

**"Global Nepalis in Local Transformation"  
Harnessing the Potential of Non-Resident Nepalis  
for Nepal's Reconstruction and Development**

Keynote Speech by Kul Chandra Gautam\*

at 2008 NRN Day

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Dear friends,

I join other speakers here to wish all our brothers and sisters, non-resident Nepalis living all over the world happy Dasain, Deepawali and Chhat holidays. Ever since we started celebrating the NRN Day, this year's NRN Day is probably the happiest occasion. For the first time in over a decade, we have relative peace and tranquility in our country.

Nepal has gone through historic transformation – from war to peace, from monarchy to republic, and a popularly elected Constituent Assembly representing all the sovereign peoples of Nepal in their great diversity. For the first time in a long while, we Nepalis, both inside the country and abroad, can hold our heads high, once again, as proud citizens of a beautiful country at peace, trying to shape our political destiny, build a brighter economic future, and ensure greater social justice in larger freedom for all. We still have many problems, of course. To add to our age-old problems of chronic poverty, inequality and injustice, we are saddened by the recurrence of terrible natural disasters – like the recent Koshi river floods in the East and other calamities in the West – which cause great havoc and suffering to our people. But thank goodness, the man-made disasters of Nepalis killing other Nepalis, political violence, gross human rights violations, intimidation and extortion on a massive scale have subsided considerably. To bring Nepal's extraordinary *jana andolan* of 2006 and other historic political events that followed to a logical conclusion, we will soon start drafting a new constitution for the federal democratic republic of Nepal.

I hope – and I believe I am conveying here a common message of all non-resident Nepalis across the world - that as we begin to draft this new historic *political* constitution, simultaneously, we will also begin to draft an equally important second constitution – an “*economic* constitution” for Nepal.

Just like the political constitution which will enjoy broad national consensus, we need an economic constitution - or a long-term master plan for social and economic development, which will also be embraced enthusiastically by all Nepalis. To the vast majority of Nepalis, both inside the country and abroad, the true test of our new federal and republican democracy will be how it helps meet their basic needs – for food and shelter, for health and education, for jobs and human security. Without a detailed and credible roadmap for economic prosperity, a new political constitution that only outlines the system of our governance, political freedoms, human rights and social justice will be incomplete. Like our compatriots at home, non-resident Nepalis abroad are eager to see, and to help draft and implement an ambitious national reconstruction and development plan. NRNs are already making a huge contribution for national development, and are prepared to do even more. Throughout the decade of conflict, remittances by NRNs provided the economic life-line for many Nepali families and even to our state. Last year alone, through their hard work and great sacrifice our migrant workers sent home remittances worth NRs. 143 billion or US\$ 2 billion or nearly 20 percent of Nepal's GNI. Indeed remittances from foreign employment now constitute the second

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largest economic activity in Nepal - second only to agriculture - and higher than trade, manufacturing, construction, tourism, and foreign aid.

But it is not only the financial remittances that count. We should also value the “social remittances” that come in the form of new ideas, improved technical skills, and greater openness to attitudinal and behavioural changes that help build our “social capital”. And besides what NRNs bring to Nepal, we must also learn to value what they give to the world, and how they enhance Nepal’s prestige abroad. There is now a great variety of talent and skills among expatriate Nepalis. Many are highly skilled professionals and entrepreneurs. Many work as experts and specialists in international organizations, including the United Nations. Many have risen to managerial and leadership positions in the academia, information technology, business enterprises and social services. NRNs are also beginning to make significant contribution in the intellectual, scientific, technological and even spiritual and moral domains, both in their *janmabhumi* Nepal and *karmabhumi* around the world. Indeed, there is a long history of non-resident Nepalis rising above their own personal or material interests and contributing to national and even global causes of transcendental importance. As we are in Janakpurdham, it is worth recalling that perhaps the earliest and most illustrious NRN was Princess Sita of Mithila. Born in this holy land, married to the Prince of Ayodhya, kidnapped and kept in custody by the King of Lanka, Sita set an early example for all NRNs, especially our sisters to follow on the face of great diversity. A woman of many virtues, persistent and principled, Sita had to defy sexual harassment and mental torture, not unlike what many NRN women confront today. Gautam Buddha was undoubtedly our most famous NRN. Born in Kapilvastu, and enlightened in Bodh Gaya, he became the world’s most illustrious prince of peace. For over two millennia, billions of people around the world have followed his teachings and continue to be inspired by his messages. If Sita and Buddha were the earliest NRNs to spread the moral and spiritual values of this holy land, initially towards the South across the Ganges, Bhrikuti and Arniko were among the most illustrious NRNs who disseminated Nepal’s cultural and architectural beauty and ingenuity to the North across the mighty Himalayas. As we can see, going to faraway lands to learn as well as to earn, to share and discern Nepal’s wisdom and glory, has been a trait of NRNs since time immemorial. At a more mundane level, seeking seasonal employment in neighbouring countries has been an important source of livelihood for many Nepalis for centuries.

An organized system of employment abroad is a more recent phenomenon started nearly 200 years ago following the Treaty of Sugauli, when Nepali Gurkhas began serving in the British army. 300,000 Nepalis served in the two World Wars and suffered a staggering 45,000 casualties. Their bravery and sacrifice earned the Gurkhas many Victoria Crosses. And their hard-earned remittances became the principal export earnings of Nepal for many decades. These remittances sustained the livelihoods, and led to relative prosperity of communities from where the Gurkhas and other Lahures came.

I wish to acknowledge here how delighted we are that the Gurkhas have recently won a landmark victory in a British Court allowing them to settle down in Britain, if they so choose. Alas, the lack of provision of dual citizenship and other obscurantist laws of Nepal are making this a bitter-sweet victory rather than something we can celebrate without reservation. It is sad to see these brave Gurkhas, who love Nepal, and who have done so much for the development of their local communities, having to make a cruel choice of selling off their land and property in Nepal as they settle in Britain.

Instead of creating a win-win situation in which the well-being of the Gurkhas in Britain would also lead to the well-being of their native communities back home, our outdated laws are making Nepal a loser. By weakening the bonds of these NRNs with their homeland, we will accelerate the alienation of their children and grand-children from close affinity with Nepal. This will be a tragic,

irreversible and unnecessary loss for Nepal. And what applies to the Gurkhas in Britain today will apply to many thousands of Nepalis in other countries of the world soon, if we are not careful and prudent. The New Nepal must be cognizant of the wave of globalization in the world today and learn to capitalize on its benefits while avoiding its pitfalls. We must do everything possible to encourage Nepalis wherever they live in the world to continue to maintain their bonds with their ancestral land through dual citizenship or other practical positive measures. Worldwide experience shows that expatriate nationals can be a great source of financial as well as social remittances and social capital for the development of their home country.

Let us take the example of Ireland. Until just over a decade ago, Ireland used to be the poorest country in Western Europe. To avoid poverty and to improve their lot, a large number of Irish migrated to the United States and other countries. As they became more prosperous, the Irish diaspora started investing in their home country. With the right sets of policies and incentives, Ireland started prospering. Today Ireland has a booming economy and has joined the league of the richest countries in the world. We have seen similarly positive impact of remittances in the development of countries ranging from Israel to Jordan, Lebanon, Turkey, Mexico, the Philippines, and lately our neighbours India, Pakistan, Bangladesh and Sri Lanka. Nepal must learn from the experiences of these countries and emulate their non-resident national-friendly policies such as granting long-term visas, dual citizenship and other investment facilities that are of mutual benefit – for both the NRNs or PONs and for Nepal, of course. For this, we would urge the government of Nepal to examine with an open mind and creative spirit, and a sense of urgency, what is truly in the best interest of Nepal. Let us overcome our old, outdated, ultra-nationalistic fears, and consider this issue in the context of harnessing the power and potential of global Nepalis contributing to national transformation in this rapidly globalizing world.

In this context, the NRNs are greatly encouraged that in presenting the new government's policies and programmes for the fiscal year 2065/66 at the parliamentary session of the Constituent Assembly recently, President Dr Ram Baran Yadav said unequivocally - in para 47 of his statement - that NRNs will be encouraged and supported to invest in industry, trade and infrastructure development projects. And very importantly he added that relevant laws will be amended to give dual citizenship to NRNs. This statement was repeated by Prime Minister Prachanda on several occasions during his recent visit to the United States. With such political commitment at the highest level, we await follow-up action by the government, and hopefully by the Constituent Assembly itself, very soon. As we embark on restructuring of the Nepali state and our structures of governance, it would be most timely to consider, for the first time in our history, how we deal with the 6 to 7 million Nepalis – equivalent to a quarter of Nepal's total population - who live and work outside Nepal, but who love and cherish their ancestral homeland. To better service the large and growing number of NRNs, Nepal must further restructure and strengthen its diplomatic and consular services in countries and regions where there is a large concentration of Nepalis.

This can be done most effectively in partnership with NRNs of those countries and the Nepal government. We should further strengthen our diplomatic and consular services by providing special training in the languages, culture and laws for some of our diplomats posted in countries such as the Republic of Korea, Malaysia, and the Gulf countries, where there are a large number of Nepali migrant workers. Special financial and career development incentives should be provided to diplomats who acquire such knowledge and skills. Nepal should also establish bilateral agreements with these and other countries to ensure that NRNs benefit from minimum wage, social protection, medical care, and humane working conditions, and avoid unfair double taxation. But to do that the current staffing and structure in the Nepal government is clearly inadequate. Some countries have full-fledged ministries or departments to service their expatriate nationals. We do not even have a designated section or focal point of adequate seniority and authority. I

would strongly urge the Nepal government to upgrade its liaison function for NRNs to at least departmental level.

We know it costs money to establish a whole new Department and to strengthen our embassies and consulates. But let us recall that we are talking here about servicing a constituency that commands one-fifth of Nepal's GNI and a quarter of the world's Nepali population.

Recently while addressing the Nepali community in New York City, Prime Minister Prachanda reminded them of US President John F Kennedy's famous exhortation, "Ask not what your country can do for you; ask what you can do for your country". Many NRNs are indeed guided by that motto.

When the NRNs or PNOs ask the Government to provide long-term visas, dual citizenship or other conducive regulations, they are essentially asking the government to help them to better help Nepal. Nepal itself must judge such measures, not as doing a favour to NRNs, but in terms of maximizing the NRN's contribution to Nepal's development. It is in that spirit that recently the President of our global NRN movement, Dr. Upendra Mahto- who is a source of tremendous pride and inspiration to so many of us Nepalis, and whose great personal accomplishments are matched by his generosity and love of Nepal - invited the NRN community to offer their suggestions in response to the Nepal government's call for an economic revolution, and double digit growth in our GNI. There has been an enthusiastic response to this call. Many creative suggestions are pouring in from NRNs across the world. A small task force is putting together a proposal to be presented to the Government soon on behalf of NRNs. Without prejudging the proposal that will be formally presented by NRNA to the government soon, I would propose a 6-point action plan, and 3 conducive pre-conditions, for long-term reconstruction and development that combines some of the ideas coming from the larger NRN community with my own personal views.

1. As we are coming out of the most violent period in Nepal's history with tens of thousands of people killed and maimed, and so much destruction of our infrastructure, the first order of business of the New Nepal must be to provide urgent relief and rehabilitation for IDPs and victims of conflict, and to rebuild and upgrade the destroyed infrastructure. To some extent this is already happening with the annual budget for 2008/09 recently presented by the Finance Minister. Let us make sure that the budget provisions are quickly implemented, and the direct victims of conflict as well as the indirect sufferers of 10 years of delayed development begin to benefit immediately from this peace dividend.
2. The people of Nepal – especially our younger generation – are our greatest resource. We cannot build a prosperous Nepal unless we have human resources that are healthy, educated, energetic and productive. We need to invest heavily in the massive expansion of basic social services, including education, health, nutrition, and sanitation, with the Millennium Development Goals as key parameters of our success. The recently increased allocation for block grants for VDCs should be more strategically used to generate healthy competition among neighbouring VDCs and districts to accelerate achievement of MDGs with measurable targets, and a good monitoring system.
3. We need to invest in some major flagship projects of infrastructure development in transport, communication, hydro-power and tourism that will help uplift the economy and change the face of Nepal. We welcome the government's intention to invest heavily in hydro-power but suggest that Nepal's massive hydro-electric potential should not be seen primarily as an export commodity. Instead, we should harness it for making Nepal less dependent on imported petroleum products with their harmful impact on our pristine environment. Electrically operated

mass transit system, including high speed trains in the Terai, electric trams as modes of urban transport, electric vehicles and ropeways should be made the backbone of our transport system. Along with hydro-power, we should also invest in our abundant solar and wind energy potential for use in our domestic appliances, industrial machinery, information/communication technology and eco-tourism. We should aspire to make and promote Nepal as an example of a carbon neutral country, and protect our fragile environment from the dangers of climate change.

4. In the context of the proposed new federal structure of state, and considering Nepal's demographic trends, rural-urban migration patterns, and the likely rapid pace of urbanization in the coming decades, we should promote balanced regional development, with strategically located regional growth poles and urban centres. While we must try to introduce better urban planning and zoning in existing towns and cities, we must develop some new futuristic urban centres that would be livable even 50 or 100 years from now with wide boulevards, footpaths, some pedestrian-only areas, spacious parks and playgrounds in every neighbourhood, a convenient public transport system, proper sewage and sanitation facilities and modern utilities and amenities. As hubs of new regional growth poles, these urban centres and their surrounding hinterlands should be centres of excellence for agro-industry, high quality medical and educational institutions, information technology and other industries.
5. Besides providing free and compulsory universal basic education for all and quality higher education for the most talented students, massive investment should be made in employment-oriented technical and vocational education and skill training for both our domestic market and to enhance the earning capacity and well-being of Nepalis working abroad. To engage our young people in nation building, we should create opportunities for them to be involved in a variety of community service projects of non-political nature, and provide them with forums, not necessarily linked with political parties, to express their views and voices, and to engage in healthy competition, such as through massive expansion of sports for development.
6. This is the era of public-private partnership. It is now known that countries which have achieved the best development results have been those where the government provides certain strategic services, (e.g. national security, law and order); protects people's human rights; guarantees that citizens get basic health, education and social protection; sets norms and provides a good regulatory framework for the functioning of the private sector, and encourages the private sector to rev up the engine of economic growth. Learning from the experiences of such countries, Nepal should avoid repeating the failed experiments of others, and promote public private partnership as our favoured development approach.

I know the NRN community would be keen to mobilize support for some of these activities. As in other post-conflict countries, we can expect the international donor community to also support Nepal in crafting and supporting an ambitious long-term reconstruction and development plan. Given Nepal's strategic location between the world's fastest growing and largest emerging economies, we can also expect the private sector, including foreign investors to be interested in investing in Nepal.

However, to attract any massive investment whether from NRNs or from national or foreign private investors, or even from donors, good intentions and even detailed plans are not enough. Nepal will need to create a conducive environment to win the trust and confidence of its own citizens and its development partners.

In Nepal's present context, I see the following 3 preconditions for attracting donor or investor support:

1. **Enforcing the Rule of Law:** Even after the end of conflict, and the dawn of peace and democracy, the law and order situation in Nepal continues to be very fragile. It is not just the corruption and criminality that one finds in many countries that deter investors. In Nepal it is the undermining or flagrant violation of laws by organized student unions, trade unions and paramilitary groups associated with political parties, including those in power that discourages investors and donors. When even the police and the judiciary feel threatened by such groups, donors and investors are not going to feel confident that their contractual agreements with the government or other parties will be honoured. A precondition for attracting donor and investor support is therefore the government's determination and ability to tame and restrain the so-called fraternal organizations of different political parties, to empower law enforcement officials and guarantee the independence of judiciary.
2. **Avoiding Hyper-politicization:** Nepal today is hyper-politicized, where nothing seems off-limits from the influence of party politics. Political party influence or affiliation is widespread, or assumed to be widespread, even among non-governmental organizations, professional associations, civil servants, and even the security forces. There are serious consequences of this hyper-politicization. For example, party affiliation becomes a factor in appointment of university professors and administrators. Political pressure is put to grant permanent contracts to thousands of employees *en masse*, regardless of whether or not the state or private enterprises can afford to do so, or any consideration of the impact of such contracts on productivity. Civil servants often get automatic promotion, regardless of their merit and qualifications. Students and teachers unions make all kinds of political demands that are hardly related to educational issues. Whenever governments or ministers change, there is a tendency to hire people of their political affiliation and fire others even in technical and clerical positions. The country is often paralyzed by strikes, chakka-jams and demonstrations of generalized nature – not necessarily targeted at any particular offending group. This causes great inconvenience to innocent, ordinary citizens and huge loss of productivity to private enterprises. While people's right to protest peacefully must be respected in a democracy, ways must be found to end such hyper-politicization which distorts national priorities, subverts rational decision-making, and erodes people's faith in our institutions.
3. **Consistency in policy messages and action:** To secure and retain donor and investor confidence the government, and especially ruling political parties, must not give mixed messages. Instances of one responsible leader saying we believe in public-private partnership, or competitive multi-party democracy, and another leader or the same leader in another forum saying something to the contrary or acting to undermine the original commitment, is deeply unsettling to investors, and even to the general public. Responsible political leaders must be careful not to give mixed messages. To attract and sustain donor and investor support, responsible leaders must have the maturity to give consistent messages on important policy issues – regardless of their audience.

If we can fulfill these 3 preconditions, and pursue an ambitious reconstruction and development programme, including my 6 point action plan, I am confident that we can bring about an economic revolution with double digit growth rate as envisioned by some of our political leaders and desired by the people of Nepal. And I know the NRN community would feel energized to help. As we dream about a major political and economic transformation of Nepal, we must ensure that such transformation is inclusive, participatory, non-discriminatory and broad-based. Some time-bound affirmative action in favour of historically deprived and marginalized groups such as Dalits, Janajatis, Madheshis, and women is also necessary and justified. Since we are meeting for the first time here in Terai, let me say a few words about what we might do specifically for the development of Madhes and Madhesis. Terai is home to nearly half of Nepal's population, 60 % of

agricultural land, most of Nepal's development infrastructure and industries. It contributes 2/3 of Nepal's GDP, and ought to be the most advanced and prosperous part of Nepal. Yet most people of Terai, the Madhesis, have been historically discriminated and deprived of their fair share in the governance of Nepal.

We have heard much about the low representation of Madhesis in Nepal's government – in the Cabinet, in parliament, in civil service, in the judiciary and in security services. Some of this is now being corrected. For example, Madhesis comprise fully one-third – 204 out of 601 members - of Nepal's Constituent Assembly. We are proud to have a Madhesi president and many prominent members of the cabinet are now Madhesis. Given our heightened awareness of the under-representation of Madhesis in leadership positions, and the extraordinary activism of Madhes-based political parties and civil society, I am confident that representation of Madhesis will increase in a visible manner in many state institutions.

However, I worry that excessive focus on disparity between Madhesis versus Pahadis in high visibility positions will not do enough to empower large segments of the truly deprived Madhesi population. We need to debate much more vigorously how ordinary Madhesis at the bottom of the pyramid can enjoy their basic human rights and meet their basic needs as reflected in the Millennium Development Goals. For example, landlessness is a major problem among many Madhesis - with 37% of Dalits, 32% of Janjatis, 41% of Muslims and a staggering 79% of the Mushar community not owning any land at all. Similarly, over 54 % of Terai-based Janajatis, 68% of Muslims and 79% of Dalits are illiterate. Among Dalit and Muslim women in Terai illiteracy is as high as 90 %. Having better representation of Madhesis in a few high profile positions in our Constitutional organs, or in government bureaucracy, while highly desirable, is not necessarily going to empower the vast majority of the truly marginalized and deprived Janjati, Dalit and Muslim women in Terai. For that we are going to need a vigorous, well-targeted, campaign which seeks not symbolic representation but a broad-based societal transformation. Some of this will require time-bound, targeted affirmative action, but much can be done through consistent application of progressive national norms.

For example, over-crowding is a huge problem in schools in Terai. Compared to the nationally recommended ratio of 40 students per class, average class size in Terai schools is 60, and it is not uncommon for there to be over 100 students per class or per teacher. If we could insist that the State must allocate enough budget, as a matter of priority, to ensure that class sizes and teacher pupil ratio in primary schools must not exceed 40 students per class, the children of Terai would benefit enormously and the quality of primary school teaching would greatly improve. To comply with the desired teacher-pupil ratio nationally, Nepal must immediately recruit and train at least 60,000 primary teachers. If we insist that this be done in an inclusive manner, giving priority to women, Dalits, Muslims and other deprived groups, Madhesi teachers and students would be the biggest beneficiaries. I would frankly insist with much greater vigour on group recruitment of large numbers of Madhesi teachers than large numbers of Madhesi soldiers. After all, we really need more teachers, but we frankly don't need more soldiers.

We must and can still find ways to make the Nepal army, and especially the police force, more inclusive. Elsewhere, I have made a specific proposal in that regard. But the point I am making here is let us give greater priority to actions that really touch the lives of large numbers of deprived Madhesis, not just symbolic or token representation of Madhesis in certain state institutions.

As we look to the future prosperity of Nepal, I see tremendous potential for Terai being the locomotive for transforming the face and fate of Nepal.

I would see the Terai being the locus of massive, futuristic development projects – including, an East-West high speed railway traversing 1000 kilometres from Mechi to Mahakali in less than 10 hours.

I would see a new international airport being built in the Terai connecting with the rest of Nepal and the outside world making Nepal a major South Asian tourist and transport hub. As part of our long-term reconstruction and development plan, I would see half a dozen or more new, futuristic urban growth centres being built in the Terai as dynamic regional growth poles for all of Nepal. One such urban centre could be a twin capital city of Nepal, helping to decongest Kathmandu which would be connected via high speed public transportation system with its twin city in Terai.

I would see special efforts being made to boost tourism in Terai, with Lumbini and Janakpur being key centres of pilgrimage for Buddhists and Hindus around the world.

Speaking of tourism potential, I noticed that, besides the holy Janaki and Ram temples, the Janakpur area is dotted with sacred ponds, that are currently dilapidated. I can see these being rehabilitated and spruced up to make them beautiful recreational spots for local population as well as for visiting tourists and pilgrims. Perhaps as one of the follow-up of the NRN conference here in Janakpur, we could adopt the sprucing up of Janakpur's holy temples and sacred ponds as an NRN project which might become the harbinger for a larger national tourism development project in the future.

On a larger scale, given the great needs and potential of Terai for Nepal's national development, I would like to urge our NRN colleagues to consider Terai as the most fertile ground for productive and profitable investment. I would hope that the Government of Nepal will help create a conducive environment for investment in Terai that will make it attractive for NRNs, not just Madhesis but Pahadis as well, and for foreign direct investment.

So much of Nepal's rapid economic transformation hinges on the balanced and complementary development of Terai, Pahad and Himal. We have been blessed with an amazing topographic as well as ethnic, linguistic and cultural diversity which we must harness as a strength of Nepal, not as a weakness. Like the colours of a rainbow, Nepal can be most beautiful and bountiful when we work in unison celebrating our unity in diversity.

As we embark on this momentous nation-building campaign, I know our compatriots here in Nepal can count on the solidarity of NRNs all over the world, just as Nepal at peace and marching ahead on the path to prosperity can be a tremendous source of pride and courage for Nepalis all over the world.

Let us work together to build that prosperous Nepal of our dream for our children.

Thank you.