# NEPAL

Country Monitor on Migration & Remittance

April 2021

## POPULATION MACRO INDICATORS

### Geography
- 147,161 sq. km
  - (CIA Fact Book, 2021)

### Population
- 29,100,000
  - Population growth rate: 1.5% (UNFPA, 2020)

### Demographic Structure
- 49%
  - Population under 25 yrs
    - Male: 46% | Female: 54% (UNFPA, 2020)

### Urban/Rural
- 80%: Pop in rural areas
- 20%: Pop in urban areas
  - (UNDESA, 2018)

### Adult Literacy
- 68%
  - National literacy rate
    - Male: 79% | Female: 60% (World Bank, 2019)

### Unemployment
- 4.4%
  - (ILO, 2020)
  - Female: 2.73% (ILO, 2019)
  - Male: 3% (ILO, 2019)

### Identification
- Does not have a foundational ID
  - (World Bank, 2017)

### Poverty
- 25.2%
  - Pop. below poverty rate
    - (World Bank, 2010)

### Diaspora
- 2.6 Million
  - (Migration Data Portal 2020)
**ECONOMY MACRO INDICATORS**

- **GDP Per Capita PPP**
  - 3567.993 USD (World Bank, 2019)

- **GDP (PPP)**
  - 102.076 Billion USD (World Bank, 2019)

- **Main Sectors Contributing to GDP**
  - Agriculture: 27%
  - Industry: 15.2%
  - Service: 57.8% (NRB, 2019)

- **Tax to GDP Ratio**
  - 18.6% (World Bank, 2019)

- **Savings to GDP Ratio**
  - 48.9% (World Bank, 2019)

- **Credit to GDP Ratio**
  - 88.1% (World Bank, 2019)

- **Remittance to GDP**
  - 26.9% Personal remittances (World Bank, 2019)

- **Economic Growth**
  - 7% (World Bank, 2019)

**INTERNATIONAL RANKINGS/CATEGORIES**

- **Monetary Union(s)**
  - None

- **Regional Economic Community(ies)**
  - SAARC
  - Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)
  - South Asia Sub regional Economic Cooperation (SASEC)

- **Fragility Category**
  - Score: 89.6
  - Rank: 74.6

- **Income Category**
  - Lower middle-income country
  - (World Bank, 2020)

- **Human Development Index**
  - Index: 0.612
  - Rank: 142
  - (UNDP, 2020)

- **Global Gender Gap Index**
  - Index: 0.680
  - Rank: 101
  - (World Economic Forum, 2020)

- **Women Business and Law Index**
  - Index: 80.6
  - (Women Law and Business, 2020)

- **Level of Development Category**
  - Least Developed Country
  - (UNCTAD, 2020)

- **Inclusive Digital Economy Score**
  - Score: 35
  - (UNCDF, 2021)

- **Ease of Doing Business – Score**
  - Score: 63.2
  - Rank: 94
  - (World Bank, 2020)

- **GSM Mobile Connectivity Index**
  - Index: 43.3
  - (GSMA, 2019)

- **Regulatory Index**
  - 66.57
  - (GSMA Regulatory Index, 2019)

**GRADUATION INDICES**

Country Rankings and Status Indicators by Global Indices
<table>
<thead>
<tr>
<th>Migrant Population</th>
<th>Bilateral Agreements on Migration</th>
<th>Regional/Global Agreements/Commitments on Migration</th>
</tr>
</thead>
</table>
| • There are approximately Nepali 2,600,000 (Migration Data Portal, 2020).[36]  
• The of female migrants 69.9% in 2020 (Migration Data Portal, 2020).[37]  
• Labour migration in Nepal is heavily concentrated in the GCC and Malaysia. In 2017/18 the top five countries (Malaysia, Qatar, UAE, Saudi Arabia and Kuwait) comprised over 92% of the migrants (Migration Labour Report, Nepal 2020).[38]  | • Nepal prioritizes bilateral labour agreements with destination countries to advance safer migration.  
• Currently Nepal has bilateral agreement between Bahrain, Qatar, United Arab Emirates, Korea, Jordan, Japan, Malaysia, and Mauritius to enhance availability and flexibility of pathways for regular migration (Global Forum on Migration and Development 2020).[39]  
• The Foreign Employment Information Management System (FEIMS) has been established to help address issues in recruitment, employment, repatriation of workers and management of all legal migrants in one platform.  
• Recruitment agencies have joint liability with their employers, in case there is malpractice in the destination country, recruitment agencies are held responsible.  | • Nepal has expressed its commitment at the regional level by engaging in significant regional processes in labour migration including the Colombo Process (CP), Abu Dhabi dialogue (ADD) and South Asian Association for regional cooperation (SAARC).  
• As Chair of the Colombo Process (CP) since March 2007, Nepal has been holding country level and regional consultations, and has provided inputs to various drafts of the global compact for migration (GCM).  
• The objective of CP includes sharing experiences and best practices on oversees employment; consulting on issues faced by oversees workers and reviewing and monitoring the implementation of recommendations.[40]  
• Active member of the Abu Dhabi Dialogue, a regional forum of labour sending and receiving economies for coordination of issues related to governing overseas labour migration.[41]  |
COUNTRY-WISE TRENDS IN LABOUR MIGRATION

REMITTANCE KEY FACTS

- Approximately USD 8.1 billion received, accounting for 28% of the country GDP (Nepal Labour Migration report, 2020)  
- 20-30% sent of remittances sent through informal channels in some corridors (Nepal Labour Migration report, 2020)  
- Over 52 MTOs in market (NRB, 2019)  
- 55.8% of the total households in Nepal receive remittances (Nepal Labour Migration report, 2020)  
- 7.3% of adults sent/received domestic remittance via account (World Bank, 2017)  
- Average cost of sending remittances 4.05% (World Bank, 2018)
TOP 10 COUNTRIES IN TERMS OF NUMBER OF MIGRANTS FROM NEPAL (2019), REMITTANCE IN FLOW AND COST OF REMITTANCES PER $200

Source: UNDESA 2019

DIGITAL FINANCIAL SERVICES OVERVIEW

FINANCIAL SECTOR MAIN STAKEHOLDERS

- **Commercial Banks**: 28 (NRB 2019)\(^{54}\)
- **Microfinance Institutions**: 80 (NRB 2019)\(^{55}\)
- **Digital Financial Service Providers**: 13 (NTA 2019)\(^{56}\)
- **Remittance Service Providers**: 52 (NRB 2019)\(^{57}\)
- **Insurance Companies**: 40 (NRB 2019)\(^{58}\)
DFS SECTOR KEY FACTS

DEMAND SIDE

FINANCIAL INCLUSION
- 45.4% of adults have an active account in a financial institution (Global Findex 2017).
- Account ownership with a mobile money service provider male 50% while female is 41.6% (Global Findex 2017).
- 17.1% of the adults save at a financial institution (Global Findex 2017).

PAYMENT INFRASTRUCTURE/MMOs
- Nepal is not listed in ID4D database.

TELECOM INFRASTRUCTURE
- 151% mobile penetration rate (GSMA 2019). and 24% Gender gap in phone ownership.
- 75% of the population have access to 2G, 3G and 4G. According to GSMA 59% of the population have access to 3G data (GSMA 2019).
- 18.7 million internet users (NTA 2019).

SUPPLY SIDE

FINANCIAL INCLUSION
- 3585 commercial bank branches and total of 9640 commercial bank branches and MFI branches (NRB 2019).
- Main DFS providers: IME Pay, eSewa, Khalti, Prabhu Pay.
- eSewa and IME Pay are the dominant 2 players.
- Main Remittance services providers: IME Remit, Prabhu Money transfer, Himal Remit, City express, Easylink Remittance.
- There are about 14 payment gateways for Nepali migrant workers to send money from abroad, this includes; eSewa, IME Pay, Fone Pay, Khalti among others.

TELECOM INFRASTRUCTURE
- Main MNOs: Ncell, Nepal Telecom.
- 3+ of non-telco providers who have access to USSD infrastructure.

PAYMENT INFRASTRUCTURE/MMOs
- 1530 branches banking centres (NRB 2019).
- 17.79 commercial bank branches per 100,000 adults (World Bank 2019).
- 16.46 ATMs per 100,000 adults (World Bank 2019).
<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>RECOMMENDATIONS</th>
</tr>
</thead>
</table>
| **Enabling Policy and Regulation** | • UNCDF is currently undertaking the preliminary diagnostic of the regulations and policies on remittances.  
• Build capacity of regulator and policy makers to develop risk based policies.  
• Enhanced public and private sector coordination by fostering dialogue between the public and the private sector. |
| • High informal market due to government regulation.  
• Regulatory environment not fully supportive of digital innovations (eKYC, Digital ID etc.). | |
| **Open Digital Payment Ecosystem** | • Accelerated transition from cash to digital payment modes for receipt of remittances directly to account/wallets of beneficiaries. |
| • National Payment Infrastructure not optimally utilized by RSPs.  
• Payment and digital supportive of digital innovations targeting migrants and their families. | |
| **Inclusive Innovation** | • UNCDF will support development of innovative digital solutions for Nepali migrants and their families.  
• UNCDF migration and remittance programme aims at building the capacity of providers to effectively develop financial products that work for migrants. |
| • Lack of accessible, convenient and affordable formal remittance channels.  
• Lack of migrants-centric products and services. | |
| **Empowered Customers** | • Planned demand-side and supply-side research to understand migrants’ challenges and aspirations in a digital financial product in order to develop migrant-centric products.  
• UNCDF will support RSPs to develop go-to-market strategies and financial literacy material for both migrants and their families. The objective is to drive uptake and active use of DFS. |
| • Low financial and digital literacy among migrants and their families.  
• Non-productive use of remittances that leave the vulnerable and susceptible to shocks. | |
### Key Initiatives That Improved Migration & Remittances

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government of Nepal has made it mandatory from the fiscal year 2017/18 for potential migrants to open a bank account before leaving for foreign employment.</td>
<td>2021</td>
</tr>
<tr>
<td>Foreign Exchange Management Department of the NRB through a directive has allowed migrants to send remittances through digital channels; including mobile banking, internet banking, electronic card, digital wallet.</td>
<td>2020</td>
</tr>
<tr>
<td>NRB has also directed the remittance companies in the country to start the service in association with the digital wallet operators.</td>
<td>2020</td>
</tr>
<tr>
<td>NRB has doubled ceiling of e-payments made by users via pre-paid card, mobile banking and internet banking by 100% to NPR. 200,000.</td>
<td>2020</td>
</tr>
<tr>
<td>Foreign Exchange (Regulation) Act 2019 and by-laws.</td>
<td>2019</td>
</tr>
<tr>
<td>The ‘Foreign Employment Information Management System (FEIMS)’ monitors and keep the records of outbound and returnee migrant workers through an integrated, online platform.</td>
<td>2018</td>
</tr>
<tr>
<td>WorldRemit partnered with eSewa Money in April 2021 to facilitate remittances from 50+ countries to Nepal. The partnership enables customers to instantly send money to eSewa mobile wallets of their family and friends.73</td>
<td>2021</td>
</tr>
<tr>
<td>Crosspay and Global IME Bank Nepal partnership to provide a secure and convenient digital platform to make global money transfers. Users can access the application with smartphones and computers.74</td>
<td>2021</td>
</tr>
<tr>
<td>Nepal Investment Bank Ltd. (NIBL) has signed an agreement with BankOnUs, India to offer ‘Paisa Pathaune’ app, a service for Nepali migrants and residents anywhere in India, to transfer funds from India to Nepal round the clock from their cell phones.</td>
<td>2021</td>
</tr>
<tr>
<td>Swiss Agency for Development and Cooperation – Safer Migration Project (SaMi). The project supports potential migrants, both women and men from project districts by providing them with accurate and relevant information on safer migration so that they can make informed decisions.</td>
<td>2021</td>
</tr>
<tr>
<td>ILO – Migrants Rights and Decent Work Project (MIREDW) – The project focuses on strengthening service delivery capacity of diplomatic missions in major destination countries; supporting Government of Nepal to be prepared and positioned better in regional and global; promote new destinations or sectors in existing destinations for low-skilled Nepalese workers.</td>
<td>2021</td>
</tr>
<tr>
<td>NRB planned to undertake a stock-taking exercise vis-à-vis the CPSS/World Bank General Principles for International Remittance Services, and will identify specific actions to be taken with the goal of promoting the most efficient payment infrastructure for facilitating remittance services.</td>
<td>2021</td>
</tr>
</tbody>
</table>
Migrants are incentivised to remit, origin, temporary labour migration is the, of the Abu Dhabi Dialogue.

The research and publication is supported by The Swiss Agency for Development and Cooperation (SDC) and Swedish International Development Cooperation (Sida).