering and terrorist operations, according to a notice released by NRB in December.

The government's attempts to reduce instances of money laundering domestically are now being evaluated by the Asia Pacific Group of the Financial Action Task Force (FATF). According to analysts, if the nation doesn't meet the necessary requirements set forth by international organizations, they may keep it on their blacklists. If Nepal is blacklisted, it won't be the first time as the nation was previously blacklisted from 2009 to 2014, which led to the suspension of Nepali bank accounts in the United States. According to Hari Prasad Nepal, deputy director at Nepal Rastra Bank and an expert at the Department of Money Laundering Investigation, Asia Pacific Group and FATF had started to evaluate Nepal's books in mid-July.

World Bank and Rural Reconstruction Nepal sign \$4.5 million grant pact

World Bank and Rural Reconstruction Nepal signed a \$4.5 million five-year grant agreement to help strengthen the capacity of indigenous peoples and local communities in Nepal's forest sector by participating in Nepal's REDD+ (Reducing Emissions from Deforestation and Forest Degradation) processes for sustainable management of forests at local, national and global levels. Rural Reconstruction Nepal is the national executing agency for the project. The agreement was signed by Lada Strelkova, World Bank Operations Manager for Maldives, Nepal, and Sri Lanka, and Arjun Karki, president of Rural Reconstruction Nepal.

According to Strelkova, this project supports Nepal's indigenous peoples and local communities through a dedicated funding mechanism that will promote and protect their customary institutions that are crucial for the

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sustainable management of natural resources and climate resilience. She also added that the project contributes significantly to Nepal's transition to Green, Resilient, and Inclusive Development (GRID) for sustainable recovery, growth, and jobs.

Foreign currency reserves increase by 2.5 per cent

According to NRB's Current Macroeconomic and Financial Situation of Nepal Report, as of mid-July 2022, Nepal's Foreign Exchange Reserves were Rs 1215.8 billion. This amount has increased by 2.5% to Rs 1246.22 billion. The report is based on three months' data ending Mid-October, 2022/23.

Of the total foreign exchange reserves, reserves held by the central bank increased 4.3 per cent to Rs1101.60 billion in mid-October 2022 from Rs1056.39 billion in mid-July 2022. Reserves held by banks and financial institutions (except NRB) decreased 9.3 per cent to Rs144.62 billion in mid-October 2022 from Rs159.41 billion in mid-July 2022.

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