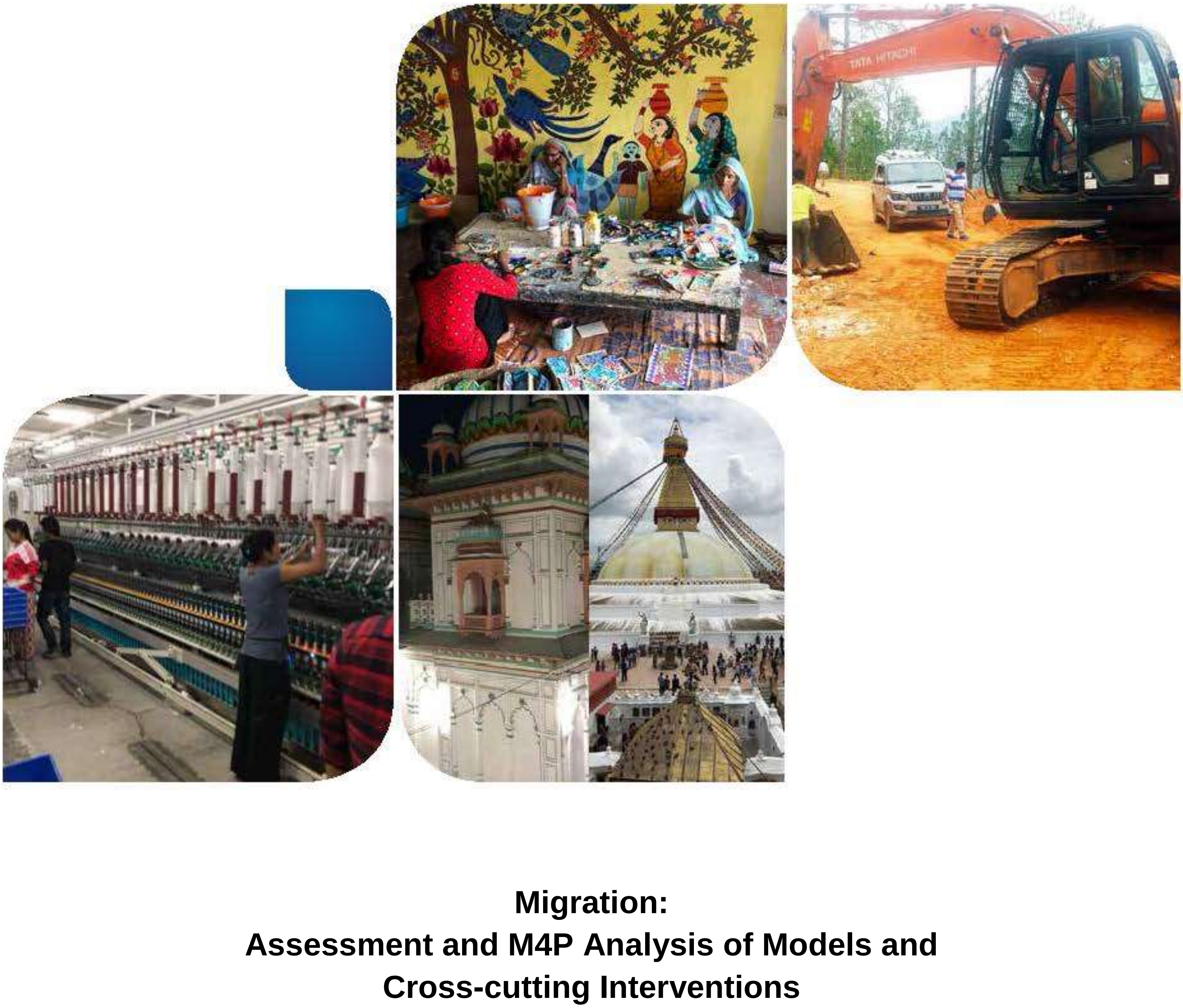


Migration:
Assessment and M4P Analysis of Models and Cross-cutting Interventions

December 2018

In Collaboration with

DISCLAIMER

Contents

Acronyms

CBS	Central Bureau of Statistics
CP	Colombo Process
CSR	Corporate Social Responsibility
CISRS	Construction Industry Scaffolders Record Scheme
CTEVT	Council for Technical Education and Vocational Training
DAO	District Administration Office
DAG	Disadvantaged groups
DFID	Department for International Development
DoFE	Department of Foreign Employment
EPS	Employment Permit System
EWHA	Ewha Woman's University
FEA	Foreign Employment Act
FEP	Foreign Employment Policy
FET	Foreign Employment Tribunal
FEPB	Foreign Employment Promotion Board
GAMCA	Gulf Cooperation Council Approved Medical Centres Association
GCC	Gulf Cooperation Council (including Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates)
GDP	Gross Domestic Product
GoN	Government of Nepal
G2G	Government to government
HORECA	Hotel Restaurant Café sectors
IASCI	International Agency for Source Country Information
ICC	Information and Counselling Centres
IIDS	Institute for Integrated Development Studies
ILO	International Labour Organization
INGO	International Nongovernmental Organization
IOM	International Organization for Migration
JITCO	Japan International Training Cooperation Organization
KOIKA	Korea International Cooperation Agency
LTM	Long term migrant
M4P	Making Markets Work for the Poor
MWWF	Migrant Workers' Welfare Fund
MoFA	Ministry of Foreign Affairs
MoLESS	Ministry of Labour, Employment and Social Security
MoU	Memorandum of Understanding
MRC	Migrant Resource Centre
NLSS	Nepal Living Standard Survey
NRB	Nepal Rastra Bank (central bank of Nepal)
NRNA	Non- resident Nepali Association
NAFEA	Nepal Association of Foreign Employment agencies
NPR	Nepalese Rupee
PDO	Pre-departure Orientation
PNCC	Pravasi Nepali Coordination Committee
PPP	Public-private partnership
RAs	Recruitment Agencies
SAARC	South Asian Association for Regional Cooperation

SDG	Sustainable Development Goals
सीप	Skills for Employment Program
SL	Sri Lanka
SLG	Sri Lanka Government
SLBFE	Sri Lanka Bureau of Foreign Employment
TITP	The Technical Intern Training Program (TITP)
UN	United Nations
VDC	Village Development Committee
VET	Vocational education and training

Executive Summary

In our previous reports, we identified those market failures that were primarily impacting the migration process in Nepal. They include: i) recruitment agencies' monopolistic power, ii) labour market failure, iii) information failure, iii) inequitable access to financial products and iv) other cross-cutting issues affecting returnee migrants' ability to reintegrate into Nepal's economy. This report revisits these market failures and presents and evaluates previous national and international models used to address these.

In the annex IX , meant to be a quick reference to the ToC and M4P methodologies used all through our previous and this document, we describe the logical framework that we implemented to identify the issues affecting the labour migration system and the design of a corresponding ToC. Using a backward mapping technique, we identified the long, intermediate and short-term outcomes that needed to be addressed to obtain a systemic change in a dysfunctional labour migration system.

Each market failure affecting labour migration in Nepal has subsequently been ordered within this logical framework together with सीप's interventions to address them. The expected outcomes will respond to सीप's objectives while contributing to positive systemic changes.

In annex IX we also explained (as we did in this and the previous two reports) the root of the problem that prevents migrants to save and invest more and we showed how सीप's intervention using a market system approach can resolve them. We also describe how these interventions will reduce or solve the market failures while achieving सीप's objectives. The indicators that will be developed and used has been provided by सीप's MEL team.

Once we identified the root causes that make the labour migration system dysfunctional and the inherent market failures we checked, using an M4P approach, if our intended interventions were going to have a meaningful impact on the market system and produce the expected outcomes favourable to the poor.

सीप's intervention will insure the that migrants' annual income net of costs will increases by 20% on average from either an increase of the income or a reduction of the migration cost. The increased disposable income achieved thanks to previously mentioned cost reduction combined with a regular flow of remittances through foreseen सीप's interventions, may increase the rate of saving as well as the rate of investments of both the returnee and the migrants' households.

Following the Introduction, Chapter 2 compares the recruitment process and migration policies of Sri Lanka, Bangladesh, and Nepal and when possible, India. Despite the presence of a strong body of regulations and similar approaches, we note a stark difference in the cost of migration that unskilled migrants from these countries of origin were paying to migrate to the same countries of destination for the same type of job.

Having in mind the सीप requirements and M4P considerations, we look, among others, Sri Lanka's holistic migration management model and observe that the hybrid approach followed in Sri Lanka involving the private sector in a regulated way has offered strong results. Some of the elements seen from Sri Lanka can be implemented in Nepal, with the assumption that the GoN will enforce the current and future regulations on the migration market participants.

We then look at the General and Bilateral (G2G) agreements and MoUs signed by Nepal and analysed their ability to solve partially or totally the market failures described in our previous reports. Again, using an M4P approach, we discarded those models that were appropriate for semi-skilled and skilled migrants but didn't serve well the interests of the poorest less literate category. In our conclusion, we explain how a G2G agreement guaranteeing migrants' rights coupled with Qatar's new delocalised Visa Centre Strategy could be a winning model solving the excessive unjustified cost of migration while simultaneously promoting a safe, orderly regular migration for large numbers of migrants.

Finally, we look at two recruitment agencies operating worldwide and in Nepal that have a strong CSR attached to their business model and have been implementing fair recruitment coupled with training and skilling services provided to migrants. FSI Worldwide and Gulf Manpower services have in common a model that promotes a vertical integration of the services provided to migrants, establishes a direct link between the migrant worker and its future employer, eliminates the middlemen all along the migration value chain, and provides internationally accepted accreditation for the skills they provide to the migrant workers. These two recruitment agencies set the standard for all other RAs and are candidates for सीप Challenge Funding Support.

In Chapter 3, we address the need for a foreign employment loan to lower the funding costs of migration. Building on our findings during our discussions with representatives of the financial sector in Nepal (BFIs and MFIs), we concluded that this product, if well designed, would solve the excessive borrowing costs. We supported our conclusion comparing existing products and approaches through the M4P lens.

In Chapter 4, we cover the existing costs of remitting per country of destination and concluded that सीप's intervention will be appropriate in all models that promote e-banking, mobile banking and digital solutions in general since it is the "digital money" or cashless transaction that increases the potential for a lower cost of remittance. In our conclusion, we stress the need for selecting solid partners having already on-boarded these techniques in their business model.

In Chapter 5, we look at those models, financial products and strategies that could increase the migrant's household's propensity to save through BFIs, MFIs, and cooperatives and promote financial inclusion. Financial literacy programmes will be supported but must be designed to address practical needs expressed by the household members who will manage the remittances and the migrants who have other priorities, namely to feel at ease with remitting procedures, the fee structure, and the precautionary measures to take when selecting an MTOs.

In Chapter 6, we compare the models that increase the productive use of remittances. We limited our analysis to those models that contained a high GESI element since 30% of our beneficiaries must be female and looked at the funding of start-ups and economic reintegration of returnees. After the usual comparison, we reported on सीप's possible entry points.

In Chapter 7, we briefly touch on the M4P approach deployed throughout the writing of this report without going too much in detail, since it was covered at length in our previous macroeconomic survey.

In our general conclusion (Chapter 8), we summarise the rationale of our choices, recommendations, and the takeaways on which to build सीप's interventions through the Challenge Fund.

1. Introduction

In UKaid-सीप's three previous reports, we identified the market failures having the most significant impact on the overall migration cost. In our conclusions, we showed that almost 70% of the average total cost of migration was due to the monopolistic position held by recruitment agencies (RAs) and their ability to resist government regulatory efforts. The other element weighing significantly on the cost of migration was limited access to loans, leading the migrants to borrow from moneylenders at excessive interest rates.

Labour market failures, namely skill mismatch and underemployment, were identified as causes for Nepalis' insufficient revenues and in our previous reports, we looked at possible ways to increase migrants' revenues through VET and skilling. Our findings indicate that the transition from the unskilled to semi-skilled (ISCO-08 Vol I) job category could increase migrants' revenue by 30% to 40% in the GCC, a large destination for Nepali migrants.

The cost of remitting affecting Nepal's corridors is not a major contributor to the overall cost of migration, but there are motives to reduce it further. The World Bank estimate of the average remitting cost for Nepal expressed as a percentage of the amount remitted was set at 5.4%, (below the international average remitting cost of 7.45%). However, when we conducted roundtable discussions with MTOs and looked at the most popular destination countries, we found that costs were closer to 3.5% on average, very close to the SDG target of 3%. We have explored ways to reduce this cost even further with counterparts that will submit their solutions to सीप's Challenge Fund.

We also looked at the way in which remittances were spent and brought some nuances to the recurrent opinion that most remittances are spent on daily consumption. First-time migrants, burdened with expensive loans will still spend between 70-75% of their revenue on food security, better housing, health and education, which is commendable. Long-term migrants with an average migration cycle of five (5) years have a different spending pattern from the first-time migrants: they spend on average only 35% of their remittances on daily consumption, the rest is saved (money is kept in cash or deposited with a Cooperative) or invested. However, our findings described several hurdles preventing returnees to productively investing their revenues: namely, a lack of credit for starting new businesses or expanding existing ones and a lack of managerial knowledge on top of a non-conducive business environment.

1.1 Purpose of the report

The purpose of this report is to build upon our previous findings, explore how the same market failures are addressed by national and international models, application of M4P to analysis and selection of those models (including cross-cutting interventions) that could be applied to Nepal's migration context to Nepal's migration context to improve it.

1.2 Methodology

Each chapter covers a specific market failure discussed at length in the programme's macroeconomic survey and Theory of Change document and describes the existing national and international models that are currently in place to resolve them. A brief evaluation of the models follow, highlighting to what extent the models were successful in their intent and which elements could be transposed in Nepal. Each chapter has a corresponding conclusion and succinct table highlighting the pros and cons and possible सीप entry points.

2. Market Monopoly among RAs

The first market failure discussed is the market monopoly held by Recruitment Agencies (RAs). The standard migration process in Nepal is exclusively managed by the private sector. RAs control all aspects of the migration process, from the recruitment to the deployment of the Nepali worker abroad. Up to 2017, the Department of Foreign Employment (DoFE) issued 81% of the total work permits through RAs. Together with the government they hold factual information about the foreign employment market. Because of their control over the migration process and their access to this relevant information, they can unilaterally set the fee charged to the migrants and therefore, are large drivers of the overall cost of migration.

Migration solely managed by Recruitment Agencies and other middlemen is open to all kind of abuses and immensely increases the cost of migration. The Ministry of Labour and Employment (MoLE) has recognised this: "In Nepal, the most common grievance or distress reported by labour migrants has been against recruitment agencies or individuals who misguided or misinformed complainants during the employment process. Due to faulty contracts, overcharging for services provided and frauds by non-compliance with the employment agreement, labour migrants have experienced severely exploitive conditions, including restriction of movement, non-payment of wages and loss of wealth as a result of high migration costs."[1]

The following models of migration management have tried to solve these and other market failures.

2.1 Sri Lanka and a PPP approach to Migration Management

The Ministry of Foreign Employment of Sri Lanka has developed its migration management strategy around the following five thematic priorities:

- Foster ethical labour recruitment, common wage levels and insurance protection, the promotion of standard employment contracts specially focusing on issues of contract substitution and creating a registering mechanism for contract.
- Ensure effective pre-departure orientation and empowerment, including skills development.
- Develop a database on economic trends in the destination countries, which are mostly in the Middle-East.
- Review qualifications and recognition processes.
- Promote cheaper, faster and safer transfer of remittances.

For this purpose, the Sri Lankan Government (SLG) under the Ministry of Foreign Employment has established the Sri Lanka Bureau of Foreign Employment (the Bureau) and the Sri Lanka Foreign Employment Agency (SLFEA).

Following the private sector philosophy, the Bureau, though being a public institution, has to be financially self-sufficient; therefore, it collects fees from the migrants, RAs, and foreign employers to pay for its operation costs. Every person leaving the country to work abroad must register with the Bureau and pay a registration fee.

The compulsory registration fee gives migrants and their families access to a number of services and advantages. In exchange for the fee that comprises a contribution to the Workers Welfare Fund, they receive life insurance coverage, access to loans, access to scholarship programmes for migrants' children, and make a donation to permanently disabled migrants meeting certain conditions. [2]

Sri Lanka has set up a hybrid system actively involving the private sector for managing the migration process and to address the market failures experienced, particularly during the recruitment and pre-

[1] Labour Migration for Employment: A status report for Nepal: 2014/2015. Government of Nepal, Ministry of Labour and Employment

[2] http://www.slbfe.lk/page.php?LID=1&PID=113?

departure phases. To bring more competition in the recruitment business and break the monopolistic position of the RAs, the SLG created the Sri Lanka Foreign Employment Agency (SLFEA), a 100% government-owned institution as a subsidiary of Sri Lanka Bureau of Foreign Employment. Its main aim is to provide efficient and appropriate services to those seeking employment abroad and to serve as the country's primary recruitment agency.

Should RAs go on strike to resist Government's regulations, aspiring migrants could still migrate through the SLFEA. As in other South Asian countries, recruitment of workers for foreign employment can only be carried through licensed foreign employment agencies and the SLBFE. Recruitment agencies by law can only charge the fee provided by the Foreign Employment Act.

The other distinctive aspect of Sri Lanka's migration management is that the services provided to migrants and other stakeholders are not free. As mentioned above, migrants must pay compulsory registration fees to the SLBFE for which they receive extensive benefits[3]. Share of this fee is paid to RAs if they procured the job. Thus, the SLG allows RAs to be paid a recruitment fee in addition to the service fee they receive from the foreign employers, but the Government controls and determines the amount of the fee. RAs and foreign employers also pay fees directly to the SLBFE; all payments are done via banks and are therefore traceable.

The SLG has made information about migration one of its priorities and for this purpose, it has created a databank from which foreign employers and RAs can select potential candidates for foreign employment. In addition, the Government has created an online job bank where aspiring migrants can find information about the jobs available abroad, the contractual details, and the total cost they must pay for their application.

To address the borrowing costs and high interest rates charged by moneylenders, the SLBFE has an agreement with banks that provide migration loans to aspiring migrants. The interest rate cost of the latter is subsidized by the SLBFE up to 55% of the interest rate charged.

For a detailed explanation of Sri Lanka's migration management system please refer to Annex II figure 1.

Labour market failure and Sri Lanka skilled manpower strategy

The MoE has the stated its ambition to convert the entire labour migration sector in to a demand-driven process and to make it highly competitive by introducing required structural changes and to promote and support the migration of skilled men and women. Therefore, the SLBFE has started to improve the skill levels, competencies, and professionalism of potential migrant workers including those who passed General Certificate of Education Advanced Level (GCE A/L) and higher educational qualifications. The Bureau also aims to improve skills and competencies to attract higher revenue/income per employee (higher worker productivity). The SLBFE's task is to identify and promote new markets and to increase employment opportunities for semi-skilled and skilled workers and to also organize trainings in collaboration with other training institutes to improve skills for foreign employment and reintegration of returnees.

Sri Lanka, Nepal, Bangladesh Recruitment Policy Comparison

We conducted a brief comparison between these three countries to understand why the overall cost of migration was so different for migrants of the same skill category going to the same destination countries to work in the same sectors (**Figure 1**). Namely, why does a Bangladeshi unskilled worker pay between USD 3,000 to 7,000 to migrate to GCC countries when a Sri Lankan worker pays only USD 800 and Nepali USD 1,500? Also, we wanted to understand how three very similar migration processes, supported by a similar body of regulations could lead to such different migration patterns. Notably, the

[3] http://www.slbfe.lk/page.php?LID=1&MID=39

Bangladeshi model has resulted in massive illegal/undocumented labour migration, as an example there are 131,967 undocumented Bangladeshi migrants in Italy[4] of which 26,500 arrived since 2014 through Libya trafficked by sea. Bangladesh recruitment model has failed to protect its migrants from the worse aspect of migration, illegality, exploitation, human trafficking and modern slavery. With no governance and accountability, a safe, orderly, regulated migration cannot be guaranteed.

Figure 1. Migration Management Model Comparison

Managing Migration: Main features	SRI LANKA (hybrid PPP)	NEPAL (private sector 90% G2G 1%)	BANGLADESH
Regulating Governmental Agency	Bureau of Foreign Employment	FEPB/DOFE	Bureau of manpower Employment and Training BMET
Mandatory licence registration for RAs	YES	YES	YES
Migrants Mandatory Registration	Mandatory Registration for Sri Lankans Leaving for Employment Abroad	no and open border policy with India	Online registration at website of BMET
Mandatory registration fees/Life insurance	all Sri Lankans leaving for foreign employment must pay a fee for the registration with the SLBFE prior to their departure.	no registration fees but mandatory life insurance	Submission of the migration documents to the DEMO and registration fee
Maximum fee chargeable per work and country	Ranges set between 15,000 to 100,000 LKR (Sri Lanka Rupees)	capped to NPR 10,000	open
Workers welfare fund	Compulsory contribution	Compulsory contribution	Compulsory contribution
Saving and other financial products offered	YES	NO	NO
Digitisation of the migration process	YES	WIP	WIP
Foreign Job offers data online available on line	YES	YES (since September 2018)	NO
Migration Channels			
Individually	YES	YES	YES
through recruitment agencies	YES	YES	YES
through G2G schemes	YES	YES	YES
through Public Recruitment Agencies	YES	NO	YES (BOESL)
Available migration loan via BFIs	YES	NO	NO

Figure 1. Migration Management Model Comparison (continued)

COST OF MIGRATION IN USD to GCC countries			
	SRI LANKA	NEPAL	BANGLADESH

[4] https://www.tuttitalia.it/statistiche/cittadini-stranieri/bangladesh/

	800	1500	3000 to 7000
Positive aspects	A solid holistic migration management policy and strategy, addresses all the market failures. The model responds to the need of mass migration (250,000 a year). Migration cost is relatively low, migration loans are available at partially subsidised interest rates.	New government is establishing a comprehensive foreign employment strategy at the federal level.	Has now established migration management policy.
Negative aspects	Migrants are obliged to pay for services that should be free (ILO/IOM).	Weak governance of the migration process. RAs have monopolistic power and set migration fees unilaterally. They can resist Government regulations.	Despite a migration management similar to Sri Lanka, Bangladesh is the country with the highest recruitment costs. The majority of migrants migrate individually, only 31% use licensed recruitment agencies. Highest number of illegal migrants.
सीप consideration			
Sri Lanka offers some solutions that can be replicated in Nepal such as its migration loan. TA to Nepal's government will be transferred via cooperation of the ILO. All the interventions described in the Migration ToC are applicable. The lesson from Bangladesh and partially from Nepal (until the last government) is that regulations are not enough: with no governance there is no development.			

2.2 Recruitment Process: G2G and MOUs Models

The GoN is aware of the economy's dependence on remittances and is equally concerned by the geographical concentration of its migrant population--56.9 % in the GCC and 30% in Malaysia. Therefore, the GoN is trying to diversify the migration corridors in promoting new destination countries[5] through G2G agreements and MoUs (**Figure 2**), and to improve the way in which Nepali migrants are recruited and treated and to guaranty their rights and security. The GoN is trying to renegotiate existing MOUs and bilateral agreements while signing new ones such as the G2G with Jordan and the recent MoU with Malaysia.

Figure 2. Existing G2G, MOU and other Inter-governmental Agreements

Destination country	Year of agreement	Nature of agreement
Qatar	2005	General agreement
United Arab Emirates	2007	MoU
Republic of Korea	2007	EPS
Bahrain	2008	MoU
Japan	2009	Directive
Israel	2015	Joint Pilot Program
Jordan	2017	General Agreement
Malaysia	2018	MoU

The Republic of Korea Employment Permit System

The Republic of Korea (KOR) in 2004, established the Employment Permit System (EPS) to address the shortage of low-skilled workers needed in five sectors of the Korean's economy, namely construction,

[5] https://www.nepalisansar.com/news/task-force-suggests-new-destinations-for-nepali-migrants/

manufacturing, agriculture and livestock farming, fishing, and services[6] and to solve irregularities and other issues linked to the previous Industrial Trainee System in use since 1993. The EPS through its design should curtail the corruption (as stated on the site of the KOR EPS site)[7], the financial abuses and extortion, distinctive of private sector-based recruitment commonly in use in Nepal.

The EPS, to date, is the key instrument that the KOR uses to manage the inflow of low-skilled foreign workers into the country. The system encompasses two types of employment qualifications for which a specific visa category is defined, E-9 and H-2.[8]

The EPS is a government-to-government migrant labour recruitment program that is available only to countries that have signed a MOU with Korea. The salient aspect of the EPS is *that it excludes the private sector recruitment agencies, brokers, and other middlemen.* The MOU signed between Korea and Nepal stipulates the respective duties and responsibilities of the two governments involved and coordinates the actions of both sides regarding recruitment, selection and final worker deployment. The EPS aspects on the Nepali side are managed by the Department of Foreign Employment (DoFE).

All the Nepali migrants going through the EPS recruitment process must ask for an E-9 visa. The latter as mentioned before, is a visa foreseen only for the for *low- skilled foreign workers category*, the number of which is restricted to an annual quota. This visa allows eligible foreign workers to work in Korea for a period of three (3) years, extendable to a total of four (4) years and ten months.

Though the E-9 visa is meant for low-skilled workers, potential migrant employees may be required to have at least a high school diploma (secondary level of education), as is the case in Sri Lanka.[9]

The EPS Fees and Costs

The Korean Ministry of Labour and Employment reported in 2013 that the recruitment fees for migrants had to be sustained by the country of origin to cover the costs of the EPS recruitment process. The correspondent fee for Nepal was USD 930.70; [10] (to be considered an all-in cost). The costs cover the various components directly related to the EPS-Topik test, visa fee, passport issuance and airfare being the most important ones.

In exchange of these fees and the lengthy recruitment process, foreign workers have the same rights as Korean workers and are covered by the Korean national health insurance.

The EPS has a compulsory subscription rule to four insurance contracts that cover employers and employees. They are: i) the Departure Guarantee Insurance (paid by Employer), ii) Guarantee Insurance for unpaid wages (paid by employer), iii) Return Cost Insurance (paid by employee), and iv) Casualty Insurance (paid by employee).

One significant issue with the EPS process is that candidates who successfully pass the EPS-Topik selection test are not guaranteed immediate employment and sometimes have to wait almost a year (from the beginning of the announcement of the EPS-Topik) before being deployed in Korea[11]. During this waiting period, interest has to be paid on the borrowed money, increasing the total cost to migrate to Korea. In addition, the certification of having successfully passed the EPS-Topik test is only valid for a period of two years, during which the name of the candidate will be added to a "waiting list" the

[6] http://www.hrdkorea.or.kr/ENG/4/1
[7] https://www.eps.go.kr/ph/index.html
[8] H-2 visa is a preferential employment visa for ethnic Koreans.
[9] http://www.slbfe.lk/page.php?LID=1&MID=118%22
[10] South Korea's EPS: A successful Government-to -government Model? Page 6
[11] Even when the candidates pass the EPS-TOPIK, they only obtain qualification to be registered in the EPS Pool through Job application; it does not guarantee employment in Korea. https://www.eps.go.kr/ph/index.html

Roster. The candidates will be randomly selected from the Roster and eventually employed.[12] Thus, the person could theoretically be on the Roster, not get called, and still have to pay the loan back.

To date, the Korean government has signed EPS agreements with 15 countries including Nepal. Nepali migrants have shown an increasing interest in migrating to Korea. The daily Nepalese newspaper Republica reported in June 2016 that, under the 7th EPS session held in Nepal, 60,678 applications were received for a quota of 3,100 new opportunities/candidates.[13]

Recently Korea has announced that it will increase the quota of Nepali migrants from 3,500 to 7,000. The updated minimum wage for unskilled workers in KOR was set at KRW 1,260,000[14] or NPR 122,069.

Israel-Nepal Bilateral Agreement

A G2G Joint Pilot Program for the Recruitment of Caregivers from Nepal to Treat Disabled Elderly Employers in Israel (**see Annex I**) was signed in 2015 between Israel and Nepal and in 2016[15]. According to the Labour Migration Status Report (2016/17), a total of 1,603 individual work permits were released to Nepali migrants since 2013, 67.3% of which to Nepali women.

The overall cost to migrate to Israel under the pilot program is USD 850, and the monthly wage for a live-in, around-the-clock caregiver is USD 870 (NPR 97,120, USD 111.63) for a maximum contract duration of 51 months (four years and three months).

The requirements to be hired as a female caregiver are very demanding. The most relevant expect the candidates to have successfully completed a practical nursing or caregiver training course of at least three months duration, recognized by relevant Nepalese Authorities. The must have an intermediate level of English language skills that are tested by an Israeli competent institution and have successfully completed at least 10 years of schooling.

In other sectors, the Government of Israel has halted private recruitment of foreign workers in the construction and agriculture fields and has implemented a regulation and supervision mechanism of the labour recruitment and placement process for foreign workers. The Government of Israel allows such recruitment only through regulated bilateral agreements or arrangements with countries of origins. The existing bilateral agreements contain various mechanisms to provide for supervised, legal recruitment, in the framework of which the recruited workers are made aware of their rights and obligations.

Japan International Training Cooperation Organization (JITCO)

-Technical Intern Training Program (TITP)

The Government of Japan introduced the Technical Intern Training Programme (TITP), a system for licensing supervisory organizations and accreditation of technical intern training plans. The Programme has recently introduced an incentive system that rewards performing supervisory organizations and implementing organizations in sending countries by increasing training periods length and quotas for their technical intern trainees.[16] Nepal has been sending trainees to Japan under this plan since 2003. Since then, 13,000 Nepali have been accepted.

Every organisation in the sending countries that wishes to engage in supervisory activities activity must be licensed and accredited by the Organization for Technical Intern Training Agency in Japan and obtain approval from the competent ministers. Salient requirements are that the supervisory organisation must be a non-profit organisation; have the capacity to supervise; and, guarantee the

---

[12] https://www.eps.go.kr/ph/index.html
[13] http://ceslam.org/index.php?pageName=newsDetail&nid=7532
[14] http://www.moel.go.kr/english/main.jsp Ministry of employment and Labour.
[15] https://il.nepalembassy.gov.np/bilateral-relations/
[16] https://www.jitco.or.jp/en/regulation/index.html

reintegration of the trainee after his/her return. During their internship, Nepali migrants can earn between NPR 100,000 to NPR 150,000/month but the mechanism set up by the Programme to guarantee fair, safe, and regular migration leading to a decent occupation is so stringent that very few Nepalis have been able to profit from it. The EPS system was implemented in Nepal in 2007 and since then 45,000 Nepali were sent to Korea, almost three times more than the TITP.

In December 2018, Japan's Parliament passed a new law allowing larger numbers of migrants into the country to ease labour shortages. Under the new system, more than 300,000 foreigners could be allowed to work in sectors facing a labour scarcity.[17] The law creates two new visa categories: workers in the first category will be allowed to stay for five years if they have a certain skill level and some proficiency in Japanese. Workers with a higher skill level qualify for the second visa category and could eventually be allowed to apply for residency.

Qatar Visa Centre and G2G

In 2005, Nepal signed a General Agreement with the Government of Qatar[18] in order to regulate the Nepal/Qatar migration corridor and better protect Nepali migrants' rights. Despite their best efforts, issues of irregular migration and exploitation were not solved. As of the writing of this report, the two governments are considering signing a bilateral agreement to better protect migrants' rights and security.

With the World Cup 2022 event approaching, and to avoid past negative press coverage of the event highlighting the deplorable working conditions and deaths of migrant workers on the construction sites, Qatar has taken various initiatives to project a better image and protect foreign workers.

As a consequence of initiatives and meetings[19], Qatar has decided to introduce a new procedure, the Qatar Visa Centre (QVC)[20], for bringing expatriate workers from the eight countries of origin where the majority of its foreign workers comes from. The system completes most of the administrative procedures in the migrant's home country with the employer in Qatar able to initiate the recruitment procedure electronically via Qatar's Ministry of Labour website. Through this project, an expatriate worker is able to complete fingerprinting, biometric data processing, medical examination and signing of the work contract from his/her home country. In its first phase, the project is being implemented in India, Pakistan, Sri Lanka, Bangladesh, Nepal, Tunisia, the Philippines, and Indonesia.

When the Centre is operational in Nepal, migrant workers will be able to complete the many administrative formalities locally including the signing of the employment contract. This will be the final contract and workers won't have to sign another when they reach Qatar. This will eliminate the widespread problem of contract substitution at destination. A medical check-up and biometric department will be opened in Nepal so that medical check-ups, immunizations, and medical tests are taken at the centre. This will make the second medical test unnecessary and will prevent migrants from being sent back home because they failed the second medical test in Qatar, as it happens nowadays.

The Centre will also provide an Identity Card and Residence Permit to all the workers who have passed the medical test successfully. With this measure, the workers will stop being the victims of employers who don't provide them with such, making them illegal and therefore, vulnerable to exploitation. Finally, the work visa will be directly issued to the workers from the Centre after completing all the processes.

[17] https://www.bbc.com/news/world-asia-46492216
[18] https://www.ceslam.org/index.php?pageName=content&contentId=148
[19] https://myrepublica.nagariknetwork.com/news/nepal-proposes-g2g-deal-with-qatar-for-sending-workers/
[20] https://www.gulf-times.com/story/608145/Qatar-Chamber-hosts-seminar-to-raise-awareness-on-

2.3 Ethical/Fair Recruitment Involving Recruitment Agencies

Recruitment fees are excessive because of the layers of intermediaries who trade-in visas and collect their fees, leaving migrants to foot the bill. Many RAs don't have direct access to the foreign employer in the destination country and receive job requests for manpower through other agents or RAs.

Most RAs can't provide the migrants with the necessary requirements, including trainings or loans, and depend on other service providers to help place their candidates once they have acquired the necessary skills and attestations. The majority of RAs, as we saw in the previous presentation, is either unscrupulous and overcharge the migrants, oblivious to more fair ways of recruiting while others cause exploitation and modern slavery. When we looked at the RAs operating in Nepal, we identified some RAs ready to follow fair and ethical recruitment practices. We decided to present two of them since their business models contribute to eliminating the middlemen chain, considerably reducing the cost of migration, and providing skills that lead to decent jobs.

FSI Worldwide Ltd.

The strongest aspect of FSI's model is its vertically integrated recruitment process (see Annex 3) that establishes a direct link between the employee and the employer through only one intermediary: FSI. FSI recruitment process establishes a direct link between the demand and supply for foreign workforce. The Agency is in contact with the foreign employers; it doesn't use brokers or other middlemen, and it procures qualified workers trained and skilled by FSI specialists within its own premises.

Their ethical recruitment model consists of three main pillars:[21] Firstly, FSI doesn't support organizations that take money from the workers in line with ILO and IOM fair recruitment[22] and ethical recruitment policies (FAIR and International Recruitment Integrity System[23]). The second pillar is based on the idea that running a recruitment agency implies investing. FSI owns the infrastructure it uses to recruit and skill its candidates. FSI keeps full control and visibility throughout the recruitment process, during which no unauthorized agents or third parties are allowed. The company carefully screens potential employees, preferring people with an NGO or military background who demonstrate qualities of good character. The FSI staff is also well remunerated, which reduces the risks of corruption. Significant time, effort and funds are also invested in ensuring direct contact with potential candidates. All personnel are interviewed in their native language prior to and after deployment, to ensure that they have been treated in accordance with FSI regulation. The third pillar has to do with internal inspection. If despite all the preventive measures FSI staff take money from the migrants, he/she would be immediately fired in the spirit of FSI's Ethical Manpower Provision (EMP).

FSI has been operating in Nepal for the past 10 years. It has provided skilled workers for the security, construction, and garment sectors. During a roundtable discussion, FSI disclosed that they may have a potential demand for up to 6,000 security guards from Nepal. In the construction sector, the demand could reach 6,000 workers; in the garment sector, FSI expects a demand for up to 1,000 women workers in Jordan. FSI is planning to partner with Pokhara Valley Technical Training Centre to increase its capacity.

FSI model solves the excessive cost of migration issue since it doesn't charge recruitment fees to the migrant candidates. Subsequently, migrants don't need to borrow larger amounts to pay for their migration from moneylenders at usurious rates; therefore, their increased disposable income can be spent, saved, or invested profitably. Finally, migrants are protected from exploitation, trafficking and irregular migration.

---

[21] http://publications.iom.int/system/files/pdf/global_eye_issue13_7oct2013.pdf
[22] https://www.ilo.org/global/topics/labour-migration/projects/WCMS_405819/lang--en/index.htm
[23] https://iris.iom.int/what-iris

Gulf Manpower Services P.V.T.LTD. (GMS)

This Recruitment Agency has been operating for 27 years and is specialised in procuring and training scaffolders holding international accreditation for their trade. The company has established a direct contact with its clients and therefore, doesn't depend on other job or visa brokers for its business. If/when it does so, it makes sure that the only fees received are the service fee that the employer has agreed to pay for the procurement of skilled (migrant) workers.

GMS procures skilled scaffolders with internationally-recognised certification. To do so, GMS partners with AECOR Nepal- a specialised company that provides a comprehensive scaffolding training programme respecting international standards for aspiring scaffolders from entry level to Supervisors and Contract Level Managers. In collaboration with Safety & Access Ltd. UK, AECOR Nepal provides various CISRS-accredited scaffolding training in Nepal and other affiliated training institutes across the UK, Middle East, and Far East.

Thus, migrants deployed by GMS are skilled migrants with accredited qualifications, giving them access to higher paid jobs. They don't pay recruitment fees; their employment contract and future employer are known, and the money they save on unjustified excessive recruitment fees is spent paying for their training courses to AECOR. GMS told us that they couldn't keep up with the Nepali demand for training, despite AECOR's infrastructure and trainers' team.

2.4 Conclusions

A summary of the G2Gs and MOUs that Nepal has signed with the salient elements relevant to the सीप project are given in Annex VII, whereas the pros, cons and points of intervention for सीप are summarized in **Figure 3**.

G2G and other bilateral agreements solve some of the market failures affecting migration. The few happy migrants who are selected under the EPS system or the Israel/Nepal Pilot project need to be proficient in Korean or English and for Israel have a Nursing certificate, Japan's TITP is only for trainees who already have a job and is more about skill transfers than migration. These models can't manage the mass migration of unskilled migrants that go to GCC. Those who can afford the EPS TITP system are not part of the poor segment of the population or the less educated or discriminated against and the GESI content is rather low, therefore they fall out of सीप's scope.

The only model that manages large-scale migration and covers the market failures discussed in previous documents is the Sri Lanka model. It controls the cost of migration, provides skilling and loans to migrants, provides social assistance and welfare to the migrant's families and escapes the monopolistic power RAs have in other countries. The model brings in play the private sector and it funds itself by collecting fees.

When Qatar QVC is implemented in Nepal, it will reduce the costs of migration for the reasons mentioned and could be combined with Nepal's migration policy which foresees the provision of skills, funding, and other benefits for migrants. Encouraging the destination countries to follow Qatar model and process essential administrative steps in the origin country of migration would eliminate most of the middleman interference in the recruitment process and significantly lower migration costs.

Ethical/fair recruitment is possible, and the RAs promoting it need support in capacity building to help them match demand and supply and reach a significant number of beneficiaries. FSI, Gulf Manpower Service and similar Ras are potential partners for सीप's Challenge Fund.

Figure 3. NEPAL bilateral agreements and सीप intervention points

Destination country	Year	Nature of agreement	Pros	Cons	Potential सीप interventions
Qatar	2005	General agreement	Possible G2G coming Qatar Visa System in the origin country has been decided. Cost reduction, regular migration. 750,000 Nepali migrants	Systems are in the implementation phase. Positive effects may come late	Follow up with ILO and recommendations to Nepal's local authorities. Possible link with MRCs. Fair/ethical recruitment through RAs
United Arab Emirates	2007	MoU	Wage protection system-reform of the Kafala system.	Weak implementation of reforms affecting domestic workers. Migration costs are high due to weak regulation	GESI intervention and Fair/ethical recruitment through RAs
Republic of Korea	2007	EPS	Cost is capped, safe, orderly and regular migration, minimum wage guaranteed, migrants rights are protected, financial inclusion and banking	quota system, only 3500 candidates per year are allowed, accessible to skilled literate migrants,	Saving and investment products for returnees and households
Bahrain	2008	MoU	New pro-migrant regulations, minimum wage according to skill level	High costs of migration,	Fair/ethical recruitment with RAs
Japan	2009	Directive	Skill transfer, high revenue, safe, orderly and regular migration. Decent job.	Low level of recruitment, procedure is lengthy and complicated. Only meant for skilled Nepali workers	Saving and investment products for returnees and households
Israel	2015	Joint Pilot Program	Cost is capped, safe, orderly and regular migration, minimum wage guaranteed, migrants rights are protected, financial inclusion and banking	Pilot phase, low level of recruitment, requires literate and semi-skilled workers	Women skilling programs in nursing
Jordan	2017	General Agreement	High GESI potential, job diversification for low skilled women from domestic workers to the garment sector	Still in an initial phase and in need of finetuning between the two governments	Women skilling programs in RMG

3. Lack of Affordable Funding for Migration

The second market failure is the lack of affordable funding for migration. Migrants pay excessive recruitment fees and therefore, the amount they need to borrow is high. The lack of access to migration loans aggravates the situation since migrants are left with no other choice than to borrow from moneylenders at usurious rates. To solve this market failure (missing market), several partners were approached, and potential solutions were discussed. What follows is a brief presentation of what has been undertaken by UKaid-Sakchyam (working with private sector partners) and other programmes/institutions providing migration loans.

3.1 Foreign Employment Loan

During our research, we found that several financial products (savings, loan, and remittance products) are currently being offered by banks and other financial institutions in Nepal. Commercial banks to-date are not very keen in serving the demand for this product, stating that profit margins compared to the costs are too low. A foreign employment loan is small in size but requires the same amount of attention and involves similar risks and costs as any other loan. On average 400,000 migrants leave the country every year, assuming that only half of them would need a loan, each of the 30 commercial banks operating in Nepal would see its loan portfolio increase by 6,600 clients every year.

MFIs are more interested in and oriented towards offering foreign employment loans targeting migration workers. The survey conducted by Coffey for DFID in 2017 mentioned that the loan sizes vary from NPR 10,000 to NPR 500,000. The lowest loan size was meant for migrant workers going to India and was offered by NWCSC in Dang. Interest on pre-migration loans varied from 13% to 20%. Most MFIs are charging 20% for foreign employment loans without collateral and 16-18% with collateral. In most cases, quarterly repayments are standard.

The survey reported that except for migrants to India, in addition to regular loan application documents, the supporting documents required to obtain the loan include a copy of the migrant's passport, a copy of the necessary visa, and a copy of the employment contract or full details of salary and benefits. However, the contract is very often given to the migrant worker at the airport and consequently, this is too late to acquire the loan when needed. As a result, they still tend to go to the informal financial sector for loans rather than struggle to provide the necessary documents. Some of the solutions presented above that get the documents in the hands in the workers faster and easier may help.

Nepal Women Community Service Centre

Nepal Women Community Service Centre (NWCSC) introduced a Migration loan product with the support from UKaid-Sakchyam. The Migration Loan provides easy access to finance (loan) for foreign employment to family members of its clients. This has created safer avenues for hundreds of families working abroad and sending money back home. A total of 223 migration loans were disbursed for a total value of NPR 25.59 million, on average NPR 114,350. The loan repayment was linked to the sending of remittances, and since its implementation 5762 remittances transactions valued at NPR 185 million were completed. For one rupee loaned 7.25 rupees were remitted.

Muktinath Bikas Bank LTD.

Muktinath bank offers a collateral based foreign employment loan up to NPR 150,000[24] with a duration of 3 years and at an annual rate of 16% plus 2% for service charges.

[24] http://muktinathbank.com.np/loan-product/

Naya Nepal Laghubitta Bittiya Sanstha Ltd.

Naya provides foreign employment loans at an annual interest rate of 18%. There are two types of loans, without and with collateral. The tranche without collateral allows to borrow up to NPR 150,000 with a duration of maximum 24 months. The second tranche offers a loan up to NPR 300,000 with collateral and a maximum duration of 36 months.

Sri Lanka Migration Loan Facility

The Government of Sri Lanka in association with commercial banks provides standard foreign employment loans on a cost sharing basis; migrants pay on average 45% of the yearly interest cost, the rest is covered by the government.

3.2 Recommendations and Risk Mitigation for Partnerships with FI/MFIs

Foreign employment loans, with some exceptions, are available against collateral. There is no direct link between remittances and the loan repayment. Linking the two would generalise the use of formal remittance channels and allow a distribution of the remittances flow towards various allocations; the first would be the repayment of the loan, the others, through a standing order, could be the regular payment into an education scheme or other investment products.

Working in tandem with the UKaid Sakchyam programme, the सीप-Migration Component Team has approached Prabhu, IME, Everest Bank and Swabalamban Laghubitta Bittiya Sanstha to discuss a new product allowing precisely the same. The participants have shown great interest towards the concept, making it a strong option for a Challenge Fund grantee.

The model design has strong risk mitigation elements that make it acceptable to BFIs and MFIs. The principal risk (death of the worker abroad) would be covered by linking the life insurance policy to the bank granting the loan. The interest payment risk (counterpart risk in banking jargon) could be covered either by a collective guarantee or by the migrant's household depositing a share of the expected equal monthly instalments into a blocked saving account. Should the migrant stop to repay his/her debt, the bank could recover its loss from this account. This model could be scalable to a larger number of migrants who leave the country while increasing access to banking and saving products.

4. High Cost of Remitting

The third failure explored is the cost of sending remittances. Globally, the cost of sending money continues to be high, above the Sustainable Development Goal (SDG) target of 3 percent. According to the Remittance Prices Worldwide Database, the global average cost of sending remittances of $200 (inclusive of all fees and charges) remained at 7.45 percent in 2017, but the South Asia Region had the lowest costs at 5.4 percent[25]. (See **Figure 4**).

According to a recent survey[26], 86% of households received remittances through formal channels, while 14% of households received transfers through informal ones. About 74% of migrants used money transfer agencies (Western Union, MoneyGram, IME, etc.). Only 11% used bank transfers. In terms of informal channels, 6% were carried home by the migrants themselves and 8% sent the money through friends, relatives, or acquaintances. Less than 1% of the households surveyed received remittances through *hundi,* a positive trend when compared to the 2011 Nepal Living Standard Survey 2010/11 where *hundi* represented 2.5% and money self-brought at 61.5%.[27]

Most of the Nepali migrants transfer their money through formal channels, mainly Money Transfer Operators (MTOs). An increase in competition has already reduced the average cost by 2 to 3% for some of the remittance corridors, but the next decrease will be brought by the expansion of e-banking and digital money: since money has become virtual/ digital, and smartphones have become the equivalent of our wallet. Purchased items are paid electronically and delivered. Total unique mobile subscribers have reached the number of 5 billion, 55% of which are in Asia Pacific. China has reached 1 billion unique mobile subscribers with a penetration of 78%, India had 730 million with a penetration of 54%, and Nepal has 37 million for a penetration of 125%.[28]

4.1 Schemes

Indo-Nepal Remittance Scheme

Nepal SBI Bank Limited, jointly with the State Bank of India (SBI), has introduced a robust Electronic Fund Transfer (EFT) Mechanism named "SBI-Nepal Express Remit" to provide a faster and convenient mode of remittance for Nepali migrants working in India. The mechanism disburses the remittances electronically to the beneficiaries' account/or in their name. The advantages include:

- Faster and Convenient
- Direct Credit to Beneficiary's Account with NSBL,
- Minimal Service Charge to the remitter if beneficiary has an account with NSBL,
- Cash payment through NSBL branches or any outlet of Prabhu Money Transfer in case the beneficiary does not have account with SBI,
- More than 1,365 paying outlets in Nepal
- The maximum amount of remittance under the scheme is INR.50,000 (NPR 80,000) with a flat fee of INR 20 (NPR 32) up to INR 50,000 or a maximum of 0.4% to a minimum of 0.04%.

The Wage Protection Scheme (WPS) in GCC

Designed mainly for low-income migrant workers, WPS has been introduced in all the GCC countries, except Bahrain where it is still under discussion by the Labour Market Regulatory Authority. The WPS is a mechanism mandating wage payment by bank transfer to provide an official record that can be monitored with penalties for non-compliance. As a measure for protection against non-payment of wages, WPS was formally presented and well received at the third meeting of the Abu Dhabi Dialogue

---

[25] http://remittanceprices.worldbank.org; Qatar and Saudi Arabia are the most expensive of the GCC countries.
[26] The Role of Remittances as Effective Development Finance for Sustainable Development in Nepal- 2016 survey sponsored by IOM, Ewha, Koica, GoN, IIDS the survey covered a total of 3,271 households with a migrant member and 911 households without migrants.708 potential migrants and 877 returnee migrants.
[27] Nepal Living Standard Survey 2010/11-CBS November 2011.
[28] https://www.gsma.com/newsroom/press-release/number-mobile-subscribers-worldwide-hits-5-billion/

(ADD) (2014). The first to implement a WPS was the United Arab Emirates (UAE) in 2009 (upgraded in 2016), followed by Saudi Arabia (2013), Oman (2014), Qatar (2015) and Kuwait (2015).

The UAE government created the WPS programme to ensure workers are treated fairly and paid on time. It requires that all employees are paid electronically with an accompanying debit card. In this way, the system allows the electronic payroll payment for unbanked workers who likely do not have traditional bank accounts. The WPS also provides a solution to issues affecting migrants: it eliminates wage retention, provides evidence in case of redress, and leaves no more room for visa trading done by sponsors and no more migrants warehousing. It also promotes financial inclusion and contributes to remitting costs reduction.

Reloadable Payroll prepaid cards[29]

The Mint Group Entity offers different card management programmes including payroll cards under WPS programmes. Mint intends to offer a comprehensive suite of services through a mobile wallet linked to the payroll prepaid card, including remittance, overdraft, loans, mobile phone top-up, rewards, and insurance, etc. The mobile wallet enables unbanked employees to purchase services and spend through the wallet. The employees receive their payroll through a payroll card from either Mastercard or Unionpay and have remittance options linked to their payroll cards.

Prabhu Digital Transfer

Prabhu Money Transfer Pt. Ltd. was established in 2002 to cover the remittance market. The company has associations and connections with almost all major banks of Nepal and therefore, can perform instant payments and account deposits all over Nepal. Prabhu has invested in both the infrastructure and staff needed and has deployed its personnel in all the major migrant destination countries. Prabhu operates the Prabhu payment system which has connections with the State Bank of India (SBI) and other Indian Banks and therefore, can remit to Nepal through the Reserve Bank of India's National Electronic Fund Transfer (NEFT) system.

To reach the largest number of clients possible, Prabhu has been targeting Nepal's cooperative system. Prabhu Management is the digital financial service provider for the Group with a network of more than 7,000 agents including 3,000 cooperatives. Prabhu provides various kinds of financial products and services to its targeted cooperatives particularly those who have no access to financial services therefore contributing increased financial inclusion. Prabhu services include domestic and international remittance services; core accounting software for all of cooperatives (Dairy, Agricultural, Saving and Credit, Consumer, Electricity, etc.); e-Prabhu payment and transfer services; Prabhu pay mobile wallet; KIOSK service; multiutility card for cashless payment solution; and Prabhu Mshop e -commerce solution for MSMEs.

Prabhu provides also financial literacy through the cooperatives such as trainings for starting a business activity, prepare a business plans and sets-up remittance and digital finance service system, installs core accounting software, and procure regular technical and management supports.

4.2 Potential for Partnerships

Prabhu

Prabhu is a multi-service group that offers financial services ranging from insurance policies saving products and remittance solutions, therefore it can offer package solutions to migrants' households at relatively competitive prices.

IME Remit

IME Remit is very active in the business of remittance solutions specializing in the money transfer services to its clients worldwide and particularly in the migrant's destination countries. IME Remit has

[29] https://themint.ae/about-us/

been active for 16 years and has an established international network of over 150,000 pay-out locations worldwide and employs more than 1000 employees and a large customer base. IME Remit has developed a remittance card that offers customers with the option to load the remittance amount in the card, sent through IME Agent network abroad and within Nepal and can be used by the beneficiary for cash withdrawals from ATMs, do transactions at points of sale. The card based on a beneficiary/recipient card model with separate PINs, will be a rupee denominated card on which remitter from outside Nepal can load money into the card or beneficiary in Nepal can reload full or partial amount of remittance received in to the card from designated IME agent outlets or Point-of-Sale locations. सीप wise this remittance is a promising product that could reduce the cost of remittances and can be used by unbanked and under-banked customers in Nepal. Most of the remittance receivers, certainly in the rural area, who are typically unbanked or under-banked receive their remittances at paying points that are not banks and in cash, remittance card will help them to keep the received remittance on a safer instrument.

4.3 Conclusion

The remittance corridors involving Nepal are already relatively cheap. A new trend has seen commercial banks in Nepal opening their own remitting company linked to its commercial bank in order to cross-sell other financial products. Another trend has seen commercial banks and MTOs join their networks to increase the number of paying-points across the country and obtain economies of scale (see **Figure 5**).

Prabhu and IME remit are strong candidates for सीप partnership. Both institutions have the appropriate size, geographical presence, and networks to reach सीपs targeted beneficiaries, for a summary of what has been discussed in this chapter and सीप possible interventions please refer to **Figure 5.**

Figure 4. Remittance Cost per Corridor from Destination Country to Nepal

Money transfer cost in % for sending USD 200 equivalent								
	Total cost in percentage of total (USD 200)							
From (Country/Corridor)	**USD**	**Nepal**	**Sri Lanka**	**India**	**Bangladesh**	Nepali migrants in the country (aggregate 2008-2017)	Remarks	सीप Intervention
Malaysia (MYR)	200	3.59%	n/a	2.8%	4.5%	1,048,000	The cost to remit is very close to the SDG target.	None
India (INR)	200	1.68%	2.6%		2.4%	n/a	The cost to remit is very close to the SDG target but most of remittances are brought through Hundi.	Co-fund projects formalising remittances flows
Oman (OMR)	200	4.88%	3.8%	5.2%	3.9%	22,111	Relatively small presence of Nepali Migrants	None
Qatar (QAR)	200	4.42%	3.2%	5.8%	5.7%	757,043	Costs are higher than SDG, high presence of Nepali migrants	Partnership with MTOs and BFIs
Saudi Arabia (SAR)	200	5.35%	3.5%	5.1%	4.4%	714,927	Costs are higher than SDG, high presence of Nepali migrants	Partnership with MTOs and BFIs
UAE (AED)	200	4.28%	4.3%	2.9%	2.6%	372,731	Costs are higher than SDG, high presence of Nepali migrants	Partnership with MTOs and BFIs
United Kingdom (GBP)	200	6.84%	5.0%	4.0%	5.2%	100	Costs are very high but few work permits delivered.	None
United States (USD)	200	5.46%	n/a	2.8%	6.2%	68	Costs are very high but few work permits delivered.	None

Sources: WB, ILO, GON

Figure 5. Bank Remittance Services

Commercial banks	Domestic pay-out locations				MTOs						
Services and partnership	SWIFT	Any Branch Banking service	Domestic branches	Pay-out locations	Western Union	Money Gram	Instant Cash Global Money Transfer	Express Money Services Ltd	EZ remit	Prabhu Money Transfer	International Money Express (IME)
1. Nepal Bank Limited - NBL Remit	yes	Yes (free of charge)	114		Yes		no	no	no	no	no
2. Rastriya Baniya Bank Limited - RBB Remit Online	yes	yes (with charges)	163		yes		yes	yes	yes	yes	yes
3. Agricultural Development Bank Limited - ADBL REMIT	yes		8	75	yes		no	no	no	no	no
4. Nabil Bank Limited – NABILREMIT	yes	yes	50	1300	yes						
5. Nepal Investment Bank Limited - Prithivi Remit	yes	yes	47			yes					
6. Himalayan Bank Limited - Himal Remit	yes	yes			no	yes	yes	yes	yes	yes	yes
7. Nepal SBI Bank Limited - SBI-Nepal Express Remit	no				no	yes	no	no	no	no	no
8. Everest Bank Limited - EVEREST REMIT	yes	yes			Yes	yes		yes	yes		
9. Bank of Kathmandu Limited - BOK Remit serves also kumari	yes	yes	50								
10. Kumari Bank Limited - Kumari Remit uses BOK	yes	yes		1000							
11. Laxmi Bank Limited - Laxmi Bank- X press Money Transfer				750							
12. Siddhartha Bank Limited - SBL Remit works with Civil bank and Prabhu	yes	yes		4000							
13. Global IME Bank Limited - Global Remit	yes	yes	87	4300							
14. Citizen Bank International Limited - Citizens Remit	yes	yes						yes			
15. Sunrise Bank Limited - SURYODAYA REMIT		yes		1100							
16. Prabhu Bank Limited -Prabhu Remit/ Money Transfer				2500		yes		yes	yes	yes	
17. Mega Bank Nepal Limited - Mega Remit	yes	Yes			yes	yes				yes	
18. Sanima Bank Limited - SanimaXpress	yes	yes			yes	yes				yes	yes
Totals			519	15025							

5. Need to Increase Migrants' Savings and Productive Investments

Repeat migrants have a high propensity to save as the IOM/IASCI assessments have revealed. Nevertheless, there is room of improvement in the way remittances are allocated, particularly in households with low literacy levels and little access to financial products and services. E-technologies and mobile banking applications are making government-to-person (G2P) and person-to-government payments (P2G) possible via a smartphone. However, much remains to be done in terms of financial literacy and household budget planning in order to familiarise beneficiaries with the simplest saving products and different ways of savings. Financial literacy must be tailored and incremental in sophistication and begins with financial inclusion. For poor or low-income households, financial inclusion means at least having access to:

- a safe place to deposit money where to store precautionary savings
- financial tools to generate savings and investment
- cheap small credit
- simple insurance products

The lack of access to appropriate banking products and services pushes people into the informal sector of the economy where transaction costs are higher and where moneylenders ask for excessive interest rates. In Nepal, resorting to Dhikur, or Dhituti (local equivalent of Rotating Savings and Credit Associations) as sources of ready capital is one-way poor migrants cope with their financial needs.

(Please refer to **Annex IV** for a comprehensive description of various saving products offered by commercial banks in Nepal.) The following organisations have included these criteria when designing their financial products.

5.1 Potential Models and Partnerships

UKaid Sakchyam Supported Saving & Investment Products Introduced through Various Institutions

UKaid-Sakchyam in cooperation with many implementing partners has contributed in tailoring and distributing saving products and loans supporting investment to Nepali households (see **Figure 6**). The organizations that obtained co-financing and technical assistance from Sakchyam include cooperatives, MTOs, and insurance companies. These partners have expressed their interest during roundtables and meetings and may submit some projects to the सीप-Challenge Fund.

Figure 6. Sakchyam-supported Products

S. No	Name of Organization	Name of product	Product features	Number of beneficiaries as of Sep 2018
1	**Mahila Sahayatra Microfinance Development Bank**	Business loan	- Loan products to promote entrepreneurial activity of MFI clients	1,862
2	**United Youth Service Centre (UNYC)**	Plan Saving Business loan	- Client can make a target and save on a periodic basis to meet the target - Loan products to promote entrepreneurial activity of MFI clients	8,081
3	**Kisan Cooperative**	Business loan	- Loan products to promote entrepreneurial activity of MFI clients	371

Global IME Bank

Global IME Bank, similar to a few other competitors, has a portfolio of financial products that seem to be suitable for सीप's targeted beneficiaries, including the following:

- Global Gold Saving Account
- Global Ladder Savings Account
- Global Premium Savings Account
- Global Branchless Banking Savings Account
- Global Remittance product
- Global Students Saving Account
- Foreign Currency Savings Deposit Account
- Global Normal Savings
- Global Senior Citizen Account

The Bank has expressed interest in expanding out these services in partnership with the सीप-Challenge Fund.

Prabhu Bank

Prabhu Bank is the main competitor of Global IME and offers more or less the same category of saving and remitting products. Prabhu has been active at the grassroots level and has an outreach that is notable, as already discussed, plus a e-wallet platform and digital solutions for remitting money electronically therefore reducing as much as possible cash physical handling. Prabhu is stronger in offering capacity building, infrastructure, and financial literacy to its targeted beneficiaries.

Financial Literacy Models

Figure 7 gives a succinct description of the projects led in the past targeting the saving capacity of the migrants and their households. They all aim at increasing the financial inclusion and financial capability of the targeted recipients. Some of the projects were also meant for the returnees and their reintegration on Nepal's economy. The सीप Challenge Fund will of course decide which project these and other banks may bring forward.

Figure 7. Models involving Financial Literacy

Previous/ Past interventions	Strength	Weaknesses	Initiated by	Evaluations
Private Sector Participation in Labour Migration Management in Nepal- financial literacy (FL), skills and EDP for returnee migrants and RRHHs (mostly women)-NGO driven in partnerships with banks and financial institutions.	Good cooperation from the partner financial institutions including NRB in FL curriculum development Relation with the NGOs that have strong network with the returnees,	Short project duration limiting the time for beneficiary's follow-up post trainings	IOM in partnership with PNCC and Pourakhi and bank and financial cooperatives	Project Evaluation report that concludes financial literacy, skills and EDP trainings effective tool to support migrant's households/ returnees in utilizing remittances productively.
Community based savings and investments- local groups/ social mobilizers i.e. spouses and family members of migrant to India in the Kailali and Surkhet district with financial cooperatives	Skills and EDP trainings combined with cooperation/ coordination among community groups and financial institutions- helped to design migrants' household specific financial schemes/ products and availed to migrant households	Due to limited duration of the project it was difficult to monitor the project at the outcomes level	Oxfam in partnership with IOM	JMDI report that include project under success stories.
Financial literacy for flood affected communities/ migrant families in Udayapur district – NGO led in partnerships with local financial cooperatives and local authorities	Combining financial literacy, flood preparedness and livelihood diversification trainings to support adaptive capacity of migrants sending households and leveraging investments of remittances in climate smart value chains Tailored information to migrants sending households through community level extension services The cross-cultural peer learning environment created during and by exposure visits among participants in two districts Gorkha and Udayapur	Program focused on left behind/ women spouse of migrant family so challenges faced with exposing household income and expenditures. Participants lacked basic literacy and needed assistance in preparing HHs budgets Short duration of the project (2 years)	ICIMOD and NIDS	Building capacities of Women to enhance adaptive capacity of migrant sending households in Udayapur district, Nepal: Process Documentation and Learning

5.2 Conclusion

There are various financial products that have been tailored to beneficiaries matching सीप criteria. Their distribution has involved the BFIs, MTOs, MFIs and Cooperatives to reach the less banked segment of the population. Our project will support the migrants and their household who are part of the unbanked or less-banked segment of the population. In addition to the financial literacy needs they have, it will be possible to offer other financial products that will contribute even more to the migrants and their households' ability to save.

More attention should be given to insurance products including a strong saving component. A child plan insurance for instance is a product that accumulates capital for the child until he/she becomes adult and has a life insurance covering the parents; should they pass away the child would be the beneficiary of the covered sum. A child education plan is similar in scope and structure it combines the same benefits of saving and protection. As explained in Chapter 3, life insurance could play an important role in mitigating the risk on the principal of the loan.

6. Need to Increase Migrants' Revenues through Skilling

In our macroeconomic survey, we indicated how targeted skilling could increase the migrants' income substantially (30% to 40%). The firm survey we conducted with RAs confirmed that migrants with skills have access to better paid jobs. सीप challenge is to achieve these results working with potential beneficiaries who have little education and skills that are not requested for the jobs available abroad. A collaborative approach between the migration stakeholders offers the best chances of success. For the projects that were and are still implemented in Nepal please refer to Annex V.

6.1 International Models and Practices with Potential

This section outlines some of the on-going and past models on migrant skilling (including on soft skills/ language and cultural orientations) and employment internationally that presents potential for replication and adaptation to the Nepali context.

Swiss Development Cooperation (SDC) Regional Project

The Swiss Development Cooperation (SDC) Regional Project currently under implementation entitled "Poverty Reduction through Safe Migration, Skills Development and Enhanced Job Placement (PROMISE) in Cambodia, Lao PDR, Myanmar, and Thailand (CLMT)" being implemented by ILO-IOM presents a case in point/ practices that Nepal could adapt. The project's overall goal is to improve the employment opportunities and conditions for migrant workers, particularly women from Cambodia, Lao PDR, and Myanmar (CLM) in Thailand, through enhanced skills and protection, leading to poverty reduction in communities of origin, which is similar to the objectives of the *सीप* migration component.

The project promotes decent employment and safe migration schemes through enhanced collaboration between potential employers, relevant sector associations, and skills development partners; supports women's access to skills development in target sectors through affirmative action, leading to improved employability abroad and at home; and, supports greater protection of female migrants through strengthened policy frameworks, enhanced assistance services, and safe migration information at all stages of the migration cycle.

To this end, the project has mobilized private sector support for market-driven skills training and matching of migrant workers. It has enhanced private sector dialogue on ethical recruitment and decent employment of migrant workers, and enhanced the capacity of skills providers in CLMT to deliver migrant-centred, gender-sensitive and market-responsive training courses. It promotes closer bilateral collaboration on skills development for migrant workers, enhanced access of migrant workers, particularly female, to tailored skills development programmes and job placement, enhanced certification and referral mechanisms to support reintegration of returning migrant workers through recognition of prior learning, evidence based and development of gender-responsive policies on labour migration and protection of migrants, enhance access of Migrant workers to effective and gender-responsive Safe Migration Services, greater participation of migrant workers and their families in Safe Migration communication and self-support mechanisms among others.

Corporate Social Responsibility to Eliminate Slavery and Trafficking (CREST)

Under Corporate Social Responsibility to Eliminate Slavery and Trafficking (CREST, Pillar 2), IOM has been undertaking pre-departure orientation/ post-arrival training for migrant workers. For companies that employ migrant workers, IOM provides pre-departure and/or post-arrival orientation training for prospective job seekers interested in finding work overseas. The training provides information about living and working conditions, contract terms, human rights' awareness, resolving workplace disputes, soft skills, and useful contacts for when abroad. As a result, companies are reassured that workers are coming through their own choice and oriented toward specific job requirements.

Another area of interest or relevance is training by the IOM for the commercial sector on ways to reduce the risks of modern slavery and human trafficking in their daily operations and supply chains. This includes guidance on how to comply with new anti-slavery legislation and trade requirements, as well as practical tips on how to implement ethical recruitment practices and better monitor lower-tier suppliers[30].

Sri Lanka Example

Sri Lanka has a notable example on how a national government can provide gender-sensitive safe migration support through comprehensive interventions at each stage of migration. Female migration in Sri Lanka is roughly 34.43% of total migrants (as of 2015). Given the vulnerability associated with domestic work (over discrimination, exploitation and abuse), the Sri Lanka Foreign Employment Bureau (SLFEB) adopted policy measures that combined increasing the minimum age limit of women migrating for domestic work with upgrading the training given to women domestic workers to the level 3 of National Vocational Qualification (NVQ) and making skills training qualification compulsory for women. The SBFE clearly lays down the different types of specialized skills training courses available as per the job sector including pre-training qualification/ minimum requirements, training duration, course content, and the costs of such trainings through recognized skills training institutes[31]. Furthermore, prospective migrant workers also have support in identifying reliable recruitment agencies, financing options and schemes to cover the cost of migration, migration-related administrative procedures and documentation requirements. There is also support to family members including support services in the destination countries and guidance on the management and investment of remittances.

Bangladesh Example

With over half a million youth leaving for foreign employment each year and the majority without skills training, the migration management process is not harmonized with the skills development system in Bangladesh. The Bangladesh Government (BD) planned to deliver market-responsive, quality-assured training and assessments that meet international standards. BD also came up with the National Skills Development Policy 2011 to improve the quality and relevance of skills development, delivery mechanisms that better service the need of labour markets (national and international), and to improve access to skills development for various groups including women and people with disabilities (PWDs). All training and trade testing centres targeting overseas workers will be required to be registered with Bangladesh Technical Education Board and all migrating workers are required to have qualifications from the NTVQF (National Technical and Vocational Qualifications Framework), obtained either through occupation specific courses or through a Recognition of Prior Learning (RPL) process at BTEB registered testing centres. Ministry of Women and Children Affairs is one of the key ministries accredited by BTEB and provides TVET (Technical & Vocational Education & Training) on embroidery, tailoring, batik, tie-dye, handicrafts, livestock, and agro-based and various specialities within digital industries targeting women.

6.2 Conclusions

Figure 8 outlines the models discussed and their application for सीप. The enumeration of the above international models reveals that skills training linked to migration are best achieved through collaborative efforts of the potential employers, relevant sector association, skills development partners, and the national authorities. (The Philippines provides the best example with combined effort of industry, labour, local government units, and technical-vocational institutions to provided unified direction on National TEVT system to develop the middle level workforce.) Furthermore, women's

[30] IOM, 2017. Private Sector Engagement Strategy. Towards Sustainability and Increasing Social Responsibility Sharing with the Private Sector.
[31] SLBFE website http://www.slbfe.lk/page.php?LID=1&PID=114? accessed on 26 November 2018

access to skills development in target sectors besides traditional care work can be achieved through affirmative action in coordination with the destination country employers. The IOM project in ASEAN can be taken as an example as well as skills certification and recognition for better employment conditions in Sri Lanka.

Figure 8. International Models Targeting Skilling and Employment and their Relevance for सीप

Models	Implementing agent	Country of intervention	Remarks	सीप relevance
PROMISE	SDC	South East Asia	Improves the employment opportunities and conditions for migrant workers, particularly women through enhanced skills and protection, leading to poverty reduction in communities of origin, which is like the objectives of the सीप migration component.	Productive investment in communities of origin, high GESI content
CREST (pillar 2)	IOM	Regional Partnership South and South East Asia	Establishes a link with companies that employ migrant workers and delivers demand driven skilling combined with pre-departure orientation/ post-arrival training for migrant workers.,	PP partnership that can be replicated through ethical/fair recruitment (IOM/ILO)
National Technical and Vocational Qualifications Framework	Government	Bangladesh	Capacity building of the training centres and trainers, National Technical and Vocational Qualifications Framework and TVET with qualification recognitions	
TESDA	Government	Philippines	TVET system particularly focused on development of middle level workforce. approves skills standards and tests, develop accreditation system, funds programs and project and assists trainers training programs	Combined effort of industry, labour, local government units, and technical-vocational institutions to provided unified direction on National TEVT system to develop middle level workforce

7. M4P considerations

Making Markets Work for the Poor (M4P)

M4P is an overarching and innovative (see **Annex IX**) approach to development that provides agencies and governments with the direction required to achieve large-scale, sustainable change in different contexts. It places the focus on the underlying constraints that prevent the effective inclusion of the poor in markets. The M4P Operational Guide is more specific to development, using the objective of the change as part of its definition: "A change in the way core functions, supporting functions and rules perform, that ultimately improves the poor's terms of participation within the market system."

7.1 Market Failures Affecting the Migration Process

Figure 9 sums up the market failures that we've been describing in detail. Our proposition is to address these through सीप Challenge Fund windows or points of intervention for the Migration component. They are: *9) Financial products for lowering the cost of migration; 10) Migrant Skilling ethical recruitment; 11) Access to factual information (innovative technology; 12) Financial products for savings and investments; and 13) Financial literacy.*

For instance, through Model 9, the project will be able to procure loans to migration at market rates, about 17% per annum cheaper (see Annex VI fig 1). Model 10 will promote the transition between job categories, namely from unskilled to semiskilled and therefore increase a migrant's revenue by an estimated 40% (Annex VI fig 6). Model 11 will promote the access to factual information that will help migrants in making informed decisions about migration. By providing migrants with a cost and benefit analysis, information on the skill requirements abroad and the real wages corresponding to their skills MRC will implement the migration management policies at the provincial and or municipal level if so decided by the new Federal Government (annex VI fig. 7) . Module 12 will cover the provision of financial products to households by the BFIs, MFIs and MTOs. (Annex VI. fig 3 and 4). Finally, Model 13 will provide tailored financial literacy at both the departing migrants and their family members.

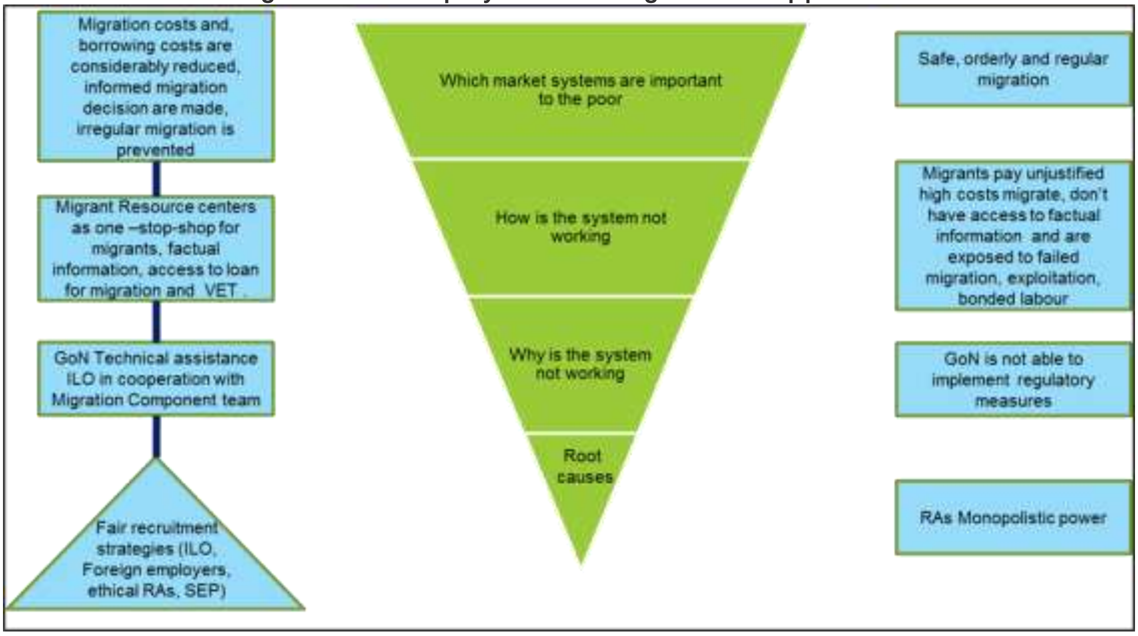
Since financial literacy is cross-cutting, it may well be that one participant may attend two or more training modules, for instance the modules for Models 9 and 13. The financial literacy provider will make sure that the candidate will be only counted once in the final attendants tally. On the other hand if a member of the household (non-migrant) attends the module under Model 12 and the departing migrant of the same household follows another module for instance under Model 9, they will be counted as distinct (different) attendees. Finally, if the financial literacy course provider procures all the modules under all the models, the Challenge Fund participation will be reduced and shall not exceed 50% of the cost. (Please refer to the tables in Annex VI for a detailed presentation of the models within the M4P approach.)

The Monopoly Power (market power) as a market failure has been discussed in all our previous reports as being the contributing the most to the overall cost of migration. Since many of the interventions related to this market failure fall into the technical assistance to the GoN and regulatory recommendations, they fall out of the Migration Component's scope and are covered indirectly within a close cooperation with ILO. Nevertheless, to illustrate how the M4P approach could be used for determining the intervention points to solve the monopoly power issue, please refer to **Figure 10.**

Figure 9. Review of Key Market Failures

Market Failures				
Capital Market Failure (missing market)	Labour Market Failure	Information failure (Information asymmetry)	Inequitable Access	cross cutting
BFIs fail to produce financial products requested and needed by Migrants	Majority of Nepali migrants is unskilled, skill mismatch for better paying jobs abroad, loss of acquired skills and motivation for returnee migrants due to mismatch between acquired skills and jobs available in Nepal	RAs are the sole providers of information on job availability abroad. Migration decision is based on hearsay,	migrants households don't have access to financial products that could increase their propensity to save	Migrants/returnees and migrants households lack the skills to understand the opportunities offered by financial products.
Model 9	Model 10	model 11	Model 12	Model 13
Financial products for lowering the cost of migration	*Migrant Skilling*	*Access to factual information (innovative technology)*	*Financial products for savings and investments*	*Financial literacy*
BFIs and MTOs offer loans, remittance and other products relevant to migration	Fair recruitment Agencies and other stakeholders provide training for the most requested sectors	Migrants access innovative technology for factual information on job opportunities and skills required for higher income	1) BFIs make savings schemes and insurance products more accessible to migrant households 2) BFIs and MFIs make microfinance loans more accessible to migrant households	Organisations deliver tailored financial literacy to migrant households, women and DAGs

Figure 10. Monopoly Power Using an M4P Approach



8. General Conclusions and Recommended Models

Market monopoly, labour market failure

National and International models aiming at regulating the migration recruitment process have been presented with their advantages and weaknesses. The best models that seem to best resolve the monopolistic position of the recruitment agencies is the Sri Lankan model, followed by the Qatar Visa Centre to be opened in the migrants' country of origin that once implemented will reduce the cost of migration. The G2G models such as the EPS, Israel Pilot, Japan TITP are migration solution for Nepali migrants who have a higher education level, have an occupation and have the means to finance the costs and trainings involved. This category of migrants is excluded due to our M4P approach and सीप's objectives and outcomes. The other weak element of these models is that they don't offer a systemic solution apt to address the mass migration typical of Nepal. Fair/ethical recruitment aligning skills with foreign employment requirements have been presented.

After several meetings with both FSI and Gulf Manpower Service, we came to the conclusion that vertical integrated models—where the recruitment agency controls the recruitment value chain in all its aspects—leads to a considerable cost reduction for the migrant and provides him/her with a qualification certification plus a safe, orderly and regular migration experience. They all led to an increase of migrants' revenue, increasing their skills and by providing financial literacy and financial inclusion (M4P).

Migration costs, saving and investment products

The models are known and were already implemented with success. सीप through the Challenge Fund should succeed in scaling them up. The foreign employment loan should be a standard product made available to the poorest migrants since as explained in previous reports, it can reduce the cost of borrowing by 20% per annum. The Sri Lanka standardised loan facility could be emulated and applied to Nepal. Since it involves the participation of the private sector, a PPP could be envisaged with support from the सीप-Challenge Fund. This is also a model that will involves good cooperation with the ILO, Sakchyam, Prabhu, IME, and other MFIs.

Regarding the cost of remittances, Prabhu Digital Transfer and IME Remit cover the migration corridors used by Nepalis. They have the digital solutions that could decrease the remitting cost even further. For the saving and investment potential, Challenge Fund partners have been identified and the descriptions of the recommended products have been given.

The Way Forward

The models will be vetted by MEL (monitoring evaluation and learning) and all the requests for co-funding will be estimated by the Challenge Fund. In the Implementation Phase, we will continue discussions with potential implementers and translate our approach into concrete actions.

Annexes

Annex I: Israel Pilot Test for Caregivers

50 Job Opportunities for Caregivers from Nepal to Treat Disabled Elderly in Israel

The Department of Foreign Employment in Nepal announces the opportunity for 50 highly qualified and experienced caregivers to apply for work in Israel providing around the clock, live-in home care for disabled elderly persons in Israel.

This opportunity is provided in the context a joint pilot program between the Government of Nepal and the Government of Israel– only 50-60 caregivers who successfully pass a screening process, including a test in English, training programme and a personal interview will be eligible to work in Israel.

There is no recruitment fee for participation in this program and the expenses are only as set out hereinafter.

Background & Job Description:

Eligible candidates will be employed as caregivers for elderly disabled employers in Israel. Employment will be in the private homes of the elderly disabled employers and will be permitted only when the employers hold valid foreign worker employment permits, after proving their need for constant care or supervision.

The caregivers must reside in the homes of the elderly disabled employers during the work week, and they may not work for other employers or take on additional jobs, including during vacations or on their weekly day of rest.

Caregivers may reside in Israel for a period of up to 51 months, provided that they meet all of the terms of their visas and are not unemployed for any period exceeding ninety (90) days at a time. All caregivers must be registered with one of the Israeli licensed-bonded placement bureaus which are responsible, inter alia, for appointing social workers to oversee the employment and for finding alternative employment for caregivers whose current employment is terminated before the 51-month period has expired.

A rights brochure detailing the conditions of employment in Israel for foreign caregivers, including special circumstances in which a caregiver's visa may be extended for additional periods, will be provided to all candidates and is available online [INSERT DOFE Website address].

The direct employers of the chosen caregivers in Israel will be the elderly invalid and/or his/her family members, as will be set out in the employment contract, and these employers and/or family members will be responsible for the worker's salary and work conditions. PIBA and/or the relevant government bodies are not employers of the chosen caregivers, and are not responsible for the payment of salary or other work conditions, directly or indirectly.

- Prerequisites: (Applicants must meet the following requirements. Certification and documents will be required):
- They are between 25-45 years of age.
- They are at least 1.4 meters tall and weigh at least 45 kg.
- They have successfully completed a practical nursing or caregiver training course of at least three months duration, recognized by relevant Nepalese Authorities.
- They have intermediate level English language skills. (Skills will be tested)
- They have successfully completed at least 10 years of schooling.
- They have never previously worked in Israel. (this will be biometrically verified by Israeli Immigration Authority)

- They do not have a spouse, parents or children currently working or residing in Israel.
- They are physically and mentally healthy, do not suffer from diseases or from chronic medical conditions including (but not limited to) tuberculosis, hepatitis, syphilis, gonorrhoea, and HIV-AIDS; and are capable of difficult caregiving work in Israel including heavy lifting.
- They have a clean police record
- They have Nepalese citizenship.

Salary:

A live-in, around the clock caregiver for the disabled elderly, employed in Israel is entitled to the gross monthly minimum wage for his work, which is currently 4650 NIS.

Employers may deduct fixed amounts, as stipulated in the regulations, from the above monthly gross salary for expenses such as private medical insurance coverage, accommodations and related expenses, as well as food, but no more than 25% of the above minimum wage.

Thus, the net monthly wage of a live-in caregiver employed full time, should be no less than 75% of the above minimum wage) approximately 3488 NIS, which is approximately 870 USD at the current dollar shekel exchange rate) per month.

If the exchange rate rises, the dollar value of the salary, to be paid in Israeli Shekels, will be lower. In addition, there will bank charges for changing currencies or sending it abroad.

Holiday and Annual Leave:

Weekly rest day - according to current practice, caregivers will be entitled to a weekly rest day of 25 hours as agreed upon with the employer, which should include Friday, Saturday or Sunday.

Annual leave - Every worker is entitled to the following number of paid vacation days each year: for each of the first 4 years of employment – 14 days a year (this number includes weekly rest days) on dates to be agreed upon with the employer. The worker can save some of the paid vacation days, in order to take a longer paid vacation, in coordination with his employer, and subject to the Israeli law. A worker who wishes to return to Nepal for vacation must ask the Israel Placement Bureau with whom he is registered to assist him in receiving an "inter-visa" from the Migration Authorities in Israel, before he leaves the country, which will allow him to return to Israel after a short vacation, as per Israeli regulations

Religious holidays – All workers employed on a monthly basis are entitled to payment for up to 9 days of religious holidays a year, when the said holidays do not fall during the weekly rest period. The holidays can be those of the worker's religion, or the Jewish holidays, as the employee chooses.

Medical Insurance:

The employer is obligated to provide each employee with private medical insurance for the entire period of employment in Israel. The employer may deduct up to 50% of the amount that the worker spent on medical insurance, but no more than 124.73 NIS per month (or as updated yearly) of the worker's salary to cover a portion of the cost of medical insurance. The medical insurance does not cover pre-existing medical conditions of the worker, If the worker becomes unable to work for over 90 days due to illness, he must leave Israel and the medical insurance will end. As the insurance does not cover medicines or treatments for medical conditions which the worker had before arriving in Israel and as the cost of private medical treatment in Israel is prohibitive, only healthy workers are eligible for work in Israel.

Expenses to be paid by applicants for the Pilot Program:

It is illegal to charge applicants any recruitment fees for inclusion in the program. The only expenses to be paid by applicants for the Pilot Program are as follows:

Content	Cost		Remarks and Clarifications
	US Dollar (USD)	Nepalese Rupees (NRS.)	
Fee for English Language Examination			Free of charge
Medical Examination Fee	65-75	6500-7500	Costs are only for this pilot program
Fee for Employment application	5	500	
Fee for Police Report	5	500	
Passport Fee	55	5500	Ministry of Foreign Affairs is fully responsible for issuing passports.
Visa fee			Free of charge
Pre-Departure Training			Free of charge
Airfare (one way)	650	65000	Estimated cost. Depending on flights availability
Insurance for five years	50	5000	National Insurance has categorized the foreign employment insurance according to the age bar and sojourn period of the workers. It charges NRs. 3550 for under 35 years and NRs. 4900 for over 35 years that encloses by EPS system.
Welfare fund	25	2500	
Operating cost	50	5000	

As Set out above, ASIDE FROM THE ABOVEMENTIONED COSTS, THERE ARE NO OTHER RECRUITMENT FEES OR EXPENSES. If you are asked by any agent or third party to pay any fee relating to your recruitment (other than the above fees) please call the hotline to report the illegal solicitation at: 014782616

<u>Recruitment process</u>

Each candidate who applies for the positions shall attach proof of his education and his training certification as set out above, present a clean criminal police record document (CR) and sign a declaration stating that he fulfils all the preconditions above. Each applicant will receive an application number and written confirmation from DOFE that his application was received.

Workers who will be eligible to participate in the program will be chosen at random by the Israeli Migration Authority (PIBA) from the pool of the qualified workers. **Only 100 of the qualified workers in the pool will be chosen to participate in the selection process and only 50-60 will end up completing it.**

Shortlisted candidates shall be invited to be examined in the English language. The exam will be graded by PIBA. After grading the examinations, the 60 candidates with the highest scores will be invited by DOFE and PIBA to carry out a medical examination at 2-3 government-authorized medical institutions in Nepal agreed upon by PIBA.

The candidates who successfully passed the English examination as well as the medical examination and who have presented a clean Criminal Record document as stipulated above will be invited to take part in an additional 60-hour training course for caregivers which will be given in Nepal by Israeli experts on behalf of PIBA.

Each candidate successfully completes the additional training course, with a passing grade, will undergo a 5-minute interview in English by PIBA experts which will be recorded on video, and uploaded to the PIBA website, without identifying information, for authorized viewers only. **Following this**

process, PIBA will receive job offers from Israeli Recruitment Agencies for placements with elderly handicapped Israelis, and such job offers will be offered via PIBA to the relevant candidates.

It is forbidden for the applicants to directly contact Recruitment Agencies or brokers in Israel, and any worker who does so, or who is directly contacted by such and does not report such, may be removed from the program.

NO MANPOWER COMPANY OR BROKER OR THIRD-PARTY CAN AFFECT OR CHANGE THE CHOICE OF THE WORKER WHO WILL BE SELECTED RANDOMLY FROM THE POOL OF QUALIFIED WORKERS BY THE ISRAELI AUTHORITIES AND WILL UNDERGO A SELECTION PROCESS.

A worker who accepts a job offer via PIBA, and arrives in Israel but is found to not meet preconditions or who violates the conditions of his visa will be returned to Nepal at his own expense. Visa will be issued only if the candidate fulfils all visa requirements and is found to be in good health with no criminal record.

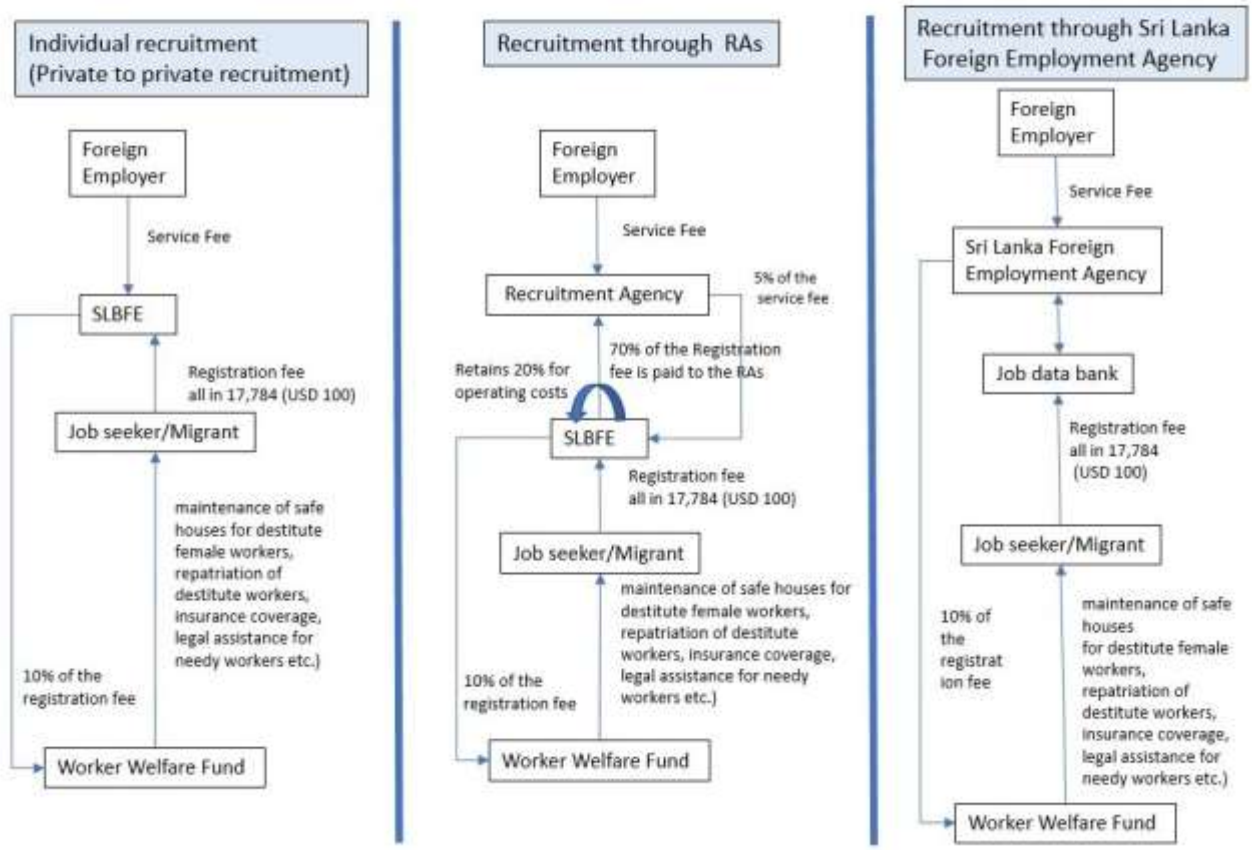
Prior to departure, participants will be invited to attend an orientation session in Kathmandu where they will receive information and guidance regarding their rights and obligations in Israel and will be asked to asked to sign the standard employment contract

In order to be properly informed, the workers should read the standard work contract and the Manual for Foreign Workers Rights in Israel in Nepali and English in the website of DOFE. [www.dofe.gov.np] Workers will also receive a copy of this publication.

Annex II: Sri Lanka migration management model

In Sri Lanka, migrants can opt to migrate in three different ways: by individual contract registration, via a recruitment agency or via the Sri Lanka Foreign Employment Agency (SLFEA). Migrants contribute to the cost of migration by paying a registration fee with the Sri Lanka Bureau of Foreign Employment. This fee is used as a contribution to the Workers Welfare fund, (10%) to pay for the operating costs of the Bureau (20%) and if the migrant has found a job through a recruitment agency the latter will receive 70% of the registration fee plus the service fee from the foreign employer. Per regulation the RA has to pay 5% of the service fee it receives to the SLBFE. The fee a migrant has to pay to a RA will be determined by the SLBFE and will depend on the salary of the job and the costs of recruitment incurred by the RA (after the verification of the SLBFE). The fee amount ranges from LKR 5,000 to LKR 125,000.3233.

Figure XX. Sri Lanka SLBFE recruitment process

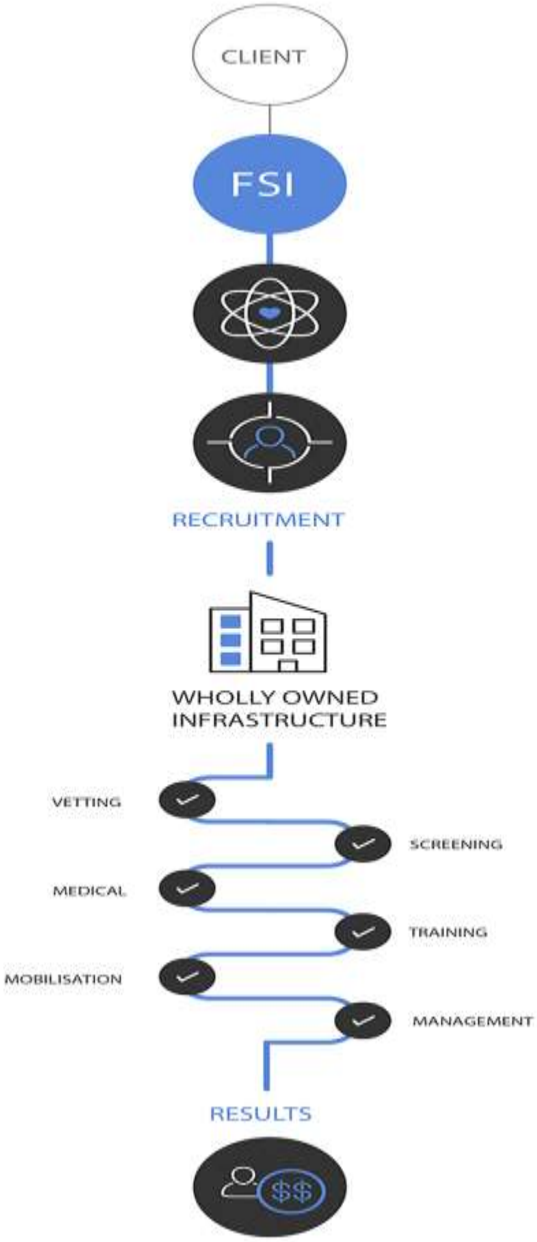


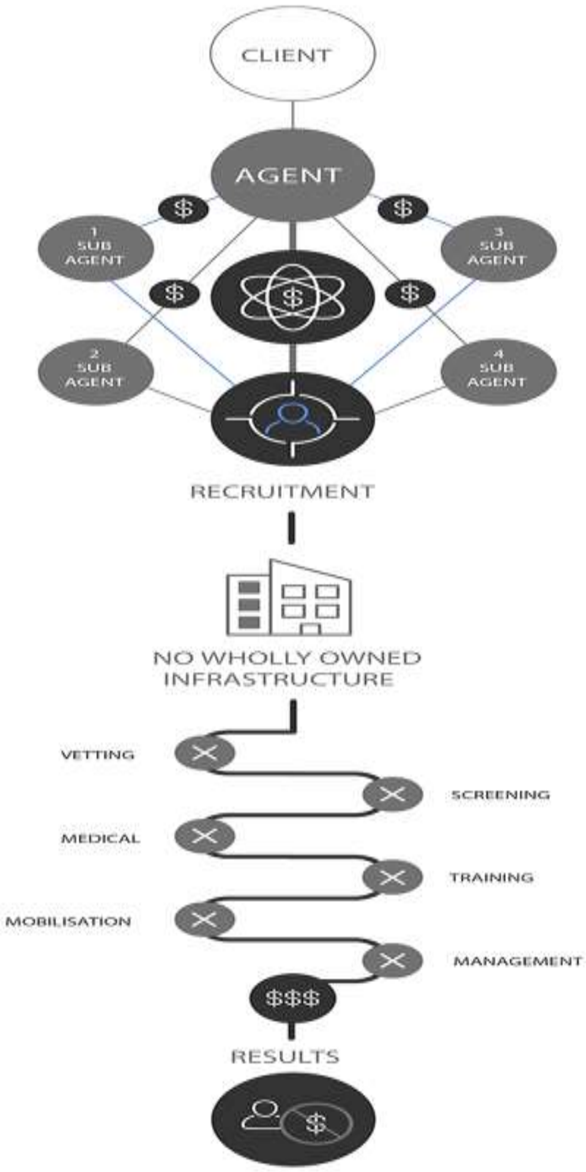
---

32 ILO- "recruitment practices of employment agencies recruiting migrant workers- March 2013
33 http://www.ips.lk/wp-content/uploads/2017/08/IPS_MigrationCosts_Dec2015.pdf

Annex III: FSI ethical recruitment model

FSI Model | **Traditional Model**





Source FSI http://fsi-worldwide.com/

Annex IV: Examples of Saving Products

Criteria that financial solutions must cover through financial literacy and inclusion are:

Financial services need to be

Appropriate

Financial services are appropriate when they meet the diverse needs of vulnerable populations. Migrants may prefer cross-national access that allows them and their relatives in the country of origin to access accounts and facilitate sending remittances across international borders.

Affordable

The advantage of being "banked" must be higher than the costs incurred and the alternative of keeping the money at home.

Flexible

Financial tools must include flexible features. Thrift –accounts or zero balance accounts, for instance allow people to deal he smallest transactions at any time. In savings and insurance, deposits might be more adaptable, permitting small and intermittent payments (perhaps lapsing altogether during hard times) and allowing flexibility to use savings for unexpected events. Similarly, loan payments might take into account financial instability, permitting borrowers to pay larger sums when money is more plentiful and smaller sums when it is scarce.

Savings account designed for Nepalese women above 16 years of age with an aim to develop saving habits and to enhance self-determination among them.

Features:

- Minimum balance requirement of Rs. 500/-
- Eligibility: Resident female above 16 years of age having citizenship certificate of Nepal.
- Account can be opened singly and/or jointly, with former or survivor mandate. Former account holder should be a female (Nari).
- Free Internet Banking Service.
- Free issuance of Cheque Book.
- Free Any Branch Banking Service.
- Unlimited Deposit and Withdrawal facility.
- Facility of SMS/Mobile Banking service at card rate.
- 25% discount on annual locker rental charge for availing small size Safe Deposit Locker facility (subject to availability).

Savings account especially designed for minors in order to initiate them to saving habits and make them financially literate. Parents can open the account to build capital for the future of their children.

Features:

1. Accounts for children below 18 years of age.
2. Low minimum balance requirement of Rs. 501/-
3. Concession on Issuance of ATM cum Debit Card.
4. Free SMS/Mobile Banking & Internet Banking services (Alerts & Enquiry Rights only).
5. Free Standing Instruction to transfer balance from parents/guardian account to the children account
6. Account is managed by the parents.
7. Maximum permitted account balance is Rs. 5 Lakhs.
8. Once the minor has attained his/her majority, the accumulated capital will be made available to his/her account

Life Insurance Products:
1. Future Care - Deposit Protection Scheme (Gold) (Savings & Protection Plan)
2. Education Protection Plan (Juvenile Plan)
3. Child Education Plan -

Annex V: Previous Skill-Aimed Interventions in Nepal

S/N	Previous/ Past interventions	Strength	Weaknesses	Initiated by	Evaluations
1.	Private Sector Participation in Labour Migration Management in Nepal- financial literacy (FL), skills and EDP for returnee migrants and RRHHs (mostly women)-NGO driven in partnerships with banks and financial institutions.	Good cooperation from the partner financial institutions including NRB in FL curriculum development Relation with the NGOs that have strong network with the returnees,	Short project duration limiting the time for beneficiary's follow-up post trainings	IOM in partnership with PNCC and Pourakhi and bank and financial cooperatives	Project Evaluation report that concludes financial literacy, skills and EDP trainings effective tool to support migrant's households/ returnees in utilizing remittances productively.
2,	Joint Migration and Development Programs- Homestay initiatives for the migrants and families- NGO in partnership with local government/LDO office	Good partnership and coordination amongst community groups (youth, women) and local authorities	Limited emphasis on promotion and marketing of established homestays	IOM, Migrants Centre, and Local authorities of Kaski district	Project reports- included as success stories
3.	Skills and EDP training for the returnee migrant women – Training institution partnership with NGO	Partnerships between, private sector i.e. training institutes and women migrant returnee organization resulting in better counselling and identification of women migrants – particularly distressed returnees which is key to economic reintegration programs	Lack of training curriculum with trainees, lack of training of trainers (ToT) and on the-job-training (OJT).	IOM and UN Women, Tradelink and Pourakhi	Over 80% of trained beneficiaries appeared for the skills test of NSTB

S/ N	Previous/ Past interventions	Strength	Weaknesses	Initiated by	Evaluations
4.	Intergovernmental organization (ILO) led in partnership with training institute, recruitment agencies and host country (Jordan) employer/s	Strong partnerships and coordination amongst training institute, recruitment agencies and host employers Life skills training incorporated into the skills training to better prepare women for new environment Availability of general agreement between Jordan and Nepal that explicitly states employers pays model of recruitment, fair employment and decent work, pre-departure and post arrival orientations including protection and safety of domestic workers.	2014-17 83% of 1474 employed however percentage decline in no. of labour permits after 2017 trainings (inferring issues with government administrative procedures/ and policies that periodically suspend migration for foreign employment. (Currently embassy in Cairo has not signed/ attested the demand letter- given that minimum salary of USD 300 for domestic workers was not ensured	ILO funded Sami/ Helvetas managed program, F-skill as training provider and FSI and SCC as recruitment agencies	Interview with SAMI project team and Annual report of F-skill (2016/17) positively reporting about the training and its outcomes. "Opening new doors" article by Roni Pradhan and Sunila Baniya (Kathmandu Post,14/11/2017
5.	Reintegration assistance to the returnee migrants/ VoTs through skills training and livelihood opportunities in a multi stakeholder approach, Intergovernmental organization/ IOM led in partnership with NGOs, private sector, and government agencies.	Combination of models used –self-employment through skills and EDP training as well as OJT and placement in coordination with the private sector, NGO, and government authorities	No sustained support from the private sector following the project phase out Drop out cases due to family related issues of women beneficiaries	IOM and selected private sector partners	Project booklet/ knowledge product highlighting the results
6.	NGO lead in partnership with training and financial institutions.	Selection of new trade area i.e. Electronic rickshaw driving training for returnee women and strong partnerships in training delivery and financing	Bureaucratic procedures in acquiring driving permits despite strong coordination with local authorities	Embassy of Finland, UN women and Pourakhi	Over 60% of trainees sustainably employed

S/ N	Previous/ Past interventions	Strength	Weaknesses	Initiated by	Evaluations
7	SaMI Helvetas skills training for potential migrants – Swiss Inter cooperation led in partnership with training institutes	Partnerships and coordination with the local training institutes (over 6) and recruitment agencies including MRCs presence in 19 districts (currently being expanded to cover 40 districts)	Due to low literacy levels of the potential migrants, skills training includes 22 trades primarily relating to construction and manufacturing (garment) sector only. Besides skills, employers tend to value work experience preferably gained while working abroad	SaMI/ Helvetas with trainings institutes (6)	Partner's report and expert interview concluding effectiveness of the skills program
8.	Community based savings and investments- local groups/ social mobilizers i.e. spouses and family members of migrant to India in the Kailali and Surkhet district with financial cooperatives	Skills and EDP trainings combined with cooperation/ coordination among community groups and financial institutions- helped to design migrants' household specific financial schemes/ products and availed to migrant households	Due to limited duration of the project it was difficult to monitor the project at the outcomes level	Oxfam in partnership with IOM	JMDI report that include project under success stories.
8	Financial literacy for flood affected communities/ migrant families in Udayapur district – NGO led in partnerships with local financial cooperatives and local authorities	Combining financial literacy, flood preparedness and livelihood diversification trainings to support adaptive capacity of migrants sending households and leveraging investments of remittances in climate smart value chains Tailored information to migrants sending households through community level extension services The cross-cultural peer learning environment created during and by exposure visits among participants in two districts Gorkha and Udayapur	Program focused on left behind/ women spouse of migrant family so challenges faced with exposing household income and expenditures. Participants lacked basic literacy and needed assistance in preparing HHs budgets Short duration of the project (2 years)	ICIMOD and NIDS	Building capacities of Women to enhance adaptive capacity of migrant sending households in Udayapur district, Nepal: Process Documentation and Learning

S/ N	Previous/ Past interventions	Strength	Weaknesses	Initiated by	Evaluations
9.	Government through Vocational and Skills Development Training Centre for potential migrant workers to Korea and others in general	Basic silks- cognitive skills, physical and industry/ trade specific orientation, instructions provided in Korean language, practical training to those who have received employment offer from Korea-one-month training which varies as per employment in trade offered	Migrant do not concentrate / focus on acquiring trainings they are in rush to go for foreign employment, no adequate / equipment / tools infrastructure as per the need or context in destination countries	Seep Bikar Talim Kendra in coordination with volunteers from Korea	Not available
10	Host government supported (KOICA) through tie ups with NGOs and training experts (Social Activation Centre- Asian Forum for Human Rights/ Migrants Centre)	Returnee migrant and spouse targeted program through design academy focusing on cutting stitching, CTEVT test facilitation (around 100). academy charges nominal fee NPR 1500, 30days and 3000 60 days which is later reimbursed, tourist guide training to 100, barista to 9/10, confectionary 5-7 all were employed	Weaknesses- convincing people to attend training, difficult to market the products, not able to retain trainer, Donor support for 3 years. only and not able to grow as planned.	Asian Forum for Human Rights/ Migrants Centre	Key informant interview – from Social Activation centre

Annex VI: M4P Applied to Models

Figure 1. Funding the migration cost

M4P functions	Functions	Current Picture			Diagnosis	Future Picture		
		Who does	Who Pays	Market failure	Intervention	Who will do?	Who will pay	Outcome
Core functions	Demand	migrants	migrants	Missing Market. Migrants don't have access to formal financial services and pay 20 to 30% more annually	Provide Foreign employment loans at market rates through the formal financial system.		Migrants but less	The poorest migrants will have access to affordable migration loan and could reduce their borrowing costs by at least 20% per year.
	supply	moneylenders		Moneylenders are unregulated and charge usurious interest rates	BFIs are not providing the service fearing the default of the counterpart.	BFIs, MFIs, cooperatives	BFIs, MFIs, Challenge Fund, donors	Through risk mitigation strategies BFIs, MTOs will increase their lending to the less well to do migrants.
Support functions	Financial Literacy	Donors, MFIs, BFIs	Migrants Donors, MFIs, BFIs	Financial literacy is provided occasionally and not streamlined	Financial literacy is crosscutting in all सीप interventions	NRB, GoN	Local authorities, donors, migrants, CSOs	Migrants are financially skilled and prepared for their migration phase and their return.

Figure 2. Reducing the cost of remittances

M4P functions	Functions	Current Picture Who does	Who Pays	Market failure	Diagnosis Intervention	Future Picture Who will do?	Who will pay	Outcome
Core functions	Demand	Migrants. Migrants need cheap solutions to remit.	migrants	Lack financial inclusion, lack of financial capability, services are not accessible,	Increase access to the formal financial sector, decrease the costs to remit		Migrants but less	The poorest migrants will have access to affordable migration loan and could reduce their borrowing costs by at least 20% per year.
	supply	Money Transfer operators Hundi agents		MTOs suffer from the illegal competition of the informal sector, the Hundi agents	Regulate the hundi market, Support innovative technologies	NRB, GoN	BFIs, MFIs, Challenge Fund, donors,	MTOs and BFIs will increase their client portfolio increase their margins through cross selling and economy of scale.
Support functions	Financial Literacy. Awareness campaign.	Donors, MFIs, BFIs	Migrants Donors, MFIs, BFIs	Financial literacy is provided occasionally and not streamlined	Financial literacy is crosscutting in all सीप interventions		Local authorities, donors, migrants, CSOs	Migrants learn the advantages to remit through the formal channels.

Figure 3. Increase migrants' savings

M4P functions	Functions	Current Picture			Diagnosis	Future Picture		
		Who does	Who Pays	Market failure	Intervention	Who will do?	Who will pay	Outcome
Core functions	Demand	Migrants' households. They need suitable formal saving instruments.	, Migrants, Opportunity cost for not having access to the needed services.	Needed saving products are not supplied, households spend their saving on daily consumption goods	Increase access to the formal financial sector, provide saving products tailored to households needs		Households, they will pay service fees in exchange of needed financial services	The poorest migrants will also have access to alternative saving products, increase their saving capability consider other forms of money management, and productive investments
	supply	Cooperatives, MFIs,	Cooperatives, MFIs	Despite the demand saving products are not available	Support mobile banking, branchless banking, e-banking	Cooperatives, MFIs, Commercial banks	BFIs, MFIs, Cooperatives Challenge Fund, donors	BFIs MFIs and cooperatives will increase their client portfolio increase their margins through cross selling and economy of scale.
Support functions	Financial Literacy	Donors, MFIs, BFIs Cooperatives	Migrants Donors, MFIs, BFIs, Cooperatives	Financial literacy is provided occasionally and not streamlined	Financial literacy is crosscutting in all सीप interventions	Local authorities, donors, migrants, CSOs	Local authorities, donors, migrants, CSOs	Streamlining of financial literacy, increase financial inclusion, increase households resiliency

Figure 4. Increase migrants and their household investments

M4P functions	Functions	Current Picture			Diagnosis	Future Picture		
		Who does	Who Pays	Market failure	Intervention	Who will do?	Who will pay	Outcome
Core functions	Demand	Migrant returnees and household members	Returnees and households. Opportunity cost.	No access to credits, poor infrastructures, little or no access to market, lack of skills and managerial knowledge.	Provide start up creation support, loans and capital for individuals and SME.		Returnees	Returnees and their households will have access to loans and credits thus create their own businesses or expand existing ones, increasing the productive allocation of remittances. Contribute to Nepal's development.
	supply	Little or none		Despite the demand the BFIs are not providing loans and credits for small businesses.	GoN should create a more conducive investment environment	Cooperatives, MFIs, Commercial banks	BFIs, MFIs, Cooperatives Challenge Fund, donors	BFIs MFIs and cooperatives will increase their client portfolio, increase their margins through cross selling and economy of scale.
Support functions	Financial Literacy	Donors, MFIs, BFIs Cooperatives	Migrants Donors, MFIs, BFIs, Cooperatives	Financial literacy is provided occasionally and is not streamlined	Financial literacy is crosscutting in all सीप interventions	Local authorities, donors, migrants, CSOs	Local authorities, donors, migrants, CSOs	Streamlining of financial literacy, increase financial inclusion, increase households resiliency

Figure 6. Increase migrants' revenues through demand driven skilling

M4P Functions	Functions	Current Picture			Diagnosis/ Interventions needed	Future Picture	
		Who does	Who pays	Market failure		Who will do?	Who will pay?
Core function	**Demand**	• Employer	• Employer	• Clear job role and its tasks • Information gap	• Link to international standard of classification of occupational • Awareness and capacity building on apprenticeship programmes (importance, role, approaches)	• Employers	• Employers
	Supply	• Training provider • Individuals • Public and private employment service providers	• TVET projects/ • Employer • Trainees (partial at the beginning)	• Information gap	• Clear job role-based competency profile • Information sharing among industry-training provider-employment service provider and apprentices.	• Employers • Training provider	• Employers
Support functions	**LMI Analysis**	• NA	• NA	• Information gap	• Capacity building • Availability of LMI	• Government • Employment service providers • Training Providers	• Government • Employers
	Training Needs Assessment	• NA	• NA	• Information gaps	• Identification of job role-based skills gaps	• Employers/association in collaboration with Training providers	• Government • Employers/ Association
	Curriculum design and development	• CTEVT Curriculum Division	• Government • Donor agencies/projects	• Involvement of business, industries and employers	• Skill sector council/committee/association/ employers' involvement • Develop market-based apprenticeship programme curricula	• Skill Sector Council/employers association/ Employers in association with training provider and regulated body	• Government • Employers/ Association
	Professional development (Trainers, managers)	• NA	• NA	• Lack of understanding apprentice approach • Lack of roving instructors/ supervisors	• Application based professional development (Supervisory, management skills development) • Mentoring	• Professional bodies • TITI	• Government • Employers/ Associations

M4P Functions	Functions	Current Picture			Diagnosis/ Interventions needed	Future Picture	
		Who does	Who pays	Market failure		Who will do?	Who will pay?
	Teaching-learning materials	• CTEVT Curriculum Division	• Government • Donor agencies/projects	• Lack of updated T-L materials	• Availability of updated T-L materials	• Employers/ Associations • Professional bodies	• Government • Employers/ Association
	Training monitoring & evaluation	• CTEVT Training Division	• Employers	• Lack of clear monitoring tools • Limited external monitoring	• Internal and external monitoring	• Employers/ Associations	• Employers
	Certification	• Training provider • CTEVT • NSTB	• NA	• Recognition of certificate and link with QF	• Link with authorized certification bodies	• Employers/training provider	• NA
	Counselling, placement and employment services	• NA	• NA	• Lack of proper counselling and placement services	• Capacity building in HR skills, employment skills and management • Link with private and public employment service providers	• Private and public employment service providers • Institute's Placement and counselling Unit • Use of job portals	• Free of Charge
Rules	**Occupational standards**	• CBS	• Government	• Not all programmes are accredited	• Update/develop occupational profile, competency standards and assessment tools by employers/associations	• Employer/Association in collaboration with CBS, NSTB and/or government regulated bodies	• Government • Employers/ Associations
	Rules and guidelines	• MOLESS • MOEST/CTEVT	• Government • TVET projects	• Provisions for apprenticeship in labour law are not convenient for employers	• NA	• MOLESS • MOEST/CTEVT	• Government
	Programme affiliation/ accreditation	• CTEVT Accreditation Division	• Training providers	• Not all programmes are affiliated and/or accredited	• Recognition and acceptance by Business, industries and employers	• National and international regulated bodies	• Employers • Training Provider

Figure 7. Information failure

M4P functions	Functions	Current Picture			Diagnosis	Future Picture		
		Who does	Who Pays	Market failure	Intervention	Who will do?	Who will pay	Outcome
Core functions	Demand	Migrant CSOs, MRCs, donors, other migration stakeholders	Migrants	Lack of factual information about migration and job supply abroad leads to uninformed decisions to migrate and lead to failed migrations.	Provide factual information through MRCs and other platforms. Cost/benefits on migration. Direction to Training and skilling.			Migrants will know the skill required for the jobs on offer and the wages paid. Will be able to apply a cost/benefit analysis to estimate the economic validity of their choice to migrate. They will avoid the unlicensed recruitment agents
	supply	RAs, DoFE		Despite the demand the service is not available	GoN should provide the missing information.	FEPB, DoFE, RAs	Federal and local authorities	Migration will be safe, orderly, regulated, humane, affordable.
Support functions	Access to IT. Counselling	SaMi, other MRCs	Donors	Lack of IT capacity, paper driven administration	Digitisation of the migration process	Local authorities, donors, migrants, CSOs	Local authorities, donors, migrants, CSOs	A better way to collect and distribute factual information will help the decision on-makers, public and private in managing migration

Annex VII: Existing Migration Management Models

Sending Country	NEPAL Bilateral Agreements									
Destination country	Year of agreement	Nature of agreement	Legally binding	Quotas	Through RAs	Capped fees and costs	Migration costs	Minimum salary	Migrants at destination country	Skills required
Qatar	2005	General agreement	N	N	Y	N	1,400	250-300	750,000	None (housemaids high in demand)
United Arab Emirates	2007	MoU	N	N	Y	N	1,400	250-300	372,000	None
Republic of Korea	2007	EPS	Y	Y	N	y	1,100	1,500	44,970	TOPIK Korean language proficiency exam and secondary level school education
Bahrain	2008	MoU	N	N	Y	N	1,400	250-300	30,183	None
Japan	2009	Directive	Y	N	Y	y	445	1,100-1,500	12,284	2-year experience-Japanese knowledge
Israel	2015	Joint Pilot Program	Y	Y	N	y	1,000	1,270	1,603	10 year of schooling proficiency in English
Jordan	2017	General Agreement	N	N	Y	N/a	N/a	N/a	4,101	None

Annex VIII. Risk Mitigation solution for migration loans

A bank when granting loans is exposed to the client's default. The client, the migrant in our example, may stop paying the loan's EMI or be in a situation where he can't repay the loan at all (in case of death or loss of revenue due to an accident).

Possible solution (figure 1)

Every migrant must buy a life insurance contract before migrating. The contract covers the death of the insured or his loss of revenue due to incapacitating work related accidents.

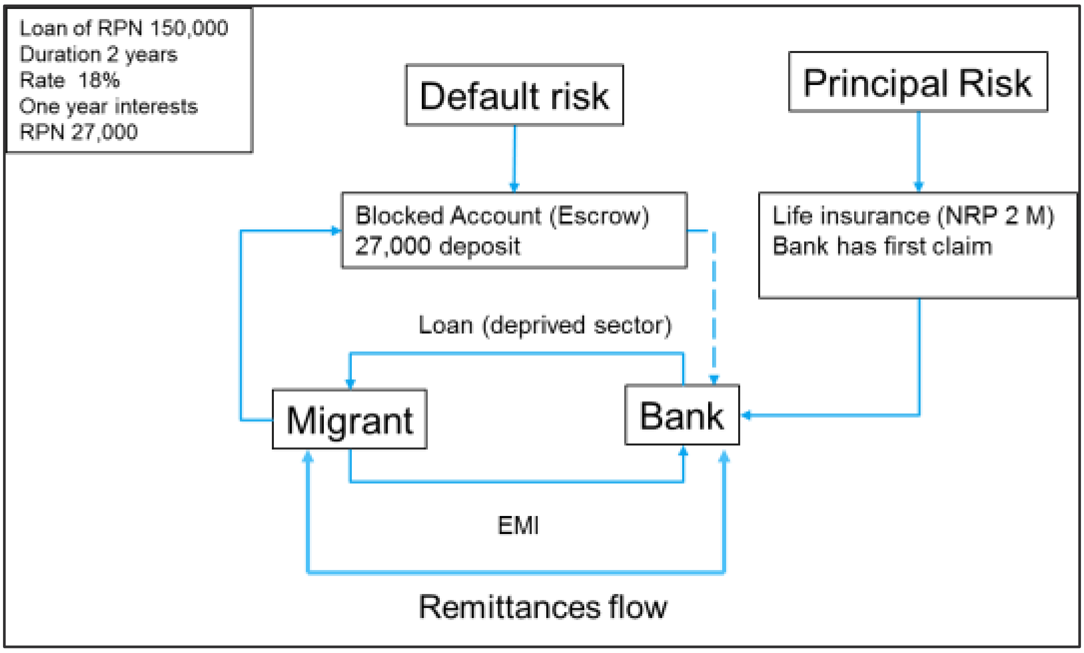
A migration loan offering enough security to the lending bank while still covering the migrant's household in case of accident and death could be built in the following way.

To cover the risk on the loan principal in case of the migrant's death or work incapacity caused by a work related accident the lending bank would have the "first claim" on the insurance reimbursement up to the remaining loan outstanding amount.

To cover the EMI repayment risk, assuming that a migrant decides to stop paying his EMIs, the bank will ask the migrant, or his family or any other guarantor to deposit the equivalent of one year interests on a blocked bank account. If the migrant repays his loan, the deposited amount will be returned with the accrued interests. If the migrant stops repaying his loan the bank will have access to the money on the deposit to recover its losses.

The migrant will have to show to the bank his contract, his visa and DoFE's working permit to obtain the loan. The migrant will also commit to remit via the bank providing the loan.

Figure 1.Risk mitigation supporting loans to migration



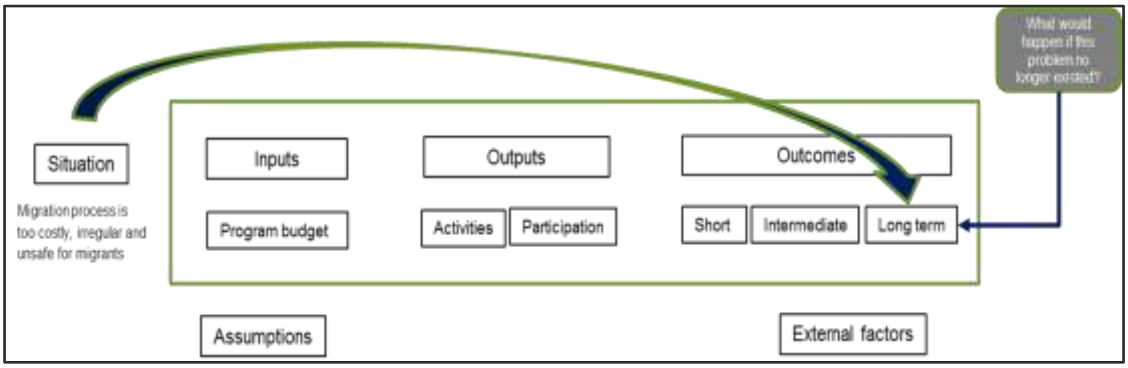
Annex IX: Logical Framework and M4P-conform सीप Interventions.

1. Applying a TOC logical framework to the international labour Migration system.

How the market system needs to be reformed: Situation definition

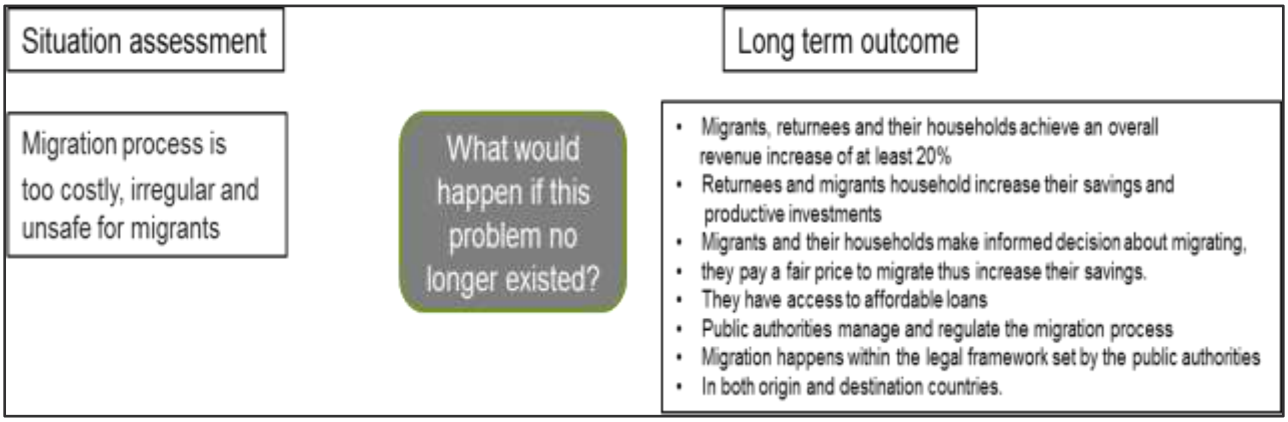
The inception phase allowed us to categorise the foreign employment process (international labour migration) in Nepal and define its situation (figure 1). Our findings defined the migration process as unsafe, costly, for migrants causing the latter to fall into irregular migration. Using a backward mapping approach we looked at what would happen if the situation previously described no longer existed.

Figure 1. Long-term outcomes setting



In figure 2 we described the long term outcomes that would be achieved through our interventions. We included सीप's objectives of increasing the migrants' revenues by at least 20% as well as the expected increase in savings and productive investment. We also mentioned the outcomes linked to the regulatory framework related to migration.

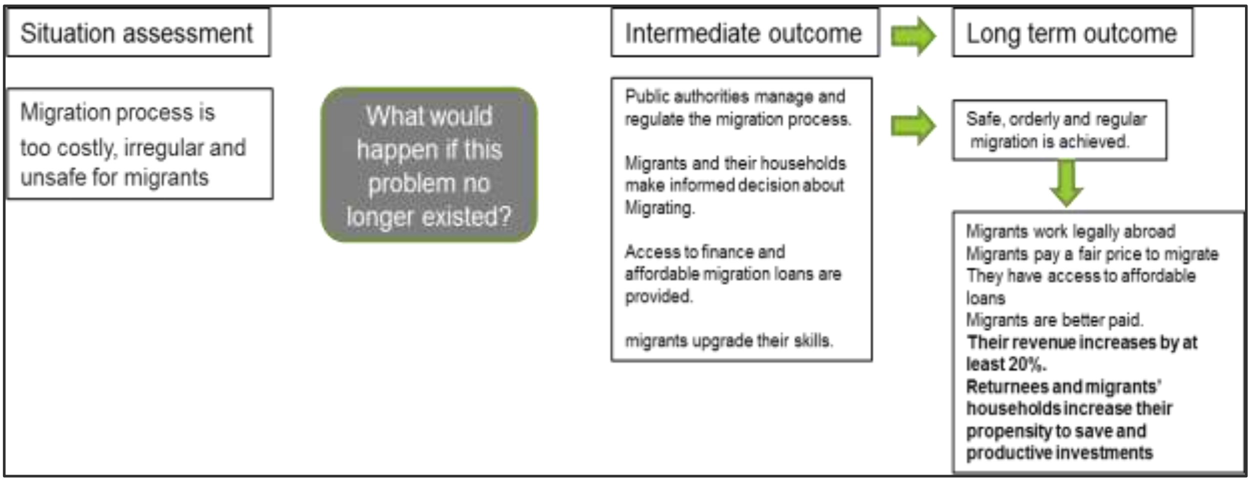
Figure 2. Long-term outcomes identification



Continuing with our backward mapping technique we defined the intermediate outcomes that were needed before the long term outcome could be achieved as reported in figure 3

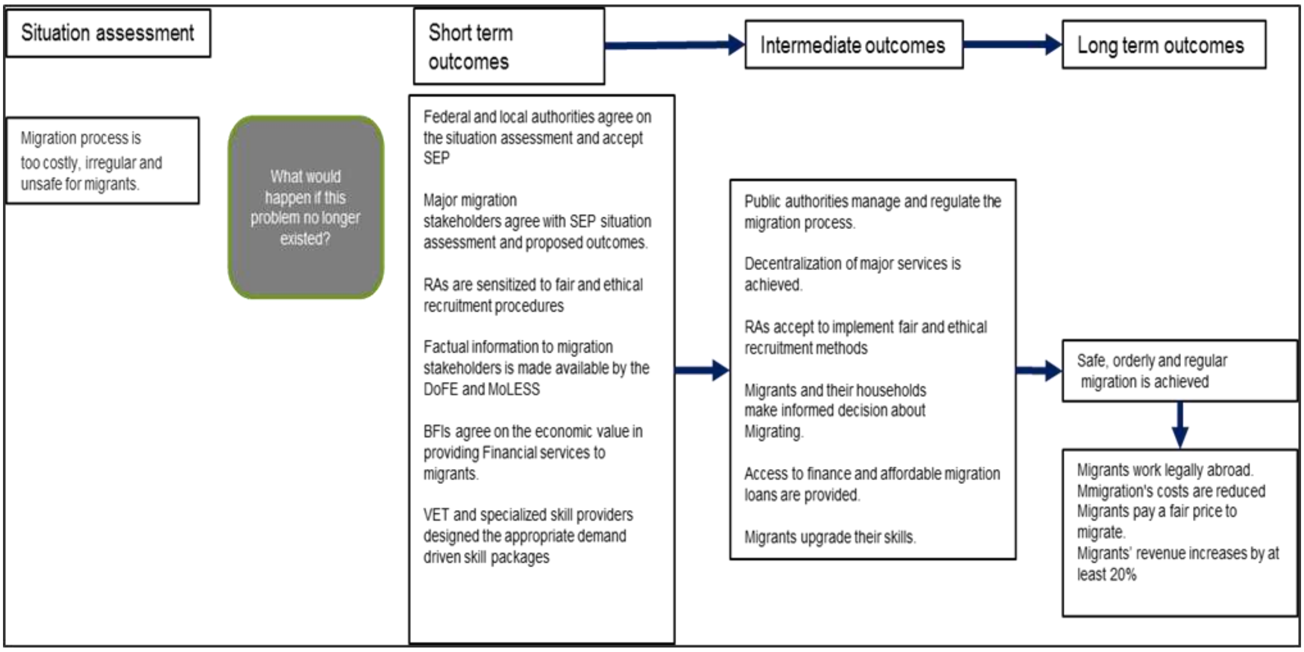
The further we get closer to the short term outcome the more apparent the market failures and areas of interventions become.

Figure 3. Intermediate outcomes identification



Finally in figure 4 we identified the short term outcomes needed for the intermediate and long term outcomes to be achieved. A brief list of the major migration stakeholders appears with their corresponding role in the achievement of the various outcomes.

Figure 4. Short-term outcomes



2. Market failures M4P and सीप's intervention.

Quoting DFID, "a systemic change is change in underlying causes of market system performance that can bring about a better-functioning market system". A positive systemic change should lead to a more functional market. The five key characteristics a functional market[34] system make reference to the exchanges of goods and gives the firms the main role in making market systems work. The 5th characteristic recognises the need for a an institution or a main player to be a "change driver" driving the change process. Labour migration though, is about the exchange of labour against wage in a loosely regulated framework involving international and national laws (and regulations) of sovereign states. Defining what is a systemic change in this context is to say the least, challenging.

Following सीप's TOR we isolated the labour migration market segments and significant entities being at the origin of Nepal's **migration systemic failures**. (figure 5)

Figure 5. Market failures affecting the labour migration system.

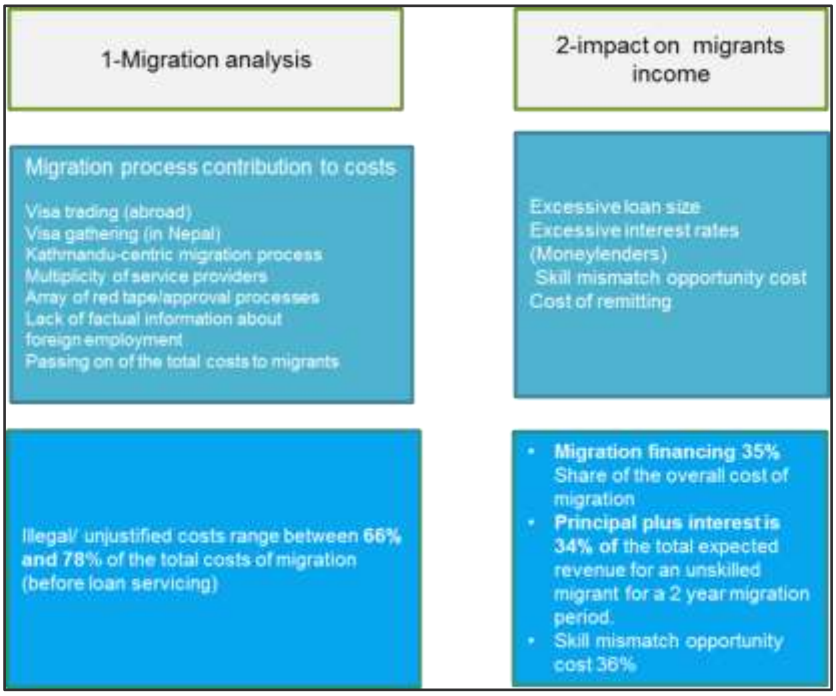
Market Failures	Migration context	Negative externalities	Outcomes
Monopoly power **Cost of monopoly are high prices, less choices, restricted output, net welfare loss.**	Recruitment agencies occupy a monopolistic position on the migration market and determine unilaterally the price/cost to migrate. Their monopolistic position allows their category to resist government regulations.	Migrants pay unjustified excessive cost to migrate (overbilling). They are forced to borrow more money than they should. They are pushed to migrate through non-regulated channels	Migrants have less resources to save or invest. Migrants fall into illegal migration because of RAs malpractices.
Information Failure (information asymmetry)	Recruitment agencies are the sole providers of information related to foreign employment. At time of writing, there is a lack of factual information from an alternative source (MoLESS or DoFE) that is shared at the provincial level	Migrants take uninformed decisions. Migrants are not in a position to evaluate the costs and benefits of their migration.	The decision to migrate is more a leap of faith rather than a rationale decision based on hard facts regarding the pros and cons of the migration process.

[34] https://www.enterprise-development.org/wp-content/uploads/4_Implementation_Guidelines_Systemic_Change.pdf

Market Failures	Migration context	Negative externalities	Outcomes
Missing markets **failure to produce some goods and services despite them being needed or wanted**	The formal financial sector may decide (rationally) not to lend to aspiring migrants because the default risk is too high or profit margins are too low.	Migrants have to resort to the informal financial sector, (moneylenders), and pay exorbitant interest rates that could jeopardise the expected positive outcomes of migration. Basic financial products are not accessible to migrants	The loan principal plus high interest may result in inability to pay, thereby pushing migrants into bonded labour or into poverty.
Labour market failure **existence of skill gaps, skill poaching, labour immobility and inequality, discrimination**	The majority of Nepali migrants are unskilled. Skills mismatch exists for better paying jobs available abroad. Loss of acquired skills and motivations for returnee migrants due to mismatch between acquired skills and jobs available at home.	Workers are not aware of the possible wage improvement achievable through training and skilling Migrants are not convinced that their effort in getting new skills will be rewarded by higher wages and better work conditions	The majority of Nepali migrants are hired to do dirty, dangerous and demanding/demeaning jobs with lower wages

We then estimated the contribution of these market failures to the overall cost of migration (Figure 6) to define an order of priorities foe सीप's intervention areas.

Figure 6. Market failures contribution to the overall cost of migration

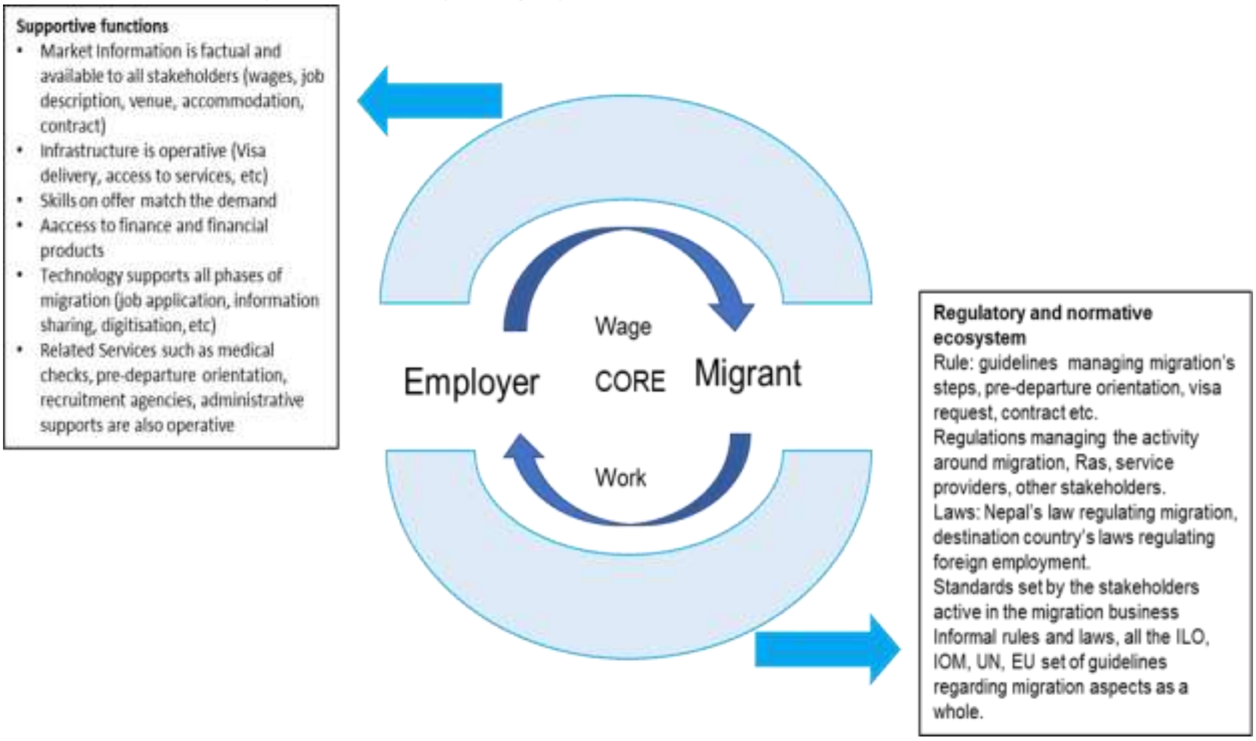


Our migration market analysis completed we adopted an M4P framework to highlight market failures and their impact on सीप's beneficiaries. But before presenting the market failures through an M4P les we needed to describe an ideal market exempt of market failures to be used as a benchmark.

3. Definition of a functional and fair migration market as a benchmark.

A labour migration market operative system is one where labour supply and demand meet free of market failures and negative externalities. A worker makes an informed decisions and exchanges its labour and skills against an agreed wage paid by the employer. The transaction is regulated by a specific set of rules and regulations, national and international principles and norms (for instance the ILO's General Principles of fair recruitments, UN global migration compact etc.). Worker and employer relation is regulated by the same set of rules (on a level play field).
Workers receive a wage they deem sufficient for achieving their goals, namely better living conditions for themselves and their households through an increased income.
Employers receive the necessary manpower that added to the other factors of production will allow them to generate an economic profit.
Using a M4P representation an operative labour migration system free of market failures is summarised in figure 7.

Figure 7. A foreign employment market without market failures.



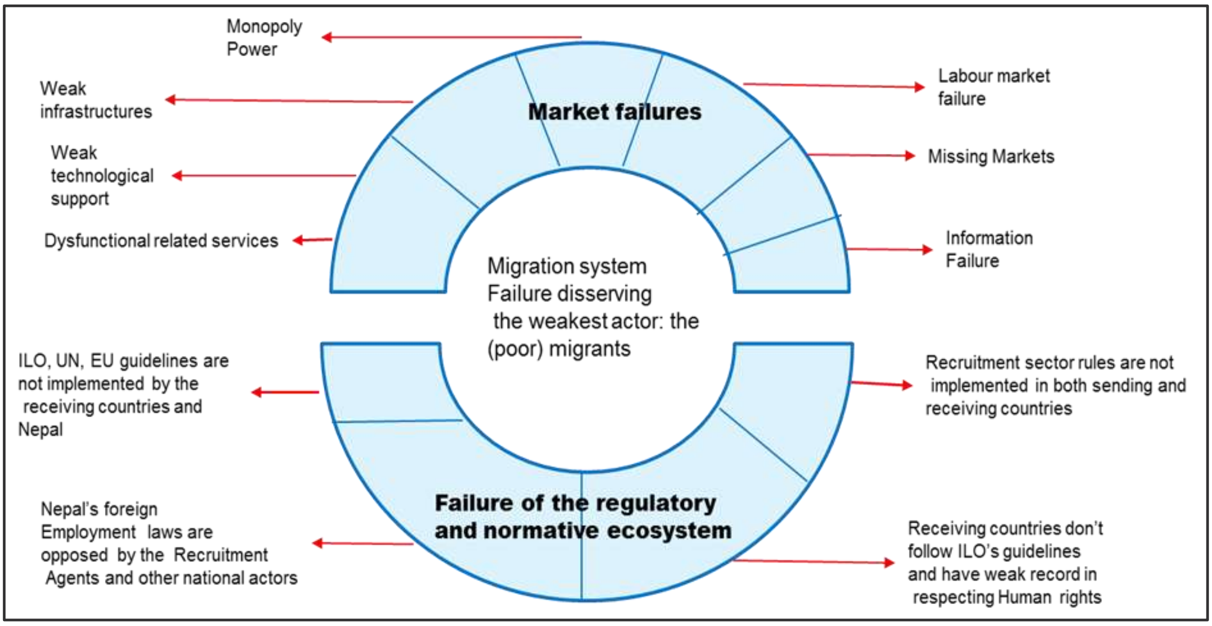
When we apply the M4P method to the migration market to define what works and what doesn't for the poor these are the results. (Figure 8)

Figure 8. M4P applied to the migration labour market.

1. What is the problem
2. What causes the problem
3. Who is affected by the problem
4. Who cares about whether or not this problem is solved (stakeholders)
5. What does existing research and experience tell us about how to solve this problem.

1. Migration process is too costly irregular and unsafe for migrants
2. Inability from the GoN to effectively regulate the process
    - Monopoly power,
    - Resistance from RAs to regulation because of their monopolistic position.
    - Information failure,
    - Missing market.
    - Labour market failure,
    - Inequitable access
3. poorest, young, female and men DAGs aspiring migrants, migrants' households, returnees,
4. The migrants, the MoLESS, the GoN, the Provincial governments, DFID, Sami, ILO, IOM and other donors and stakeholders
5. The following interventions have helped address the problem:
    - Government capacity building and TA,
    - Fair/ethical recruitment, Migration process digitization and awareness campaigns, access to formal finance services, decentralization of services related to migration.

Figure 9 Market failures at the supportive functions and regulatory and normative ecosystem



4. M4P for each market failure.

1. What is the problem
2. What causes the problem
3. Who is affected by the problem
4. Who cares about whether or not this problem is solved (stakeholders)
5. What does existing research and experience tell us about how to solve this problem.

SEP intervention

- Fair recruitment Agencies and other stakeholders provide training for the most requested sectors.
- Cooperation through the CF with Recruitment agencies that offer the most cost effective solutions to migrants.
- Migrants access innovative technology for factual information on job opportunities and skills required for higher income.
- Expected outcome: increase of the migrants' revenue through skilling and training of at least 20%. (pls refer to MEL and ToC).

1. The majority of Nepali migrants have inappropriate skills for the foreign employment market. Better paid jobs are thus precluded and migrants being unskilled workers, are at the bottom of the wage ladder.
2. The national education system and CVET are inappropriate
   - In 2011 the literacy rate for both sex was 65.94%
   - Only 10.6% of both men and women obtained the SLC(GCSE in the UK).
   - Women literacy level was 44.5%.
   - Information failure: migrants have incomplete information about the foreign employment leading to costly uninformed decisions
   - Skill certifications are not internationally accepted.
   - Women suffer from positive and negative discrimination (women migration ban to the GCC and women are excluded from jobs thought to be reserved to men). DAGs are excluded from certain jobs domestically and forced to migrate.
3. poorest, young, female and men DAGs aspiring migrants, migrants' households, returnees,
4. The migrants, the MoLESS, Ministry of education Science and Technology, the GoN, the Provincial governments, DFID, Sami, ILO, IOM and other donors and stakeholders
5. The following interventions have helped address the problem:
   - demand driven skilling and training of migrants.
   - Fair/ethical recruitment, Employment supply and demand (Market) digitization and awareness campaigns, decentralization of services related to migration.

Figure 10. Addressing Labour market failure: Situation definition and सीप MC intervention

Figure 11A. Competitive labour market

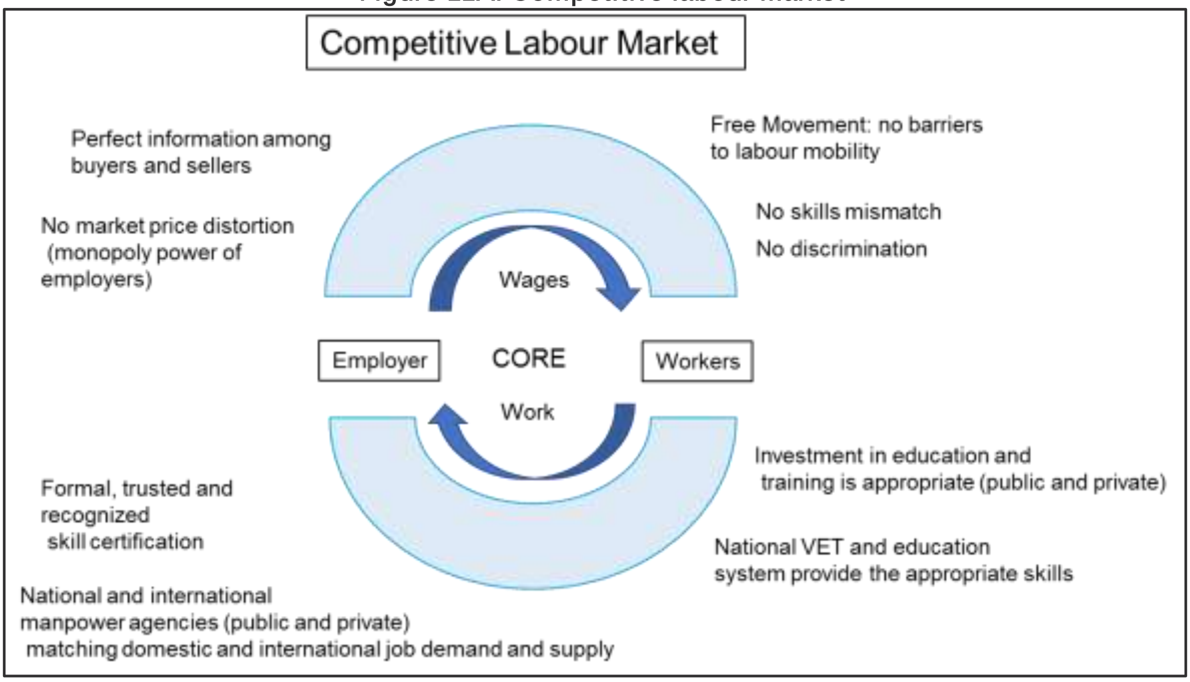


Figure 11B. Labour Market Failure

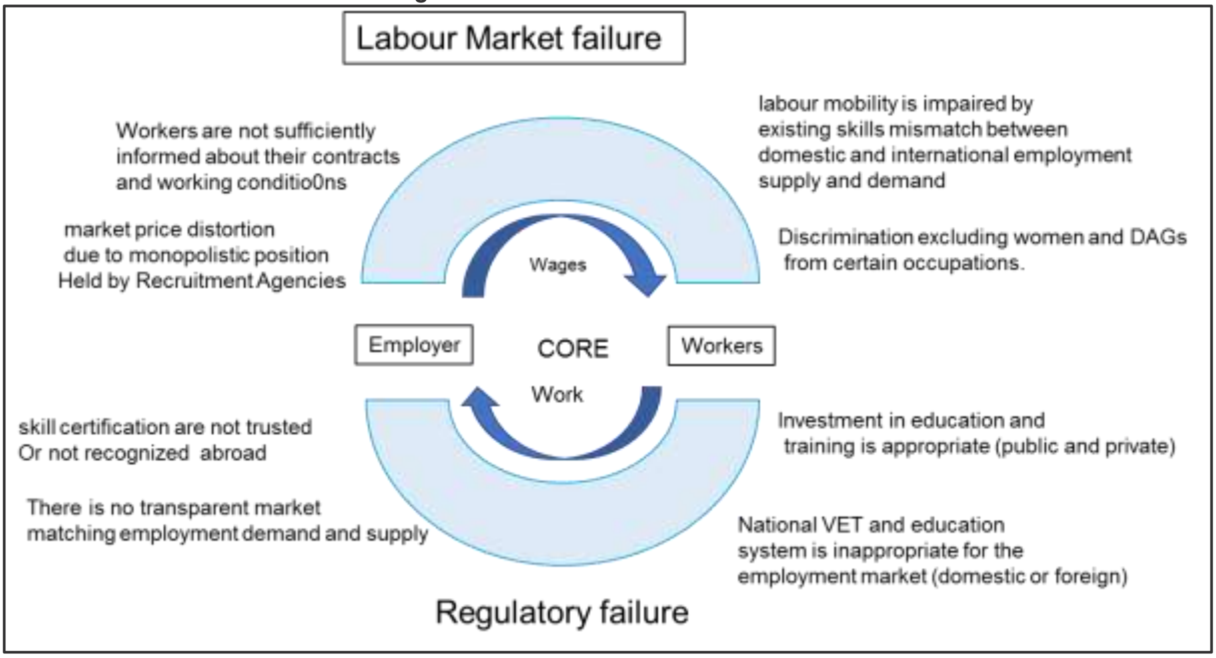


Figure 12. Addressing the Missing Market failure

1. What is the problem
2. What causes the problem
3. Who is affected by the problem
4. Who cares about whether or not this problem is solved (stakeholders)
5. What does existing research and experience tell us about how to solve this problem.

SEP intervention

- Financial products for lowering cost of migration
- BFIs and MTOs offer loans, remittance and other products relevant to migration
- Migrants access migration related products that reduce cost of migration
- Migrants spend less on migration and associated costs
- Financial products for savings and investment
- BFIs make savings schemes and insurance products more accessible to migrant households
- Migrant households access savings schemes and insurance products
- BFIs and MFIs make microfinance loans more accessible to migrant households
- Migrant households have access to credit
- Migrant households commence or expand existing businesses

1. Migrants, returnees and households have financial needs that ere not provided by the financial sector. Their only optionsleft are to deal with the informal sector (moneylenders etc.) which increases their overall migration costs, prevents them from starting their businesses due to lack of credits,
2. Banks are reluctant to offer certain financial services because they deem their clients' credit risk too low or because their potential profit margins are too low
3. poorest, young, female and men DAGs aspiring migrants, their households and returnees,
4. The migrants, the MoLESS, the GoN, the Provincial governments, DFID, Sami, ILO, IOM and other donors and stakeholders.
5. The following interventions have helped address the problem:
   - Sri Lanka offers migration loans and other financial services through a PPP.
   - National strategies to support Start-ups and SME have been implemented successfully in other SA countries (Sstartup India, Startup Sri lanka) And South Asia.

Figure 13. Functional financial market

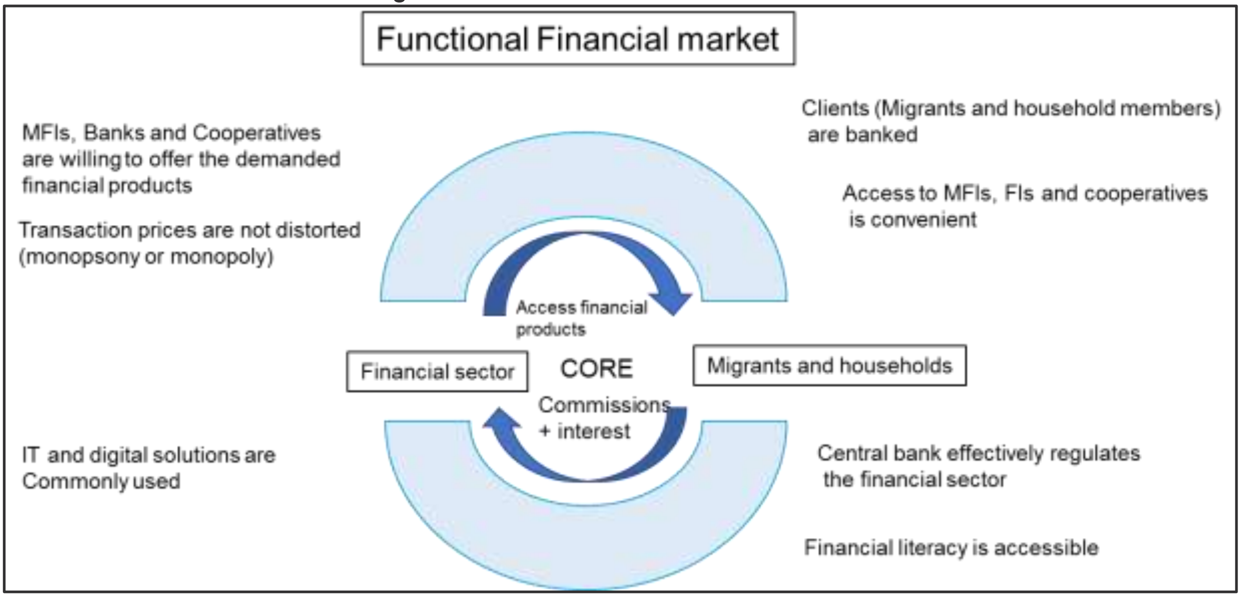
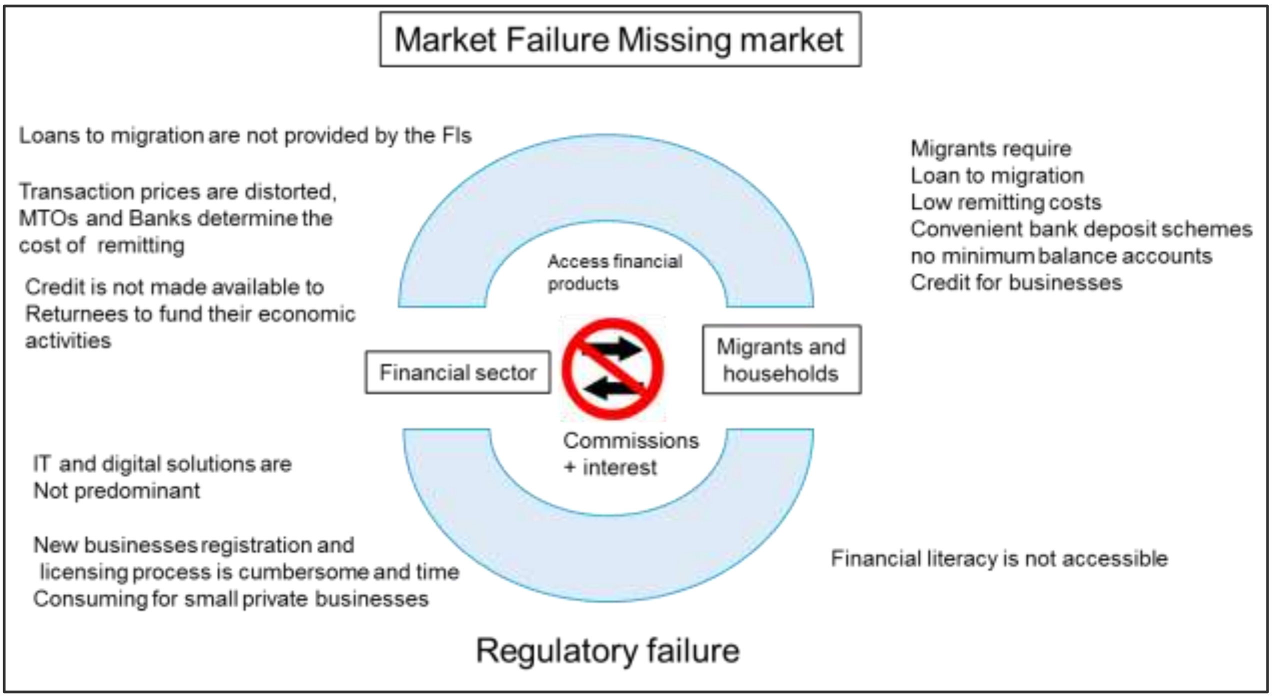
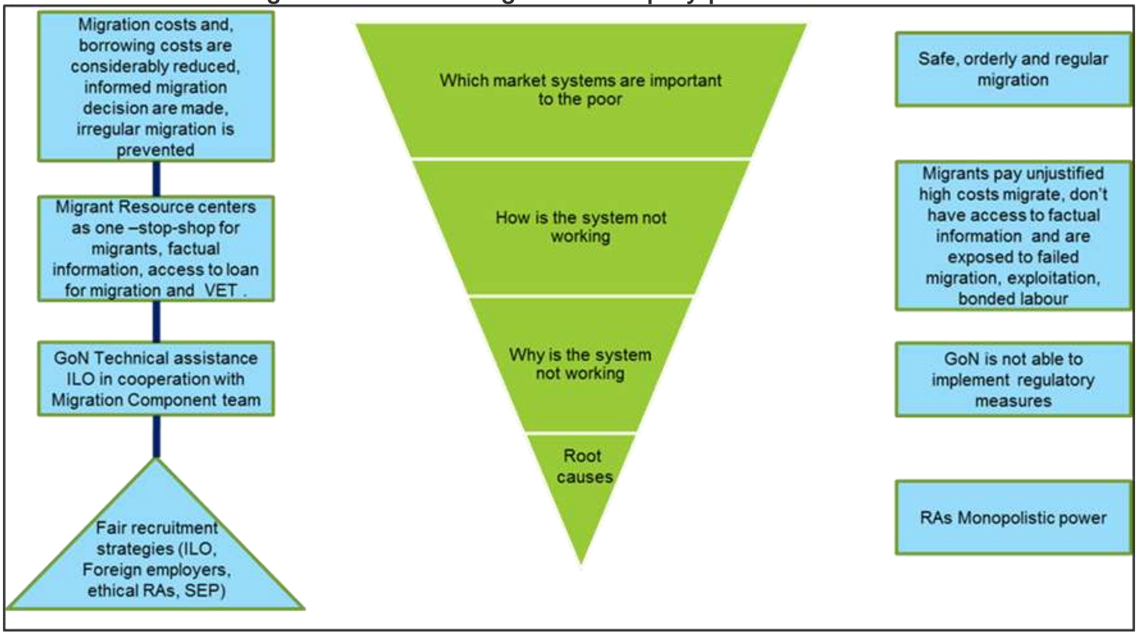


Figure 14. Market failure: missing market



For this market failure we decided to use an alternative graphical representation of a market failure to show how a different jargon used within the M4P approach yields the same powerful methodology.

Figure 15. Addressing the Monopoly power market failure



सीप interventions

Supportive and regulatory functions failures